

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the quarterly period ended March 31, 2022**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the transition period from**

**to**

**Commission File Number: 001-34139**



**Federal Home Loan Mortgage Corporation**

*(Exact name of registrant as specified in its charter)*

**Federally chartered  
corporation**

**52-0904874**

**8200 Jones Branch Drive  
McLean, Virginia**

**22102-3110**

**(703) 903-2000**

*(State or other jurisdiction of  
incorporation or organization)*

*(I.R.S. Employer  
Identification No.)*

*(Address of principal executive offices)*

*(Zip Code)*

*(Registrant's telephone number,  
including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
None	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 12, 2022, there were 650,059,553 shares of the registrant's common stock outstanding.

# Table of Contents

	<b>Page</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b>	<b><u>1</u></b>
■ Introduction	<u>1</u>
■ Market Conditions and Economic Indicators	<u>4</u>
■ Consolidated Results of Operations	<u>9</u>
■ Consolidated Balance Sheets Analysis	<u>13</u>
■ Our Portfolios	<u>14</u>
■ Our Business Segments	<u>16</u>
■ Risk Management	<u>26</u>
● <i>Credit Risk</i>	<u>26</u>
● <i>Market Risk</i>	<u>34</u>
■ Liquidity and Capital Resources	<u>37</u>
■ Critical Accounting Estimates	<u>43</u>
■ Regulation and Supervision	<u>44</u>
■ Forward-Looking Statements	<u>45</u>
<b>FINANCIAL STATEMENTS</b>	<b><u>48</u></b>
<b>OTHER INFORMATION</b>	<b><u>94</u></b>
<b>CONTROLS AND PROCEDURES</b>	<b><u>95</u></b>
<b>EXHIBIT INDEX</b>	<b><u>96</u></b>
<b>SIGNATURES</b>	<b><u>97</u></b>
<b>FORM 10-Q INDEX</b>	<b><u>98</u></b>

# MD&A TABLE INDEX

Table	Description	Page
1	Summary of Consolidated Results of Operations	<a href="#">9</a>
2	Components of Net Interest Income	<a href="#">10</a>
3	Analysis of Net Interest Yield	<a href="#">11</a>
4	Components of Guarantee Income	<a href="#">11</a>
5	Investment Gains (Losses), Net	<a href="#">11</a>
6	Benefit (Provision) for Credit Losses	<a href="#">12</a>
7	Components of Legislative Assessments Expense	<a href="#">12</a>
8	Summarized Condensed Consolidated Balance Sheets	<a href="#">13</a>
9	Mortgage Portfolio	<a href="#">14</a>
10	Guarantee Portfolio	<a href="#">14</a>
11	Mortgage-Related Investments Portfolio	<a href="#">15</a>
12	Other Investments Portfolio	<a href="#">15</a>
13	Single-Family Segment Financial Results	<a href="#">21</a>
14	Multifamily Segment Financial Results	<a href="#">25</a>
15	Allowance for Credit Losses Ratios	<a href="#">26</a>
16	Single-Family New Business Activity	<a href="#">28</a>
17	Single-Family Mortgage Portfolio CRT Issuance	<a href="#">28</a>
18	Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding	<a href="#">28</a>
19	Serious Delinquency Rates for Credit-Enhanced and Non-Credit-Enhanced Loans in Our Single-Family Mortgage Portfolio	<a href="#">29</a>
20	Single-Family Credit Enhancement Receivables	<a href="#">29</a>
21	Credit Quality Characteristics of Our Single-Family Mortgage Portfolio	<a href="#">30</a>
22	Single-Family Mortgage Portfolio Attribute Combinations	<a href="#">30</a>
23	Multifamily Mortgage Portfolio CRT Issuance	<a href="#">33</a>
24	Credit-Enhanced and Non-Credit-Enhanced Loans Underlying Our Multifamily Mortgage Portfolio	<a href="#">34</a>
25	PVS-YC and PVS-L Results Assuming Shifts of the Yield Curve	<a href="#">34</a>
26	Duration Gap and PVS Results	<a href="#">35</a>
27	PVS-L Results Before Derivatives and After Derivatives	<a href="#">35</a>
28	Earnings Sensitivity to Changes in Interest Rates	<a href="#">36</a>
29	Liquidity Sources	<a href="#">37</a>
30	Funding Sources	<a href="#">38</a>
31	Debt of Freddie Mac Activity	<a href="#">38</a>
32	Maturity and Redemption Dates	<a href="#">39</a>
33	Activity for Debt Securities of Consolidated Trusts Held by Third Parties	<a href="#">39</a>
34	Net Worth Activity	<a href="#">40</a>
35	Capital Metrics Under ERCF	<a href="#">41</a>
36	Forecasted House Price Growth Rates	<a href="#">43</a>

# Management's Discussion and Analysis of Financial Condition and Results of Operations

*This Quarterly Report on Form 10-Q includes forward-looking statements that are based on current expectations and that are subject to significant risks and uncertainties. These forward-looking statements are made as of the date of this Form 10-Q. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-Q. Actual results might differ significantly from those described in or implied by such statements due to various factors and uncertainties, including those described in the **MD&A - Forward-Looking Statements** section of this Form 10-Q and the **Introduction** and **Risk Factors** sections of our Annual Report on Form 10-K for the year ended December 31, 2021, or 2021 Annual Report.*

*Throughout this Form 10-Q, we use certain acronyms and terms that are defined in the **Glossary** of our 2021 Annual Report.*

*You should read the following **MD&A** in conjunction with our 2021 Annual Report and our condensed consolidated financial statements and accompanying notes for the three months ended March 31, 2022 included in **Financial Statements**.*

## INTRODUCTION

Freddie Mac is a GSE chartered by Congress in 1970, with a mission to provide liquidity, stability, and affordability to the U.S. housing market. We do this primarily by purchasing single-family and multifamily residential mortgage loans originated by lenders. In most instances, we package these loans into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest-rate and liquidity risks to third-party investors. In addition, we transfer mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgage loans and mortgage-related securities. We do not originate mortgage loans or lend money directly to mortgage borrowers.

We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the single-family and multifamily mortgage markets. We have helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction.

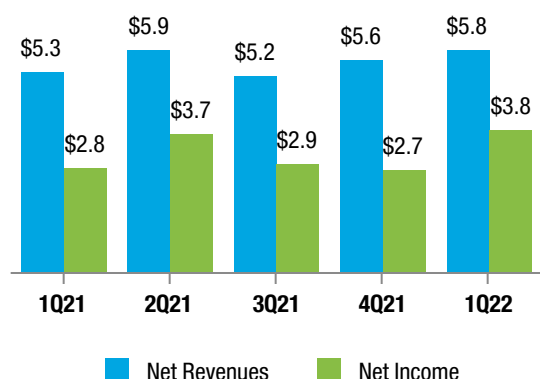
Since September 2008, we have been operating in conservatorship, with FHFA as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Our future is uncertain, and the conservatorship has no specified termination date. We do not know what changes may occur to our business model during or following conservatorship, including whether we will continue to exist. In connection with our entry into conservatorship, we entered into the Purchase Agreement with Treasury, under which we issued Treasury both senior preferred stock and a warrant to purchase common stock. Our Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions. We believe the support provided by Treasury pursuant to the Purchase Agreement currently enables us to have adequate liquidity to conduct normal business activities. For additional information on the conservatorship and related matters and the Purchase Agreement, see our 2021 Annual Report.

# Business Results

## Consolidated Financial Results

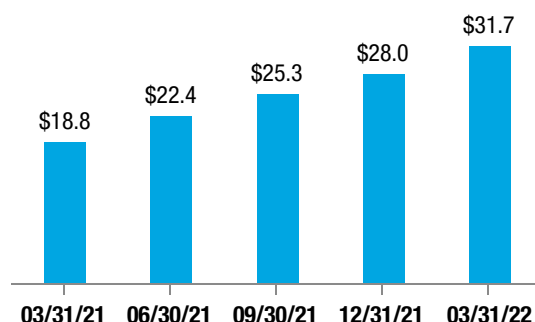
### Net Revenues and Net Income

(In billions)



### Net Worth

(In billions)

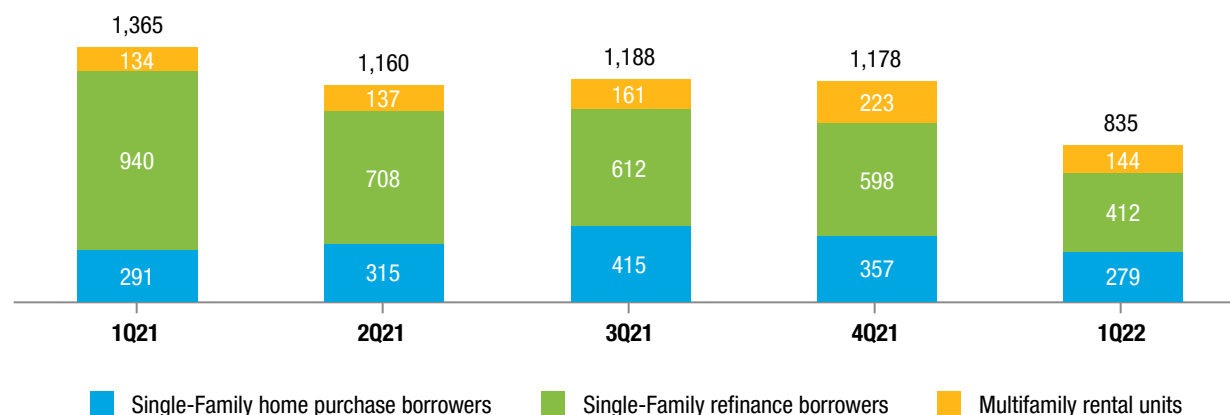


- Net income was \$3.8 billion for 1Q 2022, an increase of 37% year-over-year. The increase in net income was driven by higher net revenues and a credit reserve release in Single-Family.
- Net revenues increased 11% year-over-year to \$5.8 billion, primarily driven by higher net interest income and higher net investment gains.
- Net worth was \$31.7 billion as of March 31, 2022, up from \$28.0 billion as of December 31, 2021. The quarterly increases in net worth have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. The liquidation preference of the senior preferred stock was \$100.7 billion on March 31, 2022, and will increase to \$104.4 billion on June 30, 2022 based on the \$3.7 billion increase in net worth in 1Q 2022.

## Market Liquidity

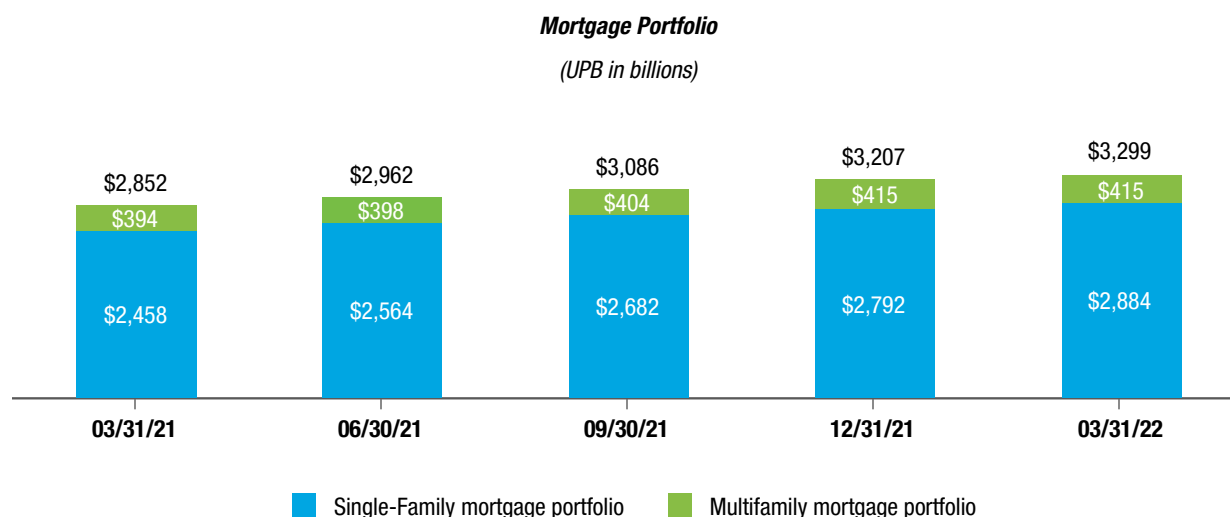
### Market Liquidity

(In thousands)



We support the U.S. housing market by executing our mission to provide liquidity and help maintain credit availability for new and refinanced single-family mortgages as well as for rental housing. We provided \$223.1 billion in liquidity to the mortgage market in 1Q 2022, which enabled the financing of over 835,000 home purchases, refinancings, and rental units.

## Mortgage Portfolio Balances

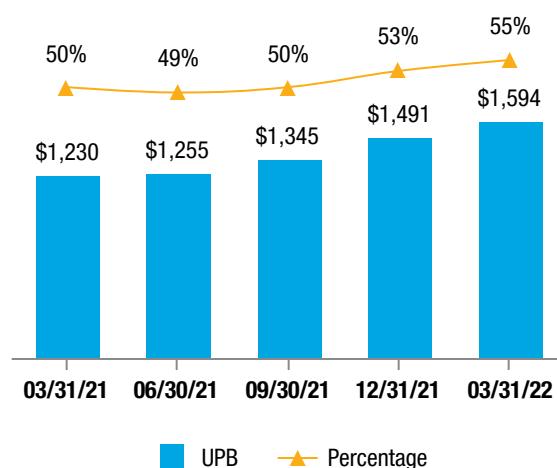


- Our mortgage portfolio increased 16% year-over-year to \$3.3 trillion, driven by a 17% increase in our Single-Family mortgage portfolio and a 5% increase in our Multifamily mortgage portfolio.
  - The growth in our Single-Family mortgage portfolio was primarily driven by continued house price appreciation and strong home purchase activity. Continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
  - The growth in our Multifamily mortgage portfolio was primarily driven by ongoing loan purchase and securitization activity attributable to continued high demand for multifamily financing.

## Credit Risk Transfer

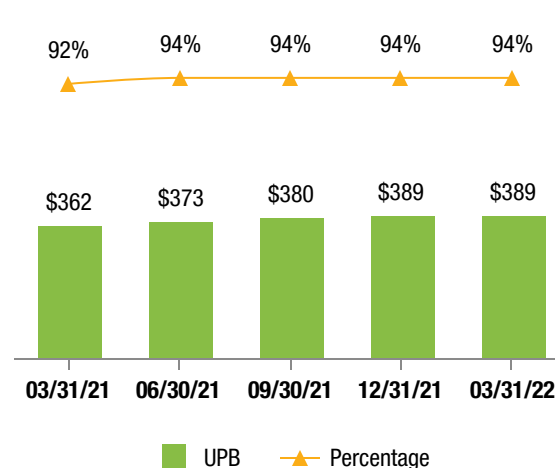
### Single-Family Mortgage Portfolio with Credit Enhancement

(UPB in billions)



### Multifamily Mortgage Portfolio with Credit Enhancement

(UPB in billions)

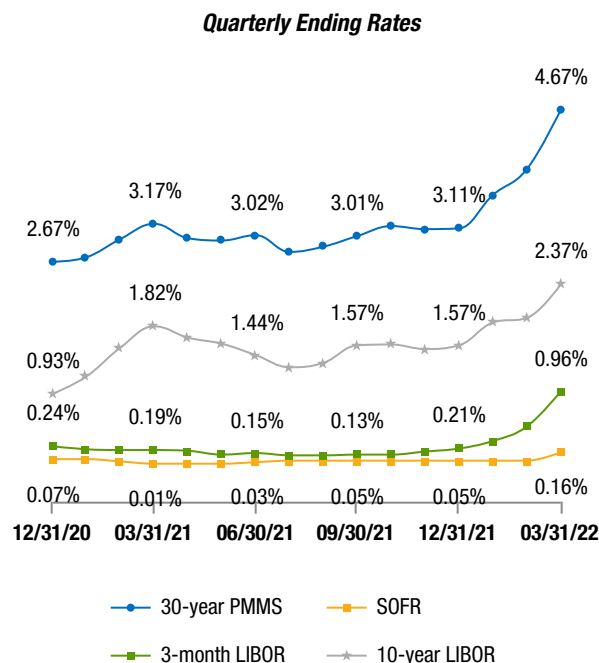


In addition to transferring interest-rate and liquidity risk to third-party investors through our securitization activities, we engage in various credit enhancement arrangements to reduce our credit risk exposure. We transfer a portion of the credit risk, primarily on recently acquired loans, through our CRT programs. We also reduce our credit risk exposure through other credit enhancement arrangements, mainly primary mortgage insurance. See **MD&A - Risk Management - Credit Risk** for additional information on our credit enhancements and CRT programs.

## MARKET CONDITIONS AND ECONOMIC INDICATORS

The following graphs and related discussions present certain market and macroeconomic indicators that can significantly affect our business and financial results.

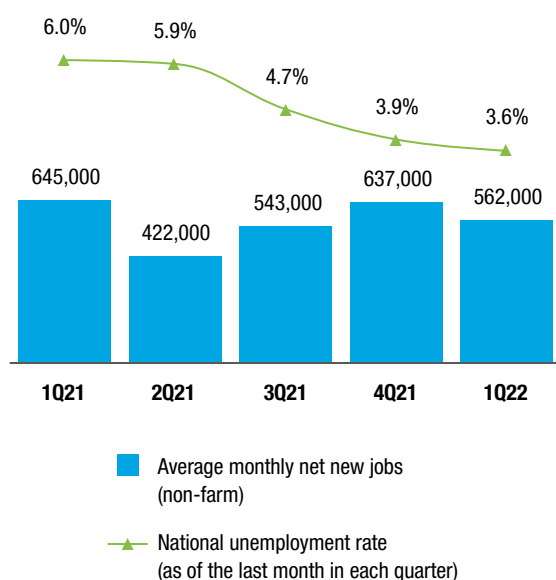
### Interest Rates<sup>(1)</sup>



- The 30-year Primary Mortgage Market Survey (PMMS) interest rate is indicative of what a consumer could expect to be offered on a first-lien prime conventional conforming home purchase mortgage with an LTV of 80%. Increases (decreases) in the PMMS rate typically result in decreases (increases) in refinancing activity and total originations.
- Changes in benchmark interest rates can significantly affect our financial position and results of operations, including our net interest income and the fair value of our financial instruments. We have elected hedge accounting for certain assets and liabilities in an effort to reduce GAAP earnings variability attributable to changes in benchmark interest rates.

(1) 30-year PMMS interest rates are as of the last week in each quarter. SOFR interest rates are 30-day average rates.

### Unemployment Rate and Monthly Net New Jobs

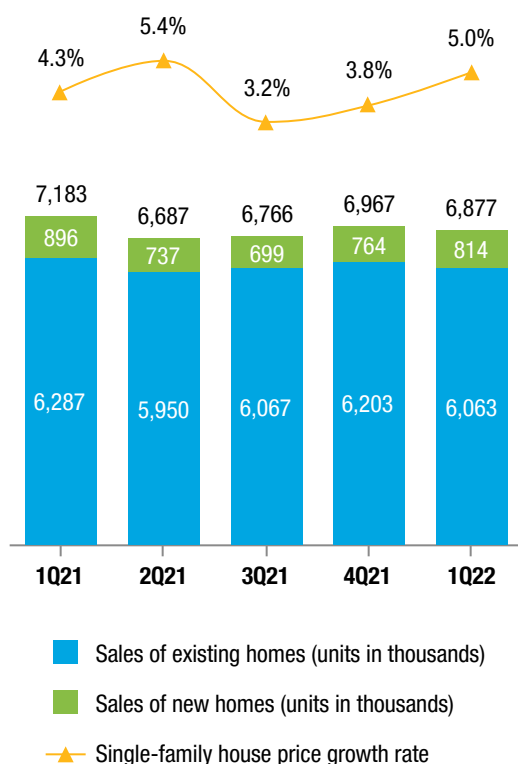


- Changes in the national unemployment rate can affect several market factors, including the demand for single-family and multifamily housing and loan delinquency rates.
- The unemployment rate fell to 3.6% as of March 2022, down from 6.0% in March 2021. The labor force participation rate is still below its pre-pandemic levels as many workers have yet to re-enter the labor market after their initial exit.

Source: U.S. Bureau of Labor Statistics.

# Single-Family Housing and Mortgage Market Conditions

## U.S. Single-Family Home Sales and House Prices

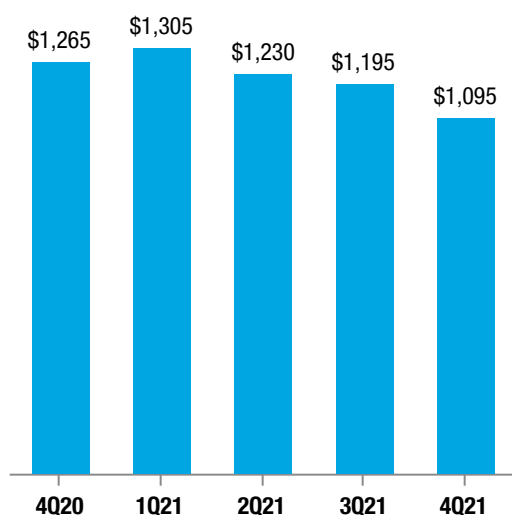


- Home sales decreased in 1Q 2022. We expect home sales in 2022 to decline compared to 2021 as higher mortgage interest rates and house prices offset the strong demand for housing.
- Single-family house prices increased 5.0% during 1Q 2022, compared to an increase of 4.3% during 1Q 2021. Although supply constraints could continue to exert pressure on house prices, we expect house price growth to moderate during the remainder of 2022.

Sources: National Association of Realtors, U.S. Census Bureau, and Freddie Mac House Price Index.

## U.S. Single-Family Mortgage Originations

(UPB in billions)



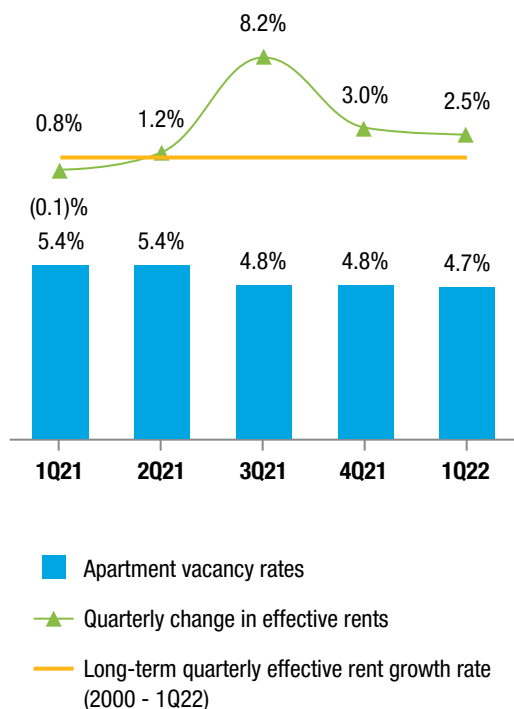
- U.S. single-family loan origination volumes decreased to \$1.1 trillion in 4Q 2021 from \$1.3 trillion in 4Q 2020 as a result of higher mortgage interest rates and increasing house prices. We expect total originations to decrease in 2022 primarily due to a decrease in refinance originations driven by higher mortgage interest rates.

Source: Inside Mortgage Finance. 1Q 2022 U.S. single-family mortgage originations data is not yet available.



# Multifamily Housing and Mortgage Market Conditions

## Apartment Vacancy Rates and Change in Effective Rents

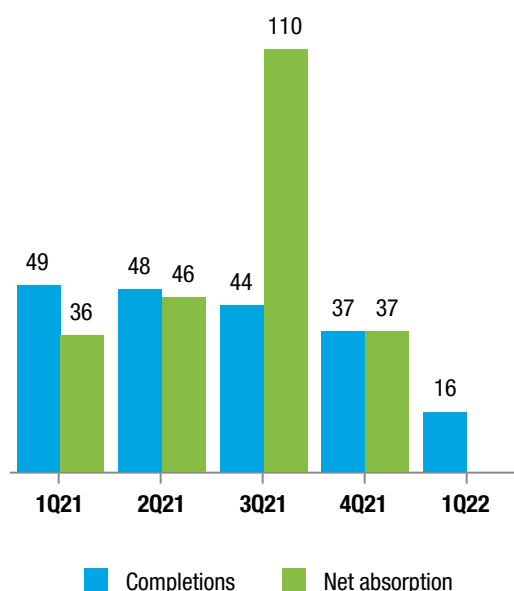


- Vacancy rates continued to decrease during 1Q 2022. The decrease in vacancy rates was driven by higher demand for rental housing as a result of improving economic conditions, changing migration patterns, and rising home prices.
- Effective rent growth (i.e., the average rent paid by the renter over the term of the lease, adjusted for concessions by the property owner and costs borne by the renter) was positive at the national level and in most major geographic markets in 1Q 2022, increasing 15.6% over the past year.
- Multifamily property prices grew 4.2% in 1Q 2022 and 22.4% over the past year, as the overall investment environment remained attractive given the multifamily market's strong performance and its lower sensitivity to inflation relative to most other asset classes.

Source: Reis and Real Capital Analytics.

## Apartment Completions and Net Absorption

(Units in thousands)



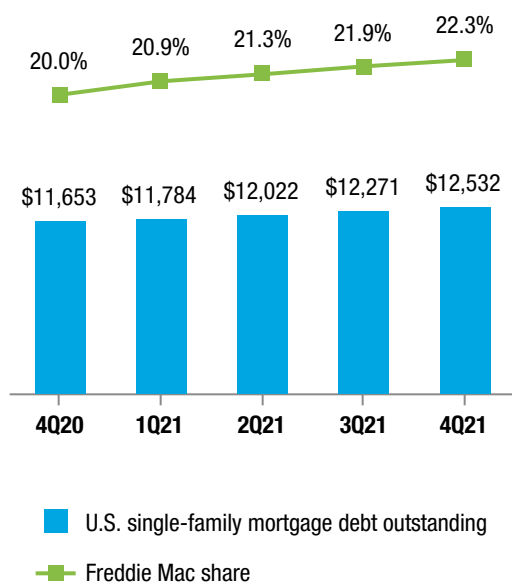
- Completions decreased in 1Q 2022 due to supply chain delays and labor shortages.
- While final unit counts are not yet available, we expect net absorptions to have increased during 1Q 2022 driven by improving economic conditions, pent-up demand, increasing house prices, and rising income levels. We further expect net absorptions to exceed completions for 1Q 2022.

Source: For 1Q21 - 4Q21, "Reis National Performance Trends Report." For 1Q22, "Reis 1Q 2022 Construction First Glance." 1Q22 net absorption data is not yet available.

# Mortgage Debt Outstanding

## Single-Family Mortgage Debt Outstanding

(UPB in billions)

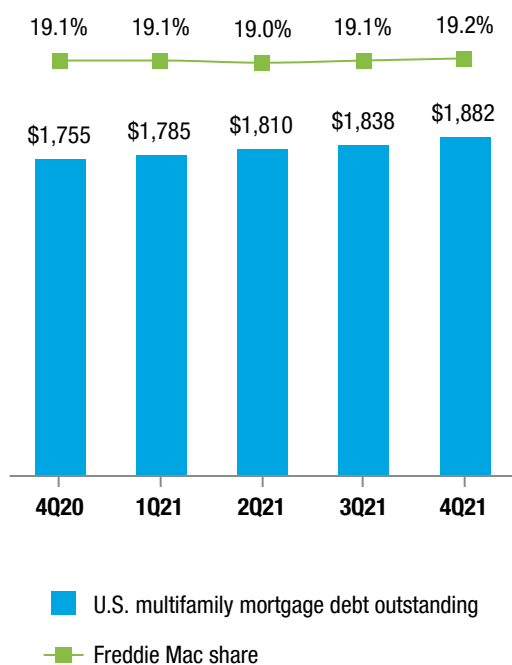


- U.S. single-family mortgage debt outstanding increased year-over-year, primarily driven by house price appreciation and first-time homebuyers, and is expected to continue to increase during 2022. An increase in U.S. single-family mortgage debt outstanding typically results in the growth of our Single-Family mortgage portfolio.

Source: Federal Reserve Financial Accounts of the United States of America. 1Q 2022 U.S. single-family mortgage debt outstanding data is not yet available.

## Multifamily Mortgage Debt Outstanding

(UPB in billions)

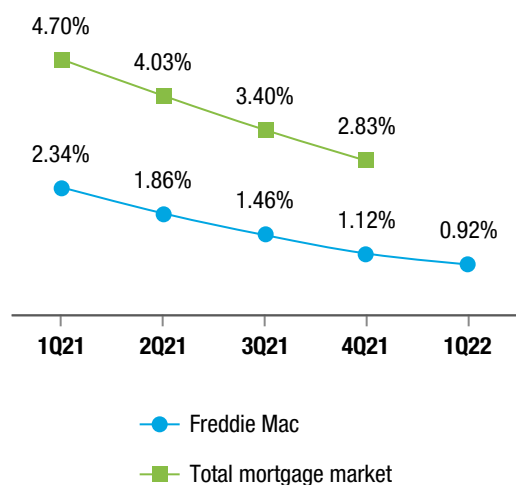


- Our share of multifamily mortgage debt outstanding increased slightly in 4Q 2021 as we accounted for a larger share of total multifamily mortgage debt origination volume. This growth in our share of debt origination volume was driven by our significant 4Q 2021 new business activity.

Source: Federal Reserve Financial Accounts of the United States of America. 1Q 2022 U.S. multifamily mortgage debt outstanding data is not yet available.

# Delinquency Rates

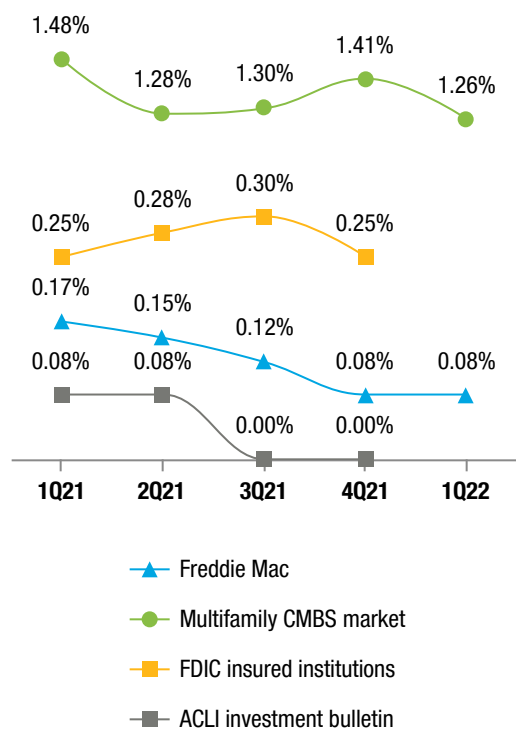
## Single-Family Serious Delinquency Rates



- Our Single-Family serious delinquency rate is based on the number of loans in our Single-Family mortgage portfolio that are three monthly payments or more past due or in the process of foreclosure.
- Our Single-Family serious delinquency rate declined quarter-over-quarter and year-over-year, due primarily to borrowers exiting forbearance and completing loan workout activities that return their mortgages to current status.

Source: National Delinquency Survey from the Mortgage Bankers Association. 1Q 2022 total mortgage market rate is not yet available.

## Multifamily Delinquency Rates



- Our Multifamily delinquency rate is based on the UPB of loans in our Multifamily mortgage portfolio that are two monthly payments or more past due or in the process of foreclosure.
- Our Multifamily delinquency rate returned to pre-pandemic levels and remains low compared to many other market participants.

Source: Freddie Mac, FDIC Quarterly Banking Profile, Intex Solutions, Inc., and Wells Fargo Securities (Multifamily CMBS market, excluding REOs), American Council of Life Insurers (ACLI). The 1Q 2022 delinquency rates for FDIC insured institutions and ACLI investment bulletin are not yet available.

# CONSOLIDATED RESULTS OF OPERATIONS

The discussion of our consolidated results of operations should be read in conjunction with our condensed consolidated financial statements and accompanying notes.

The table below compares our summarized consolidated results of operations. Certain amounts in the prior period have been reclassified to conform to the current presentation. See **Note 1** for additional information about the prior period reclassifications.

**Table 1 - Summary of Consolidated Results of Operations**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Net interest income	\$4,104	\$3,639	\$465	13 %
Guarantee income	70	248	(178)	(72)
Investment gains (losses), net	1,513	1,208	305	25
Other income (loss)	159	178	(19)	(11)
<b>Net revenues</b>	<b>5,846</b>	<b>5,273</b>	<b>573</b>	<b>11</b>
<b>Benefit (provision) for credit losses</b>	<b>837</b>	<b>196</b>	<b>641</b>	<b>327</b>
Salaries and employee benefits	(356)	(344)	(12)	(3)
Credit enhancement expense	(459)	(335)	(124)	(37)
Benefit for (decrease in) credit enhancement recoveries	(17)	(257)	240	93
Legislative assessments expense	(759)	(691)	(68)	(10)
Other expense	(341)	(361)	20	6
<b>Non-interest expense</b>	<b>(1,932)</b>	<b>(1,988)</b>	<b>56</b>	<b>3</b>
<b>Income (loss) before income tax (expense) benefit</b>	<b>4,751</b>	<b>3,481</b>	<b>1,270</b>	<b>36</b>
Income tax (expense) benefit	(953)	(714)	(239)	(33)
<b>Net income (loss)</b>	<b>3,798</b>	<b>2,767</b>	<b>1,031</b>	<b>37</b>
Other comprehensive income (loss), net of taxes and reclassification adjustments	(120)	(389)	269	69
<b>Comprehensive income (loss)</b>	<b>\$3,678</b>	<b>\$2,378</b>	<b>\$1,300</b>	<b>55 %</b>

# Net Revenues

## Net Interest Income

The table below presents the components of net interest income.

**Table 2 - Components of Net Interest Income**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Guarantee net interest income:				
Contractual net interest income <sup>(1)</sup>	\$3,334	\$2,348	\$986	42 %
Deferred fee income	1,042	1,051	(9)	(1)
<b>Total guarantee net interest income</b>	<b>4,376</b>	<b>3,399</b>	<b>977</b>	<b>29</b>
Investments net interest income	579	949	(370)	(39)
Income (expense) from hedge accounting	(851)	(709)	(142)	(20)
<b>Net interest income</b>	<b>\$4,104</b>	<b>\$3,639</b>	<b>\$465</b>	<b>13 %</b>

(1) Includes majority of amounts previously presented as net interest income related to the legislated guarantee fees. Prior period amount has been reclassified to conform to the current period presentation.

### Key Drivers:

#### ■ Guarantee net interest income

- **1Q 2022 vs. 1Q 2021** - Increased primarily driven by continued mortgage portfolio growth and higher average portfolio guarantee fee rates in Single-Family.

#### ■ Investments net interest income

- **1Q 2022 vs. 1Q 2021** - Decreased primarily due to a decline in the size of the mortgage-related investments portfolio, partially offset by lower funding costs.

#### ■ Income (expense) from hedge accounting

- **1Q 2022 vs. 1Q 2021** - Expense increased primarily due to an unfavorable earnings mismatch on qualifying fair value hedge relationships.

## Net Interest Yield Analysis

The table below presents a yield analysis of interest-earning assets and interest-bearing liabilities.

**Table 3 - Analysis of Net Interest Yield**

(Dollars in millions)	1Q 2022			1Q 2021		
	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
<b>Interest-earning assets:</b>						
Cash and cash equivalents	\$15,832	\$3	0.07 %	\$65,143	\$3	0.02 %
Securities purchased under agreements to resell	88,675	23	0.11	80,281	17	0.08
Investment securities	50,373	384	3.05	56,681	610	4.30
Mortgage loans <sup>(1)</sup>	2,901,060	17,310	2.39	2,453,325	13,255	2.16
Other assets	5,534	20	1.40	5,601	17	1.27
<b>Total interest-earning assets</b>	<b>3,061,474</b>	<b>17,740</b>	<b>2.32</b>	<b>2,661,031</b>	<b>13,902</b>	<b>2.09</b>
<b>Interest-bearing liabilities:</b>						
Debt securities of consolidated trusts held by third parties	2,836,484	(13,249)	(1.87)	2,342,060	(9,756)	(1.67)
Debt of Freddie Mac	182,580	(387)	(0.85)	274,873	(507)	(0.74)
<b>Total interest-bearing liabilities</b>	<b>3,019,064</b>	<b>(13,636)</b>	<b>(1.81)</b>	<b>2,616,933</b>	<b>(10,263)</b>	<b>(1.57)</b>
Impact of net non-interest-bearing funding	42,410	—	0.03	44,098	—	0.03
<b>Total funding of interest-earning assets</b>	<b>3,061,474</b>	<b>(13,636)</b>	<b>(1.78)</b>	<b>2,661,031</b>	<b>(10,263)</b>	<b>(1.54)</b>
<b>Net interest income/yield</b>		<b>\$4,104</b>	<b>0.54 %</b>		<b>\$3,639</b>	<b>0.55 %</b>

(1) Loan fees included in net interest income were \$0.5 billion and \$1.0 billion during 1Q 2022 and 1Q 2021, respectively.

## Guarantee Income

The table below presents the components of guarantee income.

**Table 4 - Components of Guarantee Income**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Contractual guarantee fees	\$318	\$285	\$33	12 %
Guarantee obligation amortization	299	272	27	10
Guarantee asset fair value changes	(547)	(309)	(238)	(77)
<b>Guarantee income</b>	<b>\$70</b>	<b>\$248</b>	<b>(\$178)</b>	<b>(72)%</b>

### Key Drivers:

- **1Q 2022 vs. 1Q 2021** - Decreased as continued growth in our Multifamily guarantee portfolio was offset by the impact of rising interest rates on the fair values of our guarantee assets.

## Investment Gains (Losses), Net

The table below presents the components of investment gains (losses), net.

**Table 5 - Investment Gains (Losses), Net**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Single-Family	\$1,252	\$300	\$952	317 %
Multifamily	261	908	(647)	(71)
<b>Investment gains (losses), net</b>	<b>\$1,513</b>	<b>\$1,208</b>	<b>\$305</b>	<b>25 %</b>

**Key Drivers:**

- **1Q 2022 vs. 1Q 2021** - Increased primarily driven by gains in Single-Family due to mark-to-market gains on commitments to sell guaranteed mortgage-related securities used to economically hedge the securitization pipeline, as spreads on agency mortgage-related securities widened during the quarter. This was partially offset by lower gains in Multifamily due to spread widening and lower initial pricing margins on new loan purchases.

## Benefit (Provision) for Credit Losses

The table below presents the components of benefit (provision) for credit losses.

**Table 6 - Benefit (Provision) for Credit Losses**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Single-Family	\$831	\$146	\$685	469 %
Multifamily	6	50	(44)	(88)
<b>Benefit (provision) for credit losses</b>	<b>\$837</b>	<b>\$196</b>	<b>\$641</b>	<b>327 %</b>

**Key Drivers:**

- **1Q 2022 vs. 1Q 2021** - Increased primarily due to observed house price appreciation and higher forecasted house prices.

## Non-Interest Expense

### Credit Enhancement Expense

**Key Drivers:**

- **1Q 2022 vs. 1Q 2021** - Increased \$124 million primarily due to higher outstanding cumulative volumes of CRT transactions.

### Legislative Assessments Expense

Legislative assessments expense relates to the legislated guarantee fees on single-family loans that we are required to remit to Treasury and the affordable housing funds assessment. The legislated guarantee fees relate to the 10 basis point increase in guarantee fees implemented at the direction of FHFA pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 as extended by the Infrastructure Investment and Jobs Act. The affordable housing funds assessment relates to the GSE Act requirement to set aside in each fiscal year an amount equal to 4.2 basis points of each dollar of total new business purchases, and pay such amount to certain housing funds. We are prohibited from passing through the costs of the affordable housing funds assessment to the originators of the loans that we purchase.

The table below presents the components of legislative assessments expense.

**Table 7 - Components of Legislative Assessments Expense**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Legislated guarantee fees expense	(\$666)	(\$534)	(\$132)	(25) %
Affordable housing funds assessment	(93)	(157)	64	41
<b>Legislative assessments expense</b>	<b>(\$759)</b>	<b>(\$691)</b>	<b>(\$68)</b>	<b>(10) %</b>

**Key Drivers:**

- **1Q 2022 vs. 1Q 2021** - Increased primarily due to higher legislated guarantee fees expense due to growth in our Single-Family mortgage portfolio, partially offset by lower affordable housing funds assessment primarily due to lower Single-Family new business activity.

# CONSOLIDATED BALANCE SHEETS ANALYSIS

The table below compares our summarized condensed consolidated balance sheets.

**Table 8 - Summarized Condensed Consolidated Balance Sheets**

	Change			
(Dollars in millions)	March 31, 2022	December 31, 2021	\$	%
Assets:				
Cash and cash equivalents	\$10,526	\$10,150	\$376	4 %
Securities purchased under agreements to resell	69,617	71,203	(1,586)	(2)
<b>Subtotal</b>	<b>80,143</b>	<b>81,353</b>	<b>(1,210)</b>	<b>(1)</b>
Investment securities, at fair value	53,244	53,015	229	—
Mortgage loans, net	2,932,929	2,848,109	84,820	3
Accrued interest receivable, net	7,675	7,474	201	3
Deferred tax assets, net	5,865	6,214	(349)	(6)
Other assets	28,998	29,421	(423)	(1)
<b>Total assets</b>	<b>\$3,108,854</b>	<b>\$3,025,586</b>	<b>\$83,268</b>	<b>3 %</b>
Liabilities and Equity:				
Liabilities:				
Accrued interest payable	\$6,266	\$6,268	(\$2)	— %
Debt	3,059,125	2,980,185	78,940	3
Other liabilities	11,752	11,100	652	6
<b>Total liabilities</b>	<b>3,077,143</b>	<b>2,997,553</b>	<b>79,590</b>	<b>3</b>
<b>Total equity</b>	<b>31,711</b>	<b>28,033</b>	<b>3,678</b>	<b>13</b>
<b>Total liabilities and equity</b>	<b>\$3,108,854</b>	<b>\$3,025,586</b>	<b>\$83,268</b>	<b>3 %</b>

**Key Drivers:**

As of March 31, 2022 compared to December 31, 2021:

- **Mortgage loans, net** and **debt** increased primarily due to the increase in the size of the Single-Family mortgage portfolio.



## OUR PORTFOLIOS

### Mortgage Portfolio

The table below presents the UPB of our mortgage portfolio by segment.

**Table 9 - Mortgage Portfolio**

(In millions)	March 31, 2022			December 31, 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Securitized mortgage loans:						
Held by consolidated trusts	\$2,804,121	\$21,424	\$2,825,545	\$2,706,514	\$18,757	\$2,725,271
Held by nonconsolidated trusts	32,082	363,472	395,554	33,340	362,627	395,967
<b>Total securitized mortgage loans</b>	<b>2,836,203</b>	<b>384,896</b>	<b>3,221,099</b>	<b>2,739,854</b>	<b>381,384</b>	<b>3,121,238</b>
Unsecuritized mortgage loans:						
Securitization pipeline and other loans	14,553	19,843	34,396	21,189	22,771	43,960
Seasoned loans	23,342	—	23,342	20,594	—	20,594
<b>Total unsecuritized mortgage loans</b>	<b>37,895</b>	<b>19,843</b>	<b>57,738</b>	<b>41,783</b>	<b>22,771</b>	<b>64,554</b>
<b>Other</b>	<b>10,303</b>	<b>10,529</b>	<b>20,832</b>	<b>10,587</b>	<b>10,508</b>	<b>21,095</b>
<b>Total mortgage portfolio</b>	<b>\$2,884,401</b>	<b>\$415,268</b>	<b>\$3,299,669</b>	<b>\$2,792,224</b>	<b>\$414,663</b>	<b>\$3,206,887</b>

### Guarantee Portfolio

The table below presents the UPB of our guarantee portfolio by segment.

**Table 10 - Guarantee Portfolio**

(In millions)	March 31, 2022			December 31, 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Guaranteed mortgage-related securities:						
Issued by consolidated trusts	\$2,833,233	\$21,435	\$2,854,668	\$2,744,899	\$18,883	\$2,763,782
Issued by nonconsolidated trusts	26,329	319,939	346,268	27,538	318,756	346,294
<b>Total guaranteed mortgage-related securities</b>	<b>2,859,562</b>	<b>341,374</b>	<b>3,200,936</b>	<b>2,772,437</b>	<b>337,639</b>	<b>3,110,076</b>
<b>Other</b>	<b>10,303</b>	<b>10,529</b>	<b>20,832</b>	<b>10,587</b>	<b>10,508</b>	<b>21,095</b>
<b>Total guarantee portfolio</b>	<b>\$2,869,865</b>	<b>\$351,903</b>	<b>\$3,221,768</b>	<b>\$2,783,024</b>	<b>\$348,147</b>	<b>\$3,131,171</b>

### Investments Portfolio

Our investments portfolio consists of our mortgage-related investments portfolio and our other investments portfolio.

#### Mortgage-Related Investments Portfolio

The Purchase Agreement limits the size of our mortgage-related investments portfolio to a maximum amount of \$250 billion, which will be reduced to \$225 billion on December 31, 2022. The calculation of mortgage assets subject to the Purchase Agreement cap includes the UPB of mortgage assets and 10% of the notional value of interest-only securities. We are also subject to additional limitations on the size and composition of our mortgage-related investments portfolio pursuant to FHFA guidance. For additional information on the restrictions on our mortgage-related investments portfolio, see the **Conservatorship and Related Matters** section in our 2021 Annual Report.

The table below presents the details of our mortgage-related investments portfolio.

**Table 11 - Mortgage-Related Investments Portfolio**

(In millions)	March 31, 2022			December 31, 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Unsecuritized mortgage loans	\$37,895	\$19,843	\$57,738	\$41,783	\$22,771	\$64,554
Mortgage-related securities	31,359	3,706	35,065	43,357	3,100	46,457
<b>Mortgage-related investments portfolio</b>	<b>\$69,254</b>	<b>\$23,549</b>	<b>\$92,803</b>	<b>\$85,140</b>	<b>\$25,871</b>	<b>\$111,011</b>
10% of notional amount of interest-only securities			\$18,536			\$12,517
Mortgage-related investments portfolio for purposes of Purchase Agreement cap			111,339			123,528

## Other Investments Portfolio

The table below presents the details of our other investments portfolio.

**Table 12 - Other Investments Portfolio**

(In millions)	March 31, 2022				December 31, 2021			
	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio <sup>(1)</sup>	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio <sup>(1)</sup>
Cash and cash equivalents	\$9,568	\$774	\$184	\$10,526	\$8,455	\$1,596	\$99	\$10,150
Securities purchased under agreements to resell	51,262	28,705	910	80,877	43,729	34,000	807	78,536
Non-mortgage-related securities	32,909	—	3,034	35,943	28,078	—	4,695	32,773
Other assets	—	—	8,849	8,849	—	—	8,194	8,194
<b>Other investments portfolio</b>	<b>\$93,739</b>	<b>\$29,479</b>	<b>\$12,977</b>	<b>\$136,195</b>	<b>\$80,262</b>	<b>\$35,596</b>	<b>\$13,795</b>	<b>\$129,653</b>

(1) Represents carrying value.

## OUR BUSINESS SEGMENTS

As shown in the table below, we have two reportable segments, which are based on the way we manage our business.

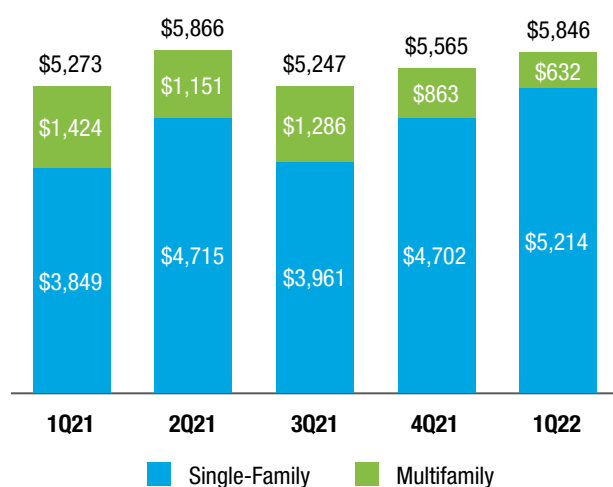
Segment	Description
<b>Single-Family</b>	Reflects results from our purchase, securitization, and guarantee of single-family loans, our investments in single-family loans and mortgage-related securities, the management of Single-Family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
<b>Multifamily</b>	Reflects results from our purchase, securitization, and guarantee of multifamily loans, our investments in multifamily loans and mortgage-related securities, and the management of Multifamily mortgage credit risk and market risk.

## Segment Net Revenues and Net Income (Loss)

The graphs below show our net revenues and net income (loss) by segment.

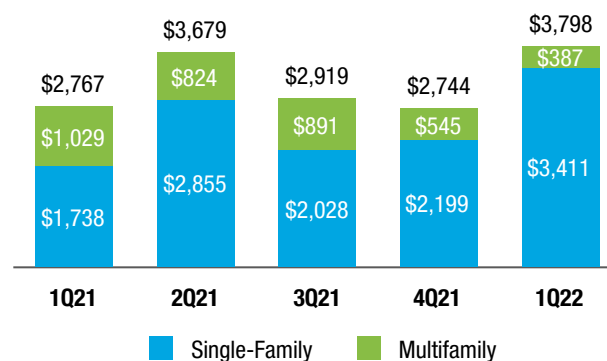
**Segment Net Revenues**

(In millions)



**Segment Net Income (Loss)**

(In millions)



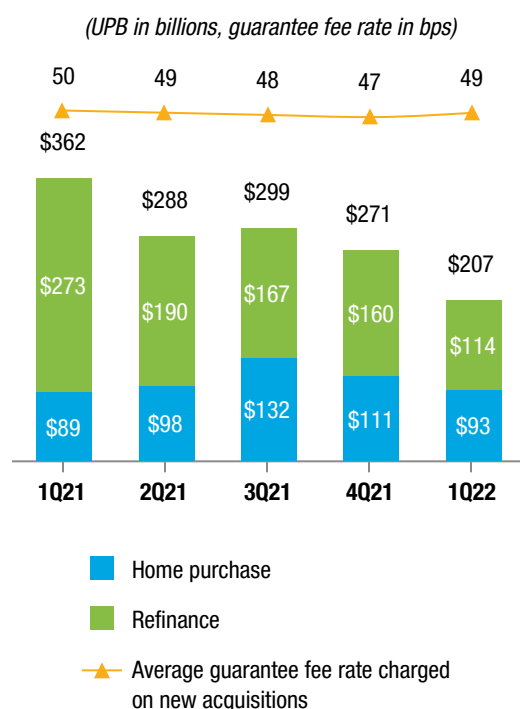
# Single-Family

## Business Results

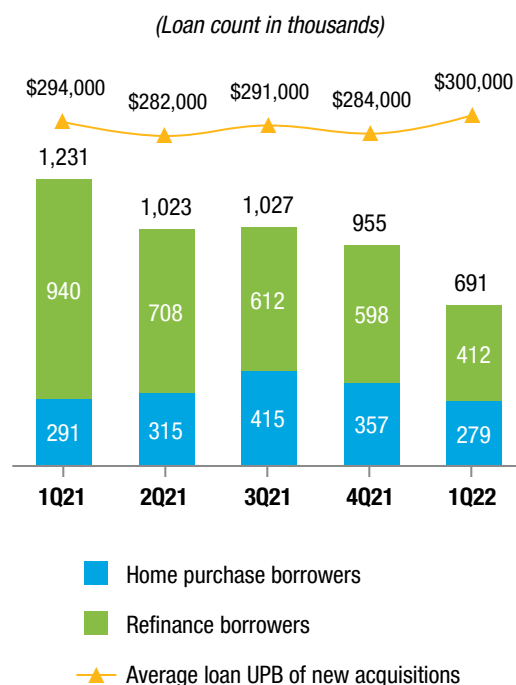
The graphs, tables, and related discussion below present the business results of our Single-Family segment.

### New Business Activity

**UPB of Single-Family Loan Purchases and Guarantees by Loan Purpose and Average Guarantee Fee Rate<sup>(1)</sup> Charged on New Acquisitions**



**Number of Families Helped to Own a Home and Average Loan UPB of New Acquisitions**



(1) Guarantee fee rate calculation excludes the legislated guarantee fees and includes deferred fees recognized over the estimated life of the related loans.

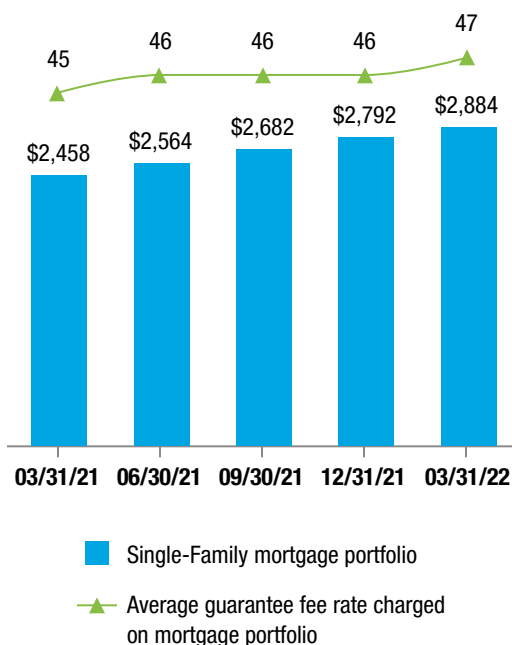
#### ■ 1Q 2022 vs. 1Q 2021

- Our loan purchase and guarantee activity decreased primarily due to a decrease in refinance volume, driven by an increase in mortgage interest rates, and a decrease in our share of the GSE volume.
- The average loan size of new acquisitions increased due to a higher conforming loan limit and house price appreciation.

## Single-Family Mortgage Portfolio

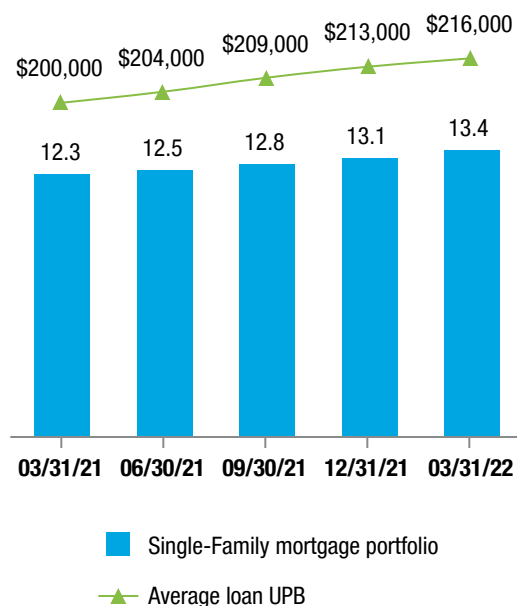
### Single-Family Mortgage Portfolio and Average Guarantee Fee Rate<sup>(1)</sup> Charged on Mortgage Portfolio

(UPB in billions, guarantee fee rate in bps)



### Single-Family Mortgage Loans

(Loan count in millions)



(1) Guarantee fee rate calculation excludes the legislated guarantee fees. Guarantee fee rate calculation excludes certain loans, the majority of which are held by VIEs that we do not consolidate. The UPB of these loans excluded was \$45 billion as of March 31, 2022.

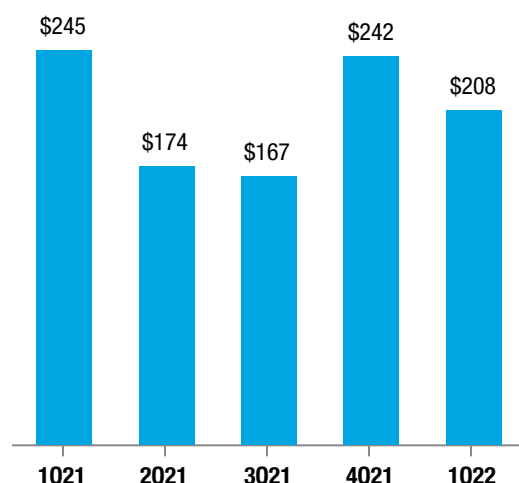
- Our Single-Family mortgage portfolio grew \$426 billion, or 17%, year-over-year, primarily driven by continued house price appreciation and strong home purchase activity. Continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
- **1Q 2022 vs. 1Q 2021** - The average guarantee fee rate charged on our Single-Family mortgage portfolio increased as older vintages with lower charged guarantee fee rates were replaced by acquisitions of new loans with higher charged guarantee fee rates.

## CRT Activities

We transfer credit risk on a portion of our Single-Family mortgage portfolio to the private market, reducing the risk of future losses to us when borrowers default. The graphs below show the issuance amounts associated with CRT transactions for loans in our Single-Family mortgage portfolio.

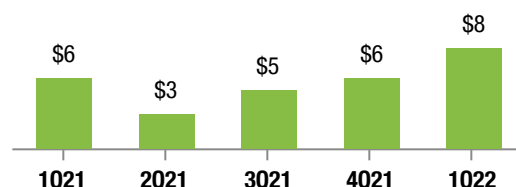
**UPB Covered by New CRT Issuance**

(In billions)



**New CRT Issuance Maximum Coverage**

(In billions)



- During 1Q 2022 and 1Q 2021, 67% and 61%, respectively, of our Single-Family acquisitions were loans in the targeted population for our CRT transactions (primarily 30-year fixed rate loans with LTV ratios between 60% and 97%).
- The UPB of mortgage loans covered by CRT transactions issued during 1Q 2022 decreased compared to 1Q 2021 due to a decrease in loan acquisition activity in recent quarters. The related maximum coverage increased as we obtained a higher amount of credit coverage on the recently acquired loans in response to higher capital requirements under the ERCF.

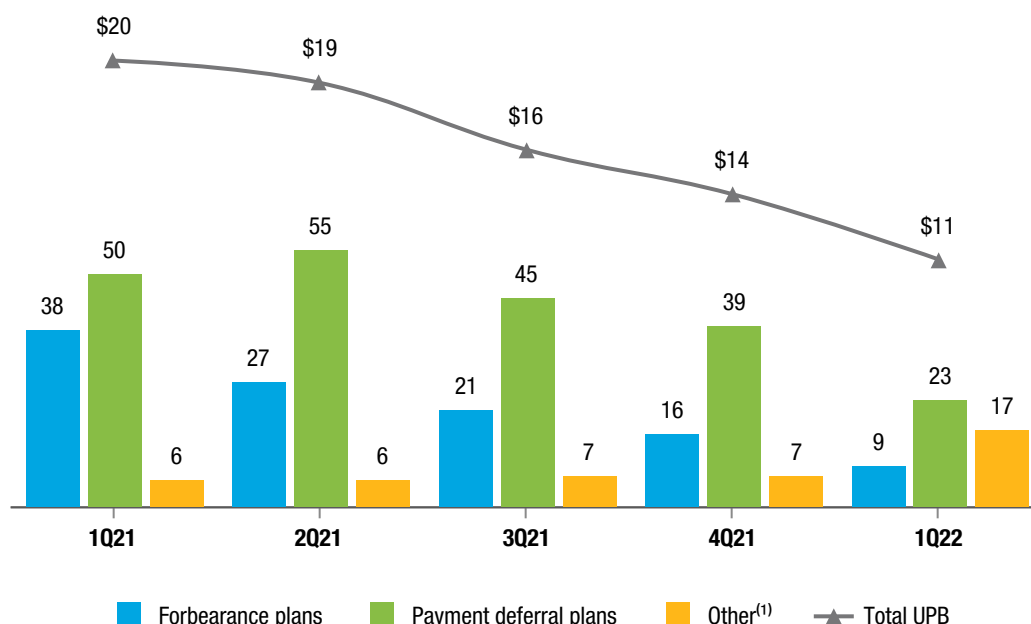
See **MD&A – Risk Management - Single-Family Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors** for additional information on our CRT activities and other credit enhancements. See **MD&A – Liquidity and Capital Resources - Capital Resources** for additional information on ERCF.

## Loss Mitigation Activities

The following graph provides details about the single-family loan workout activities that were completed during the period. The forbearance data included below is limited to loans in forbearance that are past due based on the loans' original contractual terms and excludes both loans for which we do not control servicing and loans included in certain legacy transactions, as the forbearance data for such loans is either not reported to us by the servicers or is otherwise not readily available to us.

### Completed Loan Workout Activity

(UPB in billions, number of loan workouts in thousands)



(1) Other includes repayment plans, loan modifications, and foreclosure alternatives.

- Completed loan workout activity includes forbearance plans where borrowers fully reinstated the loan to current status during or at the end of the forbearance period, payment deferral plans, loan modifications, successfully completed repayment plans, short sales, and deeds in lieu of foreclosure. Completed loan workout activity excludes active loss mitigation activity that was ongoing and had not been completed as of the end of the quarter, such as forbearance plans that had been initiated but not completed and trial period modifications. There were approximately 49,000 loans in active forbearance plans and 16,000 loans in other active loss mitigation activity as of March 31, 2022.
- 1Q 2022 vs. 1Q 2021** - Our loan workout activity decreased as the overall forbearance population continues to decline.

## Financial Results

The table below presents the components of net income and comprehensive income for our Single-Family segment.

**Table 13 - Single-Family Segment Financial Results**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Guarantee net interest income	\$4,277	\$3,346	\$931	28 %
Investments net interest income	380	671	(291)	(43)
Income (expense) from hedge accounting	(851)	(709)	(142)	(20)
Net interest income	3,806	3,308	498	15
Non-interest income	1,408	541	867	160
<b>Net revenues</b>	<b>5,214</b>	<b>3,849</b>	<b>1,365</b>	<b>35</b>
Benefit (provision) for credit losses	831	146	685	469
Non-interest expense	(1,778)	(1,809)	31	2
<b>Income (loss) before income tax (expense) benefit</b>	<b>4,267</b>	<b>2,186</b>	<b>2,081</b>	<b>95</b>
Income tax (expense) benefit	(856)	(448)	(408)	(91)
<b>Net income (loss)</b>	<b>3,411</b>	<b>1,738</b>	<b>1,673</b>	<b>96</b>
Other comprehensive income (loss), net of taxes and reclassification adjustments	(12)	(328)	316	96
<b>Comprehensive income (loss)</b>	<b>\$3,399</b>	<b>\$1,410</b>	<b>\$1,989</b>	<b>141 %</b>

### Key Business Drivers:

#### ■ 1Q 2022 vs. 1Q 2021

- Higher net interest income primarily due to continued mortgage portfolio growth and higher average portfolio guarantee fee rates.
- Higher non-interest income primarily due to higher net investment gains driven by mark-to-market gains on commitments to sell guaranteed mortgage-related securities used to economically hedge the securitization pipeline, as spreads on agency mortgage-related securities widened during the quarter.
- Higher benefit for credit losses driven by observed house price appreciation and higher forecasted house prices.

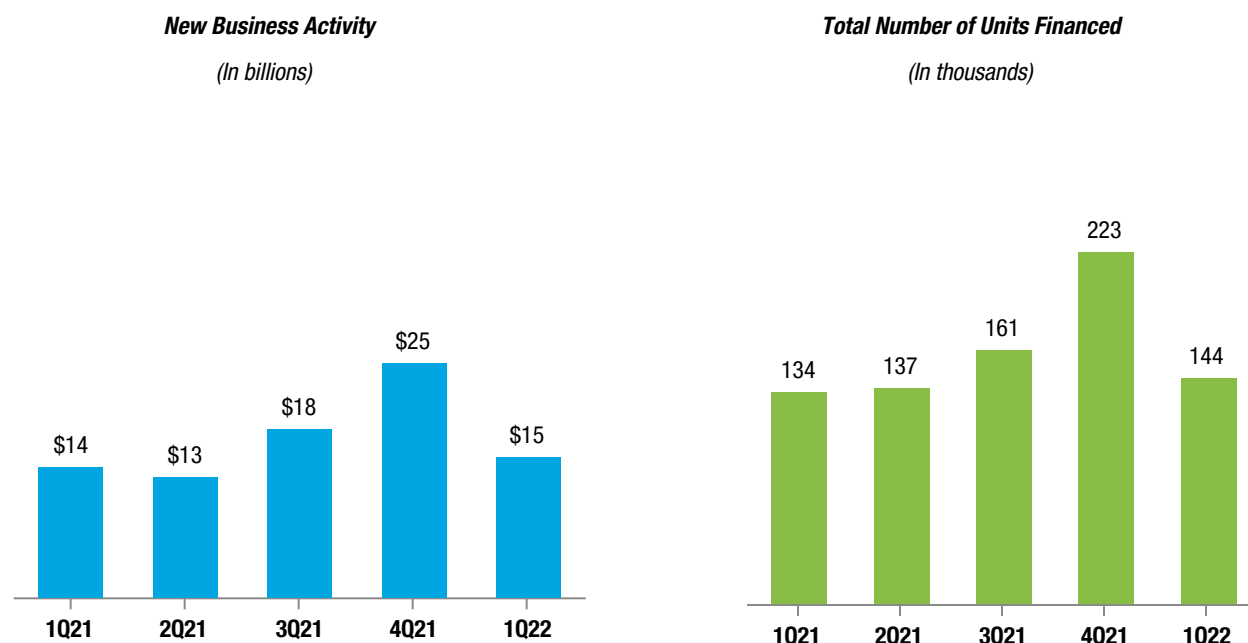


# Multifamily

## Business Results

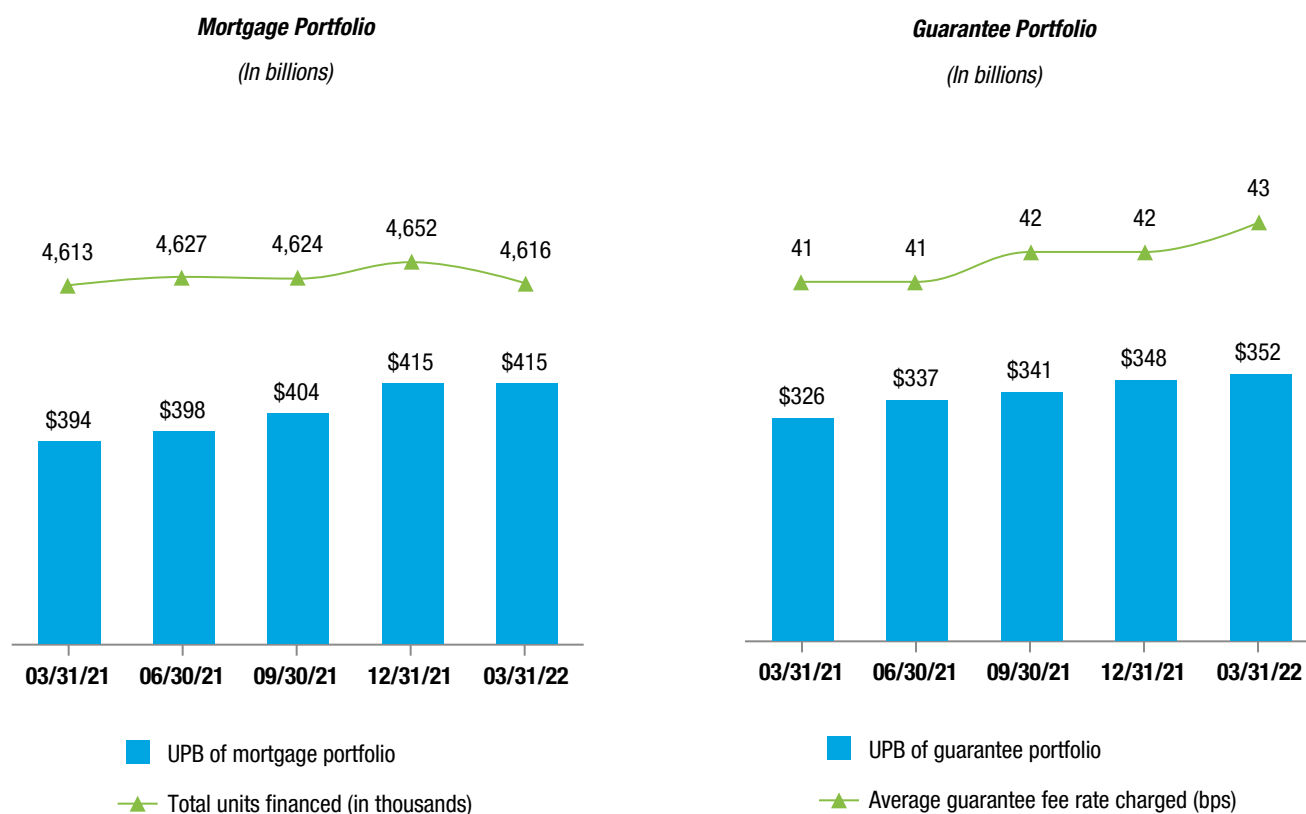
The graphs, tables, and related discussion below present the business results of our Multifamily segment.

### New Business Activity



- As of March 31, 2022, the total multifamily new business activity subject to the FHFA 2022 loan purchase cap of \$78 billion was \$14.9 billion. Approximately 65% of this activity, based on UPB, was mission-driven, affordable housing, with approximately 31% being affordable to renters at or below 60% of AMI, both currently exceeding FHFA's minimum requirements (50% and 25%, respectively).
- While our new business activity was slightly higher year-over-year, we have observed increased competition from other market participants, which we expect to continue for the remainder of 2022.
- Outstanding commitments, including index lock agreements and commitments to purchase or guarantee multifamily assets, were \$19.9 billion and \$17.7 billion as of March 31, 2022 and March 31, 2021, respectively.

## Multifamily Mortgage Portfolio and Guarantee Portfolio

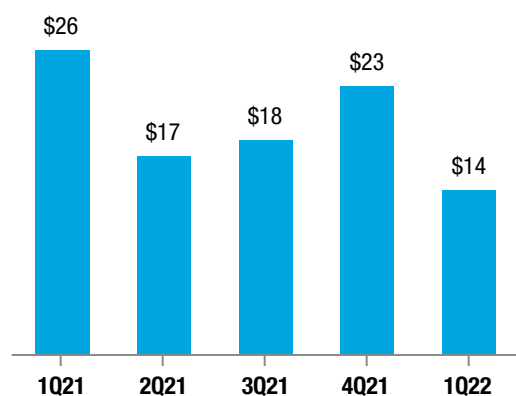


- Our Multifamily mortgage and guarantee portfolios increased slightly as of March 31, 2022 compared to December 31, 2021 primarily due to ongoing loan purchase and securitization activities. We expect continued growth in these portfolios during the remainder of 2022 as purchase and securitization activities are expected to outpace loan payoffs.
- While the mortgage portfolio increased slightly as of March 31, 2022 compared to December 31, 2021, total portfolio unit count decreased, primarily driven by the impact of portfolio payoffs and higher per unit cost of newly financed multifamily properties as a result of property price appreciation.
- In addition to our Multifamily mortgage portfolio, we own equity interests in LIHTC fund partnerships with carrying values totaling \$2.1 billion and \$2.0 billion as of March 31, 2022 and December 31, 2021, respectively.

## CRT Activities

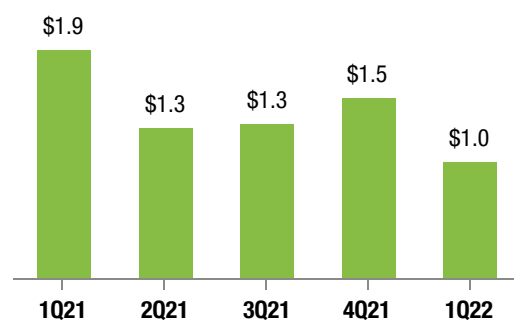
### *UPB Covered by New CRT Issuance*

(In billions)



### *New CRT Issuance Maximum Coverage*

(In billions)



- The UPB of mortgage loans covered by CRT transactions and the related maximum coverage provided by those transactions decreased in 1Q 2022 compared to 1Q 2021 due to a smaller securitization pipeline and no new SCR transactions in 1Q 2022.

See **MD&A - Risk Management - Multifamily Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors** for more information on risk transfer transactions and credit enhancements on our Multifamily mortgage portfolio.

## Financial Results

The table below presents the components of net income and comprehensive income for our Multifamily segment.

**Table 14 - Multifamily Segment Financial Results**

(Dollars in millions)	1Q 2022	1Q 2021	Change	
			\$	%
Net interest income	\$298	\$331	(\$33)	(10)%
Guarantee income	40	159	(119)	(75)
Investment gains (losses), net	261	908	(647)	(71)
Other income (loss)	33	26	7	27
<b>Net revenues</b>	<b>632</b>	<b>1,424</b>	<b>(792)</b>	<b>(56)</b>
Benefit (provision) for credit losses	6	50	(44)	(88)
Non-interest expense	(154)	(179)	25	14
<b>Income (loss) before income tax (expense) benefit</b>	<b>484</b>	<b>1,295</b>	<b>(811)</b>	<b>(63)</b>
Income tax (expense) benefit	(97)	(266)	169	64
<b>Net income (loss)</b>	<b>387</b>	<b>1,029</b>	<b>(642)</b>	<b>(62)</b>
Other comprehensive income (loss), net of taxes and reclassification adjustments	(108)	(61)	(47)	(77)
<b>Comprehensive income (loss)</b>	<b>\$279</b>	<b>\$968</b>	<b>(\$689)</b>	<b>(71)%</b>

### Key Business Drivers:

#### ■ 1Q 2022 vs. 1Q 2021

- Lower guarantee income as continued growth in our guarantee portfolio was offset by the impact of rising interest rates on the fair values of our guarantee assets.
- Lower net investment gains due to spread widening and lower initial pricing margins on new loan purchases.

# RISK MANAGEMENT

To achieve our mission, we take risks as an integral part of our business activities. We are exposed to the following key types of risk: credit risk, market risk, liquidity risk, operational risk, strategic risk, reputation risk, and legal risk.

## Credit Risk

### Allowance for Credit Losses

In 1Q 2022, we adopted accounting guidance that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer measure an allowance for credit losses for TDRs we reasonably expect will occur, and we no longer recognize an incremental allowance for credit losses for the economic concession granted to a borrower experiencing financial difficulty for changes in the timing and amount of contractual cash flows when a loan is restructured. See **Note 3** for additional information on the adoption of this new accounting guidance.

The table below presents a summary of the changes in our allowance for credit losses and key allowance for credit losses ratios.

**Table 15 - Allowance for Credit Losses Ratios**

(Dollars in millions)	1Q 2022			1Q 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
<b>Allowance for credit losses:</b>						
Beginning balance	\$5,440	\$78	\$5,518	\$6,353	\$200	\$6,553
Provision (benefit) for credit losses	(831)	(6)	(837)	(146)	(50)	(196)
Charge-offs <sup>(1)</sup>	(173)	—	(173)	(238)	—	(238)
Recoveries collected	52	—	52	46	—	46
Net charge-offs	(121)	—	(121)	(192)	—	(192)
Other <sup>(2)</sup>	361	—	361	115	—	115
<b>Ending balance</b>	<b>\$4,849</b>	<b>\$72</b>	<b>\$4,921</b>	<b>\$6,130</b>	<b>\$150</b>	<b>\$6,280</b>
<b>Components of ending balance of allowance for credit losses:</b>						
Mortgage loans held-for-investment	\$4,358	\$31	\$4,389	\$5,253	\$77	\$5,330
Advances of pre-foreclosure costs	426	—	426	615	—	615
Accrued interest receivable on mortgage loans	13	—	13	213	—	213
Off-balance sheet credit exposures	52	41	93	49	73	122
<b>Total ending balance</b>	<b>\$4,849</b>	<b>\$72</b>	<b>\$4,921</b>	<b>\$6,130</b>	<b>\$150</b>	<b>\$6,280</b>
<b>Loan balances<sup>(3)</sup>:</b>						
Non-accrual loans	\$15,095	\$42	\$15,137	\$23,164	\$—	\$23,164
Total loans outstanding	2,891,685	28,619	2,920,304	2,465,508	22,794	2,488,302
Average loans outstanding during the period	2,868,454	28,079	2,896,533	2,421,536	22,620	2,444,156
<b>Ratios:</b>						
Allowance for credit losses <sup>(4)</sup> to total loans outstanding	0.15 %	0.11 %	0.15 %	0.21 %	0.34 %	0.21 %
Non-accrual loans to total loans outstanding	0.52	0.15	0.52	0.94	—	0.93
Allowance for credit losses <sup>(5)</sup> to non-accrual loans	28.87	73.81	29.00	22.68	NM	23.01
Net charge-offs to average loans outstanding	—	—	—	0.01	—	0.01

(1) The Single-Family mortgage portfolio in 1Q 2022 and 1Q 2021 includes charge-offs of \$8 million and \$27 million, respectively, related to the transfer of loans from held-for-investment to held-for-sale.

(2) Primarily includes capitalization of past due interest related to non-accrual loans that received payment deferral plans and loan modifications.

(3) Based on amortized cost basis of held-for-investment loans.

(4) Represents allowance for credit losses on total held-for-investment loans.

(5) NM - not meaningful due to the non-accrual loans balance rounding to zero.

### ■ 1Q 2022 vs. 1Q 2021

- The ratio of allowance for credit losses to total loans outstanding decreased as the allowance for credit losses decreased due to the reserve release driven by observed house price appreciation and higher forecasted house prices.
- The ratio of non-accrual loans to total loans outstanding decreased as borrowers continued to exit forbearance and complete loan workout activities that returned their mortgages to current status.

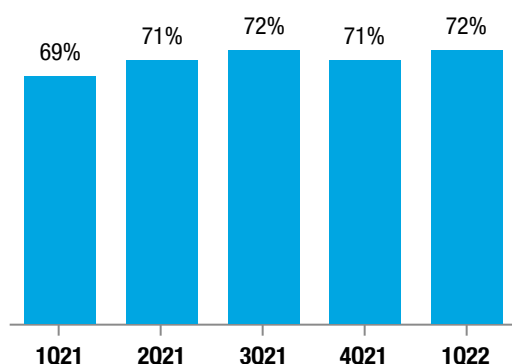
## Single-Family Mortgage Credit Risk

### Maintaining Prudent Underwriting Standards and Quality Control Practices and Managing Seller/Servicer Performance

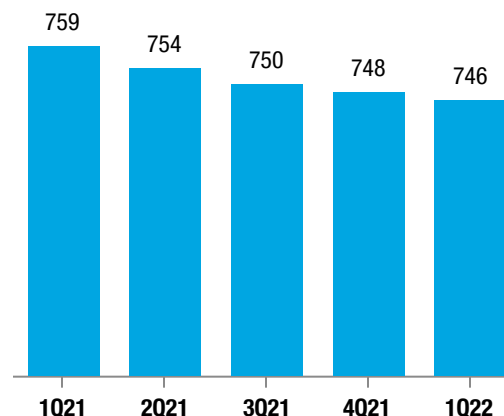
#### Loan Purchase Credit Characteristics

We monitor and evaluate market conditions that could affect the credit quality of our single-family loan purchases. The charts below show the credit profile of the single-family loans we purchased or guaranteed.

**Weighted Average Original LTV Ratio**



**Weighted Average Original Credit Score<sup>(1)</sup>**



(1) Weighted average original credit score is based on three credit bureaus (Equifax, Experian, and TransUnion).

The table below contains additional information about the single-family loans we purchased or guaranteed.

**Table 16 - Single-Family New Business Activity**

(Dollars in billions)	1Q 2022		1Q 2021	
	Amount	% of Total	Amount	% of Total
20- and 30-year or more amortizing fixed-rate	\$182	88 %	\$311	86 %
15-year amortizing fixed-rate	23	11	51	14
Adjustable-rate	2	1	—	—
<b>Total</b>	<b>\$207</b>	<b>100 %</b>	<b>\$362</b>	<b>100 %</b>
<b>Percentage of purchases</b>				
DTI ratio > 45%		15 %		10 %
Original LTV ratio > 90%		14		8
Transaction type:				
Cash window		25		62
Guarantor swap		75		38
Property type:				
Detached single-family houses and townhouses		93		93
Condominium or co-op		7		7
Occupancy type:				
Primary residence		89		93
Second home		5		3
Investment property		6		4
Loan purpose:				
Purchase		45		25
Cash-out refinance		33		20
Other refinance		22		55

## Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in various credit enhancement arrangements, which include CRT transactions and other credit enhancements.

### Single-Family Mortgage Portfolio CRT Issuance

The table below provides the UPB of the mortgage loans covered by CRT transactions issued during the periods presented as well as the maximum coverage provided by those transactions.

**Table 17 - Single-Family Mortgage Portfolio CRT Issuance**

(In millions)	1Q 2022		1Q 2021	
	UPB <sup>(1)</sup>	Maximum Coverage <sup>(2)</sup>	UPB <sup>(1)</sup>	Maximum Coverage <sup>(2)</sup>
STACR	\$123,562	\$5,088	\$176,707	\$3,544
Insurance/reinsurance	83,991	3,226	228,307	2,714
Other	146	146	171	171
Less: UPB with more than one type of CRT	—	—	(159,835)	—
<b>Total CRT issuance</b>	<b>\$207,699</b>	<b>\$8,460</b>	<b>\$245,350</b>	<b>\$6,429</b>

(1) Represents the UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For STACR transactions, represents the balance held by third parties at issuance. For insurance/reinsurance transactions, represents the aggregate limit of insurance purchased from third parties at issuance.

**Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding**

The table below provides information on the UPB and maximum coverage associated with credit-enhanced loans in our Single-Family mortgage portfolio.

**Table 18 - Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding**

(Dollars in millions)	March 31, 2022		
	UPB <sup>(1)</sup>	% of Portfolio	Maximum Coverage <sup>(2)</sup>
Primary mortgage insurance <sup>(3)</sup>	\$563,339	20%	\$140,712
STACR	1,089,718	38	34,280
Insurance/reinsurance	944,116	33	18,383
Other	40,478	1	10,482
Less: UPB with multiple credit enhancements and other reconciling items <sup>(4)</sup>	(1,043,338)	(37)	—
<b>Single-Family mortgage portfolio - credit-enhanced</b>	<b>1,594,313</b>	<b>55</b>	<b>203,857</b>
Single-Family mortgage portfolio - non-credit-enhanced	1,290,088	45	N/A
<b>Total</b>	<b>\$2,884,401</b>	<b>100%</b>	<b>\$203,857</b>

(Dollars in millions)	December 31, 2021		
	UPB <sup>(1)</sup>	% of Portfolio	Maximum Coverage <sup>(2)</sup>
Primary mortgage insurance <sup>(3)</sup>	\$545,293	20%	\$135,330
STACR	1,024,013	37	32,641
Insurance/reinsurance	914,003	33	16,209
Other	42,273	1	10,598
Less: UPB with multiple credit enhancements and other reconciling items <sup>(4)</sup>	(1,034,546)	(38)	—
<b>Single-Family mortgage portfolio - credit-enhanced</b>	<b>1,491,036</b>	<b>53</b>	<b>194,778</b>
Single-Family mortgage portfolio - non-credit-enhanced	1,301,188	47	N/A
<b>Total</b>	<b>\$2,792,224</b>	<b>100%</b>	<b>\$194,778</b>

(1) Represents the current UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For STACR transactions, represents the outstanding balance held by third parties. For insurance/reinsurance transactions, represents the remaining aggregate limit of insurance purchased from third parties.

(3) Amounts exclude certain loans for which we do not control servicing, as the coverage information for these loans is not readily available to us.

(4) Other reconciling items primarily include timing differences in reporting cycles between the UPB of certain CRT transactions and the UPB of the underlying loans.

Our maximum coverage as a percentage of the UPB associated with credit-enhanced loans remained flat at 13% from December 31, 2021 to March 31, 2022.

**Credit Enhancement Coverage Characteristics**

The table below provides the serious delinquency rates for the credit-enhanced and non-credit-enhanced loans in our Single-Family mortgage portfolio. The credit-enhanced categories are not mutually exclusive as a single loan may be covered by both primary mortgage insurance and other credit enhancements.

**Table 19 - Serious Delinquency Rates for Credit-Enhanced and Non-Credit-Enhanced Loans in Our Single-Family Mortgage Portfolio**

(% of portfolio based on UPB) <sup>(1)</sup>	March 31, 2022		December 31, 2021	
	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate
Credit-enhanced:				
Primary mortgage insurance	20 %	1.48 %	20 %	1.79 %
CRT and other	51	0.95	47	1.24
Non-credit-enhanced	45	0.77	47	0.93
<b>Total</b>	<b>N/A</b>	<b>0.92</b>	<b>N/A</b>	<b>1.12</b>

(1) Excludes loans underlying certain securitization products for which loan-level data is not available.



**Credit Enhancement Expenses and Recoveries**

The table below presents the details of the credit enhancement recovery receivables we have recognized within other assets on our condensed consolidated balance sheets.

**Table 20 - Single-Family Credit Enhancement Receivables**

(In millions)	March 31, 2022	December 31, 2021
Freestanding credit enhancement expected recovery receivables, net of allowance	\$105	\$114
Primary mortgage insurance receivables <sup>(1)</sup> , net of allowance	68	76
<b>Total credit enhancement receivables</b>	<b>\$173</b>	<b>\$190</b>

(1) Excludes \$422 million and \$433 million of deferred payment obligations associated with unpaid claim amounts as of March 31, 2022 and December 31, 2021, respectively. We have reserved for substantially all of these unpaid amounts as collectability is uncertain.

See **MD&A - Consolidated Results of Operations** for additional information on credit enhancement expense.

**Monitoring Loan Performance and Characteristics**

We review loan performance, including delinquency statistics and related loan characteristics, in conjunction with housing market and economic conditions, to assess credit risk when estimating our allowance for credit losses. We also use this information to assess if our pricing and eligibility standards reflect the risk associated with the loans we purchase and guarantee.

**Loan Characteristics**

The table below contains details of the characteristics of the loans in our Single-Family mortgage portfolio.

**Table 21 - Credit Quality Characteristics of Our Single-Family Mortgage Portfolio**

March 31, 2022						
(Dollars in billions)	UPB	Original Credit Score <sup>(1)</sup>	Current Credit Score <sup>(1)(2)</sup>	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%
Single-Family mortgage portfolio year of origination:						
2022	\$121	745	745	72 %	71 %	— %
2021	1,119	752	753	71	63	—
2020	836	760	769	71	53	—
2019	147	746	751	76	53	—
2018	60	736	735	76	49	—
2017 and prior	601	737	751	75	36	—
<b>Total</b>	<b>\$2,884</b>	<b>750</b>	<b>756</b>	<b>72</b>	<b>54</b>	<b>—</b>

December 31, 2021						
(Dollars in billions)	UPB	Original Credit Score <sup>(1)</sup>	Current Credit Score <sup>(1)(2)</sup>	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%
Single-Family mortgage portfolio year of origination:						
2021	\$1,059	752	751	71 %	66 %	— %
2020	867	760	769	71	56	—
2019	158	746	751	76	55	—
2018	66	736	736	76	52	—
2017	89	741	746	75	46	—
2016 and prior	553	737	752	75	36	—
<b>Total</b>	<b>\$ 2,792</b>	<b>751</b>	<b>756</b>	<b>72</b>	<b>55</b>	<b>—</b>

(1) Original credit score is based on three credit bureaus (Equifax, Experian, and TransUnion). Current credit score is based on Experian only.

(2) Credit scores for certain recently acquired loans may not have been updated by the credit bureau since the loan acquisition and therefore the original credit scores also represent the current credit scores.

The following table presents the combination of credit score and CLTV ratio attributes of loans in our Single-Family mortgage portfolio.

**Table 22 - Single-Family Mortgage Portfolio Attribute Combinations**

	March 31, 2022												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
Original credit score	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate	% Modified <sup>(2)</sup>
< 620	0.8 %	6.48 %	0.1 %	11.62 %	— %	NM	— %	NM	— %	NM	0.9 %	7.16 %	8.8 %
620 to 679	4.7	2.78	2.1	2.47	0.3	2.17%	0.1	2.91 %	—	NM	7.2	2.71	3.7
≥ 680	55.9	0.63	29.4	0.60	5.0	0.40	1.5	0.27	—	NM	91.8	0.61	0.6
Not available	0.1	6.00	—	NM	—	NM	—	NM	—	NM	0.1	6.12	19.1
Total	61.5 %	0.97	31.6 %	0.82	5.3 %	0.59	1.6 %	0.55	— %	NM	100.0 %	0.92	1.1

	December 31, 2021												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
Original credit score	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate <sup>(1)</sup>	% of Portfolio	SDQ Rate	% Modified <sup>(2)</sup>
< 620	0.8 %	6.69 %	0.2 %	11.68 %	— %	NM	— %	NM	— %	NM	1.0 %	7.50 %	8.5 %
620 to 679	4.4	3.29	2.3	3.05	0.3	2.56 %	0.1	2.57 %	—	NM	7.1	3.22	3.7
≥ 680	51.9	0.80	32.3	0.78	5.3	0.54	2.3	0.25	—	NM	91.8	0.78	0.6
Not available	0.1	6.58	—	NM	—	NM	—	NM	—	NM	0.1	6.85	18.7
Total	57.2 %	1.19	34.8 %	1.04	5.6 %	0.77	2.4 %	0.47	— %	NM	100.0 %	1.12	1.0

(1) NM - not meaningful due to the percentage of the portfolio rounding to zero.

(2) Primarily includes loans modified through the Freddie Mac Flex Modification program.

### Geographic Concentrations

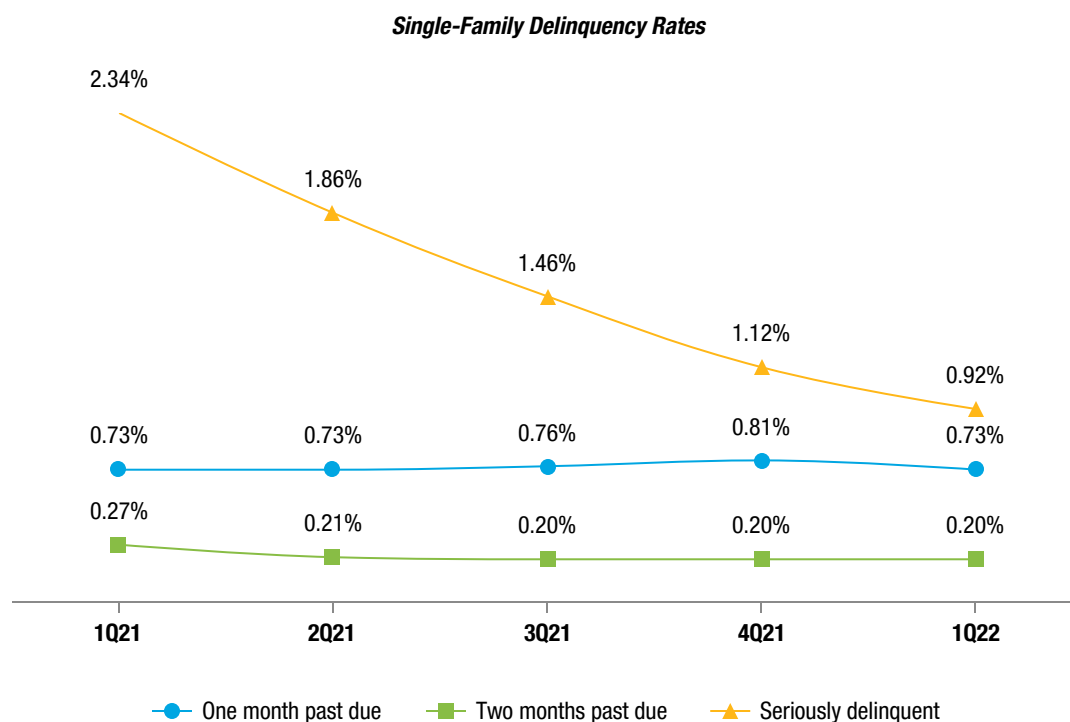
We purchase mortgage loans from across the U.S. However, local economic conditions can affect the borrower's ability to repay and the value of the underlying collateral, leading to concentrations of credit risk in certain geographic areas. In addition, certain states and municipalities have or may pass laws that limit our ability to foreclose or evict and make it more difficult and costly to manage our risk.

See **Note 12** for more information about the geographic distribution of our Single-Family mortgage portfolio.

### Delinquency Rates

We report Single-Family delinquency rates based on the number of loans in our Single-Family mortgage portfolio that are past due as reported to us by our servicers as a percentage of the total number of loans in our Single-Family mortgage portfolio.

The chart below shows the delinquency rates of mortgage loans in our Single-Family mortgage portfolio.



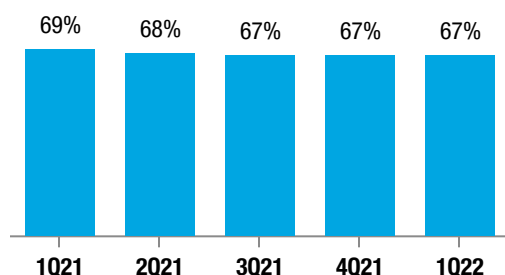
Our Single-Family serious delinquency rate decreased to 0.92% as of March 31, 2022, compared to 2.34% as of March 31, 2021, as borrowers continued to exit forbearance and complete loan workout activities that returned their mortgages to current status. See **Note 3** for additional information on the payment status of our single-family mortgage loans.

## Multifamily Mortgage Credit Risk

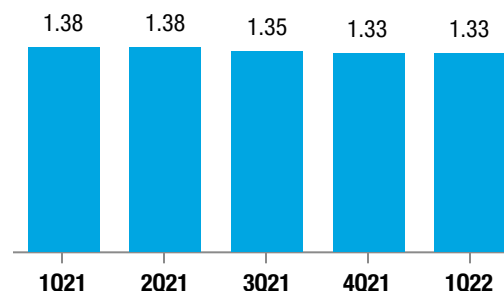
### Maintaining Policies and Procedures for New Business Activity, Including Prudent Underwriting Standards

Our underwriting standards focus on the LTV ratio and DSCR, which estimates a borrower's ability to repay the loan using the secured property's cash flows, after expenses. The charts below provide the weighted average original LTV and DSCR for our new business activity for the periods presented.

**Weighted Average Original LTV Ratio**



**Weighted Average Original DSCR**



### Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in a variety of CRT activities; however, securitizations remain our principal risk transfer mechanism. Through securitizations (i.e., subordination), we have transferred a substantial amount of the expected and stressed credit risk on the Multifamily mortgage portfolio, thereby reducing our overall credit risk exposure.

#### Multifamily Mortgage Portfolio CRT Issuance

The table below provides the UPB of the mortgage loans covered by CRT transactions issued during the periods presented as well as the maximum coverage provided by those transactions.

**Table 23 - Multifamily Mortgage Portfolio CRT Issuance**

(In millions)	1Q 2022		1Q 2021	
	UPB <sup>(1)</sup>	Maximum Coverage <sup>(2)</sup>	UPB <sup>(1)</sup>	Maximum Coverage <sup>(2)</sup>
Subordination	\$14,105	\$974	\$21,114	\$1,619
SCR	—	—	4,852	277
<b>Total CRT issuance</b>	<b>\$14,105</b>	<b>\$974</b>	<b>\$25,966</b>	<b>\$1,896</b>

(1) Represents the UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For subordination, represents the UPB of the securities that are held by third parties at issuance and are subordinate to the securities we guarantee. For SCR transactions, represents the UPB of securities held by third parties at issuance.

#### Multifamily Mortgage Portfolio Credit Enhancement Coverage Outstanding

While we obtain various forms of credit protection in connection with the acquisition, guarantee, and/or securitization of a loan or group of loans, our principal credit enhancement type is subordination, which is created through our securitization transactions. As of March 31, 2022 and December 31, 2021, our maximum coverage provided by subordination in nonconsolidated VIEs was \$43.5 billion and \$43.9 billion, respectively.

The table below presents the UPB and delinquency rates for both credit-enhanced and non-credit-enhanced loans underlying our Multifamily mortgage portfolio.

**Table 24 - Credit-Enhanced and Non-Credit-Enhanced Loans Underlying Our Multifamily Mortgage Portfolio**

(Dollars in millions)	March 31, 2022		December 31, 2021	
	UPB	Delinquency Rate	UPB	Delinquency Rate
Credit-enhanced:				
Subordination	\$361,185	0.06 %	\$360,113	0.08 %
Other	28,072	0.32	28,565	0.16
<b>Total credit-enhanced</b>	<b>389,257</b>	<b>0.08</b>	<b>388,678</b>	<b>0.08</b>
Non-credit-enhanced	26,011	0.01	25,985	0.05
<b>Total</b>	<b>\$415,268</b>	<b>0.08</b>	<b>\$414,663</b>	<b>0.08</b>

## Market Risk

### Overview

Our business segments have embedded exposure to market risk, which is the economic risk associated with adverse changes in interest rates, volatility, and spreads. Market risk can adversely affect future cash flows, or economic value, as well as earnings and net worth. The primary sources of interest-rate risk are our investments in mortgage-related assets, the debt we issue to fund these assets, and our Single-Family guarantees.

### Interest-Rate Risk

Our primary interest-rate risk measures are duration gap and Portfolio Value Sensitivity (PVS). Duration gap measures the difference in price sensitivity to interest rate changes between our financial assets and liabilities and is expressed in months relative to the value of assets. PVS is an estimate of the change in the present value of the cash flows of our financial assets and liabilities from an instantaneous shock to interest rates, assuming spreads are held constant and no rebalancing actions are undertaken. PVS is measured in two ways, one measuring the estimated sensitivity of our portfolio value to a 50 basis point parallel movement in interest rates (PVS-L) and the other to a non-parallel movement resulting from a 25 basis point change in the slope of the yield curve (PVS-YC). While we believe that duration gap and PVS are useful risk management tools, they should be understood as estimates rather than as precise measurements.

The following tables provide our duration gap, estimated point-in-time and minimum and maximum PVS-L and PVS-YC results, and an average of the daily values and standard deviation. The table below also provides PVS-L estimates assuming an immediate 100 basis point shift in the yield curve. The interest-rate sensitivity of a mortgage portfolio varies across a wide range of interest rates.

**Table 25 - PVS-YC and PVS-L Results Assuming Shifts of the Yield Curve**

(In millions)	March 31, 2022			December 31, 2021		
	PVS-YC 25 bps	PVS-L		PVS-YC 25 bps	PVS-L	
		50 bps	100 bps		50 bps	100 bps
<b>Assuming shifts of the yield curve, (gains) losses on:<sup>(1)</sup></b>						
Assets:						
Investments	(\$363)	\$3,358	\$6,695	\$368	\$3,531	\$7,101
Guarantees <sup>(2)</sup>	159	(757)	(1,342)	(242)	(1,181)	(1,830)
<b>Total assets</b>	<b>(204)</b>	<b>2,601</b>	<b>5,353</b>	<b>126</b>	<b>2,350</b>	<b>5,271</b>
Liabilities	(20)	(2,186)	(4,371)	18	(2,385)	(4,870)
Derivatives	227	(426)	(1,038)	(144)	94	(217)
<b>Total</b>	<b>\$3</b>	<b>(\$11)</b>	<b>(\$56)</b>	<b>\$—</b>	<b>\$59</b>	<b>\$184</b>
<b>PVS</b>	<b>\$3</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$59</b>	<b>\$184</b>

(1) The categorization of the PVS impact between assets, liabilities, and derivatives in this table is based upon the economic characteristics of those assets and liabilities, not their accounting classification. For example, purchase and sale commitments of mortgage-related securities and debt securities of consolidated trusts held by the mortgage-related investments portfolio are both categorized as assets in this table.

(2) Represents the interest-rate risk from our Single-Family guarantees, which include buy-ups, float, and upfront fees (including buy-downs).

**Table 26 - Duration Gap and PVS Results**

(Duration gap in months, dollars in millions)	1Q 2022			1Q 2021		
	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	—	\$8	\$11	0.4	\$7	\$62
Minimum	(0.3)	—	—	(0.2)	—	—
Maximum	0.4	16	77	1.0	20	200
Standard deviation	0.2	4	19	0.3	6	58

Derivatives enable us to reduce our economic interest-rate risk exposure as we continue to align our derivative portfolio with the changing duration of our economically hedged assets and liabilities. The table below shows that the PVS-L risk levels, assuming a 50 basis point shift in the yield curve for the periods presented, would have been higher if we had not used derivatives.

**Table 27 - PVS-L Results Before Derivatives and After Derivatives**

(In millions)	PVS-L (50 bps)		Effect of Derivatives
	Before Derivatives	After Derivatives	
March 31, 2022	\$415	\$—	(\$415)
December 31, 2021 <sup>(1)</sup>	508	59	(449)

(1) Before derivatives, our adverse PVS-L rate movement is -50 bps, whereas after derivatives our adverse PVS-L rate movement is +50 bps.

## Earnings Sensitivity to Market Risk

The accounting treatment for our financial assets and liabilities (i.e., some are measured at amortized cost, while others are measured at fair value) creates variability in our GAAP earnings when interest rates and spreads change. We manage this variability of GAAP earnings, which may not reflect the economics of our business, using fair value hedge accounting. See **MD&A - Consolidated Results of Operations** and **MD&A - Our Business Segments** for additional information on the effect of changes in interest rates and market spreads on our financial results.

### Interest Rate-Related Earnings Sensitivity

While we manage our interest-rate risk exposure on an economic basis to a low level as measured by our models, changes in interest rates may still result in significant earnings variability from period to period.

By electing fair value hedge accounting for certain single-family mortgage loans and certain debt instruments, we are able to reduce the potential variability in our earnings attributable to changes in interest rates. See **Note 8** for additional information on hedge accounting.

#### Earnings Sensitivity to Changes in Interest Rates

We evaluate a range of interest rate scenarios to determine the sensitivity of our earnings due to changes in interest rates and to determine our fair value hedge accounting strategies. The interest rate scenarios evaluated include parallel shifts in the yield curve in which interest rates increase or decrease by 100 basis points, non-parallel shifts in the yield curve in which long-term interest rates increase or decrease by 100 basis points, and non-parallel shifts in the yield curve in which short-term and medium-term interest rates increase or decrease by 100 basis points. This evaluation identifies the net effect on comprehensive income from changes in fair value attributable to changes in interest rates for financial instruments measured at fair value, including the effects of fair value hedge accounting, for each of the identified scenarios. This evaluation does not include the net effect on comprehensive income from interest-rate sensitive items that are not measured at fair value (e.g., amortization of mortgage loan premiums and discounts, changes in fair value of held-for-sale mortgage loans for which we have not elected the fair value option), or from changes in our future contractual net interest income due to repricing of our interest-bearing assets and liabilities. The before-tax results of this evaluation are shown in the table below.

**Table 28 - Earnings Sensitivity to Changes in Interest Rates**

(In millions)	March 31, 2022	March 31, 2021
<b>Interest Rate Scenarios<sup>(1)</sup></b>		
Parallel yield curve shifts:		
+100 basis points	(\$44)	\$582
-100 basis points	44	(582)
Non-parallel yield curve shifts - long-term interest rates:		
+100 basis points	181	743
-100 basis points	(181)	(743)
Non-parallel yield curve shifts - short-term and medium-term interest rates:		
+100 basis points	(224)	(161)
-100 basis points	224	161

(1) The earnings sensitivity presented is calculated using the change in interest rates and net effective duration exposure.

The actual effect of changes in interest rates on our comprehensive income in any given period may vary based on a number of factors, including, but not limited to, the composition of our assets and liabilities, the actual changes in interest rates that are realized at different terms along the yield curve, and the effectiveness of our hedge accounting strategies. Even if implemented properly, our hedge accounting programs may not be effective in reducing earnings volatility, and our hedges may fail in any given future period, which could expose us to significant earnings variability in that period.

## LIQUIDITY AND CAPITAL RESOURCES

Our business activities require that we maintain adequate liquidity to meet our financial obligations as they come due and to meet the needs of customers in a timely and cost-efficient manner. We are also required to comply with minimum liquidity requirements established by FHFA and to maintain adequate capital resources to avoid being placed into receivership by FHFA.

### Liquidity

#### Primary Sources of Liquidity

The following table lists the sources of our liquidity, the balances as of the dates shown, and a brief description of their importance to Freddie Mac.

**Table 29 - Liquidity Sources**

(in millions)	March 31, 2022 <sup>(1)</sup>	December 31, 2021 <sup>(1)</sup>	Description
Other Investments Portfolio - Liquidity and Contingency Operating Portfolio	\$93,739	\$80,262	The liquidity and contingency operating portfolio, included within our other investments portfolio, is primarily used for short-term liquidity management.
Mortgage Loans and Mortgage-Related Securities - Liquid Portion of the Mortgage-Related Investments Portfolio	32,117	43,393	The liquid portion of our mortgage-related investments portfolio can be pledged or sold for liquidity purposes. The amount of cash we may be able to successfully raise may be substantially less than the balance.

(1) Represents carrying value for the liquidity and contingency operating portfolio, included within our other investments portfolio, and UPB for the liquid portion of the mortgage-related investments portfolio.

#### Other Investments Portfolio

Our other investments portfolio is important to our cash flow, collateral management, asset and liability management, and ability to provide liquidity and stability to the mortgage market.

Our non-mortgage-related investments in the liquidity and contingency operating portfolio consist of U.S. Treasury securities and other investments that we could sell to provide us with an additional source of liquidity to fund our business operations. We also maintain non-interest-bearing deposits at the Federal Reserve Bank of New York and interest-bearing deposits at commercial banks. Our interest-bearing deposits at commercial banks totaled \$3.3 billion and \$3.5 billion as of March 31, 2022 and December 31, 2021, respectively.

The other investments portfolio also included cash collateral posted to us primarily by derivatives counterparties of \$1.1 billion and \$1.2 billion as of March 31, 2022 and December 31, 2021, respectively. We have primarily invested this collateral in securities purchased under agreements to resell and non-mortgage-related securities as part of our liquidity and contingency operating portfolio, although the collateral may be subject to return to our counterparties based on the terms of our master netting and collateral agreements. See **MD&A - Our Portfolios - Investments Portfolio - Other Investments Portfolio** for more information about our other investments portfolio.

#### Mortgage Loans and Mortgage-Related Securities

We invest principally in mortgage loans and mortgage-related securities, certain categories of which are largely unencumbered and liquid. Our primary source of liquidity among these mortgage assets is our holdings of agency securities.



## Primary Sources of Funding

The following table lists the sources of our funding, the balances as of the dates shown, and a brief description of their importance to Freddie Mac.

**Table 30 - Funding Sources**

(In millions)	March 31, 2022 <sup>(1)</sup>	December 31, 2021 <sup>(1)</sup>	Description
Debt of Freddie Mac	\$159,899	\$177,131	Debt of Freddie Mac is used to fund our business activities.
Debt Securities of Consolidated Trusts	2,899,226	2,803,054	Debt securities of consolidated trusts are used primarily to fund our Single-Family guarantee activities. This type of debt is principally repaid by the cash flows of the associated mortgage loans. As a result, our repayment obligation is limited to amounts paid pursuant to our guarantee of principal and interest and to purchase modified or seriously delinquent loans from the trusts.

(1) Represents the carrying value of debt balances after consideration of offsetting arrangements.

## Debt of Freddie Mac

We issue debt of Freddie Mac to fund our business activities. Competition for funding can vary depending on economic, financial market, and regulatory environments. We issue debt of Freddie Mac based on a variety of factors, including an assessment of market conditions, debt funding spreads, and our liquidity requirements.

The table below summarizes the par value and the average rate of debt of Freddie Mac we issued or paid off, including regularly scheduled principal payments, payments resulting from calls, and payments for repurchases. We call, exchange, or repurchase our outstanding debt from time to time for a variety of reasons, including managing our funding composition and supporting the liquidity of our debt securities.

**Table 31 - Debt of Freddie Mac Activity**

(Dollars in millions)	1Q 2022		1Q 2021	
	Par Value	Average Rate <sup>(1)</sup>	Par Value	Average Rate <sup>(1)</sup>
<b>Short-term:</b>				
Beginning balance	\$—	— %	\$4,955	1.31%
Issuances	5,553	0.15	22,050	0.04
Repayments	—	—	(13,660)	0.24
Maturities	(2,253)	0.01	(2,435)	1.48
<b>Ending balance</b>	<b>3,300</b>	<b>0.25</b>	<b>10,910</b>	<b>0.03</b>
Securities sold under agreements to repurchase	11,260	0.01	7,930	(0.05)
Offsetting arrangements	(11,260)	—	(7,930)	—
<b>Securities sold under agreements to repurchase, net</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total short-term debt</b>	<b>3,300</b>	<b>0.25</b>	<b>10,910</b>	<b>0.03</b>
<b>Long-term:</b>				
Beginning balance	181,613	1.11	281,386	1.12
Issuances	1,810	2.21	1,090	0.60
Repayments	(1,834)	2.98	(25,210)	0.85
Maturities	(16,713)	0.12	(5,718)	2.27
<b>Total long-term debt</b>	<b>164,876</b>	<b>1.21</b>	<b>251,548</b>	<b>1.12</b>
<b>Total debt of Freddie Mac, net</b>	<b>\$168,176</b>	<b>1.19 %</b>	<b>\$262,458</b>	<b>1.07 %</b>

(1) Average rate is weighted based on par value.

Total debt issuance and repayments decreased year-over-year primarily due to a lower mortgage-related investments portfolio balance and lower cash window purchase volume. As of March 31, 2022, our aggregate indebtedness pursuant to the Purchase Agreement was \$168.2 billion, which was below the current \$300.0 billion debt cap limit. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt. Our outstanding total debt of Freddie Mac balance decreased from December 31, 2021 to March 31, 2022 primarily due to lower funding needs as discussed above.

### Maturity and Redemption Dates

The following table presents the debt of Freddie Mac by contractual maturity date and earliest redemption date. The earliest redemption date refers to the earliest call date for callable debt and the contractual maturity date for all other debt of Freddie Mac.

**Table 32 - Maturity and Redemption Dates**

(Par value in billions)	As of March 31, 2022	
	Contractual Maturity Date	Earliest Redemption Date
Debt of Freddie Mac <sup>(1)</sup> :		
1 year or less	\$48	\$111
1 year through 2 years	39	35
2 years through 3 years	17	5
3 years through 4 years	32	9
4 years through 5 years	4	—
Thereafter	32	12
STACR and SCR debt <sup>(2)</sup>	7	7
<b>Total debt of Freddie Mac</b>	<b>\$179</b>	<b>\$179</b>

(1) Includes payables related to securities sold under agreements to repurchase that we offset against receivables related to securities purchased under agreements to resell on our condensed consolidated balance sheets, when such amounts meet the conditions for offsetting in the accounting guidance.

(2) STACR debt notes and SCR debt notes are subject to prepayment risk as their payments are based upon the performance of a reference pool of mortgage assets that may be prepaid by the related mortgage borrower at any time generally without penalty and are, therefore, included as a separate category in the table.

## Debt Securities of Consolidated Trusts

The largest component of debt on our condensed consolidated balance sheets is debt securities of consolidated trusts, which relates to securitization transactions that we consolidate for accounting purposes. We primarily issue this type of debt by securitizing mortgage loans to fund our Single-Family activities.

The table below shows activity for the debt securities of our consolidated trusts.

**Table 33 - Activity for Debt Securities of Consolidated Trusts Held by Third Parties**

(In millions)	1Q 2022	1Q 2021
Beginning balance	\$2,732,056	\$2,240,602
Issuances	295,247	410,123
Repayments and extinguishments	(192,232)	(274,034)
<b>Ending balance</b>	<b>2,835,071</b>	<b>2,376,691</b>
Unamortized premiums and discounts	64,155	69,138
<b>Debt securities of consolidated trusts held by third parties</b>	<b>\$2,899,226</b>	<b>\$2,445,829</b>

## Off-Balance Sheet Arrangements

We enter into certain business arrangements that are not recorded on our condensed consolidated balance sheets or that may be recorded in amounts that differ from the full contractual or notional amount of the transaction that affect our short- and long-term liquidity needs. Certain of these arrangements present credit risk exposure. See **MD&A - Risk Management - Credit Risk** for additional information on our credit risk exposure on off-balance sheet arrangements.

## Guarantees

We have certain off-balance sheet arrangements related to our securitization and other mortgage-related guarantee activities. Our off-balance sheet arrangements related to securitization activities primarily consist of guaranteed K Certificates and SB Certificates. Our guarantee of these securitization activities and other mortgage-related guarantees may result in liquidity needs to cover potential cash flow shortfalls from borrower defaults. As of March 31, 2022 and December 31, 2021, the outstanding UPB of the guaranteed securities was \$365.7 billion and \$366.0 billion, respectively.

In addition to our securitization and other mortgage-related guarantees, we have certain other guarantees that are accounted for as derivative instruments. These other guarantees are recognized on our condensed consolidated balance sheets at fair value and not included in the totals above. See **Note 8** for additional information on these guarantees.

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities in our commingled resecuritization products, our guarantee covers timely payments of principal and interest on such securities. Accordingly, commingling Fannie Mae collateral in our resecuritization transactions increases our off-balance sheet liquidity exposure as we do not have control over the Fannie Mae collateral. As of March 31, 2022 and December 31, 2021, the total amount of our off-balance sheet exposure related to Fannie Mae securities backing Freddie Mac resecuritization products was approximately \$118.3 billion and \$111.2 billion, respectively.

## Cash Flows

Cash and cash equivalents (including restricted cash and cash equivalents) decreased by \$90.5 billion from \$101.0 billion as of March 31, 2021 to \$10.5 billion as of March 31, 2022, primarily driven by an increase in securities purchased under agreements to resell.

## Capital Resources

The table below presents activity related to our net worth.

**Table 34 - Net Worth Activity**

(In millions)	1Q 2022	1Q 2021
Beginning balance	\$28,033	\$16,413
Comprehensive income (loss)	3,678	2,378
Capital draw from Treasury	—	—
Senior preferred stock dividends declared	—	—
<b>Total equity / net worth</b>	<b>\$31,711</b>	<b>\$18,791</b>
Remaining Treasury funding commitment	\$140,162	\$140,162
Aggregate draws under Purchase Agreement	71,648	71,648
Aggregate cash dividends paid to Treasury	119,680	119,680
Liquidation preference of the senior preferred stock	100,681	89,061

## ERCF

FHFA has established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae. Our current capital levels are significantly below the levels that would be required under the ERCF. The ERCF has a transition period for compliance, and we are not required to comply with the regulatory capital requirements or the buffer requirements while in conservatorship. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a transition order, and the compliance date for buffer requirements in the ERCF will be the date of termination of our conservatorship. Pursuant to the final rule, we are required to comply with the regulatory capital reporting requirements under the ERCF in 2022, with our initial quarterly capital report due by May 30, 2022.

The ERCF establishes risk-based and leverage capital requirements and includes supplemental capital requirements relating to the amount and form of the capital we hold, based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework. The ERCF capital requirements contain both statutory capital elements (total capital and core capital) and regulatory capital elements (common equity tier 1 (CET1) capital, Tier 1 capital, and adjusted total capital). The ERCF also includes a requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If we fall below the prescribed buffer amounts, we must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored.

### **Risk-Based Capital Requirements**

Under the ERCF risk-based capital requirements, we must maintain our CET1 capital, Tier 1 capital, and adjusted total capital ratios equal to at least 4.5%, 6%, and 8%, respectively, of risk-weighted assets. We must also maintain statutory total capital equal to at least 8% of risk-weighted assets. To avoid limits on capital distributions and discretionary bonus payments, we also must maintain CET1 capital that exceeds the risk-based capital requirements by at least the amount of the prescribed capital conservation buffer amount (PCCBA).

**Leverage Capital Requirements**

Under the ERCF leverage capital requirements, we must maintain our Tier 1 capital ratio equal to at least 2.5% of adjusted total assets. We must also maintain our statutory core capital ratio equal to at least 2.5% of adjusted total assets. To avoid limits on capital distributions and discretionary bonus payments, we also must maintain our Tier 1 capital that exceeds the leverage capital requirements by at least the amount of the prescribed leverage buffer amount (PLBA).

**Capital Metrics**

The table below presents our capital metrics under the ERCF.

**Table 35 - Capital Metrics Under ERCF**

(In billions)	March 31, 2022
Adjusted total assets	\$3,610
Risk-weighted assets (standardized approach)	919

(In billions)	March 31, 2022
Stress capital buffer	\$26
Stability capital buffer	23
Countercyclical capital buffer	—
PCCBA	\$49
PLBA	\$11

(Dollars in billions)	March 31, 2022				
	Minimum Capital Requirement	Applicable Buffer <sup>(1)</sup>	Capital Requirement (Including Buffer)	Available Capital (Deficit)	Capital Shortfall
<b>Risk-based capital amounts:</b>					
Total capital (statutory) <sup>(2)</sup>	\$73	N/A	\$73	(\$36)	(\$109)
CET1 capital <sup>(3)</sup>	41	\$49	90	(61)	(151)
Tier 1 capital <sup>(3)</sup>	55	49	104	(47)	(151)
Adjusted total capital <sup>(3)</sup>	73	49	122	(47)	(169)
<b>Risk-based capital ratios<sup>(4)</sup>:</b>					
Total capital (statutory)	8.0 %	N/A	8.0 %	(3.9)%	(11.9)%
CET1 capital	4.5	5.3 %	9.8	(6.6)	(16.4)
Tier 1 capital	6.0	5.3	11.3	(5.1)	(16.4)
Adjusted total capital	8.0	5.3	13.3	(5.1)	(18.4)
<b>Leverage capital amounts:</b>					
Core capital (statutory) <sup>(5)</sup>	\$90	N/A	\$90	(\$41)	(\$131)
Tier 1 capital <sup>(3)</sup>	90	\$11	101	(47)	(148)
<b>Leverage capital ratios<sup>(6)</sup>:</b>					
Core capital (statutory)	2.5 %	N/A	2.5 %	(1.1)%	(3.6)%
Tier 1 capital	2.5	0.3 %	2.8	(1.3)	(4.1)

(1) PCCBA for risk-based capital and PLBA for leverage capital.

(2) Total capital is equal to core capital plus certain allowances for credit losses.

(3) Regulatory capital amounts exclude senior preferred stock, deferred tax assets arising from temporary differences that exceed 10% of CET1 capital, and certain other items.

(4) As a percentage of risk-weighted assets.

(5) Core capital excludes certain components of GAAP total equity (i.e., AOCI and senior preferred stock) as these items do not meet the statutory definition of core capital.

(6) As a percentage of adjusted total assets.

At March 31, 2022, our maximum payout ratio under the ERCF was 0.0%.

See **Note 15** for additional information on our amounts of capital and ratios under the ERCF and **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - FHFA Final Rule Amending the ERCF** for additional information on amendments to the ERCF published in February 2022.

## CRITICAL ACCOUNTING ESTIMATES

Our critical accounting estimates and policies relate to the Single-Family allowance for credit losses. For additional information about our critical accounting estimates and other significant accounting policies, see **Note 1** and Critical Accounting Estimates in our 2021 Annual Report.

### Single-Family Allowance for Credit Losses

The Single-Family allowance for credit losses represents our estimate of expected credit losses over the contractual term of the mortgage loans. The Single-Family allowance for credit losses pertains to all held-for-investment single-family mortgage loans on our condensed consolidated balance sheets.

Determining the appropriateness of the Single-Family allowance for credit losses is a complex process that is subject to numerous estimates and assumptions requiring significant management judgment about matters that involve a high degree of subjectivity. This process involves the use of models that require us to make judgments about matters that are difficult to predict, the most significant of which are the probability of default and severity of expected credit losses.

Changes in forecasted house price growth rates can have a significant effect on our allowance for credit losses. Our estimate of expected credit losses leverages our historical experience, such as historical default rates and severity of loss, and current and future economic forecasts, and incorporates an internally-based model that uses a Monte Carlo simulation which generates many possible combinations of house price and interest rate scenarios for up to 40 years for each metropolitan statistical area (MSA). These scenarios are used to estimate loan-level expected future cash flows and credit losses based on each loan's individual characteristics. The table below shows our nationwide forecasted house price growth rates that were used in determining our allowance for credit losses as of March 31, 2022 and as of December 31, 2021. These growth rates are used as inputs to our models to develop the detailed forecasted life-of-loan house price growth rates for each MSA. See **Note 5** for additional information regarding our current period benefit (provision) for credit losses and estimation process.

**Table 36 - Forecasted House Price Growth Rates**

	2022	2023
March 31, 2022	10.4 %	5.0 %
December 31, 2021	6.2	2.5

## REGULATION AND SUPERVISION

In addition to oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA under our Charter and the GSE Act and to certain regulation by other government agencies. Furthermore, regulatory activities by other government agencies can affect us indirectly, even if we are not directly subject to such agencies' regulation or oversight. For example, regulations that modify requirements applicable to the purchase or servicing of mortgages can affect us.

### Federal Housing Finance Agency

#### FHFA's Strategic Plan: Fiscal Years 2022 - 2026

In April 2022, FHFA released its Strategic Plan for fiscal years 2022-2026. The Strategic Plan provides a framework that outlines FHFA's priorities for the coming years as regulator of the Federal Home Loan Bank System and as regulator and conservator of Freddie Mac and Fannie Mae. The Strategic Plan continues existing priorities and formalizes areas of focus for FHFA and its regulated entities by establishing three goals:

- Secure the regulated entities' safety and soundness;
- Foster housing finance markets that promote equitable access to affordable and sustainable housing; and
- Responsibly steward FHFA's infrastructure.

### Legislative and Regulatory Developments

#### FHFA Final Rule Amending the ERCF

On February 25, 2022, FHFA issued a final rule that amends the ERCF by refining the PLBA and risk-based capital treatment of retained CRT exposure for the Enterprises. Specifically, the final rule will replace the fixed PLBA equal to 1.5% of an Enterprise's adjusted total assets with a dynamic PLBA equal to 50% of the Enterprise's stability capital buffer (which is related to the Enterprise's relative share of total residential mortgage debt outstanding that exceeds 5%); replace the prudential floor of 10% on the risk weight assigned to any retained CRT exposure with a prudential floor of 5% on the risk weight assigned to any retained CRT exposure; and remove the requirement that an Enterprise must apply an overall effectiveness adjustment to its retained CRT exposures. The final rule will also make technical corrections to various provisions of the ERCF that was published on December 17, 2020. The effective date for the ERCF amendments and technical corrections in this final rule is May 16, 2022, and our report pursuant to this final rule must be filed by May 30, 2022.

Consistent with FHFA instruction, we are reporting our regulatory capital requirements under the ERCF as amended. Therefore, we are not in compliance with the Purchase Agreement covenant that requires us to comply with the terms of the ERCF as published by FHFA in December 2020. FHFA has acknowledged this non-compliance.

#### LIBOR Act

On March 15, 2022, President Biden signed into law the Consolidated Appropriations Act, 2022 which includes the Adjustable Interest Rate (LIBOR) Act. This law became effective immediately and will (1) establish a clear and uniform process, on a nationwide basis, for replacing LIBOR in existing contracts, the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate, without affecting the ability of parties to use any appropriate benchmark rate in new contracts; (2) preclude litigation related to existing contracts, the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate; and (3) allow existing contracts that reference LIBOR but provide for the use of a clearly defined fallback and practicable replacement rate to operate according to their terms.

#### Interagency Plan to Advance Property Appraisal and Valuation Equity

On March 23, 2022, the Interagency Committee to Advance Property Appraisal and Valuation Equity released an Action Plan to which more than a dozen federal agencies, including FHFA, contributed. The Action Plan outlines the historical role of racism in the valuation of residential property; examines the various forms of bias that can appear in residential property valuation practices; describes affirmative steps that federal agencies will take to advance equity in the appraisal process; and outlines further recommendations that government and industry stakeholders can initiate. The Action Plan broadly underscores the Biden Administration's focus on equity and fair lending, particularly in the collateral appraisal and valuation space.

## FORWARD-LOOKING STATEMENTS

We regularly communicate information concerning our business activities to investors, the news media, securities analysts, and others as part of our normal operations. Some of these communications, including this Form 10-Q, contain "forward-looking statements." Examples of forward-looking statements include, but are not limited to, statements pertaining to the conservatorship, our current expectations and objectives for the Single-Family and Multifamily segments of our business, our efforts to assist the housing market, our liquidity and capital management, economic and market conditions and trends, our market share, the effect of legislative and regulatory developments and new accounting guidance, the credit quality of loans we own or guarantee, the costs and benefits of our CRT transactions, the effects of natural disasters, other catastrophic events, including the COVID-19 pandemic, and significant climate change effects and actions taken in response thereto on our business, and our results of operations and financial condition. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond our control. Forward-looking statements are often accompanied by, and identified with, terms such as "could," "may," "will," "believe," "expect," "anticipate," "forecast," and similar phrases. These statements are not historical facts, but rather represent our expectations based on current information, plans, judgments, assumptions, estimates, and projections. Actual results may differ significantly from those described in or implied by such forward-looking statements due to various factors and uncertainties, including those described in the **Risk Factors** section in our 2021 Annual Report, and including, without limitation, the following:

- Uncertainty regarding the duration and severity of the COVID-19 pandemic and the effects of the pandemic and actions taken in response thereto on the U.S. economy and housing market, which could, in turn, adversely affect our business in numerous ways, including, for example, by increasing our credit losses, impairing the value of our mortgage-related securities, decreasing our liquidity and capital levels, and increasing our credit risk and operational risk;
- The actions the U.S. government (including FHFA, Treasury, and Congress) may take, require us to take, or restrict us from taking, including actions to support the housing market, such as programs implemented in response to the COVID-19 pandemic or to implement the recommendations in FHFA's Conservatorship Scorecards, recent requirements and guidance related to equitable housing, and other objectives for us;
- The effect of the restrictions on our business due to the conservatorship and the Purchase Agreement;
- Changes in our Charter, applicable legislative or regulatory requirements (including any legislation affecting the future status of our company), or the Purchase Agreement;
- Changes to our capital requirements and potential effects of such changes on our business strategies;
- Changes in the fiscal and monetary policies of the Federal Reserve, including changes in target interest rates and in the amount of agency MBS and agency CMBS purchased to support the market during the COVID-19 pandemic;
- Changes in tax laws;
- Changes in privacy and cybersecurity laws and regulations;
- Changes in accounting policies, practices, or guidance;
- Changes in economic and market conditions generally, and as a result of the COVID-19 pandemic, including changes in employment rates, inflation, interest rates, spreads, and house prices;
- Changes in the U.S. residential mortgage market, including changes in the supply and type of loan products (e.g., refinance vs. purchase and fixed-rate vs. ARM);
- The success of our efforts to mitigate our losses on our Single-Family mortgage portfolio;
- The success of our strategy to transfer mortgage credit risk through STACR, ACIS, K Certificate, SB Certificate, and other CRT transactions;
- Our ability to maintain adequate liquidity to fund our operations;
- Our ability to maintain the security and resiliency of our operational systems and infrastructure, including against cyberattacks or other security incidents;
- Our ability to effectively execute our business strategies, implement new initiatives, and improve efficiency;
- The adequacy of our risk management framework, including the adequacy of our capital framework for measuring risk;
- Our ability to manage mortgage credit risk, including the effect of changes in underwriting and servicing practices;
- Our ability to limit or manage our economic exposure and GAAP earnings exposure to interest-rate volatility and spread volatility, including the availability of derivative financial instruments needed for interest-rate risk management purposes and our ability to apply hedge accounting;
- Our operational ability to issue new securities, make timely and correct payments on securities, and provide initial and ongoing disclosures;
- Our reliance on CSS and the CSP for the operation of the majority of our Single-Family securitization activities, limits on our influence over CSS Board decisions, and any additional changes FHFA may require in our relationship with, or support of, CSS;
- Changes in the methodologies, models, assumptions, and estimates we use to prepare our financial statements, make



business decisions, and manage risks;

- Changes in investor demand for our debt or mortgage-related securities;
- Our ability to maintain market acceptance of the UMBS, including our ability to maintain alignment of the prepayment speeds of our and Fannie Mae's respective UMBS;
- Changes in the practices of loan originators, servicers, investors, and other participants in the secondary mortgage market;
- Competition from other market participants, which could affect the pricing we offer for our products, the credit characteristics of the loans we purchase, and our ability to meet our affordable housing goals;
- The discontinuance of, transition from, or replacement of LIBOR and the adverse consequences it could have on our business and operations;
- The availability of critical third parties, or their vendors and other business partners, to deliver products or services, or to manage risks effectively;
- The occurrence of a major natural disaster, other catastrophic event, or significant climate change effects in areas in which our offices, significant portions of our total mortgage portfolio, or the offices of critical third parties are located, and for which we may be uninsured or significantly underinsured; and
- Other factors and assumptions described in this Form 10-Q and our 2021 Annual Report, including in the **MD&A** section.

Forward-looking statements are made only as of the date of this Form 10-Q, and we undertake no obligation to update any forward-looking statements we make to reflect events or circumstances occurring after the date of this Form 10-Q.

# Financial Statements

**FREDDIE MAC**

## Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

(In millions, except share-related amounts)	1Q 2022	1Q 2021
<b>Net interest income</b>		
Interest income	\$17,740	\$13,902
Interest expense	(13,636)	(10,263)
<b>Net interest income</b>	<b>4,104</b>	<b>3,639</b>
<b>Non-interest income (loss)</b>		
Guarantee income	70	248
Investment gains (losses), net	1,513	1,208
Other income (loss)	159	178
<b>Non-interest income (loss)</b>	<b>1,742</b>	<b>1,634</b>
<b>Net revenues</b>	<b>5,846</b>	<b>5,273</b>
<b>Benefit (provision) for credit losses</b>	<b>837</b>	<b>196</b>
<b>Non-interest expense</b>		
Salaries and employee benefits	(356)	(344)
Credit enhancement expense	(459)	(335)
Benefit for (decrease in) credit enhancement recoveries	(17)	(257)
Legislative assessments expense	(759)	(691)
Other expense	(341)	(361)
<b>Non-interest expense</b>	<b>(1,932)</b>	<b>(1,988)</b>
<b>Income (loss) before income tax (expense) benefit</b>	<b>4,751</b>	<b>3,481</b>
Income tax (expense) benefit	(953)	(714)
<b>Net income (loss)</b>	<b>3,798</b>	<b>2,767</b>
Other comprehensive income (loss), net of taxes and reclassification adjustments	(120)	(389)
<b>Comprehensive income (loss)</b>	<b>\$3,678</b>	<b>\$2,378</b>
Net income (loss)	\$3,798	\$2,767
Future increase in senior preferred stock liquidation preference	(3,678)	(2,378)
<b>Net income (loss) attributable to common stockholders</b>	<b>\$120</b>	<b>\$389</b>
<b>Net income (loss) per common share</b>	<b>\$0.04</b>	<b>\$0.12</b>
Weighted average common shares outstanding (in millions)	3,234	3,234

The accompanying notes are an integral part of these condensed consolidated financial statements.

**FREDDIE MAC**

## Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2022	December 31, 2021
<b>(In millions, except share-related amounts)</b>		
<b>Assets</b>		
Cash and cash equivalents (includes \$957 and \$1,695 of restricted cash and cash equivalents)	\$10,526	\$10,150
Securities purchased under agreements to resell	69,617	71,203
Investment securities, at fair value	53,244	53,015
Mortgage loans held-for-sale (includes \$8,101 and \$10,498 at fair value)	17,014	19,778
Mortgage loans held-for-investment (net of allowance for credit losses of \$4,389 and \$4,947)	2,915,915	2,828,331
Accrued interest receivable, net	7,675	7,474
Deferred tax assets, net	5,865	6,214
Other assets (includes \$7,190 and \$6,594 at fair value)	28,998	29,421
<b>Total assets</b>	<b>\$3,108,854</b>	<b>\$3,025,586</b>
<b>Liabilities and equity</b>		
<i>Liabilities</i>		
Accrued interest payable	\$6,266	\$6,268
Debt (includes \$5,038 and \$2,478 at fair value)	3,059,125	2,980,185
Other liabilities (includes \$722 and \$287 at fair value)	11,752	11,100
<b>Total liabilities</b>	<b>3,077,143</b>	<b>2,997,553</b>
Commitments and contingencies (Notes 4, 8, 14)		
<i>Equity</i>		
Senior preferred stock (liquidation preference of \$100,681 and \$97,959)	72,648	72,648
Preferred stock, at redemption value	14,109	14,109
Common stock, \$0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 650,059,553 shares outstanding	—	—
Retained earnings (accumulated deficit)	(51,195)	(54,993)
<i>AOI, net of taxes, related to:</i>		
Available-for-sale securities	174	297
Other	(140)	(143)
AOI, net of taxes	34	154
Treasury stock, at cost, 75,804,333 shares	(3,885)	(3,885)
<b>Total equity</b>	<b>31,711</b>	<b>28,033</b>
<b>Total liabilities and equity</b>	<b>\$3,108,854</b>	<b>\$3,025,586</b>

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our condensed consolidated balance sheets.

	March 31, 2022	December 31, 2021
<b>(In millions)</b>		
<b>Assets:</b>		
Cash and cash equivalents (includes \$773 and \$1,595 of restricted cash and cash equivalents)	\$774	\$1,596
Securities purchased under agreements to resell	28,705	34,000
Investment securities, at fair value	1,099	420
Mortgage loans held-for-investment, net	2,877,320	2,784,626
Accrued interest receivable, net	7,223	7,019
Other assets	9,570	11,265
<b>Total assets of consolidated VIEs</b>	<b>\$2,924,691</b>	<b>\$2,838,926</b>
<b>Liabilities:</b>		
Accrued interest payable	\$5,993	\$5,823
Debt	2,899,226	2,803,054
<b>Total liabilities of consolidated VIEs</b>	<b>\$2,905,219</b>	<b>\$2,808,877</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# FREDDIE MAC

## Condensed Consolidated Statements of Equity (Unaudited)

(In millions)	Shares Outstanding			Senior Preferred Stock	Preferred Stock, at Redemption Value	Common Stock, at Par Value	Retained Earnings (Accumulated Deficit)	AOCI, Net of Tax	Treasury Stock, at Cost	Total Equity
	Senior Preferred Stock	Preferred Stock	Common Stock							
<b>Balance at December 31, 2021</b>	1	464	650	\$72,648	\$14,109	\$—	(\$54,993)	\$154	(\$3,885)	\$28,033
<i>Comprehensive income (loss):</i>										
Net income (loss)	—	—	—	—	—	—	3,798	—	—	3,798
<i>Other comprehensive income (loss):</i>										
Changes in net unrealized gains (losses) on available-for-sale securities (net of taxes of \$33 million)	—	—	—	—	—	—	—	(123)	—	(123)
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of \$0 million)	—	—	—	—	—	—	—	1	—	1
Other (net of taxes of \$1 million)	—	—	—	—	—	—	—	2	—	2
<b>Comprehensive income (loss)</b>	—	—	—	—	—	—	3,798	(120)	—	3,678
<b>Ending balance at March 31, 2022</b>	<b>1</b>	<b>464</b>	<b>650</b>	<b>\$72,648</b>	<b>\$14,109</b>	<b>\$—</b>	<b>(\$51,195)</b>	<b>\$34</b>	<b>(\$3,885)</b>	<b>\$31,711</b>
<b>Balance at December 31, 2020</b>	1	464	650	\$72,648	\$14,109	\$—	(\$67,102)	\$643	(\$3,885)	\$16,413
<i>Comprehensive income (loss):</i>										
Net income (loss)	—	—	—	—	—	—	2,767	—	—	2,767
<i>Other comprehensive income (loss):</i>										
Changes in net unrealized gains (losses) on available-for-sale securities (net of taxes of \$28 million)	—	—	—	—	—	—	—	(105)	—	(105)
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of \$78 million)	—	—	—	—	—	—	—	(290)	—	(290)
Other (net of taxes of \$0 million)	—	—	—	—	—	—	—	6	—	6
<b>Comprehensive income (loss)</b>	—	—	—	—	—	—	2,767	(389)	—	2,378
<b>Ending balance at March 31, 2021</b>	<b>1</b>	<b>464</b>	<b>650</b>	<b>\$72,648</b>	<b>\$14,109</b>	<b>\$—</b>	<b>(\$64,335)</b>	<b>\$254</b>	<b>(\$3,885)</b>	<b>\$18,791</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# FREDDIE MAC

## Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)	1Q 2022	1Q 2021
<b>Net cash provided by (used in) operating activities</b>	<b>\$3,749</b>	<b>\$10,382</b>
<b>Cash flows from investing activities</b>		
Purchases of investment securities	(42,254)	(38,708)
Proceeds from sales of investment securities	40,122	45,996
Proceeds from maturities and repayments of investment securities	1,833	2,989
Purchases of mortgage loans acquired as held-for-investment	(53,755)	(229,709)
Proceeds from sales of mortgage loans acquired as held-for-investment	329	1,019
Proceeds from repayments of mortgage loans acquired as held-for-investment	116,023	229,285
Advances under secured lending arrangements	(62,351)	(54,777)
Repayments of secured lending arrangements	238	52
Net proceeds from dispositions of real estate owned and other recoveries	68	71
Net (increase) decrease in securities purchased under agreements to resell	(2,341)	81,933
Derivative premiums and terminations, swap collateral, and exchange settlement payments, net	826	990
Other, net	(209)	(155)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,471)</b>	<b>38,986</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt securities of consolidated trusts held by third parties	136,361	267,096
Repayments and redemptions of debt securities of consolidated trusts held by third parties	(128,700)	(223,437)
Proceeds from issuance of debt of Freddie Mac	7,361	23,153
Repayments of debt of Freddie Mac	(20,849)	(47,019)
Net increase (decrease) in securities sold under agreements to repurchase	3,927	7,930
Other, net	(2)	(1)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,902)</b>	<b>27,722</b>
Net increase (decrease) in cash and cash equivalents (includes restricted cash and cash equivalents)	376	77,090
Cash and cash equivalents (includes restricted cash and cash equivalents) at beginning of year	10,150	23,889
<b>Cash and cash equivalents (includes restricted cash and cash equivalents) at end of period</b>	<b>\$10,526</b>	<b>\$100,979</b>
<b>Supplemental cash flow information</b>		
Cash paid for:		
Debt interest	\$17,996	\$17,373
Income taxes	—	—
Non-cash investing and financing activities (Note 3 and 6)		

The accompanying notes are an integral part of these condensed consolidated financial statements.

# Notes to Condensed Consolidated Financial Statements

## NOTE 1

### Summary of Significant Accounting Policies

Freddie Mac is a GSE chartered by Congress in 1970, with a mission to provide liquidity, stability, and affordability to the U.S. housing market. We are regulated by FHFA, the SEC, HUD, and Treasury, and are currently operating under the conservatorship of FHFA. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. In connection with our entry into conservatorship, we entered into the Purchase Agreement with Treasury, under which we issued Treasury both senior preferred stock and a warrant to purchase common stock. Our Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions. We believe the support provided by Treasury pursuant to the Purchase Agreement currently enables us to have adequate liquidity to conduct normal business activities. For more information on the conservatorship, the roles of FHFA and Treasury, and the Purchase Agreement, see our 2021 Annual Report. Throughout our unaudited condensed consolidated financial statements and related notes, we use certain acronyms and terms which are defined in the **Glossary** of our 2021 Annual Report.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in our 2021 Annual Report.

### Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and include our accounts as well as the accounts of other entities in which we have a controlling financial interest. All intercompany balances and transactions have been eliminated.

We are operating under the basis that we will realize assets and satisfy liabilities in the normal course of business as a going concern and in accordance with the authority provided by FHFA to our Board of Directors to oversee management's conduct of our business operations. In the opinion of management, our unaudited consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary for a fair statement of our results.

We have reclassified certain amounts within non-interest expense in our condensed consolidated statement of operations to better present the significant drivers of our non-interest expense activity. Prior period amounts have been reclassified to conform to the current period presentation. These reclassifications did not change the total amounts of non-interest expense, net income, or comprehensive income in any period presented.

### Use of Estimates

The preparation of our condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Management has made significant estimates to report the allowance for credit losses on single-family mortgage loans. Actual results could be different from these estimates.

## Recently Issued Accounting Guidance

### Recently Adopted Accounting Guidance

Standard	Description	Date of Adoption	Effect on Consolidated Financial Statements
<b>ASU 2021-04</b> , Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options	The amendments in this Update require issuers to account for modifications or exchanges of freestanding equity-classified written call options based on the reason for the modification or exchange, to issue equity, to issue or modify debt, or for other reasons.	January 1, 2022	The adoption of the amendments did not have a material effect on our consolidated financial statements.
<b>ASU 2022-02</b> , Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	<p>The amendments in this Update eliminate the recognition and measurement guidance related to TDRs in ASC Subtopic 310-40 for entities that have adopted ASC Topic 326.</p> <p>The amendments in this Update also require disclosure of current period gross write-offs by year of origination for financing receivables within the scope of ASC Subtopic 326-20.</p>	<p>January 1, 2022 for the amendments related to the elimination of the recognition and measurement of TDRs;</p> <p>January 1, 2023 for the amendments related to disclosure of gross write-offs by year of origination.</p>	<p>We elected to early adopt the amendments related to the elimination of the recognition and measurement of TDRs on January 1, 2022 on a prospective basis. This change did not have a material effect on our consolidated financial statements. See <b>Note 3</b> for additional information on the adoption of these amendments and the new required disclosures.</p> <p>We do not expect the adoption of the amendments related to disclosure of gross write-offs by year of origination to have a material effect on our consolidated financial statements.</p>

### Recently Issued Accounting Guidance, Not Yet Adopted Within Our Consolidated Financial Statements

Standard	Description	Date of Adoption	Effect on Consolidated Financial Statements
<b>ASU 2022-01</b> , Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer method	The amendments in this Update provide clarifications of the guidance in ASC Topic 815 on fair value hedge accounting of interest rate risk for portfolios of financial assets. The ASU amends the guidance in ASU 2017-12 that, among other things, establishes the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible by allowing the entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets.	January 1, 2023	We do not expect the adoption of these amendments to have a material effect on our consolidated financial statements.



**NOTE 2**

## Securitization Activities and Consolidation

## Nonconsolidated VIEs

The following table presents the carrying amounts and classification of the assets and liabilities recorded on our condensed consolidated balance sheets related to VIEs for which we are not the primary beneficiary and with which we were involved in the design and creation and have a significant continuing involvement. Our involvement with such VIEs primarily consists of investments in debt securities issued by resecuritization trusts and guarantees of senior securities issued by certain Multifamily securitization trusts.

**Table 2.1 - Nonconsolidated VIEs**

(In millions)	March 31, 2022	December 31, 2021
<b>Assets and Liabilities Recorded on our Condensed Consolidated Balance Sheets<sup>(1)</sup></b>		
<i>Assets:</i>		
Investment securities, at fair value	\$14,381	\$16,506
Accrued interest receivable, net	219	220
Other assets <sup>(2)</sup>	5,392	5,589
<i>Liabilities:</i>		
Debt	90	67
Other liabilities <sup>(2)</sup>	5,337	5,172

(1) Includes our variable interests in REMICs, Strips, commingled Supers, K Certificates, SB Certificates, certain senior subordinate securitization structures, and other securitization products that we do not consolidate.

(2) Includes our guarantee asset in other assets and our guarantee obligation in other liabilities.

We also obtain interests in various other entities created by third parties through the normal course of business that may be VIEs, such as through our investments in certain non-Freddie Mac mortgage-related securities, purchases of multifamily loans, guarantees of multifamily housing revenue bonds, as a derivative counterparty, or through other activities. To the extent that we were not involved in the design or creation of these VIEs, they are excluded from the table above. Our interests in these VIEs are generally passive in nature and are not expected to result in us obtaining a controlling financial interest in these VIEs in the future. As a result, we do not consolidate these VIEs and we account for our interests in these VIEs in the same manner that we account for our interests in other third-party transactions. See **Note 6** for additional information regarding our investments in non-Freddie Mac mortgage-related securities. See **Note 3** for more information regarding multifamily loans.

The table below presents total assets and the maximum exposure to loss of the VIEs for which we are not the primary beneficiary and therefore do not consolidate.

**Table 2.2 - Total Assets and Maximum Exposure to Loss for our Nonconsolidated VIEs**

(In billions)	March 31, 2022		December 31, 2021	
	Total Assets	Maximum Exposure <sup>(1)</sup>	Total Assets	Maximum Exposure <sup>(1)</sup>
<b>Securitization Activities</b>				
<i>Single-Family:</i>				
Other securitization products <sup>(2)</sup>	\$32.4	\$26.7	\$33.6	\$28.0
<i>Multifamily:</i>				
K Certificates	322.6	283.8	321.1	281.9
SB Certificates	24.9	22.3	24.9	22.4
Other securitization products	16.0	14.1	16.7	14.8
<b>CRT Activities</b>	28.5	—	23.6	—

(1) For securitization activities, the maximum exposure primarily represents the contractual amounts that could be lost if counterparties or borrowers defaulted, without consideration of proceeds from related collateral liquidation and possible recoveries under credit enhancements. For CRT activities, the maximum exposure represents our recorded expected recovery receivable.

(2) Total assets excludes certain nonfinancial assets held by the VIEs.

In addition, the UPB of Fannie Mae securities underlying commingled Freddie Mac resecuritization trusts for which we are not the primary beneficiary totaled \$117.6 billion and \$110.8 billion as of March 31, 2022 and December 31, 2021, respectively. See **Note 4** for additional information on our guarantee of Fannie Mae securities.

We do not believe the maximum exposure to loss from our involvement with VIEs for which we are not the primary beneficiary shown above is representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements. Certain of our interest-rate risk-related guarantees to VIEs for which we are not the primary beneficiary may create exposure to loss that is unlimited. We account for these interest-rate risk-related guarantees at fair value as discussed further in **Note 4** and generally reduce our exposure to these guarantees with unlimited interest rate exposure through separate derivative contracts with third parties. See **Note 8** for additional information on derivatives.

## NOTE 3

### Mortgage Loans

The table below provides details of the loans on our condensed consolidated balance sheets.

**Table 3.1 - Mortgage Loans**

(In millions)	March 31, 2022			December 31, 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Held-for-sale UPB	\$5,436	\$12,735	\$18,171	\$5,446	\$14,871	\$20,317
Cost basis and fair value adjustments, net	(847)	(310)	(1,157)	(813)	274	(539)
<b>Total held-for-sale loans, net</b>	<b>4,589</b>	<b>12,425</b>	<b>17,014</b>	<b>4,633</b>	<b>15,145</b>	<b>19,778</b>
Held-for-investment UPB	2,836,580	28,532	2,865,112	2,742,851	26,657	2,769,508
Cost basis adjustments	55,105	87	55,192	63,684	86	63,770
Allowance for credit losses	(4,358)	(31)	(4,389)	(4,913)	(34)	(4,947)
<b>Total held-for-investment loans, net</b>	<b>2,887,327</b>	<b>28,588</b>	<b>2,915,915</b>	<b>2,801,622</b>	<b>26,709</b>	<b>2,828,331</b>
<b>Total mortgage loans, net</b>	<b>\$2,891,916</b>	<b>\$41,013</b>	<b>\$2,932,929</b>	<b>\$2,806,255</b>	<b>\$41,854</b>	<b>\$2,848,109</b>

The table below provides details of the UPB of loans we purchased and sold during the periods presented.

**Table 3.2 - Loans Purchased and Sold**

(In billions)	1Q 2022	1Q 2021
<b>Single-Family:</b>		
Purchases:		
Held-for-investment loans	\$206.9	\$360.6
Sale of held-for-sale loans <sup>(1)</sup>	—	—
<b>Multifamily:</b>		
Purchases:		
Held-for-investment loans	2.6	1.6
Held-for-sale loans	12.3	12.3
Sale of held-for-sale loans <sup>(2)</sup>	14.3	21.1

(1) Our sales of single-family loans reflect the sale of single-family seasoned loans.

(2) Our sales of multifamily loans occur primarily through the issuance of Multifamily K Certificates and SB Certificates.

### Reclassifications

The table below presents the allowance for credit losses or valuation allowance that was reversed or established due to loan reclassifications between held-for-investment and held-for-sale during the periods presented.

**Table 3.3 - Loan Reclassifications**

(In millions)	1Q 2022			1Q 2021		
	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
<b>Single-Family reclassifications from:</b>						
Held-for-investment to held-for-sale <sup>(1)</sup>	\$248	\$—	\$—	\$501	\$7	\$—
Held-for-sale to held-for-investment <sup>(2)</sup>	62	(3)	—	35	3	—
<b>Multifamily reclassifications from:</b>						
Held-for-investment to held-for-sale	315	—	—	528	1	—
Held-for-sale to held-for-investment	246	—	—	9	—	—

(1) Prior to reclassification from held-for-investment to held-for-sale, we charged off \$8 million and \$27 million against the allowance for credit losses during 1Q 2022 and 1Q 2021, respectively.

(2) Allowance for credit losses established upon loan reclassification from held-for-sale to held-for-investment to reflect the net amount we expect to collect on the loan. Loans with prior charge-offs may have a negative allowance for credit losses established upon reclassification.

## Interest Income

The table below presents the amortized cost basis of non-accrual loans as of the beginning and the end of the periods presented, including the interest income recognized for the period that is related to the loans on non-accrual status as of period end.

**Table 3.4 - Amortized Cost Basis of Held-for-Investment Loans on Non-Accrual**

(In millions)	Non-Accrual Amortized Cost Basis		Interest Income Recognized <sup>(1)</sup>
	January 1, 2022	March 31, 2022	1Q 2022
Single-Family:			
20- and 30-year or more, amortizing fixed-rate	\$17,013	\$13,831	\$49
15-year amortizing fixed-rate	844	684	1
Adjustable-rate	233	166	—
Alt-A, interest-only, and option ARM	560	414	1
<b>Total Single-Family</b>	<b>18,650</b>	<b>15,095</b>	<b>51</b>
<b>Total Multifamily</b>	<b>—</b>	<b>42</b>	<b>—</b>
<b>Total Single-Family and Multifamily</b>	<b>\$18,650</b>	<b>\$15,137</b>	<b>\$51</b>

(In millions)	Non-Accrual Amortized Cost Basis		Interest Income Recognized <sup>(1)</sup>
	January 1, 2021	March 31, 2021	1Q 2021
Single-Family:			
20- and 30-year or more, amortizing fixed-rate	\$12,151	\$21,137	\$36
15-year amortizing fixed-rate	696	1,031	1
Adjustable-rate	193	296	—
Alt-A, interest-only, and option ARM	637	700	1
<b>Total Single-Family</b>	<b>13,677</b>	<b>23,164</b>	<b>38</b>
<b>Total Multifamily</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Single-Family and Multifamily</b>	<b>\$13,677</b>	<b>\$23,164</b>	<b>\$38</b>

(1) Represents the amount of payments received during the period, including those received while the loans were on accrual status, for the held-for-investment loans on non-accrual status as of period end.

The table below provides the amount of accrued interest receivable, net presented on our condensed consolidated balance sheets and the amount of accrued interest receivable related to loans on non-accrual status at the end of the periods that was charged off.

**Table 3.5 - Accrued Interest Receivable, Net and Related Charge-Offs**

(In millions)	Accrued Interest Receivable, Net		Accrued Interest Receivable Related Charge-Offs	
	March 31, 2022	December 31, 2021	1Q 2022	1Q 2021
Single-Family loans	\$7,260	\$7,065	(\$87)	(\$166)
Multifamily loans	124	125	—	—

## Credit Quality

### Single-Family

The current LTV ratio is one key factor we consider when estimating our allowance for credit losses for single-family loans. As current LTV ratios increase, the borrower's equity in the home decreases, which may negatively affect the borrower's ability to refinance (outside of our relief refinance programs) or to sell the property for an amount at or above the balance of the outstanding loan.

The table below presents the amortized cost basis of single-family held-for-investment loans by current LTV ratio. Our current LTV ratios are estimates based on available data through the end of each period presented. For reporting purposes:

- Loans within the Alt-A category continue to be presented in that category following modification, even though the borrower may have provided full documentation of assets and income to complete the modification and
- Loans within the option ARM category continue to be presented in that category following modification, even though the modified loan no longer provides for optional payment provisions.

**Table 3.6 - Amortized Cost Basis of Single-Family Held-for-Investment Loans by Current LTV Ratio and Vintage**

	March 31, 2022						
	Year of Origination						
(In millions)	2022	2021	2020	2019	2018	Prior	Total
Current LTV ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	\$21,601	\$339,585	\$463,561	\$85,390	\$40,168	\$447,235	\$1,397,540
> 60 to 80	52,664	476,596	259,464	43,907	12,955	19,266	864,852
> 80 to 90	13,703	126,294	11,245	1,077	279	758	153,356
> 90 to 100	16,033	28,126	419	59	26	284	44,947
> 100	15	11	1	2	6	281	316
<b>Total 20- and 30-year or more, amortizing fixed-rate</b>	<b>104,016</b>	<b>970,612</b>	<b>734,690</b>	<b>130,435</b>	<b>53,434</b>	<b>467,824</b>	<b>2,461,011</b>
15-year amortizing fixed-rate							
≤ 60	7,073	109,767	115,374	16,559	6,600	84,373	339,746
> 60 to 80	5,805	43,411	9,655	548	66	48	59,533
> 80 to 90	612	1,771	41	3	1	5	2,433
> 90 to 100	181	169	—	—	—	2	352
> 100	1	—	—	—	1	3	5
<b>Total 15-year amortizing fixed-rate</b>	<b>13,672</b>	<b>155,118</b>	<b>125,070</b>	<b>17,110</b>	<b>6,668</b>	<b>84,431</b>	<b>402,069</b>
Adjustable-rate							
≤ 60	367	2,620	1,611	713	509	10,790	16,610
> 60 to 80	490	2,426	366	133	53	213	3,681
> 80 to 90	98	320	10	4	2	3	437
> 90 to 100	49	47	—	—	—	1	97
> 100	—	—	—	—	—	—	—
<b>Total adjustable-rate</b>	<b>1,004</b>	<b>5,413</b>	<b>1,987</b>	<b>850</b>	<b>564</b>	<b>11,007</b>	<b>20,825</b>
Alt-A, interest-only, and option ARM							
≤ 60	—	—	—	—	—	7,226	7,226
> 60 to 80	—	—	—	—	—	468	468
> 80 to 90	—	—	—	—	—	51	51
> 90 to 100	—	—	—	—	—	23	23
> 100	—	—	—	—	—	12	12
<b>Total Alt-A, interest-only, and option ARM</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7,780</b>	<b>7,780</b>
<b>Total Single-Family loans</b>	<b>\$118,692</b>	<b>\$1,131,143</b>	<b>\$861,747</b>	<b>\$148,395</b>	<b>\$60,666</b>	<b>\$571,042</b>	<b>\$2,891,685</b>
Total for all loan product types by current LTV ratio:							
≤ 60	\$29,041	\$451,972	\$580,546	\$102,662	\$47,277	\$549,624	\$1,761,122
> 60 to 80	58,959	522,433	269,485	44,588	13,074	19,995	928,534
> 80 to 90	14,413	128,385	11,296	1,084	282	817	156,277
> 90 to 100	16,263	28,342	419	59	26	310	45,419
> 100	16	11	1	2	7	296	333
<b>Total Single-Family loans</b>	<b>\$118,692</b>	<b>\$1,131,143</b>	<b>\$861,747</b>	<b>\$148,395</b>	<b>\$60,666</b>	<b>\$571,042</b>	<b>\$2,891,685</b>

	December 31, 2021						
	Year of Origination						Total
(In millions)	2021	2020	2019	2018	2017	Prior	
Current LTV ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	\$260,244	\$397,680	\$77,812	\$39,143	\$61,434	\$405,467	\$1,241,780
> 60 to 80	467,193	334,560	60,570	18,914	12,715	17,354	911,306
> 80 to 90	124,074	28,944	2,034	482	208	818	156,560
> 90 to 100	66,851	1,083	126	45	29	309	68,443
> 100	75	2	4	8	18	328	435
Total 20- and 30-year or more, amortizing fixed-rate	918,437	762,269	140,546	58,592	74,404	424,276	2,378,524
15-year amortizing fixed-rate							
≤ 60	93,732	111,899	17,335	7,161	13,602	78,001	321,730
> 60 to 80	52,521	18,834	1,136	137	54	36	72,718
> 80 to 90	3,785	168	6	2	2	3	3,966
> 90 to 100	598	2	1	1	1	2	605
> 100	4	—	—	1	1	3	9
Total 15-year amortizing fixed-rate	150,640	130,903	18,478	7,302	13,660	78,045	399,028
Adjustable-rate							
≤ 60	2,054	1,554	727	543	1,657	10,011	16,546
> 60 to 80	2,435	535	209	90	190	151	3,610
> 80 to 90	417	16	6	3	4	2	448
> 90 to 100	116	—	—	—	—	1	117
> 100	1	—	—	—	—	—	1
Total adjustable-rate	5,023	2,105	942	636	1,851	10,165	20,722
Alt-A, interest-only, and option ARM							
≤ 60	—	—	—	—	—	7,506	7,506
> 60 to 80	—	—	—	—	—	644	644
> 80 to 90	—	—	—	—	—	64	64
> 90 to 100	—	—	—	—	—	29	29
> 100	—	—	—	—	—	18	18
Total Alt-A, interest-only, and option ARM	—	—	—	—	—	8,261	8,261
Total Single-Family loans	\$1,074,100	\$895,277	\$159,966	\$66,530	\$89,915	\$520,747	\$2,806,535
Total for all loan product types by current LTV ratio:							
≤ 60	\$356,030	\$511,133	\$95,874	\$46,847	\$76,693	\$500,985	\$1,587,562
> 60 to 80	522,149	353,929	61,915	19,141	12,959	18,185	988,278
> 80 to 90	128,276	29,128	2,046	487	214	887	161,038
> 90 to 100	67,565	1,085	127	46	30	341	69,194
> 100	80	2	4	9	19	349	463
Total Single-Family loans	\$1,074,100	\$895,277	\$159,966	\$66,530	\$89,915	\$520,747	\$2,806,535

**Multifamily**

The table below presents the amortized cost basis of our multifamily held-for-investment loans, by credit quality indicator, based on available data through the end of each period presented. These indicators involve significant management judgment and are defined as follows:

- "Pass" is current and adequately protected by the borrower's current financial strength and debt service capacity;
- "Special mention" has administrative issues that may affect future repayment prospects but does not have current credit weaknesses. In addition, this category generally includes loans in forbearance;
- "Substandard" has a weakness that jeopardizes the timely full repayment; and
- "Doubtful" has a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions.

**Table 3.7 - Amortized Cost Basis of Multifamily Held-for-Investment Loans by Credit Quality Indicator and Vintage**

	March 31, 2022							
	Year of Origination							
(In millions)	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
Category:								
Pass	\$1,221	\$8,210	\$6,958	\$5,350	\$966	\$3,147	\$2,011	\$27,863
Special mention	—	—	40	372	—	49	—	461
Substandard	—	—	32	171	4	88	—	295
Doubtful	—	—	—	—	—	—	—	—
Total	\$1,221	\$8,210	\$7,030	\$5,893	\$970	\$3,284	\$2,011	\$28,619

	December 31, 2021							
	Year of Origination							
(In millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
Category:								
Pass	\$6,955	\$7,116	\$5,273	\$979	\$610	\$2,795	\$2,275	\$26,003
Special mention	—	40	372	—	3	42	—	457
Substandard	—	62	171	4	2	44	—	283
Doubtful	—	—	—	—	—	—	—	—
Total	\$6,955	\$7,218	\$5,816	\$983	\$615	\$2,881	\$2,275	\$26,743

**Past Due Status**

The table below presents the amortized cost basis of our single-family and multifamily held-for-investment loans, by payment status.

**Table 3.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status**

(In millions)	March 31, 2022						
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure <sup>(1)</sup>	Total	Three Months or More Past Due, and Accruing Interest	Non-accrual With No Allowance <sup>(2)</sup>
Single-Family:							
20- and 30-year or more, amortizing fixed-rate	\$2,426,493	\$13,596	\$3,355	\$17,567	\$2,461,011	\$4,146	\$918
15-year amortizing fixed-rate	399,703	1,186	235	945	402,069	275	13
Adjustable-rate	20,511	96	25	193	20,825	29	9
Alt-A, interest-only, and option ARM	7,091	174	51	464	7,780	22	111
<b>Total Single-Family</b>	<b>2,853,798</b>	<b>15,052</b>	<b>3,666</b>	<b>19,169</b>	<b>2,891,685</b>	<b>4,472</b>	<b>1,051</b>
<b>Total Multifamily</b>	<b>28,577</b>	<b>—</b>	<b>—</b>	<b>42</b>	<b>28,619</b>	<b>—</b>	<b>42</b>
<b>Total Single-Family and Multifamily</b>	<b>\$2,882,375</b>	<b>\$15,052</b>	<b>\$3,666</b>	<b>\$19,211</b>	<b>\$2,920,304</b>	<b>\$4,472</b>	<b>\$1,093</b>

Referenced footnotes are included after the prior period table.

(In millions)	December 31, 2021						
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure <sup>(1)</sup>	Total	Three Months or More Past Due, and Accruing Interest	Non-accrual with No Allowance <sup>(2)</sup>
Single-Family:							
20- and 30-year or more, amortizing fixed-rate	\$2,338,076	\$14,833	\$3,214	\$22,401	\$2,378,524	\$5,784	\$857
15-year amortizing fixed-rate	396,030	1,550	230	1,218	399,028	392	13
Adjustable-rate	20,302	105	31	284	20,722	54	8
Alt-A, interest-only, and option ARM	7,450	175	58	578	8,261	41	94
<b>Total Single-Family</b>	<b>2,761,858</b>	<b>16,663</b>	<b>3,533</b>	<b>24,481</b>	<b>2,806,535</b>	<b>6,271</b>	<b>972</b>
<b>Total Multifamily</b>	<b>26,743</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26,743</b>	<b>—</b>	<b>—</b>
<b>Total Single-Family and Multifamily</b>	<b>\$2,788,601</b>	<b>\$16,663</b>	<b>\$3,533</b>	<b>\$24,481</b>	<b>\$2,833,278</b>	<b>\$6,271</b>	<b>\$972</b>

(1) Includes \$1.1 billion and \$0.7 billion of single-family loans that were in the process of foreclosure as of March 31, 2022 and December 31, 2021, respectively.

(2) Loans with no allowance for loan losses primarily represent those loans that were previously charged off and therefore the collateral value is sufficiently in excess of the amortized cost to result in recovery of the entire amortized cost basis if the property were foreclosed upon or otherwise subject to disposition. We exclude the amounts of allowance for credit losses on accrued interest receivable and advances of pre-foreclosure costs when determining whether a loan has an allowance for credit losses.

## Loan Restructurings

In 1Q 2022, we adopted accounting guidance in ASU 2022-02 that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer measure an allowance for credit losses for TDRs we reasonably expect will occur, and we evaluate all loan restructurings according to the accounting guidance for loan refinancing and restructuring to determine whether the restructuring should be accounted for as a new loan or a continuation of the existing loan. We derecognize the existing loan and account for the restructured loan as a new loan if the effective yield on the restructured loan is at least equal to the effective yield for comparable loans with similar collection risks and the modifications to the original loan are more than minor. If a loan restructuring does not meet these conditions, we carryforward the existing loan's amortized cost basis and account for the restructured loan as a continuation of the existing loan. Substantially all of our loan restructurings involving borrowers experiencing financial difficulty are accounted for as a continuation of the existing loan.

The discounted cash flow model we use in measuring our Single-Family allowance for credit losses forecasts cash flows we expect to collect using our historical experience, including the effects of our loss mitigation activities involving borrowers experiencing financial difficulty. When we account for a loan restructuring as a continuation of the existing loan, we update the loan's effective interest rate based on the restructured terms and recognize interest income prospectively using the new effective rate. We also update the prepayment-adjusted effective interest rate used to discount cash flows in measuring our allowance for credit losses to reflect the loan's restructured terms. As a result, subsequent to our adoption of the accounting guidance that eliminates the recognition and measurement of TDRs, we no longer recognize an allowance for credit losses for the economic concession granted to a borrower for changes in the timing and amount of contractual cash flows when a loan is restructured. However, because we adopted such guidance prospectively, we continue to use the loan's prepayment-adjusted effective interest rate just prior to the restructuring, with no adjustments made to the effective interest rate for changes in the timing of expected cash flows subsequent to the restructuring, for loans that were restructured and accounted for as TDRs prior to our adoption of the guidance and that have not been subsequently modified after our adoption of the guidance. As a result, we continue to measure an allowance for credit losses for the economic concession granted to a borrower for changes in the timing and amount of contractual cash flows for such loans.

### Single-Family Loan Restructurings

We offer several types of restructurings to single-family borrowers that may result in a payment delay, interest rate reduction, term extension, or combination thereof. We do not offer principal forgiveness.

We offer the following types of restructurings to single-family borrowers that result in only a payment delay:

- **Forbearance plans** - Arrangements that require reduced or no payments during a defined period that provides borrowers additional time to return to compliance with the original mortgage terms or to implement another type of loan workout option. Borrowers may exit forbearance by repaying all past due amounts and fully reinstating the loan, paying off the loan in full, or entering into a repayment plan, a payment deferral plan, or a trial period plan pursuant to a loan modification. We offer forbearance of up to 12 months to single-family borrowers experiencing financial difficulty (and up to 18 months to certain borrowers affected by the COVID-19 pandemic). Borrowers may receive an initial forbearance term of one to six months and, if necessary, one or more forbearance term extensions of one to six months, as long as the delinquency of the mortgage does not exceed 12 months.



- **Repayment plans** - Contractual plans that allow borrowers a specific period of time to return to current status by paying the normal monthly payment plus additional agreed upon delinquent amounts. Repayment plans must have a term greater than one month and less than or equal to 12 months and the monthly repayment plan payment amount must not exceed 150% of the contractual mortgage payment amount.
- **Payment deferral plans** - Arrangements that allow borrowers to return to current status by deferring delinquent principal and interest into a non-interest-bearing principal balance that is due at the earlier of the payoff date, maturity date, or sale of the property. The remaining mortgage term, interest rate, payment schedule, and maturity date remain unchanged, and no trial period plan is required. The number of months of payments deferred varies based upon the type of hardship the borrower is experiencing.

In addition, we also offer single-family borrowers loan modifications, which are contractual plans that may involve changing the terms of the loan such as payment delays, interest rate reductions, term extensions, or a combination of these items. Payment delays in our loan modification programs most commonly consist of adding outstanding indebtedness, such as delinquent interest, to the UPB of the loan, and may also include principal forbearance, in which a portion of the principal balance becomes non-interest-bearing and is due at the earlier of the payoff date, maturity date, or sale of the property. Our modification programs generally require completion of a trial period of at least three months prior to receiving the modification. Most of our modifications involve a combination of: (1) a payment delay in the form of adding outstanding indebtedness to the UPB of the loan, and (2) an interest rate reduction, a term extension, or both.

The table below contains details on Single-Family held-for-investment loan restructurings involving borrowers experiencing financial difficulty that we entered into during 1Q 2022.

**Table 3.9 - Single-Family Loan Restructurings Involving Borrowers Experiencing Financial Difficulty**

(Dollars in millions)	1Q 2022	
	Amortized Cost Basis <sup>(1)</sup>	% of Total Single-Family Held-for-Investment Loans
Payment delay <sup>(2)</sup>	\$9,941	0.4 %
Payment delay, interest rate reduction, and term extension <sup>(3)</sup>	3,794	0.1
<b>Total Single-Family loan restructurings</b>	<b>\$13,735</b>	<b>0.5 %</b>

(1) Excludes \$57 million of accrued interest receivable on the restructured loans as of March 31, 2022.

(2) Includes \$5.1 billion related to payment deferral plans. Also includes forbearance plans, repayment plans, and loan modifications that only involve payment delays.

(3) Includes loan modifications in the period in which the borrower completes the trial period and the loan is permanently modified. The amortized cost basis of loans in trial period modification plans was \$3.1 billion as of March 31, 2022. Also includes an insignificant number of loan modifications that only involve payment delays and term extensions.

The table below shows the financial effect of Single-Family held-for-investment loan restructurings involving borrowers experiencing financial difficulty that we entered into during 1Q 2022.

**Table 3.10 – Financial Effects of Single-Family Loan Restructurings Involving Borrowers Experiencing Financial Difficulty**

(Dollars in thousands)	1Q 2022 <sup>(1)</sup>
Weighted-average interest rate reduction	1.6 %
Weighted-average months of term extension	190
Weighted-average payment deferral or principal forbearance <sup>(2)</sup>	\$24

(1) Averages are based on payment deferral plans and loan modifications completed during the periods presented. The financial effects of forbearance plans and repayment plans consist of a payment delay of between one and twelve months. In addition, the financial effect of a forbearance plan is included at the time the forbearance plan is completed if the borrower exits forbearance by entering into a payment deferral plan or loan modification.

(2) Primarily related to payment deferral plans. Amounts are based on non-interest-bearing principal balances on the restructured loans.

The balance of single-family loans restructured by entering into payment deferral plans or loan modifications during 1Q 2022 involving borrowers experiencing financial difficulty that subsequently defaulted (i.e., loans that became two months delinquent) was insignificant. Single-family loans restructured by entering into forbearance plans or repayment plans during 1Q 2022 involving borrowers experiencing financial difficulty generally remained in default as borrowers were typically past due based on the loans' original contractual terms at the time the borrowers entered into these plans.

The table below presents the amortized cost basis of single-family held-for-investment loans restructured during 1Q 2022 by payment status. While a single-family loan is in a forbearance plan or repayment plan, payments continue to be due based on the loan's original contractual terms because the loan has not been permanently modified. As a result, we report single-family loans in forbearance plans and repayment plans as delinquent to the extent that payments are past due based on the loan's

original contractual terms. Loans that have been restructured by entering into a payment deferral plan or loan modification are reported as delinquent to the extent that payments are past due based on the loan's restructured terms.

**Table 3.11 - Payment Status of Single-Family Restructured Loans Involving Borrowers Experiencing Financial Difficulty**

(In millions)	March 31, 2022
	Amortized Cost Basis <sup>(1)</sup>
Current	\$8,458
One month past due	1,594
Two months past due	1,463
Three months or more past due	2,220
<b>Total Single-Family</b>	<b>\$13,735</b>

(1) Excludes \$57 million of accrued interest receivable on the restructured loans as of March 31, 2022.

### **Multifamily Loan Restructurings**

We offer several types of restructurings to multifamily borrowers that may result in a payment delay, interest rate reduction, term extension, principal forgiveness, or combination thereof. In certain cases, we offer multifamily borrowers forbearance plans that allow borrowers to defer monthly payments during a defined period. After the forbearance period ends, the borrowers are required to repay forborne loan amounts in monthly installments. In addition, in certain cases, for maturing loans we may provide term extensions with no changes to the effective borrowing rate. In other cases, we may make more significant modifications of terms for borrowers experiencing financial difficulty, such as interest rate reductions, term extensions, providing principal forbearance and/or forgiveness, or some combination of these items. There were no restructuring activities related to Multifamily held-for-investment loans involving borrowers experiencing financial difficulty for the three months ended March 31, 2022.

## Prior Period Troubled Debt Restructuring Information

The table below provides details of our single-family loan modifications that were classified as TDRs in 1Q 2021.

**Table 3.12 - Single-Family TDR Modification Metrics**

	1Q 2021
Percentage of single-family loan modifications that were classified as TDRs with:	
Interest rate reductions and related term extensions	15%
Principal forbearance and related interest rate reductions and term extensions	34
Average coupon interest rate reduction	0.4 %
Average months of term extension	153

The table below presents the volume of single-family and multifamily loans that were newly classified as TDRs in 1Q 2021. Loans classified as a TDR in one period may be subject to further action (such as a modification or remodification) in a subsequent period. In such cases, the subsequent action would not be reflected in the table below since the loan would already have been classified as a TDR.

**Table 3.13 - TDR Activity**

(Dollars in millions)	1Q 2021	
	Number of Loans	Post-TDR Amortized Cost Basis
Single-Family: <sup>(1)(2)</sup>		
20- and 30-year or more, amortizing fixed-rate	3,782	\$671
15-year amortizing fixed-rate	472	47
Adjustable-rate	48	9
Alt-A, interest-only, and option ARM	151	19
<b>Total Single-Family</b>	<b>4,453</b>	<b>746</b>
<b>Multifamily</b>	<b>—</b>	<b>—</b>

(1) The pre-TDR amortized cost basis for single-family loans initially classified as TDRs during 1Q 2021 was \$0.7 billion.

(2) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferral plans, and modification activities that do not qualify for the temporary relief related to TDRs provided by the CARES Act based on servicer reporting at the time of the TDR event.

The table below presents the volume of our TDR modifications that experienced payment defaults (i.e., loans that became two months delinquent or completed a loss event) during 1Q 2021 and had completed a modification during the year preceding the payment default.

**Table 3.14 - Payment Defaults of Completed TDR Modifications**

(Dollars in millions)	1Q 2021	
	Number of Loans	Post-TDR Amortized Cost Basis
Single-Family:		
20- and 30-year or more, amortizing fixed-rate	1,131	\$198
15-year amortizing fixed-rate	62	7
Adjustable-rate	15	3
Alt-A, interest-only, and option ARM	127	21
<b>Total Single-Family</b>	<b>1,335</b>	<b>229</b>
<b>Multifamily</b>	<b>—</b>	<b>—</b>

## Non-Cash Investing and Financing Activities

During 1Q 2022 and 1Q 2021, we acquired \$153.3 billion and \$139.5 billion, respectively, of loans held-for-investment in exchange for the issuance of debt securities of consolidated trusts in guarantor swap transactions. We received approximately \$61.5 billion and \$52.5 billion of loans held-for-investment from sellers during 1Q 2022 and 1Q 2021, respectively, to satisfy advances to lenders that were recorded in other assets on our condensed consolidated balance sheets.

**NOTE 4****Guarantees and Other Off-Balance Sheet Credit Exposures**

The table below shows our maximum exposure, recognized liability, and maximum remaining term of our guarantees to nonconsolidated VIEs and other third parties. This table does not include certain of our unrecognized guarantees, such as guarantees to consolidated VIEs or to securitization trusts that do not expose us to incremental credit risk. The maximum exposure disclosed in the table is not representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from collateral liquidation, including possible credit enhancement recoveries.

**Table 4.1 - Financial Guarantees**

(Dollars in millions, terms in years)	March 31, 2022			December 31, 2021		
	Maximum Exposure <sup>(1)</sup>	Recognized Liability <sup>(2)</sup>	Maximum Remaining Term	Maximum Exposure <sup>(1)</sup>	Recognized Liability <sup>(2)</sup>	Maximum Remaining Term
<i>Single-Family:</i>						
Securitization activity guarantees	\$26,730	\$383	39	\$27,975	\$398	39
Other mortgage-related guarantees	10,303	240	30	10,588	251	30
Guarantees of Fannie Mae securities	118,277	—	40	111,150	—	40
<b>Total Single-Family</b>	<b>\$155,310</b>	<b>\$623</b>		<b>\$149,713</b>	<b>\$649</b>	
<i>Multifamily:</i>						
Securitization activity guarantees	\$318,166	\$4,727	38	\$317,006	\$4,663	38
Other mortgage-related guarantees	10,477	392	32	10,456	404	32
<b>Total Multifamily</b>	<b>\$328,643</b>	<b>\$5,119</b>		<b>\$327,462</b>	<b>\$5,067</b>	
<i>Other guarantees:</i>						
Written options	\$30,543	\$1,803	9	\$34,861	\$1,596	10
CRT-related derivatives	36,462	57	30	33,188	35	30
Other	2,530	68	30	1,750	21	29
<b>Total other guarantees</b>	<b>\$69,535</b>	<b>\$1,928</b>		<b>\$69,799</b>	<b>\$1,652</b>	

- (1) The maximum exposure represents the contractual amounts that could be lost if counterparties or borrowers defaulted, without consideration of proceeds from collateral liquidation, including possible credit enhancement recoveries. For other guarantees, this amount primarily represents the notional amount or UPB of our interest rate and market value guarantees and guarantees of third-party derivatives. For certain of our other guarantees, our exposure may be unlimited; however, we generally reduce our exposure through separate derivative contracts with third parties.
- (2) For securitization activity guarantees and other mortgage-related guarantees, this amount represents the guarantee obligation on our condensed consolidated balance sheets and excludes our allowance for credit losses on off-balance sheet credit exposures. For other guarantees, this amount represents the fair value of the contract.

The table below shows the payment status of the mortgage loans underlying our guarantees that are not measured at fair value.

**Table 4.2 – UPB of Loans Underlying Our Guarantees by Payment Status**

(In millions)	March 31, 2022				
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total <sup>(1)</sup>
Single-Family	\$37,511	\$2,065	\$739	\$2,176	\$42,491
Multifamily	371,424	83	15	265	371,787
<b>Total</b>	<b>\$408,935</b>	<b>\$2,148</b>	<b>\$754</b>	<b>\$2,441</b>	<b>\$414,278</b>

(In millions)	December 31, 2021				
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total <sup>(1)</sup>
Single-Family	\$38,964	\$2,040	\$692	\$2,341	\$44,037
Multifamily	370,541	47	7	317	371,912
<b>Total</b>	<b>\$409,505</b>	<b>\$2,087</b>	<b>\$699</b>	<b>\$2,658</b>	<b>\$414,949</b>

- (1) Loan-level payment status is not available for certain guarantees totaling \$0.3 billion and \$0.4 billion as of March 31, 2022 and December 31, 2021, respectively, and therefore is not included in the table above.

## NOTE 5

### Allowance for Credit Losses

In 1Q 2022, we adopted accounting guidance that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer incorporate the expected credit losses for TDRs we reasonably expect will occur in our estimation of the allowance for credit losses. See **Note 3** for more information on the adoption of the new accounting guidance.

The table below summarizes changes in our allowance for credit losses.

**Table 5.1 - Details of the Allowance for Credit Losses**

(In millions)	1Q 2022			1Q 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Beginning balance	\$5,440	\$78	\$5,518	\$6,353	\$200	\$6,553
Provision (benefit) for credit losses	(831)	(6)	(837)	(146)	(50)	(196)
Charge-offs	(173)	—	(173)	(238)	—	(238)
Recoveries collected	52	—	52	46	—	46
Other <sup>(1)</sup>	361	—	361	115	—	115
<b>Ending balance</b>	<b>\$4,849</b>	<b>\$72</b>	<b>\$4,921</b>	<b>\$6,130</b>	<b>\$150</b>	<b>\$6,280</b>
<b>Components of the ending balance of the allowance for credit losses:</b>						
Mortgage loans held-for-investment	\$4,358	\$31	\$4,389	\$5,253	\$77	\$5,330
Advances of pre-foreclosure costs	426	—	426	615	—	615
Accrued interest receivable on mortgage loans	13	—	13	213	—	213
Off-balance sheet credit exposures	52	41	93	49	73	122
<b>Total</b>	<b>\$4,849</b>	<b>\$72</b>	<b>\$4,921</b>	<b>\$6,130</b>	<b>\$150</b>	<b>\$6,280</b>

(1) Primarily includes capitalization of past due interest related to non-accrual loans that receive payment deferral plans and loan modifications.

■ **1Q 2022 vs. 1Q 2021** - Benefit for credit losses increased due to observed house price appreciation and higher forecasted house prices.

In addition, charge-offs decreased year-over-year due to a decrease in charge-offs of accrued interest receivable during 1Q 2022.

## NOTE 6

### Investment Securities

The table below summarizes the fair values of our investments in debt securities by classification.

**Table 6.1 - Investment Securities**

(In millions)	March 31, 2022	December 31, 2021
Trading securities	\$48,859	\$49,003
Available-for-sale securities	4,385	4,012
<b>Total fair value of investment securities</b>	<b>\$53,244</b>	<b>\$53,015</b>

### Trading Securities

The table below presents the fair values of our trading securities by major security type. Our non-mortgage-related securities primarily consist of investments in U.S. Treasury securities.

**Table 6.2 - Trading Securities**

(In millions)	March 31, 2022	December 31, 2021
Mortgage-related securities	\$12,916	\$16,231
Non-mortgage-related securities	35,943	32,772
<b>Total fair value of trading securities</b>	<b>\$48,859</b>	<b>\$49,003</b>

For trading securities held at March 31, 2022 and 2021, we recorded net unrealized losses of \$955 million and \$506 million during 1Q 2022 and 1Q 2021, respectively.

### Available-for-Sale Securities

The table below provides details of the securities classified as available-for-sale on our condensed consolidated balance sheets.

**Table 6.3 - Available-for-Sale Securities**

(In millions)	Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
March 31, 2022	\$4,166	\$267	(\$48)	\$4,385	\$11
December 31, 2021	3,638	376	(2)	4,012	10

The fair value of our available-for-sale securities held at March 31, 2022 scheduled to contractually mature after ten years was \$1.4 billion, with \$2.1 billion scheduled to contractually mature after five years through ten years.

The table below summarizes the gross realized gains and gross realized losses from the sale of available-for-sale securities.

**Table 6.4 - Gross Realized Gains and Gross Realized Losses from Sales of Available-for-Sale Securities**

(In millions)	1Q 2022	1Q 2021
Gross realized gains	\$—	\$399
Gross realized losses	(1)	(31)
<b>Net realized gains (losses)</b>	<b>(\$1)</b>	<b>\$368</b>

### Non-Cash Investing and Financing Activities

During 1Q 2022 and 1Q 2021, we recognized \$3.1 billion and \$13.3 billion, respectively, of investment securities in exchange for the issuance of debt securities of consolidated trusts through partial sales of commingled single-class resecuritization products that were previously consolidated.

During 1Q 2022, we deconsolidated \$1.5 billion of mortgage-related securities and debt securities of consolidated trusts where we were no longer deemed the primary beneficiary.

## NOTE 7

### Debt

The table below summarizes the balances of total debt per our condensed consolidated balance sheets.

**Table 7.1 - Total Debt**

(In millions)	March 31, 2022	December 31, 2021
Debt securities of consolidated trusts held by third parties	\$2,899,226	\$2,803,054
Debt of Freddie Mac:		
Short-term debt	3,299	—
Long-term debt	156,600	177,131
<b>Total debt of Freddie Mac</b>	<b>159,899</b>	<b>177,131</b>
<b>Total debt</b>	<b>\$3,059,125</b>	<b>\$2,980,185</b>

As of March 31, 2022, our aggregate indebtedness pursuant to the Purchase Agreement was \$168.2 billion, which was below the current \$300.0 billion debt cap limit. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt.

### Debt Securities of Consolidated Trusts Held by Third Parties

The table below summarizes the debt securities of consolidated trusts held by third parties based on underlying loan product type.

**Table 7.2 - Debt Securities of Consolidated Trusts Held by Third Parties**

(Dollars in millions)	March 31, 2022				December 31, 2021			
	Contractual Maturity	UPB	Carrying Amount <sup>(1)</sup>	Weighted Average Coupon <sup>(2)</sup>	Contractual Maturity	UPB	Carrying Amount <sup>(1)</sup>	Weighted Average Coupon <sup>(2)</sup>
Single-Family:								
30-year or more, fixed-rate	2022 - 2061	\$2,267,555	\$2,319,796	2.60 %	2022 - 2061	\$2,178,150	\$2,235,903	2.63 %
20-year fixed-rate	2022 - 2042	134,641	137,533	2.37	2022 - 2042	129,193	132,410	2.40
15-year fixed-rate	2022 - 2037	383,135	391,370	2.12	2022 - 2037	379,805	388,893	2.14
Adjustable-rate	2022 - 2052	21,347	21,787	2.25	2022 - 2052	21,546	22,038	2.30
Interest-only	2026 - 2051	2,508	2,793	2.43	2026 - 2051	2,702	2,883	2.42
FHA/VA	2023 - 2051	784	799	3.59	2022 - 2051	822	838	3.61
<b>Total Single-Family</b>		<b>2,809,970</b>	<b>2,874,078</b>			<b>2,712,218</b>	<b>2,782,965</b>	
Multifamily	2022 - 2052	25,101	25,148	2.24	2022 - 2051	19,838	20,089	2.17
<b>Total debt securities of consolidated trusts held by third parties</b>		<b>\$2,835,071</b>	<b>\$2,899,226</b>			<b>\$2,732,056</b>	<b>\$2,803,054</b>	

(1) Includes \$3.7 billion and \$1.1 billion as of March 31, 2022 and December 31, 2021, respectively, of debt securities of consolidated trusts that represents the fair value of debt for which the fair value option was elected.

(2) The effective interest rate for debt securities of consolidated trusts held by third parties was 1.91% and 1.71% as of March 31, 2022 and December 31, 2021, respectively.

## Debt of Freddie Mac

The table below summarizes the balances and effective interest rates for debt of Freddie Mac.

**Table 7.3 - Total Debt of Freddie Mac**

(Dollars in millions)	March 31, 2022			December 31, 2021		
	Par Value	Carrying Amount <sup>(1)</sup>	Weighted Average Effective Rate <sup>(2)</sup>	Par Value	Carrying Amount <sup>(1)</sup>	Weighted Average Effective Rate <sup>(2)</sup>
Short-term debt:						
Discount notes and Reference Bills	\$2,425	\$2,424	0.18 %	\$—	\$—	— %
Medium-term notes	875	875	0.43	—	—	—
Securities sold under agreements to repurchase	11,260	11,260	(0.01)	7,333	7,333	(0.10)
Offsetting arrangements <sup>(3)</sup>	(11,260)	(11,260)		(7,333)	(7,333)	
<b>Total short-term debt</b>	<b>3,300</b>	<b>3,299</b>	<b>0.25</b>	<b>—</b>	<b>—</b>	<b>—</b>
Long-term debt:						
Original maturities on or before December 31,						
2022	32,622	32,636	0.29	48,625	48,641	0.18
2023	38,788	38,753	0.47	38,688	38,644	0.47
2024	13,719	13,703	0.51	13,274	13,257	0.46
2025	36,326	36,016	0.88	35,436	35,108	0.84
2026	4,717	4,715	0.83	4,717	4,715	0.83
Thereafter	31,985	30,350	2.91	31,736	30,052	2.91
STACR and SCR debt <sup>(4)</sup>	6,719	6,566	4.68	9,139	8,981	4.23
Hedging-related basis adjustments	N/A	(6,139)		N/A	(2,267)	
<b>Total long-term debt</b>	<b>164,876</b>	<b>156,600</b>	<b>1.17</b>	<b>181,615</b>	<b>177,131</b>	<b>1.07</b>
<b>Total debt of Freddie Mac<sup>(5)</sup></b>	<b>\$168,176</b>	<b>\$159,899</b>		<b>\$181,615</b>	<b>\$177,131</b>	

(1) Represents par value, net of associated discounts or premiums and issuance cost. Includes \$1.3 billion and \$1.4 billion at March 31, 2022 and December 31, 2021, respectively, of long-term debt that represents the fair value of debt for which the fair value option was elected.

(2) Based on carrying amount.

(3) We offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell on our condensed consolidated balance sheets, when such amounts meet the conditions for offsetting in the accounting guidance.

(4) Contractual maturities of these debt securities are not presented because they are subject to prepayment risk, as their payments are based upon the performance of a reference pool of mortgage assets that may be prepaid by the related mortgage borrower at any time, generally without penalty.

(5) Carrying amount for debt of Freddie Mac includes callable debt of \$70.1 billion and \$68.5 billion at March 31, 2022 and December 31, 2021, respectively.



## NOTE 8

### Derivatives

We use derivatives primarily to hedge interest-rate sensitivity mismatches between our financial assets and liabilities. We analyze the interest-rate sensitivity of financial assets and liabilities across a variety of interest-rate scenarios based on market prices, models, and economics. When we use derivatives to mitigate our exposures, we consider a number of factors, including cost, exposure to counterparty risk, and our overall risk management strategy.

We apply fair value hedge accounting to certain single-family mortgage loans and certain issuances of debt where we hedge the changes in fair value of these items attributable to the designated benchmark interest rate (i.e., LIBOR), using LIBOR-based interest-rate swaps.

### Derivative Assets and Liabilities at Fair Value

The table below presents the notional value and fair value of derivatives reported on our condensed consolidated balance sheets.

**Table 8.1 - Derivative Assets and Liabilities at Fair Value**

(In millions)	March 31, 2022			December 31, 2021		
	Notional or Contractual Amount	Derivatives at Fair Value		Notional or Contractual Amount	Derivatives at Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>Not designated as hedges</b>						
Interest-rate risk management derivatives:						
Swaps	\$548,462	\$1,122	(\$474)	\$561,393	\$1,748	(\$3,319)
Written options	30,543	—	(1,802)	34,861	—	(1,597)
Purchased options <sup>(1)</sup>	124,985	4,246	—	137,873	3,585	—
Futures	146,372	—	—	126,528	—	—
<b>Total interest-rate management derivatives</b>	<b>850,362</b>	<b>5,368</b>	<b>(2,276)</b>	<b>860,655</b>	<b>5,333</b>	<b>(4,916)</b>
Mortgage commitment derivatives:						
Forward contracts to purchase mortgage loans	5,919	13	(55)	7,582	15	(5)
Forward contracts to purchase mortgage-related securities	25,159	30	(191)	16,605	26	(8)
Forward contracts to sell mortgage-related securities	53,871	669	(77)	59,469	38	(73)
<b>Total mortgage commitment derivatives</b>	<b>84,949</b>	<b>712</b>	<b>(323)</b>	<b>83,656</b>	<b>79</b>	<b>(86)</b>
CRT-related derivatives	36,612	25	(58)	33,351	15	(37)
Other	6,073	3	(69)	4,335	2	(21)
<b>Total derivatives not designated as hedges</b>	<b>977,996</b>	<b>6,108</b>	<b>(2,726)</b>	<b>981,997</b>	<b>5,429</b>	<b>(5,060)</b>
<b>Designated as fair value hedges</b>						
Interest-rate risk management derivatives:						
Swaps	164,235	32	(6,098)	154,819	37	(2,689)
<b>Total derivatives designated as fair value hedges</b>	<b>164,235</b>	<b>32</b>	<b>(6,098)</b>	<b>154,819</b>	<b>37</b>	<b>(2,689)</b>
Derivative interest receivable (payable) <sup>(2)</sup>		509	(578)		360	(413)
Netting adjustments <sup>(3)</sup>		(5,272)	8,753		(5,366)	7,880
<b>Total derivative portfolio, net</b>	<b>\$1,142,231</b>	<b>\$1,377</b>	<b>(\$649)</b>	<b>\$1,136,816</b>	<b>\$460</b>	<b>(\$282)</b>

(1) Includes swaptions on credit indices with a notional or contractual amount of \$9.7 billion and \$9.4 billion at March 31, 2022 and December 31, 2021, respectively, and a fair value of \$2.0 million and \$1.0 million at March 31, 2022 and December 31, 2021, respectively.

(2) Includes other derivative receivables and payables.

(3) Represents counterparty netting and cash collateral netting.

See **Note 9** for information related to our derivative counterparties and collateral held and posted.

## Gains and Losses on Derivatives

The table below presents the gains and losses on derivatives, including the accrual of periodic cash settlements, while not designated in qualifying hedge relationships and reported on our condensed consolidated statements of operations and comprehensive income (loss) as investment gains (losses), net.

**Table 8.2 - Gains and Losses on Derivatives**

(In millions)	1Q 2022	1Q 2021
<b>Not designated as hedges</b>		
Interest-rate risk management derivatives:		
Swaps	\$628	\$615
Written options	(364)	(461)
Purchased options	653	(48)
Futures	868	286
<b>Total interest-rate risk management derivatives fair value gains (losses)</b>	<b>1,785</b>	<b>392</b>
Mortgage commitment derivatives	1,839	1,476
CRT-related derivatives	(16)	(42)
Other	(11)	(3)
<b>Total derivatives not designated as hedges fair value gains (losses)</b>	<b>3,597</b>	<b>1,823</b>
Accrual of periodic cash settlements on swaps <sup>(1)</sup>	(174)	(452)
<b>Total</b>	<b>\$3,423</b>	<b>\$1,371</b>

(1) Includes interest on variation margin on cleared interest-rate swaps.

## Fair Value Hedges

The table below presents the effects of fair value hedge accounting by condensed consolidated statements of operations and comprehensive income (loss) line item, including the gains and losses on derivatives and hedged items designated in qualifying hedge relationships and other components due to the application of hedge accounting.

**Table 8.3 - Gains and Losses on Fair Value Hedges**

(In millions)	1Q 2022		1Q 2021	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in our condensed consolidated statements of operations and comprehensive income in which the effects of fair value hedges are recorded:	\$17,740	(\$13,636)	\$13,902	(\$10,263)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	(2,627)	—	(1,523)	—
Derivatives designated as hedging instruments	2,055	—	1,534	—
Interest accruals on hedging instruments	(267)	—	(114)	—
Discontinued hedge-related basis adjustments amortization	(124)	—	(781)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	3,861	—	2,114
Derivatives designated as hedging instruments	—	(3,896)	—	(2,188)
Interest accruals on hedging instruments	—	144	—	255
Discontinued hedge-related basis adjustments amortization	—	10	—	5

The table below presents the cumulative basis adjustments and the carrying amounts of the hedged item by its respective balance sheet line item.

**Table 8.4 - Cumulative Basis Adjustments Due to Fair Value Hedging**

March 31, 2022				
(In millions)	Carrying Amount Assets / (Liabilities)	Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount		
		Total	Under the Last-of- Layer Method	Discontinued - Hedge Related
Mortgage loans held-for-investment	\$941,968	\$23	\$—	\$23
Debt	(112,961)	6,139	—	(19)

December 31, 2021				
(In millions)	Carrying Amount Assets / (Liabilities)	Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount		
		Total	Under the Last-of- Layer Method	Discontinued - Hedge Related
Mortgage loans held-for-investment	\$855,173	\$2,774	\$—	\$2,774
Debt	(124,235)	2,267	—	(30)

**NOTE 9**

## Collateralized Agreements and Offsetting Arrangements

## Offsetting of Financial Assets and Liabilities

The table below presents offsetting and collateral information related to derivatives, securities purchased under agreements to resell, and securities sold under agreements to repurchase which are subject to enforceable master netting agreements or similar arrangements.

**Table 9.1 - Offsetting and Collateral Information of Financial Assets and Liabilities**

	March 31, 2022					
	Gross Amount Recognized	Amount Offset in the Condensed Consolidated Balance Sheets		Net Amount Presented in the Condensed Consolidated Balance Sheets	Gross Amount Not Offset in the Condensed Consolidated Balance Sheets <sup>(2)</sup>	Net Amount
(In millions)		Counterparty Netting	Cash Collateral Netting <sup>(1)</sup>			
Assets:						
Derivatives:						
OTC derivatives	\$5,741	(\$4,603)	(\$678)	\$460	(\$377)	\$83
Cleared and exchange-traded derivatives	168	(40)	49	177	—	177
Mortgage commitment derivatives	712	—	—	712	—	712
Other	28	—	—	28	—	28
<b>Total derivatives</b>	<b>6,649</b>	<b>(4,643)</b>	<b>(629)</b>	<b>1,377</b>	<b>(377)</b>	<b>1,000</b>
Securities purchased under agreements to resell	80,877	(11,260)	—	69,617	(69,617)	—
<b>Total</b>	<b>\$87,526</b>	<b>(\$15,903)</b>	<b>(\$629)</b>	<b>\$70,994</b>	<b>(\$69,994)</b>	<b>\$1,000</b>
Liabilities:						
Derivatives:						
OTC derivatives	(\$8,810)	\$4,603	\$4,099	(\$108)	\$12	(\$96)
Cleared and exchange-traded derivatives	(142)	40	11	(91)	92	1
Mortgage commitment derivatives	(323)	—	—	(323)	—	(323)
Other	(127)	—	—	(127)	—	(127)
<b>Total derivatives</b>	<b>(9,402)</b>	<b>4,643</b>	<b>4,110</b>	<b>(649)</b>	<b>104</b>	<b>(545)</b>
Securities sold under agreements to repurchase	(11,260)	11,260	—	—	—	—
<b>Total</b>	<b>(\$20,662)</b>	<b>\$15,903</b>	<b>\$4,110</b>	<b>(\$649)</b>	<b>\$104</b>	<b>(\$545)</b>

Referenced footnotes are included after the next table.

	December 31, 2021					
	Gross Amount Recognized	Amount Offset in the Condensed Consolidated Balance Sheets		Net Amount Presented in the Condensed Consolidated Balance Sheets	Gross Amount Not Offset in the Condensed Consolidated Balance Sheets <sup>(2)</sup>	Net Amount
(In millions)		Counterparty Netting	Cash Collateral Netting <sup>(1)</sup>			
Assets:						
Derivatives:						
OTC derivatives	\$5,670	(\$4,437)	(\$963)	\$270	(\$250)	\$20
Cleared and exchange-traded derivatives	60	(4)	38	94	—	94
Mortgage commitment derivatives	79	—	—	79	—	79
Other	17	—	—	17	—	17
<b>Total derivatives</b>	<b>5,826</b>	<b>(4,441)</b>	<b>(925)</b>	<b>460</b>	<b>(250)</b>	<b>210</b>
Securities purchased under agreements to resell	78,536	(7,333)	—	71,203	(71,203)	—
<b>Total</b>	<b>\$84,362</b>	<b>(\$11,774)</b>	<b>(\$925)</b>	<b>\$71,663</b>	<b>(\$71,453)</b>	<b>\$210</b>
Liabilities:						
Derivatives:						
OTC derivatives	(\$7,979)	\$4,437	\$3,417	(\$125)	\$—	(\$125)
Cleared and exchange-traded derivatives	(39)	4	22	(13)	13	—
Mortgage commitment derivatives	(86)	—	—	(86)	—	(86)
Other	(58)	—	—	(58)	—	(58)
<b>Total derivatives</b>	<b>(8,162)</b>	<b>4,441</b>	<b>3,439</b>	<b>(282)</b>	<b>13</b>	<b>(269)</b>
Securities sold under agreements to repurchase	(7,333)	7,333	—	—	—	—
<b>Total</b>	<b>(\$15,495)</b>	<b>\$11,774</b>	<b>\$3,439</b>	<b>(\$282)</b>	<b>\$13</b>	<b>(\$269)</b>

(1) Excess cash collateral held is presented as a derivative liability, while excess cash collateral posted is presented as a derivative asset.

(2) Does not include the fair value amount of non-cash collateral posted or held that exceeds the associated net asset or liability, netted by counterparty, presented on the condensed consolidated balance sheets.

## Collateral Pledged

### Collateral Pledged to Freddie Mac

We have cash pledged to us as collateral primarily related to OTC derivative transactions. We had \$1.1 billion and \$1.2 billion pledged to us as collateral that was invested as part of our other investments portfolio as of March 31, 2022 and December 31, 2021, respectively.

We primarily execute securities purchased under agreements to resell transactions with central clearing organizations where we have the right to repledge the collateral that has been pledged to us, either with the central clearing organization or with other counterparties. At March 31, 2022 and December 31, 2021, we had \$34.5 billion and \$32.7 billion, respectively, of securities pledged to us in these transactions. In addition, as of March 31, 2022 and December 31, 2021, we had \$0.9 billion and \$0.8 billion, respectively, of securities pledged to us for transactions involving securities purchased under agreements to resell not executed with central clearing organizations that we had the right to repledge. At March 31, 2022, we repledged collateral with fair value of \$1.0 billion.

### Collateral Pledged by Freddie Mac

For cash collateral related to commitments and securities purchased under agreements to resell transactions primarily with central clearing organizations, we posted less than \$0.1 billion as of March 31, 2022 and December 31, 2021.

The table below summarizes the fair value of the securities pledged as collateral by us for derivatives and collateralized borrowing transactions, including securities that the secured party may repledge.

**Table 9.2 - Collateral in the Form of Securities Pledged**

(In millions)	March 31, 2022			
	Derivatives	Securities Sold Under Agreements to Repurchase	Other <sup>(1)</sup>	Total
Cash equivalents <sup>(2)</sup>	\$—	\$1,250	\$—	\$1,250
Trading securities	1,659	9,076	692	11,427
<b>Total securities pledged</b>	<b>\$1,659</b>	<b>\$10,326</b>	<b>\$692</b>	<b>\$12,677</b>

(In millions)	December 31, 2021			
	Derivatives	Securities Sold Under Agreements to Repurchase	Other <sup>(1)</sup>	Total
Debt securities of consolidated trusts <sup>(3)</sup>	\$—	\$—	\$161	\$161
Trading securities	1,542	7,333	1,115	9,990
<b>Total securities pledged</b>	<b>\$1,542</b>	<b>\$7,333</b>	<b>\$1,276</b>	<b>\$10,151</b>

(1) Includes other collateralized borrowings and collateral related to transactions with certain clearinghouses.

(2) Represents U.S. Treasury securities accounted for as cash equivalents.

(3) Represents debt securities of consolidated trusts held by us in our mortgage-related investments portfolio which are recorded as a reduction to debt securities of consolidated trusts held by third parties on our condensed consolidated balance sheets.

The table below summarizes the underlying collateral pledged and the remaining contractual maturity of our gross obligations under securities sold under agreements to repurchase.

**Table 9.3 - Underlying Collateral Pledged**

(In millions)	March 31, 2022				
	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater Than 90 Days	Total
U.S. Treasury securities and other	\$1,608	\$1,650	\$7,068	\$—	\$10,326

## NOTE 10

### Net Interest Income

The table below presents the components of net interest income per our condensed consolidated statements of operations and comprehensive income (loss).

**Table 10.1 - Components of Net Interest Income**

(In millions)	1Q 2022	1Q 2021
Interest income		
Mortgage loans	\$17,310	\$13,255
Investment securities	384	610
Other	46	37
<b>Total interest income</b>	<b>17,740</b>	<b>13,902</b>
Interest expense		
Debt securities of consolidated trusts held by third parties	(13,249)	(9,756)
Debt of Freddie Mac:		
Short-term debt	—	(2)
Long-term debt	(387)	(505)
<b>Total interest expense</b>	<b>(13,636)</b>	<b>(10,263)</b>
<b>Net interest income</b>	<b>4,104</b>	<b>3,639</b>
Benefit (provision) for credit losses	837	196
<b>Net interest income after benefit (provision) for credit losses</b>	<b>\$4,941</b>	<b>\$3,835</b>

## NOTE 11

### Segment Reporting

As shown in the table below, we have two reportable segments, Single-Family and Multifamily.

Segment	Description
<b>Single-Family</b>	Reflects results from our purchase, securitization, and guarantee of single-family loans, our investments in single-family loans and mortgage-related securities, the management of Single-Family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
<b>Multifamily</b>	Reflects results from our purchase, securitization, and guarantee of multifamily loans, our investments in multifamily loans and mortgage-related securities, and the management of Multifamily mortgage credit risk and market risk.

### Segment Allocations and Results

The results of each reportable segment include directly attributable revenues and expenses. We allocate interest expense and other funding and hedging-related costs and returns on certain investments to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity.

The table below presents the financial results for our Single-Family and Multifamily segments.

**Table 11.1 - Segment Financial Results**

(In millions)	1Q 2022			1Q 2021		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
<b>Net interest income</b>	<b>\$3,806</b>	<b>\$298</b>	<b>\$4,104</b>	<b>\$3,308</b>	<b>\$331</b>	<b>\$3,639</b>
<b>Non-interest income (loss)</b>						
Guarantee income	30	40	70	89	159	248
Investment gains (losses), net	1,252	261	1,513	300	908	1,208
Other income (loss)	126	33	159	152	26	178
<b>Non-interest income (loss)</b>	<b>1,408</b>	<b>334</b>	<b>1,742</b>	<b>541</b>	<b>1,093</b>	<b>1,634</b>
<b>Net revenues</b>	<b>5,214</b>	<b>632</b>	<b>5,846</b>	<b>3,849</b>	<b>1,424</b>	<b>5,273</b>
Benefit (provision) for credit losses	831	6	837	146	50	196
Non-interest expense	(1,778)	(154)	(1,932)	(1,809)	(179)	(1,988)
<b>Income (loss) before income tax (expense) benefit</b>	<b>4,267</b>	<b>484</b>	<b>4,751</b>	<b>2,186</b>	<b>1,295</b>	<b>3,481</b>
Income tax (expense) benefit	(856)	(97)	(953)	(448)	(266)	(714)
<b>Net income (loss)</b>	<b>3,411</b>	<b>387</b>	<b>3,798</b>	<b>1,738</b>	<b>1,029</b>	<b>2,767</b>
Other comprehensive income (loss), net of taxes and reclassification adjustments	(12)	(108)	(120)	(328)	(61)	(389)
<b>Comprehensive income (loss)</b>	<b>\$3,399</b>	<b>\$279</b>	<b>\$3,678</b>	<b>\$1,410</b>	<b>\$968</b>	<b>\$2,378</b>



We measure total assets for our reportable segments based on the mortgage portfolio for each segment. We operate our business in the U.S. and its territories, and accordingly, we generate no revenue from and have no long-lived assets, other than financial instruments, in geographic locations other than the U.S. and its territories.

The table below presents total assets for our Single-Family and Multifamily segments.

**Table 11.2 - Segment Assets**

(In millions)	March 31, 2022	December 31, 2021
Single-Family	\$2,884,401	\$2,792,224
Multifamily	415,268	414,663
<b>Total segment assets</b>	<b>3,299,669</b>	<b>3,206,887</b>
Reconciling items <sup>(1)</sup>	(190,815)	(181,301)
<b>Total assets per condensed consolidated balance sheets</b>	<b>\$3,108,854</b>	<b>\$3,025,586</b>

- (1) Reconciling items include assets in our mortgage portfolio that are not recognized on our condensed consolidated balance sheets and assets recognized on our condensed consolidated balance sheets that are not allocated to the reportable segments.

**NOTE 12**

## Concentration of Credit and Other Risks

## Single-Family Mortgage Portfolio

The table below summarizes the concentration by geographic area of our Single-Family mortgage portfolio. See **Note 3**, **Note 4**, and **Note 5** for more information about credit risk associated with single-family loans that we hold or guarantee.

**Table 12.1 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio<sup>(1)</sup>**

(Dollars in billions)	March 31, 2022			December 31, 2021		
	Portfolio UPB <sup>(2)</sup>	% of Portfolio	SDQ Rate	Portfolio UPB <sup>(2)</sup>	% of Portfolio	SDQ Rate
<b>Region:<sup>(3)</sup></b>						
West	\$888	31 %	0.71 %	\$859	31 %	0.92 %
Northeast	679	23	1.14	660	24	1.37
North Central	425	15	0.83	416	15	0.98
Southeast	481	17	0.98	461	16	1.21
Southwest	411	14	0.92	396	14	1.14
<b>Total</b>	<b>\$2,884</b>	<b>100 %</b>	<b>0.92</b>	<b>\$2,792</b>	<b>100 %</b>	<b>1.12</b>
<b>State:</b>						
California	\$513	18 %	0.75	\$498	18 %	0.99
Texas	185	6	0.97	177	6	1.23
Florida	177	6	1.04	169	6	1.36
New York	125	4	1.71	121	4	2.07
Illinois	111	4	1.18	109	4	1.44
All other	1,773	62	0.86	1,718	62	1.03
<b>Total</b>	<b>\$2,884</b>	<b>100 %</b>	<b>0.92</b>	<b>\$2,792</b>	<b>100 %</b>	<b>1.12</b>

(1) Credit losses amounts related to our Single-Family mortgage portfolio were insignificant during both 1Q 2022 and 1Q 2021.

(2) Excludes \$422 million and \$439 million in UPB of loans underlying certain securitization products for which data was not available as of March 31, 2022 and December 31, 2021, respectively.

(3) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

**NOTE 13****Fair Value Disclosures**

We use fair value measurements for the initial recording of certain assets and liabilities and periodic remeasurement of certain assets and liabilities on a recurring or non-recurring basis.

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

The table below presents our assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis subsequent to initial recognition, including instruments where we have elected the fair value option.

**Table 13.1 - Assets and Liabilities Measured at Fair Value on a Recurring Basis**

(In millions)	March 31, 2022				
	Level 1	Level 2	Level 3	Netting Adjustments <sup>(1)</sup>	Total
<b>Assets:</b>					
<i>Investment securities:</i>					
Available-for-sale	\$—	\$3,197	\$1,188	\$—	\$4,385
Trading:					
Mortgage-related securities	—	9,751	3,165	—	12,916
Non-mortgage-related securities	35,171	772	—	—	35,943
<b>Total trading securities</b>	<b>35,171</b>	<b>10,523</b>	<b>3,165</b>	<b>—</b>	<b>48,859</b>
<b>Total investments in securities</b>	<b>35,171</b>	<b>13,720</b>	<b>4,353</b>	<b>—</b>	<b>53,244</b>
Mortgage loans held-for-sale	—	8,101	—	—	8,101
<i>Other assets:</i>					
Guarantee assets	—	—	5,696	—	5,696
Derivative assets, net	20	6,104	16	—	6,140
Netting adjustments <sup>(1)</sup>	—	—	—	(4,763)	(4,763)
<b>Total derivative assets, net</b>	<b>20</b>	<b>6,104</b>	<b>16</b>	<b>(4,763)</b>	<b>1,377</b>
Other assets	—	19	98	—	117
<b>Total other assets</b>	<b>20</b>	<b>6,123</b>	<b>5,810</b>	<b>(4,763)</b>	<b>7,190</b>
<b>Total assets carried at fair value on a recurring basis</b>	<b>\$35,191</b>	<b>\$27,944</b>	<b>\$10,163</b>	<b>(\$4,763)</b>	<b>\$68,535</b>
<b>Liabilities:</b>					
<i>Debt:</i>					
Debt securities of consolidated trusts held by third parties	\$—	\$3,436	\$293	\$—	\$3,729
Debt of Freddie Mac	—	1,200	109	—	1,309
<b>Total debt</b>	<b>—</b>	<b>4,636</b>	<b>402</b>	<b>—</b>	<b>5,038</b>
<i>Other liabilities:</i>					
Derivative liabilities, net	—	8,777	47	—	8,824
Netting adjustments <sup>(1)</sup>	—	—	—	(8,175)	(8,175)
<b>Total derivative liabilities, net</b>	<b>—</b>	<b>8,777</b>	<b>47</b>	<b>(8,175)</b>	<b>649</b>
Other liabilities	—	73	—	—	73
<b>Total other liabilities</b>	<b>—</b>	<b>8,850</b>	<b>47</b>	<b>(8,175)</b>	<b>722</b>
<b>Total liabilities carried at fair value on a recurring basis</b>	<b>\$—</b>	<b>\$13,486</b>	<b>\$449</b>	<b>(\$8,175)</b>	<b>\$5,760</b>

Referenced footnote is included after the prior period table.

(In millions)	December 31, 2021				
	Level 1	Level 2	Level 3	Netting Adjustments <sup>(1)</sup>	Total
<b>Assets:</b>					
<i>Investment securities:</i>					
Available-for-sale	\$—	\$2,726	\$1,286	\$—	\$4,012
Trading:					
Mortgage-related securities:	—	12,845	3,386	—	16,231
Non-mortgage-related securities	31,780	992	—	—	32,772
<b>Total trading securities</b>	<b>31,780</b>	<b>13,837</b>	<b>3,386</b>	<b>—</b>	<b>49,003</b>
<b>Total investments in securities</b>	<b>31,780</b>	<b>16,563</b>	<b>4,672</b>	<b>—</b>	<b>53,015</b>
Mortgage loans held-for-sale	—	10,498	—	—	10,498
<i>Other assets:</i>					
Guarantee assets	—	—	5,919	—	5,919
Derivative assets, net	33	5,416	17	—	5,466
Netting adjustments <sup>(1)</sup>	—	—	—	(5,006)	(5,006)
<b>Total derivative assets, net</b>	<b>33</b>	<b>5,416</b>	<b>17</b>	<b>(5,006)</b>	<b>460</b>
Other assets	—	131	84	—	215
<b>Total other assets</b>	<b>33</b>	<b>5,547</b>	<b>6,020</b>	<b>(5,006)</b>	<b>6,594</b>
<b>Total assets carried at fair value on a recurring basis</b>	<b>\$31,813</b>	<b>\$32,608</b>	<b>\$10,692</b>	<b>(\$5,006)</b>	<b>\$70,107</b>
<b>Liabilities:</b>					
<i>Debt:</i>					
Debt securities of consolidated trusts held by third parties	\$—	\$910	\$184	\$—	\$1,094
Debt of Freddie Mac	—	1,274	110	—	1,384
<b>Total debt</b>	<b>—</b>	<b>2,184</b>	<b>294</b>	<b>—</b>	<b>2,478</b>
<i>Other liabilities:</i>					
Derivative liabilities, net	—	7,726	23	—	7,749
Netting adjustments <sup>(1)</sup>	—	—	—	(7,467)	(7,467)
<b>Total derivative liabilities, net</b>	<b>—</b>	<b>7,726</b>	<b>23</b>	<b>(7,467)</b>	<b>282</b>
Other liabilities	—	4	1	—	5
<b>Total other liabilities</b>	<b>—</b>	<b>7,730</b>	<b>24</b>	<b>(7,467)</b>	<b>287</b>
<b>Total liabilities carried at fair value on a recurring basis</b>	<b>\$—</b>	<b>\$9,914</b>	<b>\$318</b>	<b>(\$7,467)</b>	<b>\$2,765</b>

(1) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

## Level 3 Fair Value Measurements

The table below presents a reconciliation of all assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis using significant unobservable inputs (Level 3), including transfers into and out of Level 3. The table also presents gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recognized on our condensed consolidated statements of operations and comprehensive income (loss) for Level 3 assets and liabilities.

**Table 13.2 - Fair Value Measurements of Assets and Liabilities Using Significant Unobservable Inputs**

	1Q 2022											
(In millions)	Balance, January 1, 2022	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 <sup>(1)</sup>	Transfers out of Level 3 <sup>(1)</sup>	Balance, March 31, 2022	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2022 <sup>(2)</sup>	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2022
		Included in Earnings	Included in Other Comprehensive Income									
Assets												
Investment securities:												
Available-for-sale	\$1,286	(\$1)	(\$36)	\$—	\$—	\$—	(\$91)	\$30	\$—	\$1,188	(\$1)	(\$29)
Trading	3,386	(426)	—	243	—	—	(18)	—	(20)	3,165	(256)	—
Total Investment securities	4,672	(427)	(36)	243	—	—	(109)	30	(20)	4,353	(257)	(29)
Other assets:												
Guarantee assets	5,919	(316)	—	—	333	—	(240)	—	—	5,696	(316)	—
Other assets	101	16	—	(4)	3	—	(2)	—	—	114	16	—
Total other assets	6,020	(300)	—	(4)	336	—	(242)	—	—	5,810	(300)	—
Total assets	10,692	(727)	(36)	239	336	—	(351)	30	(20)	10,163	(557)	(29)
	Balance, January 1, 2022	Total Realized/Unrealized (Gains) Losses		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 <sup>(1)</sup>	Transfers out of Level 3 <sup>(1)</sup>	Balance, March 31, 2022	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2022 <sup>(2)</sup>	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2022
		Included in Earnings	Included in Other Comprehensive Income									
Liabilities												
Debt	\$294	\$23	\$—	\$—	\$86	\$—	(\$1)	\$—	\$—	\$402	\$33	\$—
Other liabilities	24	24	—	—	—	—	(1)	—	—	47	24	—
Total liabilities	\$318	\$47	\$—	\$—	\$86	\$—	(\$2)	\$—	\$—	\$449	\$57	\$—

Referenced footnotes are included after the prior period table.

(In millions)	1Q 2021											
	Balance, January 1, 2021	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 <sup>(1)</sup>	Transfers out of Level 3 <sup>(1)</sup>	Balance, March 31, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2021 <sup>(2)</sup>	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2021
		Included in Earnings	Included in Other Comprehensive Income									
<b>Assets</b>												
Investment securities:												
Available-for-sale	\$1,588	\$6	(\$6)	\$432	\$—	(\$130)	(\$54)	\$—	\$—	\$1,836	\$6	(\$4)
Trading	3,259	(174)	—	445	—	(269)	(19)	—	(180)	3,062	(183)	—
Total investments in securities	4,847	(168)	(6)	877	—	(399)	(73)	—	(180)	4,898	(177)	(4)
Other assets:												
Guarantee assets	5,509	(86)	—	—	488	—	(223)	—	—	5,688	(86)	—
Other assets	171	(23)	—	(4)	6	—	(5)	—	—	145	(22)	—
Total other assets	5,680	(109)	—	(4)	494	—	(228)	—	—	5,833	(108)	—
<b>Total assets</b>	<b>10,527</b>	<b>(277)</b>	<b>(6)</b>	<b>873</b>	<b>494</b>	<b>(399)</b>	<b>(301)</b>	<b>—</b>	<b>(180)</b>	<b>10,731</b>	<b>(285)</b>	<b>(4)</b>
	Balance, January 1, 2021	Total Realized/Unrealized (Gains) Losses		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 <sup>(1)</sup>	Transfers out of Level 3 <sup>(1)</sup>	Balance, March 31, 2021	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of March 31, 2021 <sup>(2)</sup>	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of March 31, 2021
		Included in Earnings	Included in Other Comprehensive Income									
<b>Liabilities</b>												
Debt	\$323	\$6	\$—	\$—	\$54	\$—	(\$3)	\$—	\$—	\$380	\$6	\$—
Other liabilities	19	14	—	2	2	—	(3)	—	—	34	12	—
<b>Total liabilities</b>	<b>\$342</b>	<b>\$20</b>	<b>\$—</b>	<b>\$2</b>	<b>\$56</b>	<b>\$—</b>	<b>(\$6)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$414</b>	<b>\$18</b>	<b>\$—</b>

(1) Transfers out of Level 3 consisted primarily of certain mortgage-related securities due to an increased volume and level of activity in the market and availability of price quotes from dealers and third-party pricing services. Certain agency securities are classified as Level 3 at issuance and generally are classified as Level 2 when they begin trading.

(2) Represents the amount of total gains or losses for the period, included in earnings, attributable to the change in unrealized gains and losses related to assets and liabilities classified as Level 3 that were still held at March 31, 2022 and March 31, 2021, respectively.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis.

**Table 13.3 - Quantitative Information about Recurring Level 3 Fair Value Measurements**

	March 31, 2022				
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average <sup>(1)</sup>
<b>Assets</b>					
Investment securities:					
Available-for-sale	777	Median of external sources	External pricing sources	\$68.4 - \$76.3	\$71.6
	411	Other			
Trading	2,730	Single external source	External pricing sources	\$0.0 - \$6,773.1	\$341.3
	435	Other			
Guarantee assets	5,322	Discounted cash flows	OAS	17 - 186 bps	45 bps
	374	Other			
Insignificant Level 3 assets <sup>(2)</sup>	114				
<b>Total level 3 assets</b>	<b>\$10,163</b>				
<b>Liabilities</b>					
Insignificant Level 3 liabilities <sup>(2)</sup>	449				
<b>Total level 3 liabilities</b>	<b>\$449</b>				

Referenced footnotes are included after the prior period table.

	December 31, 2021				
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average <sup>(1)</sup>
<b>Assets</b>					
Investment securities:					
Available-for-sale	\$839	Median of external sources	External pricing sources	\$72.8 - \$83.7	\$77.0
	446	Other			
Trading	2,846	Single external source	External pricing sources	\$0.0 - \$7,343.1	\$396.7
	541	Other			
Guarantee assets	5,531	Discounted cash flows	OAS	17 - 186 bps	45 bps
	388	Other			
Insignificant Level 3 assets <sup>(2)</sup>	101				
<b>Total level 3 assets</b>	<b>\$10,692</b>				
<b>Liabilities<sup>(2)</sup></b>					
Insignificant Level 3 liabilities <sup>(2)</sup>	318				
<b>Total level 3 liabilities</b>	<b>\$318</b>				

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

(2) Represents the aggregate amount of Level 3 assets or liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant.

## Assets Measured at Fair Value on a Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. These adjustments usually result from the application of lower-of-cost-or-fair-value accounting or measurement of impairment based on the fair value of the underlying collateral. Certain of the fair values in the tables below were not obtained as of period end, but were obtained during the period.

The table below presents assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

**Table 13.4 - Assets Measured at Fair Value on a Non-Recurring Basis**

(In millions)	March 31, 2022				December 31, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a non-recurring basis:</b>								
Mortgage loans <sup>(1)</sup>	\$—	\$12	\$1,670	\$1,682	\$—	\$12	\$797	\$809

(1) Includes loans that are classified as held-for-investment and have an allowance for credit losses based on the fair value of the underlying collateral and held-for-sale loans where the fair value is below cost.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

**Table 13.5 - Quantitative Information About Non-Recurring Level 3 Fair Value Measurements**

	March 31, 2022				
(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average <sup>(1)</sup>
Non-recurring fair value measurements					
Mortgage loans	\$1,568	Median of external sources	External pricing sources	\$87.4 - \$104.2	\$94.0
	102	Other			
Total	\$1,670				

	December 31, 2021				
(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average <sup>(1)</sup>
Non-recurring fair value measurements					
Mortgage loans	\$625	Median of external sources	External pricing sources	\$61.9 - \$107.1	\$97.3
	172	Other			
Total	\$797				

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.



## Fair Value of Financial Instruments

The table below presents the carrying value and estimated fair value of our financial instruments. For certain types of financial instruments, such as cash and cash equivalents, securities purchased under agreements to resell, secured lending, and certain debt, the carrying value on our GAAP balance sheets approximates fair value, as these assets and liabilities are short-term in nature and have limited fair value volatility.

**Table 13.6 - Fair Value of Financial Instruments**

	March 31, 2022						
	GAAP Measurement Category <sup>(1)</sup>	GAAP Carrying Amount	Fair Value				
(In millions)			Level 1	Level 2	Level 3	Netting Adjustments <sup>(2)</sup>	Total
<b>Financial Assets</b>							
Cash and cash equivalents	Amortized cost	\$10,526	\$10,526	\$—	\$—	\$—	\$10,526
Securities purchased under agreements to resell	Amortized cost	69,617	—	80,877	—	(11,260)	69,617
<i>Investment securities:</i>							
Available-for-sale	FV - OCI	4,385	—	3,197	1,188	—	4,385
Trading	FV - NI	48,859	35,171	10,523	3,165	—	48,859
<b>Total investment securities</b>		<b>53,244</b>	<b>35,171</b>	<b>13,720</b>	<b>4,353</b>	<b>—</b>	<b>53,244</b>
<i>Mortgage loans:</i>							
Loans held by consolidated trusts		2,877,320	—	2,514,071	213,757	—	2,727,828
Loans held by Freddie Mac		55,609	—	26,310	29,299	—	55,609
<b>Total mortgage loans</b>	<b>Various<sup>(3)</sup></b>	<b>2,932,929</b>	<b>—</b>	<b>2,540,381</b>	<b>243,056</b>	<b>—</b>	<b>2,783,437</b>
Guarantee assets	FV - NI	5,696	—	—	5,700	—	5,700
Derivative assets, net	FV - NI	1,377	20	6,104	16	(4,763)	1,377
Non-derivative purchase and other commitments	FV - NI	19	—	72	—	—	72
Advances to lenders	Amortized cost	5,753	—	—	5,753	—	5,753
Secured lending	Amortized cost	1,025	—	1,024	1	—	1,025
<b>Total financial assets</b>		<b>\$3,080,186</b>	<b>\$45,717</b>	<b>\$2,642,178</b>	<b>\$258,879</b>	<b>(\$16,023)</b>	<b>\$2,930,751</b>
<b>Financial Liabilities</b>							
<i>Debt:</i>							
Debt securities of consolidated trusts held by third parties		\$2,899,226	\$—	\$2,733,502	\$748	\$—	\$2,734,250
Debt of Freddie Mac		159,899	—	170,888	3,637	(11,260)	163,265
<b>Total debt</b>	<b>Various<sup>(4)</sup></b>	<b>3,059,125</b>	<b>—</b>	<b>2,904,390</b>	<b>4,385</b>	<b>(11,260)</b>	<b>2,897,515</b>
Guarantee obligations	Amortized cost	5,742	—	—	6,295	—	6,295
Derivative liabilities, net	FV - NI	649	—	8,777	47	(8,175)	649
Non-derivative purchase and other commitments	FV - NI	86	—	73	324	—	397
<b>Total financial liabilities</b>		<b>\$3,065,602</b>	<b>\$—</b>	<b>\$2,913,240</b>	<b>\$11,051</b>	<b>(\$19,435)</b>	<b>\$2,904,856</b>

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(3) As of March 31, 2022, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were \$2.9 trillion, \$8.9 billion, and \$8.1 billion, respectively.

(4) As of March 31, 2022, the GAAP carrying amounts measured at amortized cost and FV - NI were \$3.1 trillion and \$5.0 billion, respectively.

	December 31, 2021						
	GAAP Measurement Category <sup>(1)</sup>	GAAP Carrying Amount	Fair Value				
(In millions)			Level 1	Level 2	Level 3	Netting Adjustments <sup>(2)</sup>	Total
<b>Financial Assets</b>							
Cash and cash equivalents	Amortized cost	\$10,150	\$10,150	\$—	\$—	\$—	\$10,150
Securities purchased under agreements to resell	Amortized cost	71,203	—	78,536	—	(7,333)	71,203
<i>Investment securities:</i>							
Available-for-sale	FV - OCI	4,012	—	2,726	1,286	—	4,012
Trading	FV - NI	49,003	31,780	13,837	3,386	—	49,003
<b><i>Total investment securities</i></b>		<b>53,015</b>	<b>31,780</b>	<b>16,563</b>	<b>4,672</b>	<b>—</b>	<b>53,015</b>
<i>Mortgage loans:</i>							
Loans held by consolidated trusts		2,784,626	—	2,563,588	238,133	—	2,801,721
Loans held by Freddie Mac		63,483	—	35,856	29,803	—	65,659
<b><i>Total mortgage loans</i></b>	<b>Various<sup>(3)</sup></b>	<b>2,848,109</b>	<b>—</b>	<b>2,599,444</b>	<b>267,936</b>	<b>—</b>	<b>2,867,380</b>
Guarantee assets	FV - NI	5,919	—	—	5,923	—	5,923
Derivative assets, net	FV - NI	460	33	5,416	17	(5,006)	460
Non-derivative purchase and other commitments	FV - NI	131	—	217	—	—	217
Advances to lenders	Amortized cost	4,932	—	—	4,932	—	4,932
Secured lending	Amortized cost	1,263	—	1,187	76	—	1,263
<b>Total financial assets</b>		<b>\$2,995,182</b>	<b>\$41,963</b>	<b>\$2,701,363</b>	<b>\$283,556</b>	<b>(\$12,339)</b>	<b>\$3,014,543</b>
<b>Financial Liabilities</b>							
<i>Debt:</i>							
Debt securities of consolidated trusts held by third parties		\$2,803,054	\$—	\$2,803,030	\$656	\$—	\$2,803,686
Debt of Freddie Mac		177,131	—	185,793	3,957	(7,333)	182,417
<b><i>Total debt</i></b>	<b>Various<sup>(4)</sup></b>	<b>2,980,185</b>	<b>—</b>	<b>2,988,823</b>	<b>4,613</b>	<b>(7,333)</b>	<b>2,986,103</b>
Guarantee obligations	Amortized cost	5,716	—	—	6,240	—	6,240
Derivative liabilities, net	FV - NI	282	—	7,726	23	(7,467)	282
Non-derivative purchase and other commitments	FV - NI	13	—	4	101	—	105
<b>Total financial liabilities</b>		<b>\$2,986,196</b>	<b>\$—</b>	<b>\$2,996,553</b>	<b>\$10,977</b>	<b>(\$14,800)</b>	<b>\$2,992,730</b>

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(3) As of December 31, 2021, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were \$2.8 trillion, \$9.3 billion, and \$10.5 billion, respectively.

(4) As of December 31, 2021, the GAAP carrying amounts measured at amortized cost and FV - NI were \$3.0 trillion and \$2.5 billion, respectively.

## Fair Value Option

We elected the fair value option for certain multifamily held-for-sale loans, multifamily held-for-sale loan purchase commitments, and debt.

The table below presents the fair value and UPB related to certain loans and debt for which we have elected the fair value option. This table does not include interest-only securities related to debt securities of consolidated trusts and debt of Freddie Mac held by third parties with a fair value of \$404 million and \$268 million and multifamily held-for-sale loan purchase commitments with a net fair value of (\$54) million and \$127 million, as of March 31, 2022 and December 31, 2021, respectively.

**Table 13.7 - Difference between Fair Value and UPB for Certain Financial Instruments with Fair Value Option Elected**

(In millions)	March 31, 2022			December 31, 2021		
	Multifamily Held-For-Sale Loans	Debt of Freddie Mac	Debt Securities of Consolidated Trusts Held by Third Parties	Multifamily Held-For-Sale Loans	Debt of Freddie Mac	Debt Securities of Consolidated Trusts Held by Third Parties
Fair value	\$8,101	\$1,150	\$3,483	\$10,498	\$1,252	\$958
UPB	8,409	1,133	3,668	10,224	1,220	958
<b>Difference</b>	<b>(\$308)</b>	<b>\$17</b>	<b>(\$185)</b>	<b>\$274</b>	<b>\$32</b>	<b>\$—</b>

## Changes in Fair Value Under the Fair Value Option Election

The table below presents the changes in fair value included in investment gains (losses), net, on our condensed consolidated statements of operations and comprehensive income (loss), related to items for which we have elected the fair value option.

**Table 13.8 - Changes in Fair Value Under the Fair Value Option Election**

(In millions)	1Q 2022	1Q 2021
	Gains (Losses)	
Multifamily held-for-sale loans	(\$676)	(\$451)
Multifamily held-for-sale loan purchase commitments	(36)	195
Debt of Freddie Mac	(11)	8
Debt securities of consolidated trusts held by third parties	72	(4)

Changes in fair value attributable to instrument-specific credit risk were not material for 1Q 2022 and 1Q 2021 for assets or liabilities for which we elected the fair value option.

## NOTE 14

### Legal Contingencies

We are involved as a party in a variety of legal and regulatory proceedings arising from time to time in the ordinary course of business including, among other things, contractual disputes, personal injury claims, employment-related litigation, and other legal proceedings incidental to our business. We are frequently involved, directly or indirectly, in litigation involving mortgage foreclosures. From time to time, we are also involved in proceedings arising from our termination of a seller's or servicer's eligibility to sell loans to, and/or service loans for, us. In these cases, the former seller or servicer sometimes seeks damages against us for wrongful termination under a variety of legal theories. In addition, we are sometimes sued in connection with the origination or servicing of loans. These suits typically involve claims alleging wrongful actions of sellers and servicers. Our contracts with our sellers and servicers generally provide for indemnification of Freddie Mac against liability arising from sellers' and servicers' wrongful actions with respect to loans sold to or serviced for Freddie Mac.

Litigation and claims resolution are subject to many uncertainties and are not susceptible to accurate prediction. In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable (as defined in such guidance) and the amount of the loss can be reasonably estimated.

### Putative Securities Class Action Lawsuit: Ohio Public Employees Retirement System vs. Freddie Mac, Syron, Et Al.

This putative securities class action lawsuit was filed against Freddie Mac and certain former officers on January 18, 2008 in the U.S. District Court for the Northern District of Ohio purportedly on behalf of a class of purchasers of Freddie Mac stock from August 1, 2006 through November 20, 2007. FHFA later intervened as Conservator, and the plaintiff amended its complaint on several occasions. The plaintiff alleged, among other things, that the defendants violated federal securities laws by making false and misleading statements concerning our business, risk management, and the procedures we put into place to protect the company from problems in the mortgage industry. The plaintiff seeks unspecified damages and interest, and reasonable costs and expenses, including attorney and expert fees.

In October 2013, defendants filed motions to dismiss the complaint. In October 2014, the District Court granted defendants' motions and dismissed the case in its entirety against all defendants, with prejudice. In November 2014, plaintiff filed a notice of appeal in the U.S. Court of Appeals for the Sixth Circuit. In July 2016, the Sixth Circuit reversed the District Court's dismissal and remanded the case to the District Court for further proceedings. In August 2018, the District Court denied the plaintiff's motion for class certification, and in January 2019, the Sixth Circuit denied plaintiff's petition for leave to appeal that decision. On September 17, 2020, the District Court granted a request from the plaintiff for summary judgment and entered final judgment in favor of Freddie Mac and the other defendants. On October 9, 2020, the plaintiff filed a notice of appeal in the Sixth Circuit. On January 27, 2021, Freddie Mac filed a motion to dismiss the appeal, which the Sixth Circuit denied on January 6, 2022.

At present, it is not possible for us to predict the probable outcome of this lawsuit or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matter due to the following factors, among others: the inherent uncertainty of the appellate process, and the inherent uncertainty of pre-trial litigation in the event the case is ultimately remanded to the District Court in whole or in part. In particular, while the District Court denied plaintiff's motion for class certification, this decision and the entry of final judgment in defendants' favor have been appealed. Absent a final resolution of whether a class will be certified, the identification of a class if one is certified, and the identification of the alleged statement or statements that survive dispositive motions, we cannot reasonably estimate any possible loss or range of possible loss.

### LIBOR Lawsuit

On March 14, 2013, Freddie Mac filed a lawsuit in the U.S. District Court for the Eastern District of Virginia against the British Bankers Association and the 16 U.S. Dollar LIBOR panel banks and a number of their affiliates. The case was subsequently transferred to the U.S. District Court for the Southern District of New York. The complaint alleges, among other things, that the defendants fraudulently and collusively depressed LIBOR, a benchmark interest rate indexed to trillions of dollars of financial products, and asserts claims for antitrust violations, breach of contract, tortious interference with contract, and fraud. Freddie Mac filed an amended complaint in July 2013, and a second amended complaint in October 2014. In August 2015, the District Court dismissed the portion of our claim related to antitrust violations and fraud and we filed a motion for reconsideration. In March 2016, the District Court granted a portion of our motion, finding personal jurisdiction over certain defendants, and denied the portion of our motion with respect to statutes of limitation for our fraud claims.

In May 2016, in a related case, the U.S. Court of Appeals for the Second Circuit reversed the District Court's dismissal of certain plaintiffs' antitrust claims and remanded the case to the District Court for consideration of whether, among other things, the plaintiffs are "efficient enforcers" of the antitrust laws. In December 2016, the District Court denied in part and granted in part defendants' renewed motions to dismiss on personal jurisdiction and efficient enforcer grounds. The District Court held that Freddie Mac is an efficient enforcer of the antitrust laws, but dismissed on personal jurisdiction grounds Freddie Mac's antitrust claims against all defendants except HSBC USA, N.A. (HSBC). In February 2017, the District Court effectively dismissed Freddie Mac's remaining antitrust claim against HSBC.

In February 2018, in a related case, the Second Circuit reversed the District Court's dismissal of certain plaintiffs' state law fraud and unjust enrichment claims on statutes of limitations grounds. The Second Circuit also reversed certain aspects of the District Court's personal jurisdiction rulings and remanded with instructions to allow the named appellant to amend its complaint. The District Court subsequently granted in part Freddie Mac's motion for leave to amend its complaint, and Freddie Mac filed its third amended complaint in April 2019. Subsequently, the District Court held that Freddie Mac's fraud claims were not reinstated by the Second Circuit's February 2018 decision.

In December 2021, in a related case, the Second Circuit reversed the District Court's December 2016 ruling with respect to certain personal jurisdiction issues. While Freddie Mac was not a party to that appeal, this ruling may apply to Freddie Mac's claims.

In January 2022, in a related case, the Second Circuit reversed the District Court's dismissal of certain class plaintiffs' state law fraud claims on personal jurisdiction and statutes of limitations grounds. While Freddie Mac was not a party to that appeal, this ruling may apply to Freddie Mac's claims.

At present, Freddie Mac's only remaining causes of action are certain contract-based claims against Bank of America, N.A., Barclays Bank, Citibank, N.A., Credit Suisse, Deutsche Bank, Royal Bank of Scotland, and UBS AG.

## Litigation Concerning the Purchase Agreement

Since July 2013, a number of lawsuits have been filed against us concerning the August 2012 amendment to the Purchase Agreement, which created the net worth sweep dividend provisions of the senior preferred stock. The plaintiffs in the lawsuits allege that they are holders of common stock and/or junior preferred stock issued by Freddie Mac and Fannie Mae. (For purposes of this discussion, junior preferred stock refers to the various series of preferred stock of Freddie Mac and Fannie Mae other than the senior preferred stock issued to Treasury.) It is possible that similar lawsuits will be filed in the future. The lawsuits against us are described below.

## Litigation in the U.S. District Court for the District of Columbia

***In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations.*** This is a consolidated class action lawsuit filed by private individual and institutional investors (collectively, "Class Plaintiffs") against FHFA, Fannie Mae, and Freddie Mac.

***Fairholme Funds, Inc., et al. v. FHFA, et al.*** This is an individual plaintiffs' lawsuit filed by certain institutional investors ("Individual Plaintiffs") against FHFA and its Director, Treasury, Fannie Mae, and Freddie Mac.

Plaintiffs in each of the District of Columbia lawsuits filed an amended complaint on November 1, 2017 alleging claims for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duties, and violation of Delaware and Virginia corporate law. Additionally, the Class Plaintiffs brought derivative claims against FHFA for breach of fiduciary duties and the Individual Plaintiffs brought claims under the Administrative Procedure Act. Both sets of claims are generally based on allegations that the net worth sweep dividend provisions of the senior preferred stock that were implemented pursuant to the August 2012 amendments nullified certain of the shareholders' rights, including the rights to receive dividends and a liquidation preference. Class Plaintiffs and Individual Plaintiffs seek unspecified damages, equitable and injunctive relief, and costs and expenses, including attorneys' fees.

On January 10, 2018, FHFA and its Director, Fannie Mae, and Freddie Mac moved to dismiss the amended complaints. On September 28, 2018, the District Court dismissed all of the claims except those for breach of the implied covenant of good faith and fair dealing. On December 7, 2021, the District Court certified three classes in the *In Re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* based on share type, including a "Freddie Preferred Class" for holders of Freddie Mac junior preferred stock and a "Freddie Common Class" for holders of Freddie Mac common stock. To be included in one of these classes, shareholders must have held their shares as of December 7, 2021 or acquired their shares after December 7, 2021 and before any final judgment is entered or settlement is reached in the lawsuit. The parties filed motions for summary judgment on March 21, 2022 in both the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* and the *Fairholme Funds* lawsuit. Trial in both cases is currently scheduled to begin on July 11, 2022.

## Litigation in the U.S. Court of Federal Claims

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**Reid and Fisher vs. the United States of America and Federal Home Loan Mortgage Corporation.** This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac as a "nominal" defendant, on February 26, 2014. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation. The plaintiffs ask that Freddie Mac be awarded just compensation for the U.S. government's alleged taking of its property, attorneys' fees, costs, and other expenses. On March 8, 2018, the plaintiffs filed an amended complaint under seal, with a redacted copy filed on November 14, 2018. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. The Court denied the United States' motion to dismiss on May 8, 2020 and granted plaintiffs' motion to certify the decisions for interlocutory appeal on June 11, 2020. The Federal Circuit denied the petition for interlocutory appeal on August 21, 2020. These proceedings are stayed pending final resolution of the *Fairholme Funds* appeals discussed below.

**Fairholme Funds, Inc., et al. vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.** This case was originally filed on July 9, 2013 against the United States of America. On March 8, 2018, plaintiffs filed an amended complaint under seal. A redacted public version was filed on May 11, 2018 and adds Freddie Mac and Fannie Mae as nominal defendants. The amended complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking or exaction of private property for public use without just compensation, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiffs ask that plaintiffs, Freddie Mac, and Fannie Mae be awarded (1) just compensation for the government's alleged taking or exaction of their property, (2) damages for the government's breach of fiduciary duties, and (3) damages for the government's breach of the alleged implied-in-fact contracts. In addition, plaintiffs seek pre- and post-judgment interest, attorneys' fees, costs, and other expenses. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. On December 6, 2019, the Court dismissed the claims plaintiffs labeled as direct claims and denied defendant's motion to dismiss with respect to the claims plaintiffs labeled as derivative. Accordingly, derivative takings, exaction, breach of fiduciary duty, and breach of implied-in-fact contract claims remained. By order dated March 9, 2020, the Court granted unopposed motions by plaintiffs and defendant to certify the December 6 opinion for interlocutory review, modified its December 6 opinion to include the language necessary for an interlocutory appeal to the U.S. Court of Appeals for the Federal Circuit, and stayed further proceedings in the case pending the completion of the interlocutory appeal process. The Federal Circuit granted the petition for interlocutory appeal and, on February 22, 2022, held that all of the plaintiffs' claims should be dismissed.

**Perry Capital LLC vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation.** This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac and Fannie Mae as "nominal" defendants, on August 15, 2018. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation or an illegal exaction in violation of the Fifth Amendment, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiff asks that it, Freddie Mac, and Fannie Mae be awarded just compensation for the government's alleged taking of their property or damages for the illegal exaction; damages for the government's breach of fiduciary duties; and damages for the government's breach of the alleged implied-in-fact contracts. These proceedings are stayed pending final resolution of the *Fairholme Funds* appeals discussed in the paragraph immediately above.

At present, it is not possible for us to predict the probable outcome of the lawsuits discussed above in the U.S. District Courts and the U.S. Court of Federal Claims (including the resolution of any appeals) or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matters due to a number of factors, including the inherent uncertainty of pre-trial litigation. In addition, with respect to the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case, the plaintiffs have not demanded a stated amount of damages they believe are due.

## NOTE 15

### Regulatory Capital

#### ERCF

The GSE Act specifies certain capital requirements for us and authorizes FHFA to establish other capital requirements as well as to increase our minimum capital levels or to establish additional capital and reserve requirements for particular purposes. In October 2008, FHFA suspended capital classification of us during conservatorship, in light of the Purchase Agreement. In 1Q 2022, FHFA rescinded its prior instruction that we continue to provide quarterly submissions to FHFA on minimum capital.

FHFA has established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae. Our current capital levels are significantly below the levels that would be required under the ERCF. The ERCF has a transition period for compliance, and we are not required to comply with the regulatory capital requirements or the buffer requirements while in conservatorship. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a transition order, and the compliance date for buffer requirements in the ERCF will be the date of termination of our conservatorship. Pursuant to the final rule, we are required to comply with the regulatory capital reporting requirements under the ERCF in 2022, with our initial quarterly capital report due by May 30, 2022.

The ERCF establishes risk-based and leverage capital requirements and includes supplemental capital requirements relating to the amount and form of the capital we hold, based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework. The ERCF capital requirements contain both statutory capital elements (total capital and core capital) and regulatory capital elements (CET1 capital, Tier 1 capital, and adjusted total capital). The ERCF also includes a requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If we fall below the prescribed buffer amounts, we must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored.

#### ***Risk-Based Capital Requirements***

Under the ERCF risk-based capital requirements, we must maintain our CET1 capital, Tier 1 capital, and adjusted total capital ratios equal to at least 4.5%, 6%, and 8%, respectively, of risk-weighted assets. We must also maintain statutory total capital equal to at least 8% of risk-weighted assets. To avoid limits on capital distributions and discretionary bonus payments, we also must maintain CET1 capital that exceeds the risk-based capital requirements by at least the amount of the prescribed capital conservation buffer amount (PCCBA).

#### ***Leverage Capital Requirements***

Under the ERCF leverage capital requirements, we must maintain our Tier 1 capital ratio equal to at least 2.5% of adjusted total assets. We must also maintain our statutory core capital ratio equal to at least 2.5% of adjusted total assets. To avoid limits on capital distributions and discretionary bonus payments, we also must maintain our Tier 1 capital that exceeds the leverage capital requirements by at least the amount of the prescribed leverage buffer amount (PLBA).



**Capital Metrics**

The table below presents our capital metrics under the ERCF.

**Table 15.1 - ERCF Available Capital and Capital Requirements**

(In billions)		March 31, 2022	
Adjusted total assets		\$3,610	
Risk-weighted assets (standardized approach)		919	

(Dollars in billions)	March 31, 2022		
	Minimum Capital Requirement	Capital Requirement (Including Buffer <sup>(1)</sup> )	Available Capital (Deficit)
<b>Risk-based capital amounts:</b>			
Total capital (statutory) <sup>(2)</sup>	\$73	\$73	(\$36)
CET1 capital <sup>(3)</sup>	41	90	(61)
Tier 1 capital <sup>(3)</sup>	55	104	(47)
Adjusted total capital <sup>(3)</sup>	73	122	(47)
<b>Risk-based capital ratios<sup>(4)</sup>:</b>			
Total capital (statutory)	8.0 %	8.0 %	(3.9)%
CET1 capital	4.5	9.8	(6.6)
Tier 1 capital	6.0	11.3	(5.1)
Adjusted total capital	8.0	13.3	(5.1)
<b>Leverage capital amounts:</b>			
Core capital (statutory) <sup>(5)</sup>	\$90	\$90	(\$41)
Tier 1 capital <sup>(3)</sup>	90	101	(47)
<b>Leverage capital ratios<sup>(6)</sup>:</b>			
Core capital (statutory)	2.5 %	2.5 %	(1.1)%
Tier 1 capital	2.5	2.8	(1.3)

(1) PCCBA for risk-based capital and PLBA for leverage capital.

(2) Total capital is equal to core capital plus certain allowances for credit losses.

(3) Regulatory capital amounts exclude senior preferred stock, deferred tax assets arising from temporary differences that exceed 10% of CET1 capital, and certain other items.

(4) As a percentage of risk-weighted assets.

(5) Core capital excludes certain components of GAAP total equity (i.e., AOCI and senior preferred stock) as these items do not meet the statutory definition of core capital.

(6) As a percentage of adjusted total assets.

END OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES



# Other Information

## LEGAL PROCEEDINGS

We are involved as a party to a variety of legal proceedings. For more information, see **Note 14**.

In addition, a number of lawsuits have been filed against the U.S. government related to the conservatorship and the Purchase Agreement. Some of these cases also have challenged the constitutionality of the structure of FHFA. For information on these lawsuits, see the **Legal Proceedings** section in our 2021 Annual Report. Freddie Mac is not a party to any of these lawsuits.

## RISK FACTORS

This Form 10-Q should be read together with the **Risk Factors** section in our 2021 Annual Report, which describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties could, directly or indirectly, adversely affect our business, financial condition, results of operations, cash flows, strategies, and/or prospects.

## UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### Recent Sales of Unregistered Securities

The securities we issue are "exempted securities" under the Securities Act of 1933, as amended. As a result, we do not file registration statements with the SEC with respect to offerings of our securities.

Following our entry into conservatorship, we suspended the operation of, and ceased making grants under, equity compensation plans. Previously, we had provided equity compensation under those plans to employees and members of the Board of Directors. Under the Purchase Agreement, we cannot issue any new options, rights to purchase, participations, or other equity interests without Treasury's prior approval.

### Information About Certain Securities Issuances by Freddie Mac

We make available, free of charge through our website at [www.freddiemac.com](http://www.freddiemac.com), our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all other SEC reports and amendments to those reports as soon as reasonably practicable after we electronically file the material with the SEC. The SEC also maintains an internet site ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

We provide disclosure about our debt securities on our website at [www.freddiemac.com/debt](http://www.freddiemac.com/debt). From this address, investors can access the offering circular and related supplements for debt securities offerings under Freddie Mac's global debt facility, including pricing supplements for individual issuances of debt securities. Similar information about our STACR transactions and SCR debt notes is available at [crt.freddiemac.com](http://crt.freddiemac.com) and [mf.freddiemac.com/investors](http://mf.freddiemac.com/investors), respectively.

We provide disclosure about our mortgage-related securities, some of which are off-balance sheet obligations (e.g., K Certificates and SB Certificates), on our website at [www.freddiemac.com/mbs](http://www.freddiemac.com/mbs) and [mf.freddiemac.com/investors](http://mf.freddiemac.com/investors). From these addresses, investors can access information and documents, including offering circulars and offering circular supplements, for mortgage-related securities offerings.

We provide additional information, including product descriptions, investor presentations, securities issuance calendars, transactions volumes and details, redemption notices, Freddie Mac research, and material developments or other events that may be important to investors, in each case as applicable, on the websites for our business activities, which can be found at [sf.freddiemac.com](http://sf.freddiemac.com), [mf.freddiemac.com](http://mf.freddiemac.com), and [capitalmarkets.freddiemac.com/capital-markets](http://capitalmarkets.freddiemac.com/capital-markets).

We provide information on our ESG efforts on our website at [freddiemac.com/about/esg](http://freddiemac.com/about/esg).

## EXHIBITS

The exhibits are listed in the **Exhibit Index** of this Form 10-Q.

# Controls and Procedures

## EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management of the company, including the company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in implementing possible controls and procedures.

Management, including the company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2022. As a result of management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of March 31, 2022, at a reasonable level of assurance, because we have not been able to update our disclosure controls and procedures to provide reasonable assurance that information known by FHFA on an ongoing basis is communicated from FHFA to Freddie Mac's management in a manner that allows for timely decisions regarding our required disclosure under the federal securities laws. We consider this situation to be a material weakness in our internal control over financial reporting.

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DURING 1Q 2022

We evaluated the changes in our internal control over financial reporting that occurred during 1Q 2022 and concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## MITIGATING ACTIONS RELATED TO THE MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As described above under ***Evaluation of Disclosure Controls and Procedures***, we have one material weakness in internal control over financial reporting as of March 31, 2022 that we have not remediated.

Given the structural nature of this material weakness, we believe it is likely that we will not remediate it while we are under conservatorship. However, both we and FHFA have continued to engage in activities and employ procedures and practices intended to permit accumulation and communication to management of information needed to meet our disclosure obligations under the federal securities laws. These include the following:

- FHFA has established the Division of Conservatorship Oversight and Readiness, which is intended to facilitate operation of the company with the oversight of the Conservator.
- We provide drafts of our SEC filings to FHFA personnel for their review and comment prior to filing. We also provide drafts of certain external press releases and statements to FHFA personnel for their review and comment prior to release.
- FHFA personnel, including senior officials, review our SEC filings prior to filing, including this Form 10-Q, and engage in discussions with us regarding issues associated with the information contained in those filings. Prior to filing this Form 10-Q, FHFA provided us with a written acknowledgment that it had reviewed the Form 10-Q, was not aware of any material misstatements or omissions in the Form 10-Q, and had no objection to our filing the Form 10-Q.
- The Director of FHFA is in frequent communication with our Chief Executive Officer, typically meeting (in person or by phone) on at least a bi-weekly basis.
- FHFA representatives attend meetings frequently with various groups within the company to enhance the flow of information and to provide oversight on a variety of matters, including accounting, credit and capital markets management, external communications, and legal matters.
- Senior officials within FHFA's accounting group meet frequently with our senior financial executives regarding our accounting policies, practices, and procedures.

In view of our mitigating actions related to this material weakness, we believe that our condensed consolidated financial statements for 1Q 2022 have been prepared in conformity with GAAP.

# Exhibit Index

Exhibit	Description*
4.1	<a href="#">Federal Home Loan Mortgage Corporation Global Debt Facility Agreement, dated February 10, 2022</a>
10.1	<a href="#">Fourth Amended and Restated Limited Liability Company Agreement of Common Securitizations Solutions, LLC, dated as of January 21, 2021</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)</a>
31.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350</a>
32.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Label
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

\* The SEC file numbers for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K are 000-53330 and 001-34139.

# Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Federal Home Loan Mortgage Corporation

By: /s/ Michael J. DeVito

Michael J. DeVito  
Chief Executive Officer  
(Principal Executive Officer)

Date: April 28, 2022

By: /s/ Christian M. Lown

Christian M. Lown  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: April 28, 2022

# Form 10-Q Index

Item Number		Page(s)
<b>PART I</b>	<b>FINANCIAL INFORMATION</b>	
Item 1.	Financial Statements	<a href="#">47 - 93</a>
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	<a href="#">1 - 46</a>
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	<a href="#">34 - 36</a>
Item 4.	Controls and Procedures	<a href="#">95</a>
<b>PART II</b>	<b>OTHER INFORMATION</b>	
Item 1.	Legal Proceedings	<a href="#">94</a>
Item 1A.	Risk Factors	<a href="#">94</a>
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	<a href="#">94</a>
Item 6.	Exhibits	<a href="#">94</a>
Exhibit Index		<a href="#">96</a>
Signatures		<a href="#">97</a>

**FEDERAL HOME LOAN MORTGAGE CORPORATION**  
**GLOBAL DEBT FACILITY AGREEMENT**

**AGREEMENT**, dated as of February 10, 2022, among the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) and Holders of Debt Securities (each as hereinafter defined).

Whereas:

(a) Freddie Mac is a corporation duly organized and existing under and by virtue of the laws of the United States (Title III of the Emergency Home Finance Act of 1970, as amended (the “**Freddie Mac Act**”)) and has full corporate power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

(b) Pursuant to Section 306(a) of the Freddie Mac Act, Freddie Mac is authorized, upon such terms and conditions as it may prescribe, to borrow, to pay interest or other return, and to issue notes, bonds or other obligations or securities; and

(c) To provide funds to permit Freddie Mac to engage in activities consistent with its statutory purposes, Freddie Mac has established a Global Debt Facility (the “**Facility**”) and authorized the issuance, from time to time, pursuant to this Agreement, of unsecured general obligations of Freddie Mac or, if so provided in the applicable Supplemental Agreement (as hereinafter defined), secured obligations of Freddie Mac (“**Debt Securities**”).

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement (including, as to each issue of the Debt Securities, the applicable Supplemental Agreement) shall govern the Debt Securities and the rights and obligations of Freddie Mac and Holders with respect to the Debt Securities.

**ARTICLE I**

**Definitions**

Whenever used in this Agreement, the following words and phrases shall have the following meanings, unless the context otherwise requires.

*Additional Debt Securities:* Debt Securities issued by Freddie Mac with the same terms (other than Issue Date, interest commencement date and issue price) and conditions as Debt Securities for which settlement has previously occurred so as to form a single series of Debt Securities as specified in the applicable Supplemental Agreement.

*Agreement:* This Global Debt Facility Agreement dated as of February 10, 2022, as it may be amended or supplemented from time to time, and successors thereto pursuant to which Freddie Mac issues the Debt Securities.

*Amortizing Debt Securities:* Debt Securities on which Freddie Mac makes periodic payments of principal during the terms of such Debt Securities as described in the related Supplemental Agreement.

*Beneficial Owner:* The entity or individual that beneficially owns a Debt Security.

*Bonds:* Callable or non-callable, puttable or non-puttable Debt Securities with maturities of more than ten years.

*Book-Entry Rules:* FHFA regulations, 12 C.F.R. Part 1249, applicable to the Fed Book-Entry Debt Securities, and such procedures as to which Freddie Mac and the FRBNY may agree.

*Business Day:* (i) With respect to Fed Book-Entry Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which the FRBNY is closed, (d) as to any Holder of a Fed Book-Entry Debt Security, a day on which the Federal Reserve Bank that maintains the Holder's account is closed, or (e) a day on which Freddie Mac's offices are closed; and (ii) with respect to Registered Debt Securities, any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions are closed in (i) the City of New York, if the Specified Payment Currency is U.S. dollars or (2) the Principal Financial Center of the country of such Specified Payment Currency, if the Specified Payment Currency is other than U.S. dollars or euro, (d) if the Specified Payment Currency is euro, a day on which the TARGET2 system is not open for settlements, or a day on which payments in euro cannot be settled in the international interbank market as determined by the Global Agent, (e) for any required payment, a day on which banking institutions are closed in the place of payment, or (f) a day on which Freddie Mac's offices are closed.

*Calculation Agent:* Freddie Mac or a bank or broker-dealer designated by Freddie Mac in the applicable Supplemental Agreement as the entity responsible for determining the interest rate on a Variable Rate Debt Security.

*Calculation Date:* In each year, each of those days in the calendar year that are specified in the applicable Supplemental Agreement as being the scheduled Interest Payment Dates regardless, for this purpose, of whether any such date is in fact an Interest Payment Date and, for the avoidance of doubt, a "Calculation Date" may occur prior to the Issue Date or after the last Principal Payment Date.

*Cap:* A maximum interest rate at which interest may accrue on a Variable Rate Debt Security during any Interest Reset Period.

*Citibank — London:* Citibank, N.A., London branch, the Global Agent for Registered Debt Securities.

*Citigroup — Frankfurt:* Citigroup Global Markets Europe AG, the Registrar for Registered Debt Securities.

*Clearstream, Luxembourg:* Clearstream Banking, société anonyme, which holds securities for its participants and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants.

*CMT Determination Date:* The second New York Banking Day preceding the applicable Reset Date.

*CMT Rate:* The rate determined by the Calculation Agent in accordance with Section 2.07(i)(M).

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

*Common Depositary:* Citibank Europe plc will act as the common depositary for Euroclear, Clearstream, Luxembourg and/or any other applicable clearing system, which will hold Other Registered Debt Securities on behalf of Euroclear, Clearstream, Luxembourg and/or any such other applicable clearing system.

*Convertible Debt Securities:* An issue of Debt Securities that may be convertible to a new security, which may or may not be a debt security of Freddie Mac, as described in the related Supplemental Agreement.

*CUSIP Number:* A unique nine-character designation assigned to each Debt Security by the CUSIP Service Bureau and used to identify each issuance of Debt Securities on the records of the Federal Reserve Banks or DTC, as applicable.

*Dealers:* Firms that engage in the business of dealing or trading in debt securities as agents, brokers or principals.

*Debt Securities:* Unsecured subordinated or unsubordinated notes, bonds and other debt securities issued from time to time by Freddie Mac under the Facility, or if so provided in the applicable Supplemental Agreement, secured obligation issued from time to time by Freddie Mac under the Facility.

*Deleverage Factor:* A Multiplier of less than one by which an applicable Index is multiplied.

*Depository:* DTC or any successor.

*Deposits:* Deposits commencing on the applicable Reset Date.

*Determination Date:* The date as of which the rate of interest applicable to an Interest Reset Period is determined.

*Determination Period:* The period from, and including, one Calculation Date to, but excluding, the next Calculation Date.

*DTC:* The Depository Trust Company, a limited-purpose trust company, which holds securities for DTC participants and facilitates the clearance and settlement of transactions between DTC participants through electronic book-entry changes in accounts of DTC participants.

*DTC Registered Debt Securities:* Registered Debt Securities registered in the name of a nominee of DTC, which will clear and settle through the system operated by DTC.

*Euroclear:* Euroclear System, a depository that holds securities for its participants and clears and settles transactions between its participants through simultaneous electronic book-entry delivery against payment.

*Extendible Variable Rate Securities:* Variable Rate Debt Securities, the maturity of which may be extended at a Beneficial Owner's option effective as of certain specified dates, subject to a final maturity date, and that bear interest at variable rates subject to different Spreads for different specified periods.

*Facility:* The Global Debt Facility described in the Offering Circular dated February 10, 2022 under which Freddie Mac issues the Debt Securities.

*Fed Book-Entry Debt Securities:* U.S. dollar denominated Debt Securities issued and maintained in book-entry form on the Fed Book-Entry System.

*Fed Book-Entry System:* The book-entry system of the Federal Reserve Banks which provides book-entry holding and settlement for U.S. dollar denominated securities issued by the U.S. Government, certain of its agencies, instrumentalities, government-sponsored enterprises and international organizations of which the United States is a member.

*Federal Funds Rate (Daily):* The rate determined by the Calculation Agent in accordance with Section 2.07(i)(N).

*Federal Funds Rate (Daily) Determination Date:* The applicable Reset Date; provided, however, that if the Reset Date is not a Business Day, then the Federal Funds Rate (Daily) Determination Date means the Business Day immediately following the applicable Reset Date.

*Federal Reserve:* The Board of Governors of the Federal Reserve System.



*Federal Reserve Bank:* Each U.S. Federal Reserve Bank that maintains Debt Securities in book-entry form.

*Federal Reserve Banks:* Collectively, the Federal Reserve Banks.

*Fiscal Agency Agreement:* The Uniform Fiscal Agency Agreement between Freddie Mac and the FRBNY.

*Fiscal Agent:* The FRBNY is fiscal agent for Fed Book-Entry Debt Securities.

*Fixed Principal Repayment Amount:* An amount equal to 100% of the principal amount of a Debt Security, payable on the applicable Maturity Date or earlier date of redemption or repayment or a specified amount above or below such principal amount, as provided in the applicable Supplemental Agreement.

*Fixed Rate Debt Securities:* Debt Securities that bear interest at a single fixed rate.

*Fixed/Variable Rate Debt Securities:* Debt Securities that bear interest at a single fixed rate during one or more specified periods and at a variable rate determined by reference to one or more Indices, or otherwise, during one or more other periods. As to any such fixed rate period, the provisions of this Agreement relating to Fixed Rate Debt Securities shall apply, and, as to any such variable rate period, the provisions of this Agreement relating to Variable Rate Debt Securities shall apply.

*Floor:* A minimum interest rate at which interest may accrue on a Debt Security during any Interest Reset Period.

*Freddie Mac:* Federal Home Loan Mortgage Corporation, a government-sponsored enterprise chartered by Congress pursuant to the Freddie Mac Act.

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

*FRB:* The Board of Governors of the Federal Reserve System.

*FRBNY:* The Federal Reserve Bank of New York.

*FRBNY's Website:* The website of the FRBNY, currently at <http://www.newyorkfed.org>, or any successor source.

*Global Agency Agreement:* The agreement between Freddie Mac, the Global Agent and the Registrar.

*Global Agent:* The entity selected by Freddie Mac to act as its fiscal, transfer and paying agent for Registered Debt Securities.

*H.15:* The statistical release entitled "Statistical Release H.15, Selected Interest Rates" as published by the Federal Reserve, or any successor publication of the Federal Reserve available on its website at <http://www.federalreserve.gov/releases/h15> or any successor site.

*Holder:* In the case of Fed Book-Entry Debt Securities, the entity whose name appears on the book-entry records of a Federal Reserve Bank as Holder; in the case of Registered Debt Securities in global registered form, the depository, or its nominee, in whose name the Registered Debt Securities are registered on behalf of a related clearing system; and, in the case of Registered Debt Securities in definitive registered form, the person or entity in whose name such Debt Securities are registered in the Register.

*Holding Institutions:* Entities eligible to maintain book-entry accounts with a Federal Reserve Bank.

*Index:* SOFR, Prime Rate, Treasury Rate, CMT Rate, or Federal Funds Rate (Daily) or other specified interest rate, exchange rate or other index, as the case may be.

*Index Currency:* The currency or currency unit specified in the applicable Supplemental Agreement with respect to which an Index will be calculated for a Variable Rate Debt Security. If no such currency or currency unit is specified in the applicable Supplemental Agreement, the Index Currency will be U.S. dollars.

*Index Maturity:* The period with respect to which an Index will be calculated for a Variable Rate Debt Security that is specified in the applicable Supplemental Agreement.

*Interest Component:* Each future interest payment, or portion thereof, due on or prior to the Maturity Date, or if the Debt Security is subject to redemption or repayment prior to the Maturity Date, the first date on which such Debt Security is subject to redemption or repayment.

*Interest Payment Date:* The date or dates on which interest on Debt Securities will be payable in arrears.

*Interest Payment Period:* Unless otherwise provided in the applicable Supplemental Agreement, the period beginning on (and including) the Issue Date or the most recent Interest Payment Date, as the case may be, and ending on (but excluding) the earlier of the next Interest Payment Date or the Principal Payment Date.

*Interest Reset Period:* The period beginning on the applicable Reset Date and ending on the calendar day preceding the next Reset Date.

*Issue Date:* The date on which Freddie Mac wires an issue of Debt Securities to Holders or other date specified in the applicable Supplemental Agreement.

*Leverage Factor:* A Multiplier of greater than one by which an applicable Index is multiplied.

*London Banking Day:* Any day on which commercial banks are open for business (including dealings in foreign exchange and deposits in the Index Currency) in London.

*Maturity Date:* The date, one day or longer from the Issue Date, on which a Debt Security will mature unless extended, redeemed or repaid prior thereto.

*Mortgage Linked Amortizing Debt Securities:* Amortizing Debt Securities on which Freddie Mac makes periodic payments of principal based on the rate of payments on referenced mortgage or mortgage-related assets, as described in the related Supplemental Agreement.

*Multiplier:* A constant or variable number (which may be greater than or less than one) to be multiplied by the relevant Index for a Variable Rate Debt Security.

*Notes:* Callable or non-callable, puttable or non-puttable Debt Securities with maturities of more than one day.

*New York Banking Day:* Any day other than (a) a Saturday, (b) a Sunday, (c) a day on which banking institutions in the City of New York are required or permitted by law or executive order to close, or (d) a day on which the FRBNY is closed.

*Offering Circular:* The Freddie Mac Global Debt Facility Offering Circular dated February 10, 2022 (including any related Offering Circular Supplement) and successors thereto.

*OID Determination Date:* The last day of the last accrual period ending prior to the date of the meeting of Holders (or, for consents not at a meeting, prior to a date established by Freddie Mac). The accrual period

will be the same as the accrual period used by Freddie Mac to determine its deduction for accrued original issue discount under section 163 (e) of the Code.

*Other Registered Debt Securities:* Registered Debt Securities that are not DTC Registered Debt Securities, that are deposited with a Common Depositary and that will clear and settle through the systems operated by Euroclear, Clearstream, Luxembourg and/or any such other applicable clearing system other than DTC.

*Pricing Supplement:* A supplement to the Offering Circular that describes the specific terms of, and provides pricing information and other information for, an issue of Debt Securities or which otherwise amends, modifies or supplements the terms of the Offering Circular.

*Prime Rate:* The rate determined by the Calculation Agent in accordance with Section 2.07(i)(K).

*Prime Rate Determination Date:* The New York Banking Day preceding the applicable Reset Date.

*Principal Component:* The principal payment plus any interest payments that are either due after the date specified in, or are specified as ineligible for stripping in, the applicable Supplemental Agreement.

*Principal Financial Center:* (1) with respect to U.S. dollars, Sterling, Yen and Swiss francs, the City of New York, London, Tokyo and Zurich, respectively; or (2) with respect to any other Index Currency, the city specified in the related Pricing Supplement.

*Principal Payment Date:* The Maturity Date, or the earlier date of redemption or repayment, if any (whether such redemption or repayment is in whole or in part).

*Range Accrual Debt Securities:* Variable Rate Debt Securities on which no interest may accrue during periods when the applicable Index is outside a specified range as described in the related Supplemental Agreement.

*Record Date:* As to Registered Debt Securities issued in global form, the close of business on the Business Day immediately preceding such Interest Payment Date. As to Registered Debt Securities issued in definitive form, the fifteenth calendar day preceding an Interest Payment Date. Interest on a Registered Debt Security will be paid to the Holder of such Registered Debt Security as of the close of business on the Record Date.

*Reference Bonds:* U.S. dollar denominated non-callable and non-puttable Reference Securities with maturities of more than ten years.

*Reference Notes:* U.S. dollar denominated non-callable and non-puttable Reference Securities with maturities of more than one year.

*Reference Securities:* Scheduled U.S. dollar denominated issues of Debt Securities in large principal amounts, which may be either Reference Bonds or Reference Notes.

*Register:* A register of the Holders of Registered Debt Securities maintained by the Registrar.

*Registered Debt Securities:* Debt Securities issued and maintained in global registered or definitive registered form on the books and records of the Registrar.

*Registrar:* The entity selected by Freddie Mac to maintain the Register.

*Representative Amount:* A principal amount of not less than U.S. \$1,000,000 that, in the Calculation Agent's sole judgment, is representative for a single transaction in the relevant market at the relevant time.

*Reset Date:* The date on which a new rate of interest on a Debt Security becomes effective.

*Reuters:* Reuters Group PLC or any successor service.

*Reuters USAUCTION10 Page:* The display designated as “USAUCTION10” (or any successor page) provided by Reuters.

*Reuters USAUCTION11 Page:* The display designated as “USAUCTION11” (or any successor page) provided by Reuters.

*Reuters US PRIME1 Page:* The display designated as page “USPRIME1” (or any successor page) provided by Reuters

*Secured Overnight Financing Rate:* The secured overnight financing rate published by the FRBNY on the FRBNY’s Website.

*SOFR:* The rate determined by the Calculation Agent in accordance with Section 2.07(i)(H).

*Specified Currency:* The currency or currency unit in which a Debt Security may be denominated and in which payments of principal of and interest on a Debt Security may be made.

*Specified Interest Currency:* The Specified Currency provided for the payment of interest on Debt Securities.

*Specified Payment Currency:* The term to which the Specified Interest Currency and Specified Principal Currency are referred collectively.

*Specified Principal Currency:* The Specified Currency provided for the payment of principal on Debt Securities.

*Spread:* A constant or variable percentage or number to be added to or subtracted from the relevant Index for a Variable Rate Debt Security.

*Step Debt Securities:* Debt Securities that bear interest at different fixed rates during different specified periods.

*Sterling:* British pounds sterling.

*Supplemental Agreement:* An agreement which, as to the related issuance of Debt Securities, supplements the other provisions of this Agreement and identifies and establishes the particular offering of Debt Securities issued in respect thereof. A Supplemental Agreement may be documented by a supplement to this Agreement, a Pricing Supplement, a confirmation or a terms sheet. A Supplemental Agreement may, as to any particular issuance of Debt Securities, modify, amend or supplement the provisions of this Agreement in any respect whatsoever. A Supplemental Agreement shall be effective and binding as of its publication, whether or not executed by Freddie Mac.

*TARGET2:* The Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

*Treasury Auction:* The most recent auction of Treasury Bills prior to a given Reset Date.

*Treasury Bills:* Direct obligations of the United States.

*Treasury Department:* United States Department of the Treasury.

*Treasury Rate:* The rate determined by the Calculation Agent in accordance with Section 2.07(i)(L).

*Treasury Rate Determination Date:* The day of the week in which the Reset Date falls on which Treasury Bills would normally be auctioned or, if no auction is held for a particular week, the first Business Day of that week. Treasury Bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the following Tuesday, except that the auction may be held on the preceding Friday; provided, however, that if an auction is held on the Friday of the week preceding the Reset Date, the Treasury Rate Determination Date will be that preceding Friday; and provided, further, that if the Treasury Rate Determination Date would otherwise fall on the Reset Date, that Reset Date will be postponed to the next succeeding Business Day.

*U.S. Government Securities Business Day:* Any day except for (i) a Saturday, (ii) a Sunday, (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities, or (iv) a day on which the FRBNY is closed for business.

*Variable Principal Repayment Amount:* The principal amount determined by reference to one or more Indices or otherwise, payable on the applicable Maturity Date or date of redemption or repayment of a Debt Security, as specified in the applicable Supplemental Agreement.

*Variable Rate Debt Securities:* Debt Securities that bear interest at a variable rate, and reset periodically, determined by reference to one or more Indices or otherwise. The formula for a variable rate may include a Spread.

*Yen:* Japanese yen.

*Zero Coupon Debt Securities:* Debt Securities that do not bear interest and may be issued at a discount to their principal amount.

## **ARTICLE II**

### **Authorization; Certain Terms**

#### **Section 2.01. Authorization.**

Debt Securities shall be issued by Freddie Mac in accordance with the authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act. The indebtedness represented by the Debt Securities shall be unsecured general obligations of Freddie Mac, or, if so provided in the applicable Supplemental Agreement, secured obligations of Freddie Mac. Debt Securities shall be offered from time to time by Freddie Mac in an unlimited amount and shall be known by the designation given them, and have the Maturity Dates stated, in the applicable Supplemental Agreement. Freddie Mac, in its discretion and at any time, may offer Additional Debt Securities having the same terms and conditions as Debt Securities previously offered. The Debt Securities may be issued as Reference Securities, which includes Reference Notes and Reference Bonds, or may be issued as any other Debt Securities denominated in U.S. dollars or other currencies, with maturities of one day or longer and may be in the form of Notes or Bonds or otherwise. Issuances may consist of new issues of Debt Securities or reopenings of an existing issue of Debt Securities.

## **Section 2.02. Other Debt Securities Issued Hereunder.**

Freddie Mac may from time to time create and issue Debt Securities including Convertible Debt Securities hereunder which contain terms and conditions not specified in this Agreement. Such Debt Securities shall be governed by the applicable Supplemental Agreement and, to the extent that the terms of this Agreement are not inconsistent with Freddie Mac's intent in creating and issuing such Debt Securities, by the terms of this Agreement. Such Debt Securities shall be secured or unsecured obligations of Freddie Mac. If the Debt Securities are secured obligations of Freddie Mac, the provisions of Article V hereof shall apply to such Debt Securities.

## **Section 2.03. Specified Currencies and Specified Payment Currencies.**

(a) Each Debt Security shall be denominated and payable in such Specified Currency as determined by Freddie Mac. Fed Book-Entry Debt Securities will be denominated and payable in U.S. dollars only.

(b) Except under the circumstances provided in Article VI hereof, Freddie Mac shall make payments of any interest on Debt Securities in the Specified Interest Currency and shall make payments of the principal of Debt Securities in the Specified Principal Currency. The Specified Currency for the payment of interest and principal with respect to any Debt Security shall be set forth in the applicable Supplemental Agreement.

## **Section 2.04. Minimum Denominations.**

The Debt Securities shall be issued and maintained in the minimum denominations of U.S. \$1,000 and additional increments of U.S. \$1,000 for U.S. dollar denominated Debt Securities, unless otherwise provided in the applicable Supplemental Agreement and as may be allowed or required from time to time by the relevant regulatory authority or any laws or regulations applicable to the relevant Specified Currency. In the case of Zero Coupon Debt Securities, denominations will be expressed in terms of the principal amount payable on the Maturity Date.

## **Section 2.05. Maturity.**

(a) Each Debt Security shall mature on its Maturity Date, as provided in the applicable Supplemental Agreement, unless redeemed at the option of Freddie Mac or repaid at the option of the Holder prior thereto in accordance with the provisions described under Section 2.06. Debt Securities may be issued with minimum or maximum maturities allowed or required from time to time by the relevant regulatory or stock exchange authority or clearing systems or any laws or regulations applicable to the Specified Currency.

(b) If so provided in the applicable Supplemental Agreement, certain Debt Securities may have provision permitting their Beneficial Owner to elect to extend the initial Maturity Date specified in such Supplemental Agreement, or any later date to which the maturity of such Debt Securities has been extended, on specified dates. However, the maturity of such Debt Securities may not be extended beyond the final Maturity Date specified in the Supplemental Agreement.

(c) The principal amount payable on the Maturity Date of a Debt Security shall be a Fixed Principal Repayment Amount or a Variable Principal Repayment Amount, in each case as provided in the applicable Supplemental Agreement.

## **Section 2.06. Optional Redemption and Optional Repayment.**

(a) The Supplemental Agreement for any particular issue of Debt Securities shall provide whether such Debt Securities may be redeemed at Freddie Mac's option or repayable at the Holder's option, in whole or in part, prior to their Maturity Date. If so provided in the applicable Supplemental Agreement, an issue of Debt Securities shall be subject to redemption at the option of Freddie Mac, or repayable at the option of the Holders, in whole or in part, on one or more specified dates, at any time on or after a specified date, or during one or

more specified periods of time. The redemption or repayment price for such Debt Securities (or such part of such Debt Securities as is redeemed or repaid) shall be an amount provided in, or determined in a manner provided in, the applicable Supplemental Agreement, together with accrued and unpaid interest to the date fixed for redemption or repayment.

(b) Unless otherwise provided in the applicable Supplemental Agreement, notice of optional redemption shall be given to Holders of the related Debt Securities not less than 5 Business Days prior to the date of redemption in the manner provided in Section 7.07. The date that we provide such notice constitutes the first Business Day for purposes of this minimum notice period. Freddie Mac also announces its intent to redeem certain Debt Securities on the Freddie Mac website at [http://www.freddiemac.com/debt/html/redemption\\_release.html](http://www.freddiemac.com/debt/html/redemption_release.html).

(c) In the case of a partial redemption of an issue of Fed Book-Entry Debt Securities by Freddie Mac, such Fed Book-Entry Debt Securities shall be redeemed pro rata. In the case of a partial redemption of an issue of Registered Debt Securities by Freddie Mac, one or more of such Registered Debt Securities shall be reduced by the Global Agent in the amount of such redemption, subject to the principal amount of such Registered Debt Securities after redemption remaining in an authorized denomination. The effect of any partial redemption of an issue of Registered Debt Securities on the Beneficial Owners of such Registered Debt Securities will depend on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner owns its interest.

(d) If so provided in the applicable Supplemental Agreement, certain Debt Securities shall be repayable, in whole or in part, by Freddie Mac at the option of the relevant Holders thereof or otherwise, on one or more specified dates, at any time on or after a specified date, or during one or more specified periods of time, upon terms and procedures provided in the applicable Supplemental Agreement. Unless otherwise provided in the applicable Supplemental Agreement, in the case of a Registered Debt Security, to exercise such option, the Holder shall deposit with the Global Agent (i) such Registered Debt Security; and (ii) a duly completed notice of optional repayment in the form obtainable from the Global Agent, in each case not more than the number of days nor less than the number of days specified in the applicable Supplemental Agreement prior to the date fixed for repayment. Unless otherwise specified in the applicable Supplemental Agreement, no such Registered Debt Security (or notice of repayment) so deposited may be withdrawn without the prior consent of Freddie Mac or the Global Agent. Unless otherwise provided in the applicable Supplemental Agreement, in the case of a Fed Book-Entry Debt Security, if the Beneficial Owner wishes to exercise such option, then the Beneficial Owner shall give notice thereof to Freddie Mac through the relevant Holding Institution as provided in the applicable Supplemental Agreement.

(e) The principal amount payable upon redemption or repayment of a Debt Security shall be a Fixed Principal Repayment Amount or a Variable Principal Repayment Amount, in each case as provided in the applicable Supplemental Agreement.

#### **Section 2.07. Payment Terms of the Debt Securities.**

(a) Debt Securities shall bear interest at one or more fixed rates or variable rates or may not bear interest. If so provided in the applicable Supplemental Agreement, Debt Securities may be separated by a Holder into one or more Interest Components and Principal Components. The Offering Circular or the applicable Supplemental Agreement for such Debt Securities shall specify the procedure for stripping such Debt Securities into such Interest and Principal Components.

(b) The applicable Supplemental Agreement shall specify the frequency with which interest, if any, is payable on the related Debt Securities. Interest on Debt Securities shall be payable in arrears on the Interest Payment Dates specified in the applicable Supplemental Agreement and on each Principal Payment Date.

(c) Each issue of interest-bearing Debt Securities shall bear interest during each Interest Payment Period. No interest on the principal of any Debt Security will accrue on or after the Principal Payment Date on which such principal is repaid.

(d) The determination by the Calculation Agent of the interest rate on, or any Index in relation to, a Variable Rate Debt Security and the determination of any payment on any Debt Security (or any interim calculation in the determination of any such interest rate, index or payment) shall, absent manifest error, be final and binding on all parties. If a principal or interest payment error occurs, Freddie Mac may correct it by adjusting payments to be made on later Interest Payment Dates or Principal Payment Dates (as appropriate) or in any other manner Freddie Mac considers appropriate. If the source of an Index changes in format, but the Calculation Agent determines that the Index source continues to disclose the information necessary to determine the related interest rate substantially as required, the Calculation Agent will amend the procedure for obtaining information from that source to reflect the changed format. All Index values used to determine principal or interest payments are subject to correction within 30 days from the applicable payment. The source of a corrected value must be the same source from which the original value was obtained. A correction might result in an adjustment on a later date to the amount paid to the Holder.

(e) Payments on Debt Securities shall be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of a Specified Payment Currency other than U.S. dollars, to the nearest smallest transferable unit (with one-half cent or unit being rounded upwards).

(f) In the event that any jurisdiction imposes any withholding or other tax on any payment made by Freddie Mac (or our agent or any other person potentially required to withhold) with respect to a Debt Security, Freddie Mac (or our agent or such other person) will deduct the amount required to be withheld from such payment, and Freddie Mac (or our agent or such other person) will not be required to pay additional interest or other amounts, or redeem or repay the Debt Securities prior to the applicable Maturity Date, as a result.

(g) *Fixed Rate Debt Securities*

Fixed Rate Debt Securities shall bear interest at a single fixed interest rate. The applicable Supplemental Agreement shall specify the fixed interest rate per annum on a Fixed Rate Debt Security. Unless otherwise specified in the applicable Supplemental Agreement, interest on a Fixed Rate Debt Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(h) *Step Debt Securities*

Step Debt Securities shall bear interest from their Issue Date to a specified date at their initial fixed interest rate and from that date to their Maturity Date at one or more different fixed interest rates that shall be prescribed as of the Issue Date. A Step Debt Security will have one or more step periods. The applicable Supplemental Agreement shall specify the fixed interest rate per annum payable on Step Debt Securities for each related period from issuance to maturity. Unless otherwise specified in the applicable Supplemental Agreement, interest on a Step Debt Security shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

(i) *Variable Rate Debt Securities*

(A) Variable Rate Debt Securities shall bear interest at a variable rate determined on the basis of a direct or an inverse relationship to one or more specified Indices or otherwise, (x) plus or minus a Spread, if any, or (y) multiplied by one or more Leverage or Deleverage Factors, if any, as specified in the applicable Supplemental Agreement. Variable Rate Debt Securities also may bear interest in any other manner described in the applicable Supplemental Agreement.

(B) Variable Rate Debt Securities may have a Cap and/or a Floor.



(C) The applicable Supplemental Agreement shall specify the accrual method (i.e., the day count convention) for calculating interest or any relevant accrual factor on the related Variable Rate Debt Securities. The accrual method may incorporate one or more of the following defined terms:

**“Actual/360”** shall mean that interest or any other relevant accrual factor shall be calculated on the basis of the actual number of days elapsed in a year of 360 days.

**“Actual/365 (fixed)”** shall mean that interest or any other relevant accrual factor shall be calculated on the basis of the actual number of days elapsed in a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.

**“Actual/Actual”** shall mean, unless otherwise indicated in the applicable Supplemental Agreement, that interest or any other relevant accrual factor shall be calculated on the basis of (x) the actual number of days elapsed in the Interest Payment Period divided by 365, or (y) if any portion of the Interest Payment Period falls in a calendar leap year, (A) the actual number of days in that portion divided by 366 plus (B) the actual number of days in the remaining portion divided by 365. If so indicated in the applicable Supplemental Agreement, **“Actual/Actual”** shall mean interest or any other relevant accrual factor shall be calculated in accordance with the definition of **“Actual/Actual”** adopted by the International Securities Market Association (**“Actual/Actual (ISMA)”**), which means a calculation on the basis of the following:

- (1) where the number of days in the relevant Interest Payment Period is equal to or shorter than the Determination Period during which such Interest Payment Period ends, the number of days in such Interest Payment Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Interest Payment Dates that would occur in one calendar year; or
- (2) where the Interest Payment Period is longer than the Determination Period during which the Interest Payment Period ends, the sum of (A) the number of days in such Interest Payment Period falling in the Determination Period in which the Interest Payment Period begins divided by the product of (X) the number of days in such Determination Period and (Y) the number of Interest Payment Dates that would occur in one calendar year; and (B) the number of days in such Interest Payment Period falling in the next Determination Period divided by the product of (X) the number of days in such Determination Period and (Y) the number of Interest Payment Dates that would occur in one calendar year.

(D) The applicable Supplemental Agreement shall specify the frequency with which the rate of interest on the related Variable Rate Debt Securities shall reset. The applicable Supplemental Agreement also shall specify the Reset Date. If the interest rate will reset within an Interest Payment Period, then the interest rate in effect on the sixth Business Day preceding an Interest Payment Date will be the interest rate for the remainder of that Interest Payment Period and the first day of each Interest Payment Period also will be a Reset Date. Variable Rate Debt Securities may bear interest prior to the initial Reset Date at an initial interest rate, if any, specified in the applicable Supplemental Agreement. If so, then the first day of the first Interest Payment Period will not be a Reset Date. The rate of interest applicable to each Interest Reset Period shall be determined as provided below or in the applicable Supplemental Agreement.

Except for a Variable Rate Debt Security as to which the rate of interest thereon is determined by reference to SOFR, Prime Rate, Treasury Rate, CMT Rate, or Federal Funds Rate (Daily) or as otherwise set forth in the applicable Supplemental Agreement, the Determination Date for a Variable Rate Debt Security means the second Business Day preceding the Reset Date applicable to an Interest Reset Period.

(E) If the rate of interest on a Variable Rate Debt Security is subject to adjustment within an Interest Payment Period, accrued interest shall be calculated by multiplying the principal amount of such Variable Rate Debt Security by an accrued interest factor. Unless otherwise specified in the applicable Supplemental Agreement, this accrued interest factor shall be computed by adding the interest factor calculated for each Interest Reset Period in such Interest Payment Period and rounding the sum to nine decimal places. The interest factor for each such Interest Reset Period shall be computed by (1) multiplying the number of days in the Interest Reset Period by the interest rate (expressed as a decimal) applicable to such Interest Reset Period; and (2) dividing the product by the number of

days in the year referred to in the accrual method specified in the applicable Supplemental Agreement.

(F) For each issue of Variable Rate Debt Securities, the Calculation Agent shall also cause the interest rate for the applicable Interest Reset Period and the amount of interest accrued on the minimum denomination specified for such issue to be made available to Holders as soon as practicable after its determination but in no event later than two Business Days thereafter. Such interest amounts so made available may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Reset Period.

(G) If the applicable Supplemental Agreement specifies SOFR as the applicable Index for determining the rate of interest for the related Variable Rate Debt Security, the following provisions shall apply (unless otherwise specified in the applicable Supplemental Agreement):

“**SOFR**” means the Secured Overnight Financing Rate published by the FRBNY on the FRBNY’s Website. With respect to any U.S. Government Securities Business Day:

(1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the FRBNY’s Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the “SOFR Determination Time”);

(2) if the rate specified in (1) above does not so appear, the Secured Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the FRBNY’s Website;

“**Compounded SOFR**” means the rate of return of a daily compound interest investment computed in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards to 0.00001):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where, for purposes of applying the above formula:

“**d<sub>0</sub>**,” for any Observation Period, is the number of U.S. Government Securities Business Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Observation Period;

“**SOFR<sub>i</sub>**,” for any U.S. Government Securities Business Day “i” in the relevant Observation Period, is equal to SOFR in respect of that day “i”;

“**n<sub>i</sub>**,” for any U.S. Government Securities Business Day “i” in the relevant Observation Period, is the number of calendar days from, and including, such U.S. Government Securities Business Day “i” to, but excluding, the following U.S. Government Securities Business Day (“i+1”); and

“**d**” is the number of calendar days in the relevant Observation Period.

The following definitions solely apply to the preceding description of SOFR and Compounded SOFR:

“**FRBNY’s Website**” means the website of the FRBNY, currently at <http://www.newyorkfed.org>, or any successor source.

“**Observation Period**” means, in respect of each Interest Period, the period from, and including, the date two U.S. Government Securities Business Days preceding the first date in such Interest Period to, but excluding, the date two U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period.

“**U.S. Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

#### ***Effect of Benchmark Transition Event — SOFR***

Benchmark Replacement. Notwithstanding the foregoing, if Freddie Mac determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the notes in respect of all determinations on such date and for all determinations on all subsequent dates.

Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, Freddie Mac will have the right to make Benchmark Replacement Conforming Changes from time to time.

Decisions and Determinations. Any determination, decision or election that may be made by Freddie Mac pursuant to this Section titled “Effect of Benchmark Transition Event — SOFR,” including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in Freddie Mac’s sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Debt Securities, shall become effective without consent from any other party.

Certain Defined Terms. As used in this Section titled “Effect of Benchmark Transition Event — SOFR,” and solely for purposes of this section:

“**Benchmark**” means, initially, SOFR, as such term is defined in Section titled “SOFR”; provided that if Freddie Mac determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

**“Benchmark Replacement”** means the first alternative set forth in the order below that can be determined by Freddie Mac as of the Benchmark Replacement Date.

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by Freddie Mac as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by Freddie Mac as of the Benchmark Replacement Date:

- (1) the spread adjustment (which may be a positive or negative value or zero), or method for calculating or determining such spread adjustment, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by Freddie Mac giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar- denominated floating rate notes at such time.

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that Freddie Mac decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if Freddie Mac decides that adoption of any portion of such market practice is not administratively feasible or if Freddie Mac determines that no market practice for use of the Benchmark Replacement exists, in such other manner as Freddie Mac determines is reasonably necessary).

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

**“Benchmark Transition Event”** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

**“ISDA Definitions”** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

**“ISDA Fallback Adjustment”** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

**“ISDA Fallback Rate”** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**“Reference Time”** with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR, the SOFR Determination Time, and (2) if the Benchmark is not Compounded SOFR, the time determined by Freddie Mac after giving effect to the Benchmark Replacement Conforming Changes.

**“Relevant Governmental Body”** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**“Unadjusted Benchmark Replacement”** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(H) If the applicable Supplemental Agreement specifies the Prime Rate as the applicable Index for determining the rate of interest for the related Variable Rate Debt Securities, the following provisions shall apply:

The **“Prime Rate”** means, with respect to any Reset Date (in the following order of priority):

- (1) the rate for the Prime Rate Determination Date, as published in H.15 or other recognized electronic source used for the purpose of displaying that rate opposite the caption “Bank prime loan”;
- (2) if the rate is not published in H.15 by 5:00 p.m., New York City time, on the Reset Date, then the Prime Rate will be the arithmetic mean, determined by the Calculation Agent, of the rates (after eliminating certain rates, as described below in this clause (2)) that appear, at 11:00 a.m., New York City time, on the Prime Rate Determination Date, on Reuters USPRIME1 Page as the U.S. dollar prime rate or base lending rate of each bank appearing on that page; provided, that at least three rates appear. In determining the arithmetic mean:
- (i) if 20 or more rates appear, the highest five rates (or in the event of equality, five of the highest) and the lowest five rates (or in the event of equality, five of the lowest) will be eliminated,
  - (ii) if fewer than 20 but 10 or more rates appear, the highest two rates (or in the event of equality, two of the highest) and the lowest two rates (or in the event of equality, two of the lowest) will be eliminated, or
  - (iii) if fewer than 10 but five or more rates appear, the highest rate (or in the event of equality, one of the highest) and the lowest rate (or in the event of equality, one of the lowest) will be eliminated;
- (3) if fewer than three rates so appear on Reuters USPRIME1 Page pursuant to clause (2) above, then the Calculation Agent will request five major banks in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide a quotation of such banks’ U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. If at least three quotations are provided, then the Prime Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or in the event of equality, one of the lowest));
- (4) if fewer than three quotations are so provided pursuant to clause (3) above, the Calculation Agent will request five banks or trust companies organized and doing business under the laws of the United States or any state, each having total equity capital of at least U.S. \$500,000,000 and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent), to provide a quotation of such banks’ or trust companies’ U.S. dollar prime rates or base lending rates on the basis of the actual number of days in the year divided by 360 as of the close of business on the Prime Rate Determination Date. In making such selection of
- five banks or trust companies, the Calculation Agent will include each bank, if any, that provided a quotation as requested in clause (3) above and exclude each bank that failed to provide a quotation as requested in clause (3). If at least three quotations are provided, then the Prime Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained; and
- (5) if fewer than three quotations are so provided pursuant to clause (4) above, then the Prime Rate will be the Prime Rate determined for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the Prime Rate will be the rate calculated pursuant to clause (1) for the most recent New York Banking Day preceding the Reset Date for which such rate was published in H.15.

(I) If the applicable Supplemental Agreement specifies the Treasury Rate as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The “**Treasury Rate**” means, with respect to any Reset Date (in the following order of priority):

- (1) the rate for the Treasury Rate Determination Date of Treasury Bills having the Index Maturity, as published in H.15, or other recognized electronic source used for the purpose of displaying that rate under the caption “U.S. government securities/Treasury bills (secondary market)”;
- (2) if the rate described in clause (1) above is not so published by 3:00 p.m., New York City time, on the Reset Date, then the rate from Treasury Auction of Treasury Bills having the Index Maturity, as that rate appears under the caption “INVEST RATE” on the display on Reuters USAUCTION10 Page or Reuters USAUCTION11 Page;
- (3) if the rate described in clause (2) above is not published by 5:00 p.m., New York City time, on the Reset Date, then the auction average rate for Treasury Bills having the Index Maturity obtained from the applicable Treasury Auction as announced by the Treasury Department in the form of a press release under the heading “Investment Rate” by 5:00 p.m. on such Reset Date;
- (4) if the rate described in clause (3) above is not so announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date, then auction average rate obtained from the Treasury Auction of the applicable Treasury Bills, as otherwise announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date as determined by the Calculation Agent;
- (5) if such rate described in clause (4) is not so announced by the Treasury Department by 5:00 p.m., New York City time, on the Reset Date, the Calculation Agent will request five leading primary United States government securities dealers in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) to provide a quotation of such dealers’ secondary market bid yields, as of 3:00 p.m. on the Reset Date, for Treasury Bills with a remaining maturity closest to the Index Maturity (or, in the event that the remaining maturities are equally close, the longer remaining maturity). If at least three quotations are provided, then the Treasury Rate will be the arithmetic mean determined by the Calculation Agent of the quotations obtained; and
- (6) if fewer than three quotations are so provided pursuant to clause (5) above, then the Treasury Rate for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the Treasury Rate will be the auction average rate for Treasury Bills having the Index Maturity from the most recent auction of Treasury Bills prior to the Reset Date for which such rate was announced by the Treasury Department in the form of a press release under the heading “Investment Rate.”

The rate (including the auction average rate) for Treasury Bills and the secondary market bid yield for Treasury Bills will be obtained and expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable (or, if not so expressed, will be converted by the Calculation Agent to such a bond equivalent yield).

(J) If the applicable Supplemental Agreement specifies the CMT Rate as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The “**CMT Rate**” means, with respect to any Reset Date (in the following order of priority):

- (1) for any CMT Determination Date, the daily rate for the Index Maturity that appears on page “FRBCMT” on Reuters (or any other page that replaces the FRBCMT page on that service or any

successor service) under the heading “...Treasury Constant Maturities. Federal Reserve Board Release H.15...Mondays Approximately 3:45 p.m.”;

(2) if the applicable rate described in clause (1) is not displayed on Reuters page FRBCMT at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the Treasury constant maturity rate for the Index Maturity applicable for the CMT Determination Date as published in H.15;

(3) if the CMT Rate is not determined pursuant to clause (1) and the applicable rate described in clause (2) does not appear in H.15 at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the Treasury constant maturity rate, or other U.S. Treasury rate, applicable to an Index Maturity with reference to the CMT Determination Date, that:

(i) is published by the Federal Reserve or the Treasury Department; and

(ii) Freddie Mac has determined to be comparable to the applicable rate formerly displayed on the FRBCMT page on Reuters and published in H.15;

(4) if the CMT Rate is not determined pursuant to clause (1) or (2) and the rate described in clause (3) above does not appear at 3:45 p.m., New York City time, on the CMT Determination Date, then the CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for U.S. Treasury securities with an original maturity of approximately the Index Maturity and a remaining term to maturity of no more than one year shorter than the Index Maturity, and in a Representative Amount, as of approximately 3:45 p.m., New York City time, on the CMT Determination Date, as quoted by three primary U.S. government securities dealers in New York City that Freddie Mac selects. In selecting these offered rates, Freddie Mac will request quotations from five primary dealers and will disregard the highest quotation or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest. If two U.S. Treasury securities with an original maturity longer than the Index Maturity have remaining terms to maturity that are equally close to the Index Maturity, Freddie Mac will obtain quotations for the U.S. Treasury security with the shorter remaining term to maturity;

(5) if the CMT Rate is not determined pursuant to clause (1), (2) or (3) and fewer than five but more than two primary dealers are quoting offered rates as described in clause (4), then the CMT Rate for the CMT Determination Date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded;

(6) if the CMT Rate is not determined pursuant to clause (1), (2), (3) or (4) and two or fewer primary dealers are quoting offered rates as described in clause (5), then the CMT Rate will be the yield to maturity of the arithmetic mean of the secondary market offered rates for U.S. Treasury securities having an original maturity longer than the Index Maturity and a remaining term to maturity closest to the Index Maturity, and in a Representative Amount, as of approximately 3:45 p.m., New York City time, on the CMT Determination Date, as quoted by three primary U.S. government securities dealers in New York City that Freddie Mac selects. In selecting these offered rates, Freddie Mac will request quotations from five primary dealers and will disregard the highest quotation, or, if there is equality, one of the highest and the lowest quotation or, if there is equality, one of the lowest;

(7) if the CMT Rate is not determined pursuant to clauses (1) through (6) above and fewer than five but more than two primary dealers are quoting offered rates as described in clause (6), then the CMT Rate for the CMT Determination date will be based on the arithmetic mean of the offered rates so obtained, and neither the highest nor the lowest of those quotations will be disregarded;



(8) if the Calculation Agent obtains fewer than three quotations of the kind described in clause (6), the CMT Rate in effect for the new Interest Reset Period will be the CMT Rate in effect for the prior Interest Reset Period, or if the applicable Reset Date is the first Reset Date, the rate of interest payable for the new Interest Reset Period will be the initial interest rate; and

(9) if the CMT Rate in its present form ceases to exist and the provisions described in this Agreement for determining a fallback rate are found to be unreliable or result in a fallback rate that is not comparable to the CMT Rate, Freddie Mac, as the Calculation Agent, is authorized to designate an alternative determination method or index to the CMT Rate. If, prior to the time the CMT Rate may cease to exist, a new industry standard index is adopted, the Calculation Agent may elect, in its sole discretion, to use such standard index in lieu of the CMT Rate. If the Calculation Agent has designated an alternative determination method or index to the CMT Rate in accordance with the foregoing, the Calculation Agent in its sole discretion may determine the business day convention, the definition of business day and the interest determination date to be used and any other relevant methodology, including any adjustment factor needed to make such alternative determination method or index comparable to the CMT Rate base rate, in a manner that is consistent with industry-accepted practices. The Calculation Agent's designation of an alternative determination method or index as described herein will be final and binding on all parties.

(K) If the applicable Supplemental Agreement specifies the Federal Funds Rate (Daily) as the applicable Index for determining the rate of interest for the related Variable Rate, the following provisions shall apply:

The **"Federal Funds Rate (Daily)"** means, with respect to any Reset Date:

(1) the rate for the Business Day preceding the Federal Funds Rate (Daily) Determination Date for U.S. dollar federal funds, as published in the latest H.15 or other recognized electronic source used for the purpose of displaying that rate opposite the caption "Federal funds (effective)";

(2) if the rate specified in clause (1) is not published by 5:00 p.m., New York City time, on the Federal Funds Rate Determination Date, then the Calculation Agent will request five leading brokers (which may include the related Dealers or their affiliates) of federal funds transactions in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) each to provide a quotation of the broker's effective rate for transactions in overnight federal funds arranged by the broker settling on the Business Day preceding the Federal Funds Rate (Daily) Determination Date. If at least two quotations are provided, then the Federal Funds Rate (Daily) will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest));

(3) if fewer than two quotations are so provided pursuant to clause (2) above, then the Calculation Agent will request five leading brokers (which may include the related Dealers or their affiliates) of federal funds transactions in the City of New York selected by the Calculation Agent (after consultation with Freddie Mac, if Freddie Mac is not then acting as Calculation Agent) each to provide a quotation of the broker's rates for the last transaction in overnight federal funds arranged by the broker as of 11:00 a.m., New York City time, on the Business Day preceding the Federal Funds Rate (Daily) Determination Date. If at least two quotations are provided, then the Federal Funds Rate (Daily) will be the arithmetic mean determined by the Calculation Agent of the quotations obtained (and, if five quotations are provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)); and

(4) if fewer than two quotations are so provided pursuant to clause (3) above, then the Federal Funds Rate (Daily) as of such Federal Funds Rate (Daily) Determination Date will be the Federal Funds Rate (Daily) determined for the immediately preceding Reset Date. If the applicable Reset Date is the first Reset Date, then the rate of interest payable for the new Interest Rate Period will be the initial interest rate.

(j) *Fixed/Variable Rate Debt Securities*

Fixed/Variable Rate Debt Securities shall bear interest at a single fixed rate for one or more specified periods and at a rate determined by reference to one or more Indices, or otherwise, for one or more other specified periods. Fixed/Variable Rate Debt Securities also may bear interest at a rate that Freddie Mac may elect to convert from a fixed rate to a variable rate or from a variable rate to a fixed rate, if so provided in the applicable Supplemental Agreement.

If Freddie Mac may convert the interest rate on a Fixed/Variable Rate Debt Security from a fixed rate to a variable rate, or from a variable rate to a fixed rate, accrued interest for each Interest Payment Period may be calculated using an accrued interest factor in the manner described in Section 2.07(i)(E).

(k) *Zero Coupon Debt Securities*

Zero Coupon Debt Securities shall not bear interest.

(l) *Amortizing Debt Securities*

Amortizing Debt Securities are those on which Freddie Mac makes periodic payments of principal during the terms of such Debt Securities as described in the related Supplemental Agreement. Amortizing Debt Securities may bear interest at fixed or variable rates.

(m) *Debt Securities with Variable Principal Repayment Amounts*

Variable Principal Repayment Amount Debt Securities are those on which the amount of principal payable is determined with reference to an Index specified in the related Supplemental Agreement.

(n) *Mortgage Linked Amortizing Debt Securities*

Mortgage Linked Amortizing Debt Securities are Amortizing Debt Securities on which Freddie Mac makes periodic payments of principal based on the rate of payments on referenced mortgage or mortgage-related assets, as described in the related Supplemental Agreement. Mortgage Linked Amortizing Debt Securities may bear interest at fixed or variable rates.

(o) *Range Accrual Debt Securities*

Range Accrual Debt Securities are Variable Rate Debt Securities on which no interest may accrue during periods when the applicable Index is outside a specified range as described in the related Supplemental Agreement.

(p) *Extendible Variable Rate Debt Securities*

Extendible Variable Rate Debt Securities' are Variable Rate Debt Securities, the maturity of which may be extended at a Beneficial Owner's option effective as of specified dates, subject to a final maturity date, and that bear interest at variable rates subject to different Spreads for different specified periods, as described in the related Supplemental Agreement.

### **Section 2.08. Business Day Convention.**

Unless otherwise specified in the applicable Supplemental Agreement, in any case in which an Interest Payment Date or Principal Payment Date is not a Business Day, payment of any interest on or the principal of the Debt Securities shall not be made on such date but shall be made on the next Business Day with the same force and effect as if made on such Interest Payment Date or Principal Payment Date, as the case may be. Unless otherwise provided in the applicable Supplemental Agreement, no interest on such payment shall accrue for the period from and after such Interest Payment Date or Principal Payment Date, as the case may be, to the actual date of such payment.

### **Section 2.09. Reopened Issues and Repurchases.**

Freddie Mac reserves the right, in its discretion and at any time, to offer additional Debt Securities which have the same terms (other than Issue Date, interest commencement date and issue price) and conditions as Debt Securities for which settlement has previously occurred or been scheduled so as to form a single series of Debt Securities as specified in the applicable Supplemental Agreement.

Freddie Mac reserves the right, in its discretion and at any time, to purchase Debt Securities or otherwise acquire (either for cash or in exchange for securities) some or all of an issue of Debt Securities at any price or prices in the open market or otherwise. Such Debt Securities may be held, resold or canceled by Freddie Mac.

### **Section 2.10. No Acceleration Rights**

The Debt Securities shall not contain any provision permitting the Holders to accelerate the maturity of the Debt Securities upon the occurrence of a default or other event.

## **ARTICLE III**

### **Form; Clearance and Settlement Procedures**

#### **Section 3.01. Form of Fed Book-Entry Debt Securities.**

##### *(a) General*

Fed Book-Entry Debt Securities shall be issued and maintained only on the Fed Book-Entry System. Fed Book-Entry Debt Securities shall not be exchangeable for definitive Debt Securities. The Book-Entry Rules are applicable to Fed Book-Entry Debt Securities.

##### *(b) Title*

Fed Book-Entry Debt Securities shall be held of record only by Holding Institutions. Such entities whose names appear on the book-entry records of a Federal Reserve Bank as the entities to whose accounts Fed Book-Entry Debt Securities have been deposited shall be the Holders of such Fed Book-Entry Debt Securities. The rights of the Beneficial Owner of a Fed Book-Entry Debt Security with respect to Freddie Mac and the Federal Reserve Banks may be exercised only through the Holder of the Fed Book-Entry Debt Security. Freddie Mac and the Federal Reserve Banks shall have no direct obligation to a Beneficial Owner of a Fed Book-Entry Debt Security that is not also the Holder of the Fed Book-Entry Debt Security. The Federal Reserve Banks shall act only upon the instructions of the Holder in recording transfers of a Debt Security maintained on the Fed Book-Entry System. Freddie Mac and the Federal Reserve Banks may treat the Holders as the absolute owners of Fed Book-Entry Debt Securities for the purpose of making payments in respect thereof and for all other purposes, whether or not such Fed Book-Entry Debt Securities shall be overdue and notwithstanding any notice to the contrary.

The Holders and each other financial intermediary holding such Fed Book-Entry Debt Securities directly or indirectly on behalf of the Beneficial Owners shall have the responsibility of remitting payments for the accounts of their customers. All payments on Fed Book-Entry Debt Securities shall be subject to any applicable law or regulation.

(c) *Fiscal Agent*

The FRBNY shall be the Fiscal Agent for Fed Book-Entry Debt Securities.

In acting under the Fiscal Agency Agreement, the FRBNY shall act solely as Fiscal Agent of Freddie Mac and does not assume any obligation or relationship of agency or trust for or with any Holder of a Fed Book-Entry Debt Security.

**Section 3.02. Form of Registered Debt Securities.**

(a) *General*

As specified in the applicable Supplemental Agreement, Registered Debt Securities shall be deposited with (i) a custodian for, and registered in the name of a nominee of, DTC, or (ii) a Common Depositary, and registered in the name of such Common Depositary or a nominee of such Common Depositary.

(b) *Title*

The person in whose name a Registered Debt Security is registered in the Register shall be the Holder of such Registered Debt Security. Beneficial interests in a Registered Debt Security shall be represented, and transfers thereof shall be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Registered Debt Security, as a direct or indirect participant in the applicable clearing system for such Registered Debt Security.

Freddie Mac, the Global Agent and the Registrar may treat the Holders as the absolute owners of Registered Debt Securities for the purpose of making payments and for all other purposes, whether or not such Registered Debt Securities shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Registered Debt Security shall not be considered by Freddie Mac, the Global Agent or the Registrar as the owner or Holder of such Registered Debt Security and, except as provided in Section 4.02(a), shall not be entitled to have Debt Securities registered in their names and shall not receive or be entitled to receive definitive Debt Securities. Any Beneficial Owner shall rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Registered Debt Securities.

Payments by DTC participants to Beneficial Owners of DTC Registered Debt Securities held through DTC participants shall be the responsibility of such participants. Payments with respect to Other Registered Debt Securities held through Euroclear, Clearstream, Luxembourg or any other applicable clearing system shall be credited to Euroclear participants, Clearstream, Luxembourg participants or participants of any other applicable clearing system in accordance with the relevant system's rules and procedures.

(c) *Global Agent*

In acting under the Global Agency Agreement, the Global Agent acts solely as a fiscal agent of Freddie Mac and does not assume any obligation or relationship of agency or trust for or with any Holder of a Registered Debt Security, except that any moneys held by the Global Agent for payment on a Registered Debt Security shall be held in trust for the Holder as provided in the Global Agency Agreement.

(d) *Registrar*

In acting under the Global Agency Agreement, the Registrar does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Registered Debt Security.

**Section 3.03. Clearance and Settlement Procedures.**

(a) *General*

Unless otherwise provided in the applicable Supplemental Agreement:

(i) Most Debt Securities denominated and payable in U.S. dollars and distributed within the United States shall clear and settle through the Fed Book-Entry System.

(ii) Most Debt Securities denominated and payable in U.S. dollars and distributed simultaneously within and outside of the United States, including all Reference Securities, shall clear and settle, within the United States, through the Fed Book-Entry System and, outside of the United States, through the systems operated by Euroclear, Clearstream, Luxembourg and/or any other designated clearing system.

(iii) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clause (i) and (ii) above and distributed solely within the United States will clear and settle through the system operated by DTC.

(iv) Debt Securities denominated or payable in a Specified Currency other than U.S. dollars (and Debt Securities denominated and payable in U.S. dollars that are not cleared and settled in accordance with clauses (i) and (ii) above) and distributed simultaneously within and outside of the United States shall clear and settle through the systems operated by DTC, Euroclear, Clearstream, Luxembourg and/or any other designated clearing system.

(v) Debt Securities, irrespective of the Specified Currency in which such Debt Securities are denominated or payable, distributed solely outside of the United States shall clear and settle through the systems operated by Euroclear, Clearstream, Luxembourg and/or any other designated clearing system or, in certain cases, DTC.

(b) *Primary Distribution*

(i) *General.* On initial issue, Debt Securities shall be credited through one or more of the systems specified below or any other system specified in the applicable Supplemental Agreement.

(ii) *Federal Reserve Banks.* Fed Book-Entry Debt Securities shall be issued and settled through the Fed-Book-Entry System in same-day funds and shall be held by designated Holding Institutions. After initial issue, all Fed Book-Entry Debt Securities shall continue to be held by such Holding Institutions in the Fed Book-Entry System unless arrangements are made for the transfer thereof to another Holding Institution. Fed Book-Entry Debt Securities shall not be exchangeable for definitive Debt Securities.

(iii) *DTC.* DTC participants acting on behalf of investors holding DTC Registered Debt Securities through DTC shall follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement System. DTC Registered Debt Securities shall be credited to DTC participants' securities accounts following confirmation of receipt of payment to Freddie Mac on the relevant Issue Date.

(iv) *Euroclear and Clearstream, Luxembourg.* Investors holding Other Registered Debt Securities through Euroclear, Clearstream, Luxembourg or such other clearing system shall follow the settlement

procedures applicable to conventional Eurobonds in registered form. Such Other Registered Debt Securities shall be credited to Euroclear, Clearstream, Luxembourg or such other clearing system participants' securities accounts either on the relevant Issue Date or on the settlement day following the relevant Issue Date against payment in same-day funds (for value on the relevant Issue Date).

(c) *Secondary Market Transfers*

(i) *Fed Book-Entry Debt Securities.* Transfers of Fed Book-Entry Debt Securities shall take place only in book-entry form on the Fed Book-Entry System. Such transfers shall occur between Holding Institutions in accordance with the rules of the Fed Book-Entry System.

(ii) *Registered Debt Securities.* Transfers of beneficial interests in Registered Debt Securities within the various systems that may be clearing and settling interests therein shall be made in accordance with the usual rules and operating procedures of the relevant system applicable to the Registered Debt Securities and the nature of the transfer.

(iii) Freddie Mac shall not bear responsibility for the performance by any system or the performance of the system's respective direct or indirect participants or accountholders of the respective obligations of such participants or account holders under the rules and procedures governing such system's operations.

## **ARTICLE IV**

### **Payments, Exchange for Definitive Debt Securities**

#### **Section 4.01. Payments.**

(a) *Payments on Fed Book-Entry Debt Securities*

Payments of principal of and any interest on Fed Book-Entry Debt Securities shall be made in U.S. dollars (except as otherwise provided in the applicable Supplemental Agreement) on the applicable payment dates to Holders thereof as of the end of the Business Day preceding each such payment date. Payments on Fed Book-Entry Debt Securities shall be made by credit of the payment amount to the Holders' accounts at the relevant Federal Reserve Bank. All payments to or upon the order of a Holder shall be valid and effective to discharge the liability of Freddie Mac and the Fiscal Agent in respect of the related Fed Book-Entry Debt Securities.

(b) *Payments on Registered Debt Securities*

(i) Payments in respect of Registered Debt Securities shall be made in immediately available funds to DTC, Euroclear, Clearstream, Luxembourg or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Except as provided in Article VII hereof, such payments shall be made in the Specified Payment Currency. All payments to or upon the order of the Holder of a Registered Debt Security shall be valid and effective to discharge the liability of Freddie Mac in respect of such Registered Debt Security. Ownership positions within each system shall be determined in accordance with the normal conventions observed by such system. Freddie Mac, the Global Agent and the Registrar shall not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Registered Debt Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(ii) Interest on a Registered Debt Security shall be paid on the applicable Interest Payment Date. Such interest payment shall be made to the Holder of such Registered Debt Security as of the close of business on the related Record Date. The first payment of interest on any Registered Debt Security originally issued between a Record Date and the related Interest Payment Date shall be made on the Interest Payment Date following the next Record Date to the Holder on such next Record Date. The principal of

each Registered Debt Security, together with accrued and unpaid interest thereon, shall be paid to the Holder thereof against presentation and surrender of such Registered Debt Security.

(iii) All payments on Registered Debt Securities are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, payments in respect of the related Registered Debt Securities shall be made at the office of any paying agent in the United States.

#### **Section 4.02. Exchange for Definitive Debt Securities.**

In the event that Freddie Mac issues definitive Debt Securities in exchange for Registered Debt Securities issued in global form, such definitive Debt Securities shall have terms identical to the Registered Debt Securities for which they were exchanged except as described below.

##### *(a) Issuance of Definitive Debt Securities*

Unless otherwise provided in the applicable Supplemental Agreement, beneficial interests in Registered Debt Securities issued in global form shall be subject to exchange for definitive Debt Securities only if such exchange is permitted by applicable law and (i) in the case of a DTC Registered Debt Security, DTC notifies Freddie Mac that it is no longer willing or able to discharge properly its responsibilities as depository with respect to such DTC Registered Debt Security, or ceases to be a “clearing agency” registered under the Securities Exchange Act of 1934 (if so required), or is at any time no longer eligible to act as such, and in each case Freddie Mac is unable to locate a successor within 90 calendar days of receiving notice of such ineligibility on the part of DTC; or (ii) in the case of any Other Registered Debt Security, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention permanently to cease business and in any such situations Freddie Mac is unable to locate a single successor within 90 calendar days of such closure. In such circumstances, Freddie Mac shall cause sufficient definitive Debt Securities to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Freddie Mac’s receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Debt Securities. A person having an interest in a DTC Registered Debt Security or Other Registered Debt Security issued in global form shall provide Freddie Mac or the Global Agent with a written order containing instructions and such other information as Freddie Mac or the Global Agent may require to complete, execute and deliver such definitive Debt Securities in authorized denominations.

##### *(b) Title*

The person in whose name a definitive Debt Security is registered in the Register shall be the “**Holder**” of such definitive Debt Security. Freddie Mac, the Global Agent and the Registrar may treat the Holders as the absolute owners of definitive Debt Securities for the purpose of making payments and for all other purposes, whether or not such definitive Debt Securities shall be overdue and notwithstanding any notice to the contrary.

##### *(c) Payments*

Interest on a definitive Debt Security shall be paid on the applicable Interest Payment Date. Such interest payments shall be made by check mailed to the Holder thereof at the close of business on the Record Date preceding such Interest Payment Date at such Holder’s address appearing in the Register. The principal of each definitive Debt Security, together with accrued and unpaid interest thereon, shall be due on the Principal Payment Date (subject to the right of the Holder thereof on the related Record Date to receive interest due on an Interest Payment Date that is on or prior to such Principal Payment Date) and shall be paid against presentation and surrender of such definitive Debt Security at the offices of the Global Agent or other paying agent. Payments on the Principal Payment Date shall be made by check provided at the appropriate office of the

Global Agent or other paying agent or mailed by the Global Agent to the Holder of such definitive Debt Security. U.S. dollar checks shall be drawn on a bank in the United States. Checks in a Specified Payment Currency other than U.S. dollars shall be drawn on a bank office located outside the United States.

Notwithstanding the provisions described in the preceding paragraph relating to payments by check, the Holder of an aggregate principal amount of at least \$10,000,000 of an issue of Debt Securities of which definitive Debt Securities form a part (or, in the case of a definitive Debt Security denominated in a Specified Currency other than U.S. dollars, the Specified Currency equivalent of at least \$10,000,000) may elect to receive payments thereon by wire transfer of immediately available funds in the Specified Payment Currency to an account in such Specified Payment Currency with a bank designated by such Holder that is acceptable to Freddie Mac; provided, that such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Freddie Mac to any liability, requirement or unacceptable charge. In order for such Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at its office from such Holder (i) in the case of payments on an Interest Payment Date, a written request therefor not later than the close of business (a) on the related Record Date in the case of a definitive Debt Security or (b) 15 days prior to such Interest Payment Date in the case of a Registered Debt Security issued in the global form; or (ii) in the case of payments on the Principal Payment Date, a written request therefor not later than the close of business on the date 15 days prior to such Principal Payment Date and the related definitive Debt Security not later than two Business Days prior to such Principal Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by tested or authenticated telex. Any such request shall remain in effect until the relevant paying agent receives written notice to the contrary.

All payments on definitive Debt Securities shall be subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related definitive Debt Securities may be made at the office of any paying agent in the United States.

*(d) Partial Redemption*

Definitive Debt Securities subject to redemption in part by Freddie Mac shall be selected by the Global Agent by lot or in such other manner as the Global Agent deems fair and appropriate, subject to the requirement that the principal amount of each outstanding definitive Debt Security after such redemption is in an authorized denomination.

*(e) Transfer and Exchange*

Definitive Debt Securities shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by the Registrar, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not be effective unless, and until, recorded in the Register.

A transfer or exchange of a definitive Debt Security shall be effected upon satisfying the Registrar with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Freddie Mac may from time to time agree with the Registrar. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Debt Securities may be transferred or exchanged in whole or in part only in the authorized denominations of the DTC Registered Debt Securities or Other Registered Debt Securities issued in global form for which they were exchanged. In the case of a transfer of a definitive Debt



Security in part, a new definitive Debt Security in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Debt Securities also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Debt Security to be issued upon transfer of such a definitive Debt Security, as well as the definitive Debt Security issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Registrar.

## **ARTICLE V**

### **Secured Debt Securities**

If so provided in the applicable Supplemental Agreement, the indebtedness represented by certain Debt Securities shall be secured obligations of Freddie Mac. In such event, the description of the security interest and the terms of the grant of the security interest shall be set forth in the applicable Supplemental Agreement.

## **ARTICLE VI**

### **Currency Conversions**

#### **Section 6.01. Currency Conversions for DTC Registered Debt Securities.**

(a) In the case of DTC Registered Debt Securities whose Specified Payment Currency is other than U.S. dollars, the Currency Exchange Bank specified in the applicable Supplemental Agreement, for Holders of such DTC Registered Debt Securities, shall convert any amounts paid by Freddie Mac in such Specified Payment Currency into U.S. dollars, unless such Holders elect to receive payments in such Specified Payment Currency as hereinafter described. Freddie Mac shall have no responsibility for the conversion of the Specified Payment Currency for such DTC Registered Debt Securities into U.S. dollars.

(b) The U.S. dollar amount to be received by a Holder of a DTC Registered Debt Security in respect of which payments are to be converted from the Specified Payment Currency into U.S. dollars shall be determined by the Currency Exchange Bank in the morning of the day that would be considered the date for “spot” settlement of the Specified Payment Currency on the applicable payment date in accordance with market convention (generally two New York business days prior to such payment date) at the market rate determined by the Currency Exchange Bank to accomplish the conversion on such payment date of the aggregate amount of the Specified Payment Currency payable in respect of DTC Registered Debt Securities scheduled to receive payments converted into U.S. dollars. All currency exchange costs shall be borne by the Holders of such DTC Registered Debt Securities (and, accordingly, by the related Beneficial Owners) by deductions from such payments. In the event all or any portion of a Specified Payment Currency is not convertible into U.S. dollars, Holders of such DTC Registered Debt Securities shall receive payment in the Specified Payment Currency.

(c) A Holder of a DTC Registered Debt Security to be paid in a Specified Payment Currency other than U.S. dollars shall have the option to receive payments of the principal of and any interest on such DTC Registered Debt Security in the Specified Payment Currency by notifying DTC no later than the date 12 days prior to such Principal Payment Date or Interest Payment date, as applicable.

## **ARTICLE VII**

### **Miscellaneous Provisions**

#### **Section 7.01. Limitations on Liability of Freddie Mac and Others.**

Neither Freddie Mac nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this Agreement

or for errors in judgment. This provision will not protect Freddie Mac or any other related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Freddie Mac and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable or Freddie Mac has been advised of the possibility of such loss, damage, liability or claim.

In performing its responsibilities under this Agreement, Freddie Mac may employ agents or independent contractors. Freddie Mac shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Freddie Mac shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Freddie Mac.

#### **Section 7.02. Binding Effect of this Agreement.**

(a) By receiving and accepting a Debt Security, each Holder, financial intermediary and Beneficial Owner of such Debt Security unconditionally agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as supplemented, modified or amended pursuant to its terms.

(b) This Agreement shall be binding upon and inure to the benefit of any successor to Freddie Mac.

#### **Section 7.03. Replacement.**

Any Registered Debt Security in definitive form that becomes mutilated, destroyed, stolen or lost shall be replaced by Freddie Mac at the expense of the Holder upon delivery to the Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Freddie Mac and the Global Agent. Upon the issuance of any substituted Registered Debt Security, Freddie Mac or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

#### **Section 7.04. Conditions to Payment, Transfer or Exchange.**

Freddie Mac, its agent or any other person potentially required to withhold with respect to payments on a Debt Security shall have the right to require a Holder of a Debt Security, as a condition to payment of principal of or interest on such Debt Security, or as a condition to transfer or exchange of such Debt Security, to present at such place as Freddie Mac, its agent or such other person shall designate a certificate in such form as Freddie Mac, its agent or such other person may from time to time prescribe, to enable Freddie Mac, its agent or such other person to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Freddie Mac, any Federal Reserve Bank, the Global Agent or such other person, as the case may be, may be required to deduct or withhold from payments in respect of such Debt Security under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof; and (ii) any reporting or other requirements under such laws, regulations or interpretations. Freddie Mac, its agent or such other person shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

### **Section 7.05. Amendment.**

(a) Freddie Mac may modify, amend or supplement this Agreement and the terms of an issue of Debt Securities, without the consent of the Holders or Beneficial Owners, (i) to cure any ambiguity, or to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Debt Security that are not inconsistent with any other provision of this Agreement or the Debt Security; (ii) to add to the covenants of Freddie Mac for the benefit of the Holders or surrender any right or power conferred upon Freddie Mac; (iii) to evidence the succession of another entity to Freddie Mac and its assumption of the covenants of Freddie Mac; (iv) to conform the terms of an issue of Debt Securities or cure any ambiguity or discrepancy resulting from any changes in the Book-Entry Rules or any regulation or document that are applicable to book-entry securities of Freddie Mac; (v) to increase the amount of an issue of Debt Securities as contemplated under Section 2.09; or (vi) in any other manner that Freddie Mac may determine and that will not adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement.

(b) In addition, either (i) with the written consent of the Holders of at least 50% of the aggregate then outstanding principal amount or notional principal amount of an issue of Debt Securities affected thereby, excluding any such Debt Securities owned by Freddie Mac; or (ii) by the adoption of a resolution at a meeting of Holders at which a quorum is present, by the Holders of at least 50% of the aggregate then outstanding principal amount or notional principal amount of an issue of Debt Securities represented at such meeting, excluding any such Debt Securities owned by Freddie Mac, Freddie Mac may from time to time and at any time modify, amend or supplement the terms of an issue of Debt Securities for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Debt Securities or modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each Holder of a Debt Security; (A) change the Maturity Date or any Interest Payment Date of such Debt Security; (B) materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, such Debt Security; (C) reduce the principal amount of, delay the principal payment of, or materially modify the rate of interest or the calculation of the rate of interest on, such Debt Security; (D) in the case of Registered Debt Securities only, change the Specified Payment Currency of such Registered Debt Security; or (E) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the relevant issue of Debt Securities. A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding principal amount or notional principal amount of an issue of such Debt Securities called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding principal amount or notional principal amount of such issue of Debt Securities, in both cases excluding any such Debt Securities owned by Freddie Mac. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change. If any modification, amendment or supplement of the terms of an issue of Debt Securities that have been separated into Interest and Principal Components requires the consent of Holders, only the Holders of the Principal Components will be entitled to give or withhold that consent. Holders of Interest Components will have no right to give or withhold such consent.

(c) The “principal amount,” for purposes of the preceding paragraph, for a Debt Security that is a Zero Coupon Debt Security issued at a discount or for a Debt Security issued at an “issue price” of 80% or less of its principal amount will be equal to (i) the issue price of such Debt Security; plus (ii) the original issue discount that has accrued from the Issue Date of such Debt Security to the OID Determination Date; minus (iii) any amount considered as part of the “stated redemption price at maturity” of such Debt Security that has been paid from the Issue Date of such Debt Security to the OID Determination Date.

The “principal amount,” for purposes of the second preceding paragraph, of a Debt Security whose Specified Principal Currency is other than U.S. dollars will be the U.S. dollar equivalent, determined on the Issue Date, of the principal amount (or, in the case of the Debt Securities referred to in the preceding paragraph, the amount determined in accordance with the provisions described in such preceding paragraph) of such Debt Security. The “principal amount” of a Debt Security with principal determined by reference to an Index will be described in the applicable Supplemental Agreement. The “principal amount” of a Debt Security with principal determined by reference to an Index will be described in the applicable Supplemental Agreement.

(d) Freddie Mac may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Debt Securities, to grant any consent in respect of Debt Securities and to notice with respect to any such meeting or consent.

(e) Any instrument given by or on behalf of any Holder of a Debt Security in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Debt Security or any Debt Security issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Debt Securities shall be conclusive and binding on all Holders of Debt Securities affected thereby, whether or not they have given such consent or were present at any meeting (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Debt Securities.

#### **Section 7.06. Securities Acquired by Freddie Mac.**

Freddie Mac may, from time to time, repurchase or otherwise acquire (either for cash or in exchange for newly-issued Debt Securities) all or a portion of any issue of Debt Securities. Any Debt Securities owned by Freddie Mac shall have an equal and proportionate benefit under the provisions of this Agreement, without preference, priority or distinction as among such Debt Securities, except that in determining whether the Holders of the required percentage of the outstanding principal amount (or notional principal amount) of an issue of Debt Securities have given any required demand, authorization, notice, consent or waiver under this Agreement, any Debt Securities owned by Freddie Mac or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac shall be disregarded and deemed not to be outstanding for the purpose of such determination.

#### **Section 7.07. Notice.**

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as such Holder’s name and address may appear in the records of Freddie Mac, a Federal Reserve Bank or the Registrar, as the case may be, or, in the case of a Holder of a Fed Book-Entry Debt Security by transmission to such Holder through the communication system linking the Federal Reserve Banks, or, in the case of a Holder of a Debt Security maintained on DTC, by transmission to such Holder through the DTC communication system. In the event that the Federal Reserve Banks’ communication system and/or the DTC communication system is unavailable, Freddie Mac may give notice to a Holder by making use of an alternate comparable communication system, platform or service. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22102 Attention: General Counsel and Secretary. Such notice, demand or

other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Freddie Mac.

**Section 7.08. Governing Law.**

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FREDDIE MAC WITH RESPECT TO THE DEBT SECURITIES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE UNITED STATES. INsofar AS THERE MAY BE NO APPLICABLE PRECEDENT, AND INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF THE FREDDIE MAC ACT OR ANY PROVISION OF THIS AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY, THE LAWS OF THE STATE OF NEW YORK SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES.

**Section 7.09. Headings.**

The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

**FEDERAL HOME LOAN MORTGAGE CORPORATION**

**FOURTH AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT  
OF  
COMMON SECURITIZATION SOLUTIONS, LLC**

**Dated as of January 21, 2021**

## **TABLE OF CONTENTS**

ARTICLE I DEFINITIONS.....	2
ARTICLE II OFFICES AND PURPOSES.....	13
ARTICLE III MEMBERS AND FINANCIAL MATTERS.....	14
ARTICLE IV ALLOCATIONS.....	15
ARTICLE V DISTRIBUTIONS.....	20
ARTICLE VI MANAGEMENT.....	21
ARTICLE VII ACTIONS BY MEMBERS.....	30
ARTICLE VIII OPERATIONS OF THE COMPANY.....	30
ARTICLE IX EMPLOYEES.....	31
ARTICLE X COVENANTS OF THE PARTIES.....	33
ARTICLE XI CONFIDENTIALITY.....	33
ARTICLE XII INTELLECTUAL PROPERTY.....	36
ARTICLE XIII TRANSFER OF LLC UNITS.....	39
ARTICLE XIV INDEMNIFICATION.....	39
ARTICLE XV DISPUTE RESOLUTION.....	43
ARTICLE XVI NOTICES.....	44
ARTICLE XVII MISCELLANEOUS.....	46

## **LIST OF SCHEDULES**

Schedule 3.2

Enterprise LLC Units and Percentage Interests



## **LIST OF EXHIBITS**

Exhibit A	Company Charter
Exhibit B	Assigned Employee Terms and Conditions

FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF  
COMMON SECURITIZATION SOLUTIONS, LLC

This FOURTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this “Agreement”) is made and entered into as of January 21, 2021, by and among the Federal National Mortgage Association, a government-sponsored enterprise chartered by Congress having its principal place of business at 1100 15<sup>th</sup> Street, NW, Washington, DC 20005 (“Fannie Mae”), the Federal Home Loan Mortgage Corporation, a government-sponsored enterprise chartered by Congress having its principal place of business at 8200 Jones Branch Drive, McLean, Virginia 22102 (“Freddie Mac”), and Common Securitization Solutions, LLC, a Delaware limited liability company having its principal place of business at 7501 Wisconsin Avenue, Suite 300, Bethesda, Maryland 20814 (the “Company” or “CSS”). (Fannie Mae and Freddie Mac each may be referred to herein individually as an “Enterprise” or a “GSE” and, collectively, as the “Enterprises or the “GSEs.”)

WITNESSETH:

WHEREAS, each of the Enterprises is currently engaged in various aspects of the mortgage securitization business, including purchasing certain residential mortgage loans, transferring loans to securitized loan pools, acting as a trustee of securitized pools of loans, and engaging in practices intended to manage and mitigate risks associated with owning and/or guaranteeing mortgage loans, such as working out and foreclosing on defaulted loans, negotiating modifications to existing loans, and owning and managing real-estate-owned assets resulting from realizing on defaulted loans;

WHEREAS, the Federal Housing Finance Agency (“FHFA”) has been appointed as the conservator of the Enterprises pursuant to Section 1367(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (the “Safety and Soundness Act”);

WHEREAS, in its capacity as conservator, FHFA succeeds to all rights, titles, powers, and privileges of each Enterprise and of its stockholders, officers, or directors with respect to the Enterprise and its assets;

WHEREAS, by directive dated March 12, 2013 (the “Initial Directive”), FHFA, in its capacity as conservator, directed Fannie Mae and Freddie Mac to begin meeting jointly under FHFA’s oversight to address issues relating to the establishment of a new securitization platform as described in the February 2012 Strategic Plan for Enterprise Conservatorships (together with any successor strategic plans, the “Strategic Plan”);

WHEREAS, by directive dated April 12, 2013 (the “Second Directive”), FHFA, in its capacity as conservator, directed Fannie Mae and Freddie Mac to begin the process and the work necessary to consummate a joint venture agreement between the Enterprises, under FHFA’s oversight;

WHEREAS, in furtherance of the Initial Directive, the Second Directive and the Strategic Plan, the Enterprises filed a Certificate of Formation on October 7, 2013 with the Delaware Secretary of State (the “Certificate”) to form the Company to design, build, develop, test, operate, support, maintain, update and enhance the Platform and to provide certain services related thereto;

WHEREAS, the Enterprises have previously entered into a Limited Liability Company Agreement with an effective date of October 7, 2013 (the “Original LLC Agreement”), setting forth certain rights, obligations and understandings with respect to the Company;

WHEREAS, by directive dated October 10, 2013 (the “Third Directive” and together with the Initial Directive and Second Directive, the “Directives”), FHFA directed the Enterprises to complete the formation of the Company as a limited liability company by executing the necessary documents containing the terms of their agreements;

WHEREAS, in furtherance of the Directives and the Strategic Plan, the Enterprises amended and restated the Original LLC Agreement pursuant to that certain Amended and Restated Limited Liability Company Agreement with an effective date of November 3, 2014 (as amended, the “A&R LLC Agreement”);

WHEREAS, as of the date hereof, FHFA exercises authority over the Company in FHFA’s capacity as regulator and supervisor of the Company, and as conservator of the Enterprises; and

WHEREAS, the Enterprises now desire to amend and restate the A&R LLC Agreement in its entirety as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other valuable consideration, the parties, intending to be legally bound, hereby agree as follows:

## ARTICLE I DEFINITIONS

1.1 Definitions. For purposes of this Agreement, the following capitalized terms have the meanings ascribed to them in this Section 1.1:

“A&R LLC Agreement” has the meaning set forth in the recitals to this Agreement.

“Act” means the Delaware Limited Liability Company Act, codified in Title 6 of the Delaware Code, Section 18-101 et seq., as amended from time to time.

“Additional Members” has the meaning set forth in Section 3.1(a) of this Agreement.

“Administrative Services Agreement” means each of the administrative services agreements executed concurrently with the A&R LLC Agreement by and between the respective Enterprise and the Company pursuant to which the respective Enterprise provides specified services to the Company.

“Adjusted Capital Account Deficit” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Advancement of Expenses” has the meaning set forth in Section 6.16(a)(iii) of this Agreement.

“Affiliate” means, when used with respect to a Person, any other Person directly or indirectly Controlling, Controlled by, or under direct or indirect common Control with such Person; provided, however, that for purposes of this definition FHFA shall not be deemed to be an Affiliate of the Enterprises, and neither Enterprise shall be deemed to be an Affiliate of the other Enterprise.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Ancillary Agreements” means the Contribution Agreement and the Administrative Services Agreements.

“Annual Plan and Budget” has the meaning set forth in Section 8.1(a).

“Annual Report” has the meaning set forth in Section 4.7(c) of this Agreement.

“Assert” means to bring an action of any nature before any legal, judicial, arbitration, administrative, executive, or other type of body or tribunal that has authority to adjudicate that action in whole or in part.

“Assigned Employee” has the meaning set forth in Section 9.1(a) of this Agreement.

“Assigned Employees IP” has the meaning set forth in Section 9.1(f) of this Agreement.

“Bankruptcy Code” means the United States Bankruptcy Code, codified in Title 11 of the United States Code, as amended.

“Board” has the meaning set forth in Section 6.1(a) of this Agreement.

“Board Chair” has the meaning set forth in Section 6.1(a)(ii).

“Business” means the design, development, build, testing, operation, support, maintenance, updating and enhancement of the Platform subject to the provisions of the Charter and the provisions of this Agreement, and such other activities as may be approved from time to time in accordance with the terms and conditions of this Agreement.

“Business Day” means any day that is not a Saturday, Sunday, U.S. federal government holiday, or a day on which national banks with their principal place of business in the District of Columbia are authorized or obligated by law or executive order to be closed.

“Business Plan” has the meaning set forth in Section 8.1(a) of this Agreement.

“Capital Account” means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member’s Capital Account there shall be credited the initial Gross Asset Value of such Member’s Capital Contributions, such Member’s distributive share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 4.3 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any Company Property distributed to such Member.

(b) To each Member’s Capital Account there shall be debited the amount of cash and the Gross Asset Value (at the time of distribution) of any Company Property distributed to such Member pursuant to any provision of this Agreement, such Member’s distributive share of Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 4.3 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company.

(c) In the event any LLC Unit is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred LLC Unit.

(d) In determining the amount of any liability for purposes of this definition, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations.

“Capital Contribution” means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

“Certificate” has the meaning set forth in the recitals to this Agreement.

“CEO” has the meaning set forth in Section 6.14(a).

“Charter” means the First Amended and Restated Charter of Common Securitization Solutions, LLC, attached as Exhibit A hereto.

“Claim” has the meaning set forth in Section 14.4 of this Agreement.

“CNTS” has the meaning set forth in Section 12.6(a) of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

“Company” has the meaning set forth in the preamble to this Agreement.

“Company Indemnified Parties” means the Company and its officers, directors, employees and agents.

“Company Minimum Gain” means “partnership minimum gain” as described in Regulations Sections 1.704-2(b)(2) and (d).

“Company Property” means all real and personal property acquired by the Company and any improvements thereto, and includes both tangible and intangible property.

“Confidential Information” means all data or information of a Member or the Company (such party, the “Disclosing Party”) of a confidential or proprietary nature and disclosed to another Member or the Company, as the case may be (such party, the “Recipient Party”), in connection with this Agreement, any Ancillary Agreement or the Customer Services Agreement, either in writing, orally or any other medium, whether or not identified as being confidential at the time of disclosure by such Disclosing Party to the Recipient Party, whether of a technical, technological, financial, commercial, operational, economic nature or otherwise, or regarding such Disclosing Party’s executives or employees, business or prospects, and including but not limited to originals and copies of and memoranda, notes, reports, analyses, compilations, studies or other documents or records to the extent they contain, or otherwise reflect or are generated from such information, whether or not prepared by or on behalf of a Party. Confidential Information also includes any information described above which a Disclosing Party obtains from a third party and treats as proprietary or confidential, whether or not owned or developed by such Disclosing Party, and the terms and conditions of this Agreement. “Confidential Information” shall not include information which the Recipient Party can prove that: (i) prior to the disclosure was already in such Recipient Party’s possession without a breach of any confidentiality or non-disclosure obligation owing to another Person; (ii) prior to or subsequent to the disclosure was obtained by such Recipient Party from a third party who is not in violation of any obligation of confidentiality or non-disclosure in making such disclosure; (iii) prior to the disclosure was in the public domain; (iv) subsequent to the disclosure was in the public domain other than by or through a breach of this Agreement by such Recipient Party or its directors, officers, employees, agents, representatives, or others receiving such information by virtue of this Agreement; or (v) was independently developed by such Recipient Party without reference to a Disclosing Party’s Confidential Information.

“Conservator” means FHFA in its role as conservator of one or both of the Enterprises or as supervisor of any corresponding LLRE, which role shall continue for purposes of this definition until LLRE Termination.

“Conservatorship” means the period of time during which FHFA is the Conservator or Receiver of both of the Enterprises.

“Contribution Agreement” means the agreement executed concurrently with the A&R LLC Agreement between the Enterprises and the Company pursuant to which the Enterprises made contributions and assignments to the Company.

“Control” (and its correlative terms) means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Covered Person” means with respect to a Party: (i) its Affiliates; (ii) customers of such Party or its Affiliates (but only in connection with their otherwise authorized receipt of goods or services from or provision of goods or services to a Party or its Affiliates); (iii) third party contractors retained by such Party or its Affiliates (but only with respect to their performance of services for or on behalf of such Party or its Affiliates in connection with the designing, building, developing, testing, operating, supporting, maintaining, updating, and enhancing of the Platform); and (iv) each of the employees, officers and directors of each of such Party and the foregoing Persons (but only to the extent they are acting in their capacity as employees, officers or directors (as applicable) of such Party or the foregoing Persons).

“Customer Services Agreement” means that certain Customer Services Agreement among Fannie Mae, Freddie Mac and the Company, dated November 21, 2016.

“Damages” has the meaning set forth in Section 14.1(a) of this Agreement.

“Deadlock” has the meaning set forth in Section 6.2(d).

“Deadlock Notice” has the meaning set forth in Section 6.2(d).

“Defense Election” has the meaning set forth in Section 14.4(a) of this Agreement.

“Depreciation” means, for each fiscal year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board.

“Directives” has the meaning set forth in the recitals to this Agreement.

“Disclosing Party” has the meaning set forth in the definition of “Confidential Information” in this Section 1.1.

“Dispute” has the meaning set forth in Section 15.1 of this Agreement.

“Downstream Systems” means the Software, hardware, systems and processes (including updates to and replacements of any such items) of each of the Enterprises that interface or interoperate directly or through one or more intermediary systems with the Platform and that receive data or services from the Platform.

“Enterprise” and “Enterprises” have the meanings set forth in the preamble to this Agreement.

“Exploit” means, with respect to any Intellectual Property Rights or Materials, to access, display, execute, reproduce, perform, maintain, support, modify, improve, create derivative works, license, sublicense, distribute, enhance and otherwise use such item or intangible.

“Fannie Mae” has the meaning set forth in the preamble to this Agreement.

“Fannie Mae Indemnified Parties” means Fannie Mae and its officers, directors, employees and agents.

“Fannie Mae Managers” has the meaning set forth in Section 6.1(a)(i) of this Agreement.

“FHFA” has the meaning set forth in the recitals to this Agreement.

“Freddie Mac” has the meaning set forth in the preamble to this Agreement.

“Freddie Mac Indemnified Parties” means Freddie Mac and its officers, directors, employees and agents.

“Freddie Mac Managers” has the meaning set forth in Section 6.1(a)(i) of this Agreement.

“Governmental Approvals” means all licenses, consents, permits, decrees, orders, authorizations or other approvals from, all filings and registrations with, and all notices and reports to, any Governmental Authority, including pursuant to or in connection with any contract or agreement between any Member and any Governmental Authority.

“Governmental Authority” means any national, federal, state, regional or local administrative, judicial, legislative, executive, regulatory, police or taxing government or governmental or quasi-governmental authority of any nature, including any agency, branch, bureau, department, official or entity or any court or other tribunal.

“Gross Asset Value” means, with respect to any asset, the asset’s adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined pursuant to the Significant Matter approval process provided for in Section 6.4 (except in the case of money in which case the initial Gross Asset Value shall be the amount of such money), provided that the fair market value of assets contributed under the Contribution Agreement shall be as set forth in the Contribution Agreement;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: (i) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Company to a Member of more than a de minimis amount of Company Property as consideration for an interest in the Company; and (iii) the



liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to sub-clauses (i) and (ii) above shall be made only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution; and

(d) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (d) to the extent the Board determines that an adjustment pursuant to clause (b) of this definition is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to clause (a), (b) or (d) of this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

“Indemnified Party” means any Company Indemnified Party, Fannie Mae Indemnified Party or Freddie Mac Indemnified Party, as applicable.

“Indemnifying Party” has the meaning set forth in Section 14.4(a) of this Agreement.

“Indemnitee” has the meaning set forth in Section 6.16(a)(i) of this Agreement.

“Initial Directive” has the meaning set forth in the recitals to this Agreement.

“Intellectual Property Rights” means any and all intellectual property rights existing from time to time under any law, statute, rule or regulation of any jurisdiction, including patent law, copyright law, trade secret law, trademark law (together with all of the goodwill associated therewith) and any and all other proprietary rights, and any and all applications, renewals, extensions and registrations of any of the foregoing, now or hereafter in force and effect worldwide. For purposes of this definition, rights under patent law shall include rights under any and all patent applications and patents (including letters patent and inventor’s certificates) anywhere in the world, and including without limitation any and all past, present and future substitutions, extensions, supplementary protection certificates, reissues, renewals, divisions, continuations, continuations in part, continued prosecution applications, requests for continued examination, reexaminations, *inter partes* review proceedings, and post grant review proceedings thereof and other similar filings or stages thereof, and all patents and certificates issuing on the foregoing, provided for under the laws of the United States, or of any other country. For purposes of this definition, rights under copyright law shall include moral rights, where applicable.

“LLC Unit” means a limited liability company unit representing membership interests in the Company.

“LLRE” means a limited-life regulated entity established by FHFA pursuant to the Safety and Soundness Act with respect to an Enterprise.

“LLRE Termination” means the termination of the status as a limited-life regulated entity of any LLRE, as applicable.

“LLRE Transfer” has the meaning set forth in Section 3.1(b) of this Agreement.

“Manager” has the meaning set forth in Section 6.1(a) of this Agreement.

“Material Decision” means, for purposes of Section 6.2(b)(ii) of this Agreement, a decision of the Board that has a material effect on the Company, including:

- (a) A material change in the functionality of the Company, such as the addition of a new business line, including multifamily securities or private label securities, or a reduction in the Company’s support of the uniform mortgage-backed security;
- (b) Capital Contributions beyond those necessary to support the ordinary business operations of the Company;
- (c) Appointment or removal of the CEO;
- (d) Admission of Additional Members;
- (e) Sale or dissolution of the Company or its business.

“Materials” means Software, Technology, reports and drawings, as well as user manuals, charts, graphs and other written documentation, and all other works of authorship.

“Member Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i).

“Member Nonrecourse Debt” means “partner nonrecourse debt” as described in Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Deductions” means “partner nonrecourse deductions” as described in Regulations Section 1.704-2(i). The amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a fiscal year equals the excess, if any, of the net increase, if any, in the amount of Member Minimum Gain attributable to such Member Nonrecourse Debt during that fiscal year over the aggregate amount of any distributions during that fiscal year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such distributions are from the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(2).

“Members” has the meaning set forth in Section 3.1(a) of this Agreement.

“Multi-Year Plan” has the meaning set forth in Section 8.1(a) of this Agreement.

“Nonpublic Member Data” means Personally Identifiable Information and nonpublic data about any Member or the loans, pools of loans or other financial assets owned or guaranteed by that Member,

which Personally Identifiable Information and other data is contributed or provided by the Member, that Member's servicers or an agent or consultant on behalf of the Member or its servicers.

"Nonrecourse Deductions" has the meaning set forth in Regulations Sections 1.704-2(b)(1) and (c). The amount of Nonrecourse Deductions for a fiscal year equals the excess, if any, of the net increase, if any, in the amount of Company Minimum Gain during that fiscal year over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Regulations Section 1.704-2(c).

"Nonrecourse Liability" has the meaning set forth in Regulations Section 1.752-1(a)(2).

"Notice of Indemnification" has the meaning set forth in Section 14.4(a) of this Agreement.

"Officer" or "Officers" has the meaning set forth in Section 6.14(b) of this Agreement.

"Original LLC Agreement" has the meaning set forth in the recitals to this Agreement.

"Other Permitted Persons" has the meaning set forth in Section 11.1(d) of this Agreement.

"Party" means each Member and the Company, individually, and "Parties" means the Members and the Company, collectively.

"Patent Rights" means all rights under patent law, as described in the definition of Intellectual Property Rights.

"Percentage Interest" means, with respect to any Member of the Company as of any date, the ratio (expressed as a percentage) of the aggregate number of LLC Units held by such Member on such date to the aggregate number of LLC Units outstanding on such date. The combined Percentage Interests of all Members shall at all times equal one hundred percent (100%).

"Permitted Internal Purposes" means (i) in the case of the Enterprises, the right to use Confidential Information of the other Enterprise and the Company, other than Nonpublic Member Data and subject to the limitation set forth in Section 11.1(f), (A) for purposes of designing, developing, building, testing, operating, supporting, maintaining, updating and enhancing the Platform and their respective Upstream Systems and Downstream Systems, (B) in connection with the performance of this Agreement or any Ancillary Agreement, or (C) to exercise and enforce their respective rights under this Agreement or any Ancillary Agreement, and (ii) in the case of the Company, the right to use Confidential Information of any Enterprise (A) for purposes of designing, developing, building, testing, operating, supporting, maintaining, updating and enhancing the Platform, or (B) to exercise and enforce its rights under this Agreement, subject in the case of each of (i) and (ii) to the requirements of Article XI of this Agreement.

"Permitted Recipient Parties" means directors, officers, employees, third party service providers, attorneys and other professional advisors of a Recipient Party whose duties or services to a Party reasonably require them to have access to Confidential Information and who are in each case bound by

confidentiality obligations that are at least as protective of such Confidential Information as the terms of Article XI.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, estate, unincorporated organization or Governmental Authority or any other entity whatsoever.

“Personally Identifiable Information” means information that can be used to distinguish or trace an individual’s identity, such as name, home address, telephone number, social security number, or biometric records, alone, or when combined with other personal or identifying information that is linked or linkable to a specific individual, such as date of birth or mother’s maiden name.

“Platform” means the systems, software, processes and infrastructure, referred to in the Charter and to be developed by the Company in furtherance of the Business.

“Pre-Deadlock Notice” has the meaning set forth in Section 6.2(d).

“Proceeding” has the meaning set forth in Section 6.16(a)(i) of this Agreement.

“Profits” and “Losses” means, for each fiscal year or other period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for

such fiscal year or other period, computed in accordance with the definition of Depreciation; and

Notwithstanding any other provisions of this definition, any items which are specially allocated pursuant to Section 4.3 hereof shall not be taken into account in computing Profits or Losses.

“Receiver” means FHFA in its role as receiver of one or both of the Enterprises or their assets in the event either of the Enterprises is placed into receivership, which role may continue for purposes of this definition past LLRE Termination.

“Recipient Party” has the meaning set forth in the definition of “Confidential Information” in this Section 1.1.

“Regulations” means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Regulatory Allocations” has the meaning set forth in Section 4.3(h) of this Agreement.

“Residual Knowledge” means generalized skills, knowledge and experience, including ideas, concepts, know-how and techniques developed or learned as a result of or in connection with a Recipient Party’s exposure to Confidential Information and retained in the unaided memories of the individual(s) exposed to the Confidential Information in question.

“Safety and Soundness Act” has the meaning set forth in the recitals of this Agreement.

“Second Directive” has the meaning set forth in the recitals to this Agreement.

“Senior Stock Purchase Agreement” has the meaning set forth in Section 5.3 of this Agreement.

“Significant Matter” has the meaning set forth in Section 6.4 of this Agreement.

“Software” or “software” means any computer programming code consisting of instructions or statements in a form readable by individuals (source code) or machines (object code), and related documentation and supporting materials therefor, in any form or medium, including electronic media. For clarification, Software includes all applications software (*i.e.* software providing business functionality), systems software (*i.e.* software designed to operate the computer hardware and provide a platform for running applications software, including operating systems, utilities, and middleware), and software development tools.

“Source Code” or “source code” means the human readable version of Software, and from which the object code is compiled or otherwise derived, including all comments and procedural code, and all related development documents (*e.g.*, flow charts, schematics, statements of principles of operations, end-user manuals, architecture standards, and any other specifications that are used to create or that comprise the program code of the Software).

“Strategic Plan” has the meaning set forth in the recitals of this Agreement.

“Tax Distribution” has the meaning set forth in Section 5.2(a) of this Agreement.

“Tax Matters Member” has the meaning set forth in Section 4.10 of this Agreement.

“Tax Percentage” has the meaning set forth in Section 5.2(a) of this Agreement.

“Technology” means any and all (i) technology, (ii) technical and engineering materials, (iii) specifications, designs, architectures, and schematics, (iv) Software, documentation, development platforms and development tools, and test environments and testing tools, (v) mask works, layouts, topographies and other design features with respect to integrated circuits, (vi) test scripts, test logs, models, devices, tools, simulators, and design environments, and (vii) prototypes and other tangible embodiments of any of the above, in each case, in any form or media.

“Third Directive” has the meaning set forth in the recitals to this Agreement.

“Transfer” means to directly or indirectly sell, transfer, pledge, assign or other dispose of (or to divest voting control by contract, irrevocable proxy, voting trust or other arrangement) or to become subject to any mortgage, pledge, hypothecation, lien, charge or other encumbrance.

“Transition Period” has the meaning set forth in Section 4.7(a) of this Agreement.

“Upstream Systems” means the Software, hardware, systems and processes (including updates to and replacements of any such items) of each of the Enterprises that interface or interoperate directly or through one or more intermediary systems with the Platform and that provide data or services to the Platform.

1.2 Other Definitional Provisions. All references in this Agreement to a Section, Article, Schedule or Exhibit are to a Section, Article, Schedule or Exhibit, respectively, of or to this Agreement, unless otherwise indicated. The headings of Articles and Sections in this Agreement are provided for convenience only and shall not affect the construction or interpretation of this Agreement. All words used in this Agreement shall be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words “include,” “includes” and “including” shall be construed as if followed by the phrase “without being limited to.” Words such as “herein,” “hereof,” “hereby,” “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Section of this Agreement, unless the context clearly indicates otherwise.

## ARTICLE II

### OFFICES AND PURPOSES

2.1 Principal Office. The principal office of the Company shall be at 7501 Wisconsin Avenue, Suite 300, Bethesda, Maryland 20814. The principal office of the Company may be changed by the Board in accordance with the terms of this Agreement. The Company may have such other offices, either within or without the State of Delaware, as the Board may designate in accordance with the terms of this Agreement.

2.2 Registered Office and Agent. The registered office of the Company, as required by the Act to be maintained in the State of Delaware, shall be located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808 and the original registered agent at such address shall be Corporation Service Company. The registered office and registered agent may be changed from time to time by action by the Board and by the filing of the prescribed forms with and the payment of any prescribed fees to the Delaware Secretary of State.

2.3 Purposes. The purposes of the Company shall be the following:

(a) To conduct the Business in accordance with the Charter, and to take such actions as may be incidental thereto; and

(b) To fulfill such other purposes consistent with the Charter as may be determined from time to time by the Board in accordance with the terms and conditions of this Agreement; provided that, in all cases, all required Government Approvals are obtained from the appropriate Government Authority.

2.4 Fiscal Year. The fiscal year of the Company shall be the calendar year.

### ARTICLE III MEMBERS AND FINANCIAL MATTERS

3.1 Identity of Members.

(a) The members of the Company (the “Members”) shall consist of the Enterprises and any additional members (“Additional Members”) admitted in accordance with the terms of this Agreement.

(b) Notwithstanding anything to the contrary in this Agreement, in the event any Enterprise is placed into receivership and the LLC Units held by such Enterprise are transferred to a corresponding LLRE (“LLRE Transfer”), effective upon the consummation of the LLRE Transfer, without any further action by any party, such LLRE shall be a Member as the successor-in-interest to the Enterprise and shall be bound by all the rights and obligations of the Enterprise under this Agreement, the Enterprise shall cease to be a Member, and the Company shall continue without dissolution.

3.2 LLC Units; Percentage Interests. The LLC Units and Percentage Interests of the Enterprises are set forth on Schedule 3.2 hereto. Schedule 3.2 shall be amended by the Board, as necessary, upon the admission of Additional Members in accordance with the terms of this Agreement, and to reflect changes in the number of LLC Units issued to, or the Percentage Interests of, any Member.

3.3 Limitation of Liability of Members and Managers. Except as otherwise provided in the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or Manager.

### 3.4 Capital Contributions.

(a) Initial Contributions. The Enterprises have made initial capital contributions to the Company pursuant to the Contribution Agreement. The respective initial contributions of the Enterprises to the Company were of equal value.

(b) Subsequent Contributions. The Members shall make subsequent capital contributions of cash from time to time as set forth in the then current Annual Plan and Budget or as otherwise approved pursuant to the Significant Matters Approval process pursuant to Section 6.4.

3.5 Withdrawals of Capital. Except as otherwise provided in this Agreement, no Member shall have the right to withdraw any part of its Capital Contribution without the unanimous consent of the Board.

3.6 Interest. No interest shall be paid on or on account of any Capital Contributions to the Company or on or on account of any undrawn profit of any Member credited to its account.

3.7 Taxation. It is the intention of the Members that the Company be taxed as a partnership for purposes of the Code and any state income tax law, if allowable under state law. Accordingly, the Company shall file such forms as may be required to elect to classify the Company as a partnership for federal and state income tax purposes.

## ARTICLE IV ALLOCATIONS

4.1 Profits. After giving effect to the special allocations set forth in Section 4.3 hereof, Profits for any fiscal year shall be allocated in the following order of priority:

(a) First, to the Members, in proportion to and to the extent of the excess, if any, of (i) the cumulative Losses allocated to each Member pursuant to Section 4.2(a)(ii) hereof for all prior fiscal years, over (ii) the cumulative Profits allocated to each Member pursuant to this Section 4.1(a) for all prior fiscal years; and

(b) The balance, if any, to the Members in accordance with their Percentage Interests.

4.2 Losses. After giving effect to the special allocations set forth in Section 4.3 hereof, Losses for any fiscal year shall be allocated as follows:

(a) Losses for any fiscal year shall be allocated in the following order of priority:

(i) First, to the Members in proportion to and to the extent of the excess, if any, of (1) the cumulative Profits allocated to each such Member pursuant to Section 4.1(b) hereof for all prior fiscal years, over (2) the cumulative Losses allocated to such Member pursuant to this Section 4.2(a) for all prior fiscal years; and



(ii) The balance, if any, to the Members in accordance with their Percentage Interests.

(b) The Losses allocated pursuant to Section 4.2(a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any fiscal year. In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Losses pursuant to Section 4.2(a) hereof but for this Section 4.2(b), the limitation set forth in this Section 4.2(b) shall be applied on a Member by Member basis so as to allocate the maximum permissible Losses to each Member under Regulations Section 1.704-1(b)(2)(ii)(d).

4.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Notwithstanding any other provision of this Article IV, if there is a net decrease in Company Minimum Gain during any fiscal year, then, to the extent required by Regulations Section 1.704-2(f), each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g)(2). The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j). This Section 4.3(a) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Article IV except Section 4.3(a), if there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any fiscal year, then, to the extent required by Regulations Section 1.704-2(i)(4), each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j). This Section 4.3(b) is intended to comply with the minimum gain chargeback requirement in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year) shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 4.3(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.3(c) were not in this Agreement.

(d) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year that is in excess of the sum of (i) the amount such Member is obligated to restore, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain (consisting of a pro rata portion of each item of Company income, including gross income, and gain for such year) in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 4.3(d) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article IV have been tentatively made as if Section 4.3(c) hereof and this Section 4.3(d) were not in the Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in accordance with their Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

(g) Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Regulations Section.

(h) Regulatory Allocations. The allocations set forth in Sections 4.3(a)-(g) (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations under Code Section 704. Notwithstanding any other provisions in this Article IV (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Profits and Losses among Members so that, to the extent possible, the net amount of such allocations of Profits and Losses and other items and the Regulatory Allocations (including Regulatory Allocations that, although not yet made, are expected to be made in the future) to each Member shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

#### 4.4 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses or any other items allocable to any period, Profits, Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the Board using any permissible method under Code Section 706 and the Regulations thereunder.

(b) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits and Losses, as the case may be, for the year.

(c) The Members are aware of the income tax consequences of the allocations made by this Article IV and hereby agree to be bound by the provisions of this Article IV in reporting their shares of Company income and loss for income tax purposes.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in Company profits shall be their Percentage Interests.

#### 4.5 Tax Allocations: Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the capital of the Company, solely for tax purposes, shall be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance with the definition thereof) and using the traditional method as set forth in Regulation Section 1.704-3(b).

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) of the definition of Gross Asset Value in Article I hereof, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Any elections or other decisions relating to such allocations shall be made by the Board in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section 4.5 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

4.6 Foreign Partner. Each Member represents that it is not a "foreign partner" within the meaning of Section 1446(e) of the Code.

#### 4.7 Accounting and Books of Account.

(a) The accounts, books and records of the Company shall be maintained at the principal office of the Company and shall be open for inspection, copying and audit upon reasonable notice by any of the Members or their duly authorized representatives (at the expense of any such Member) during reasonable business hours. Notwithstanding the foregoing, it is anticipated that during an initial transition period one or both of the Members will provide certain financial and accounting services to the Company (the "Transition Period"). During such period, the books and records of the Company may be located at the offices of one or more of the Members, and, in any event, shall be open to inspection, copying and audit upon reasonable notice by either Member or their duly authorized representatives as described in this Section 4.7(a).

(b) The Company's books shall be closed and balanced at the end of each fiscal year.

(c) The Company shall prepare and deliver to each Manager on the Board (which delivery shall constitute delivery to the Members as well) an annual report within ninety (90) days after the end of each fiscal year (the "Annual Report") and such other periodic reports as requested by the Board. Each Annual Report shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis and, if determined by the Board, each Annual Report may be audited by an independent public accounting firm selected by the Board. The fees and expenses related to any such audit shall be borne by the Company.

4.8 Tax Returns. The Board shall designate an Officer of the Company to have the responsibility for preparing all required federal and state income tax returns, franchise tax reports, sales and use tax returns, property tax reports, transfer taxes and state and local licenses for the Company. The designated Officer shall have the authority to engage an outside accounting firm to prepare federal, state and local filings for a fee. Subject to Section 4.10, such officer shall provide to each Member copies of such income tax returns and related Forms K-1 for their review prior to filing such returns and shall provide final copies of such returns as soon as reasonably practicable, but in no event later than May 31 of the year following the year such income tax return and related Form K-1 cover. During the Transition Period, the Board may designate one of the Members to perform the functions of the designated Officer specified in this Section 4.8. The fees and expenses related to the preparation and filing of federal, state, and local tax returns shall be borne by the Company. Upon the Company's request, each Member shall provide to the Company any information that the Officer believes may be necessary or appropriate to comply with all of the Company's tax compliance obligations.

4.9 Banking. All funds of the Company shall be deposited in its name in one or more separate accounts with such banks, savings and loan associations, or trust companies as shall be designated by the Board. Funds of Members or other Persons shall not be deposited in such Company accounts. The funds in such accounts shall be used solely for the business of the Company. Withdrawals from, or checks drawn upon, such accounts shall require the signatures of the persons designated by the Board.

4.10 Tax Matters Member. The Board shall designate, and may change the designation of, a tax matters partner (within the meaning of, and solely for purposes of, Section 6231(a)(7) of the Code and Section 301.6231(a)(7)-1 of the Regulations) of the Company (the "Tax Matters Member"). The Tax Matters Member shall not take any action on behalf of the Company without authorization by the Board in accordance with this Agreement, including making any tax election or filing any tax return. Any Member that is not the Tax Matters Member shall have the right to review and approve any tax election or tax return filed on behalf of the Company, and no other written or oral communication other than routine matters shall be sent or made to any governmental authority by the Tax Matters Member unless approved in advance by such other Members. The Tax Matters Member shall provide the other Members with prompt notice of any meeting or conference involving the Tax Matters Member or any representative of the Company with any Governmental Authority involving any tax issue relating to the Company, or any other administrative or judicial proceeding relating to any determination of any tax issue relating to the Company, and such other Members shall have the right to attend and participate in any such meeting,

conference, or administrative or judicial proceeding. Upon the Company's request, each Member shall provide to the Company any information that the Tax Matters Member believes may be necessary or appropriate to resolve any tax issue relating to the Company.

## ARTICLE V DISTRIBUTIONS

5.1 Distributions Generally. Subject to any required Governmental Approval, the Company shall make distributions to the Members from time to time in such amount as shall be determined pursuant to the Significant Matter approval process provided for in Section 6.4. All distributions shall be made to the Members in accordance with their Percentage Interests.

### 5.2 Tax Distributions.

(a) General. Notwithstanding Section 5.1 or Section 6.4, to the extent funds of the Company may be available for distributions, at least five (5) days prior to the due date of quarterly federal estimated tax payments, the Board shall cause the Company to distribute to the Members with respect to each such quarter of the Company an amount of cash (a "Tax Distribution") that, in the good faith judgment of the Board, equals the Tax Percentage of the taxable income of the Company for such quarter, with such Tax Distributions to be made to the Members in the same proportions that Profits of the Company are or would be allocated to the Members during such quarter. The "Tax Percentage" shall be the highest combined marginal federal and state income tax rates applicable to any Member as of the time of a Tax Distribution. The Tax Percentage shall apply to all Members.

(b) Limitations. Any distributions required to be made to a Member under Section 5.2(a) with respect to any quarter shall be reduced by the amount of any distributions the Company shall have made or shall be making to such Member in accordance with Section 5.1 or otherwise during the calendar year in which such quarter falls. The Board shall not cause the Company to make any Tax Distribution under Section 5.2(a) if the making of such Tax Distribution would constitute a violation of the Act or any contract under which the Company or a subsidiary of the Company is bound relating to or entered in connection with indebtedness of the Company. Any Tax Distributions that are not made by reason of the preceding sentence shall be made as soon as reasonably practicable after the conditions set forth in the previous sentence are no longer applicable.

(c) Offset. Tax Distributions made to a Member under Section 5.2(a) shall be credited against amounts such Member would otherwise be entitled to receive pursuant to Section 5.1.

5.3 Dissolution. If the Company is dissolved, upon the winding up of the affairs of the Company, the assets of the Company shall be distributed in accordance with the Act, except to the extent that U.S. federal law or the Senior Preferred Stock Purchase Agreements entered into by the Enterprises and the U.S. Department of the Treasury dated as of September 26, 2008, applies, in each case, as the same may be amended from time to time (each a "Senior Stock Purchase Agreement"). For the avoidance of doubt, any distributions to Members in connection with a dissolution of the Company shall be made in

accordance with the positive Capital Account balances of such Members in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(2).

## ARTICLE VI MANAGEMENT

### 6.1 Composition of the Board.

(a) Composition. The Board of Managers (the “Board”) shall consist of at least six managers (each a “Manager”), who shall be designated as provided in this Section 6.1(a) and who shall have the voting rights specified in Section 6.2(c):

(i) At all times Fannie Mae shall designate two managers to serve on the Board (the “Fannie Mae Managers”) and Freddie Mac shall designate two managers to serve on the Board (the “Freddie Mac Managers”).

(ii) The Chief Executive Officer, designated in accordance with Section 6.14(a), shall be a Manager.

(iii) The Company shall have a Chairman of the Board (“Board Chair”), who shall be a Manager and preside at all meetings of the Board. The Board Chair shall not be a director, officer, or employee of Fannie Mae or Freddie Mac, or an officer or employee of the Company. During the Conservatorship, the Board Chair shall be designated and may be removed by FHFA in its sole discretion. Following the Conservatorship, the Board Chair shall be designated and may be removed by the Board; provided that the Board Chair shall not vote with respect to his or her removal. The Board Chair shall perform such duties as are commonly incident to his or her office and shall also perform such other duties and have such other powers as the Board, and during the Conservatorship, FHFA, shall designate. During the Conservatorship, the Board Chair’s compensation shall be determined by FHFA, and unless otherwise directed by FHFA, the Company shall include the expense for such compensation in the Company’s Annual Plan and Budget.

(iv) During the Conservatorship, FHFA may appoint up to four additional Managers, who shall not be directors, officers, or employees of Fannie Mae or Freddie Mac, or officers or employees of the Company, one of whom shall be designated as Board Chair as described in Section 6.1(a)(iii) above. Following the Conservatorship, any such Manager may be appointed or removed by the Board, provided that such Manager shall not vote with respect to his or her removal. During the Conservatorship, any such Manager’s compensation shall be determined by FHFA, and unless otherwise directed by FHFA, the Company shall include the expense for such compensation in the Company’s Annual Plan and Budget.

(b) Removal. Each Manager may be removed only by the person that has authority to designate such Manager, provided that FHFA may remove any Manager in the exercise of FHFA’s authority as Conservator.

(c) Upon termination of the Conservatorship, and for as long as FHFA is acting as Receiver of an Enterprise, FHFA shall have the right to appoint one Manager (the “FHFA Manager”), who shall not be a director, officer, or employee of Fannie Mae or Freddie Mac, or an officer or employee of

the Company. For clarification, the FHFA Manager will be a new Manager added to the Board and not a replacement for any of the then current Managers. The Manager appointed by FHFA hereunder shall cease to be a Manager at such time as FHFA ceases to act as Receiver of an Enterprise

6.2 Authority of the Board of Managers; Voting.

(a) Authority. Subject to delegation in accordance with Section 6.15 the business and affairs of the Company shall be managed by the Board. Subject to the provisions of Section 6.2(d) and Section 6.4, the Board shall have full and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company, and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company set forth in the Charter; provided, that the Board shall manage the Company in accordance with the Annual Plan and Budget, and, to the extent that it does not conflict with the Annual Plan and Budget, the current Multi-Year Plan adopted by the Board.

(b) Required Vote.

(i) Subject to paragraph (ii) below, all decisions of the Board shall require the affirmative vote of a majority of the voting power represented at the meeting, during the Conservatorship, and the affirmative vote of the Board Chair, and, upon termination of the Conservatorship and for as long as FHFA is acting as Receiver of an Enterprise, of the FHFA Manager, if any.

(ii) After termination of the Conservatorship, a Material Decision requires the affirmative vote of a majority of the voting power represented at the meeting and of at least one Fannie Mae Manager and at least one Freddie Mac Manager, and for as long as FHFA is acting as Receiver of an Enterprise, of the FHFA Manager, if any.

(c) Voting Rights. The voting power of the Board shall be allocated as follows:

(i) Each of the Fannie Mae Managers shall cast one vote; and

(ii) Each of the Freddie Mac Managers shall cast one vote; and

(iii) Each other Manager shall cast one vote.

(d) Deadlock. If a decision is not reached on any matter before the Board in accordance with Section 6.2(b) (a “Deadlock”), then the Company shall maintain the status quo until such time a decision by the Board is reached agree on such matter in accordance with Section 6.2(b). Any Manager may deliver written notice to the other Managers setting forth in reasonable detail the matter giving rise to the disagreement (the “Pre-Deadlock Notice”), and upon receipt of the Pre-Deadlock Notice the Managers will attempt to reach a decision within 10 Business Days. If the Managers are unable to reach a decision within such time period, then during the Conservatorship, each Manager shall have the right to deliver written notice to FHFA that a Deadlock exists (a “Deadlock Notice”). Subject to the

provisions of Section 6.4, upon receipt of a Deadlock Notice, FHFA shall have the right, during the Conservatorship, to resolve the Deadlock in its sole and absolute discretion, and the Company shall implement such resolution to the same extent as if approved by the Board. All resolutions of Deadlock by FHFA shall be set forth in a written document signed by an authorized officer of FHFA or pursuant to such other procedures as may be agreed to by the Board and FHFA.

(e) Manager Interests. The fact that one or more Managers may have an interest in any decision, including the fact that one or more Managers has an employment relationship with or an economic interest in an entity that is the subject of the decision, shall not invalidate such decision, which shall be binding upon the Company provided that the interest of any such Manager in the decision, other than through his or her employment relationship with or economic interest in a Member, is disclosed to each other Manager.

### 6.3 Duties of Managers.

(a) Each Member recognizes and agrees that each Manager who is appointed by a Member and who is not also an officer of the Company is acting exclusively on behalf of the Member he or she represents, that each such Manager may act in his or her sole and absolute discretion in the manner he or she determines is in the best interests of the Member he or she represents without taking into account the interests of the other Members, that any such acts shall not be deemed “bad faith” for any purposes, and that such Managers shall have no personal liability by reason of serving as a Manager.

(b) Notwithstanding any other provision of this Agreement or any duty otherwise existing at law or in equity, to the fullest extent permitted by law, no Manager shall owe any duties (including fiduciary duties) to the Members.

6.4 Significant Matters. Notwithstanding the foregoing and any other provision contained in this Agreement to the contrary, no action shall be taken with respect to any of the matters enumerated below (each, a “Significant Matter”) without the approval of (i) the Board in accordance with Section 6.2 and (ii) during the Conservatorship, and during any period during which FHFA is acting as Receiver of one or both of the Enterprises, FHFA; provided, however, that the approval of the Board in accordance with Section 6.2 alone shall be sufficient to approve Significant Matter in the event that FHFA does not approve or deny the applicable Significant Matter in 10 Business Days from the date written notice is received by FHFA of the Significant Matter to be considered by it. All approvals and denials of Significant Matters by FHFA pursuant to this Section 6.4 shall be set forth in a written document signed by an authorized officer of FHFA or pursuant to such other procedures as may be agreed to by each Enterprise and FHFA:

- (a) Any amendments to or actions inconsistent with the Charter;
- (b) [Reserved];
- (c) Amendment of this Agreement;

(d) The determination of the initial Gross Asset Value of any contributions made by either Member to the Company (excluding for this purpose the initial Gross Asset Value of assets contributed to the Company under the Contribution Agreement, which the Parties agree have the initial Gross Asset Value set forth in the Contribution Agreement);



- (e) The declaration or amount of any dividend or distribution (other than Tax Distributions pursuant to Section 5.2(a));
- (f) The purchase or other acquisition of a business or entity or the merger or consolidation of the Company with or into another entity;
- (g) The sale, lease, exchange, transfer or disposal of all or substantially all of the business or assets of the Company, in any one transaction or a series of related transactions;
- (h) A conversion of the Company from a limited liability company into a corporation or other form of entity;
- (i) The dissolution of the Company;
- (j) The admission of Additional Members, the Transfer of LLC Units by either Enterprise and the issuance of additional LLC Units or membership interests in the Company;
- (k) The withdrawal of capital by any Member;
- (l) The initiation or settlement of any significant litigation by the Company against a third party where such litigation could impact the interests, relationships or reputation of the Company;
- (m) The granting of any exclusive license to, or the assignment of, any Intellectual Property Rights of the Company;
- (n) Adoption of the Company's Annual Plan and Budget or the Board approved Multi-Year Plan, any material amendments to the Annual Plan and Budget or approved Multi-Year Plan, aggregate expenditures that exceed the amounts set forth in the Annual Plan and Budget by more than five percent (5%), expenditures that are materially inconsistent with the allocations of expenditures set forth in the Annual Plan and Budget, or incurrence of indebtedness in excess of amounts reflected in the Annual Plan and Budget;
- (o) Any matter requiring approval or consultation with the U.S. Department of the Treasury under the Senior Stock Purchase Agreement between an Enterprise and the U.S. Department of the Treasury;
- (p) Any action that in the reasonable business judgment of the management of the Company, at the time that the action is to be taken, is likely to cause significant reputational risk to the Company or either Enterprise or result in substantial negative publicity;
- (q) The appointment or removal of any Officer of the Company, except that FHFA approval shall only be required for appointment or removal of Officers with the title of Executive Vice President or higher;
- (r) Entering into new compensation arrangements with any Officer of the Company or increasing amounts or benefits payable to any Officer of the Company under existing

compensation arrangements, except that FHFA approval shall only be required for compensation arrangements with Officers with the title of Executive Vice President or higher;

(s) Entry into any contract, agreement or transaction between the Company, on the one hand, and any Enterprise or any Affiliate of any Enterprise, on the other hand, and any material amendment or waiver, or any termination or assignment, thereof, but excluding (i) certain categories of change orders (or portions thereof), statements of work (or portions thereof), amendments and waivers of such contracts, agreements or transactions solely to the extent specifically approved to not be subject to this Section 6.4(s) in accordance with the Significant Matters approval process, and (ii) any contract, agreement or transaction (and any material amendment or waiver thereof) between the Company and a third party to which an Enterprise (or an Affiliate of an Enterprise) is included as a party solely for the purpose of guaranteeing, securing or providing further assurance to the third party of the Company's performance of, or compliance with the terms of, such contract, agreement or transaction; and

(t) Any capital contributions from either of the Enterprises (except as otherwise provided for in the Budget).

For the avoidance of doubt, the Deadlock resolution mechanism set forth in Section 6.2(d) shall apply with respect to the failure of the Board to be able to make a decision upon any Significant Matter in accordance with this Section 6.4; provided, however, that prior to FHFA resolving any Deadlock with respect to a Significant Matter an in-person meeting to discuss the Deadlock shall have occurred among the Chief Executive Officers of each of the Enterprises and the director of FHFA.

#### 6.5 Meetings of the Board of Managers.

(a) Meetings of the Board shall be held at least once every two months at the principal office of the Company or at any other place within or without the State of Delaware which may be designated by the written consent of all Managers. Any Manager may call a meeting of the Board by providing notice of such meeting to each other Manager in the following manner: Notice of the date, time and place of such meeting shall be mailed by regular mail to each other Manager at his or her designated address at least six (6) days before the meeting, or sent by overnight courier to each other Manager at his or her designated address at least two (2) days before the meeting (with delivery scheduled to occur no later than the day before the meeting), or given orally by telephone or other means, or by e-mail, facsimile or telecopy, or by any other means comparable to any of the foregoing, to each other Manager at his or her designated address at least twenty-four (24) hours before the meeting. The notice of the meeting shall state the general purpose of the meeting, but other routine business may be conducted at the meeting without such matter being stated in the notice.

(b) Meeting materials shall be distributed by the Company to each Manager of the Board by: (i) for regular bi-monthly meetings, at least five (5) days in advance of the meeting (unless a shorter advance period is approved in advance by the Board Chair); and (ii) for other meetings, as early as practicable in advance of the meeting. Such materials shall be well organized and provide reasonably detailed (but concise) information concerning items on the agenda for the meeting.

(c) During the Conservatorship, the Board shall provide, or shall cause to be provided, to FHFA, written notice of all meetings of the Board, including regular bi-monthly and other meetings, by no later than the later of (i) two (2) weeks prior to the date of the meeting and (ii) the date on which notice is provided to the Managers in accordance with Section 6.5(a) hereof. During the Conservatorship, FHFA shall have the right to have one or more representatives of FHFA attend any meeting of the Board as an observer. Any such FHFA representative shall have no voting rights.

(d) During the Conservatorship, FHFA shall receive a copy of all materials distributed to the entire Board at the same time as such materials are distributed to the Board.

6.6 Quorum. As used herein, the term “Required Quorum Attendee” shall mean one Fannie Mae Manager, one Freddie Mac Manager, the Board Chair, the CEO and, upon termination of the Conservatorship and for as long as FHFA is acting as Receiver of an Enterprise, the FHFA Manager (if any). The presence in person or by proxy of a majority of the Managers, including each Required Quorum Attendee Member shall constitute a quorum for the transaction of business at a meeting of the Board. No action of the Board shall be valid in the absence of a quorum, except as provided in Section 6.7 hereof. Notwithstanding the foregoing, in the event a Required Quorum Attendee does not attend a meeting of the Board following the delivery of two notices of such meeting in accordance with Section 6.5(a) hereof, the Board Chair may determine, in his or her discretion, to proceed with the meeting following the delivery of the second notice and the meeting shall be deemed to have a quorum irrespective of the absence of such Required Quorum Attendee and any action taken by the Board at such meeting that otherwise complies with the requirements of this Agreement shall be deemed to be a valid action of the Board. After Conservatorship, the Manager who called the meeting may determine to proceed with the meeting on the conditions described in the preceding sentence, in the event that a purpose of the meeting is to consider removal of the Board Chair pursuant to Section 6.1(a)(iii).

6.7 Consent of Absentees and Waiver of Notice. The transactions of any meeting of the Board shall be as valid as though had at a meeting duly held after proper notice and with a quorum if, either before or after the meeting, each Manager not present in person or by proxy signs a written waiver of notice or a consent to the holding of such meeting, or approves the minutes thereof. All such waivers, consents or approvals shall be filed with the books and records of the Company and made a part of the minutes of the meeting. Attendance of a Manager at any meeting of the Board shall constitute a waiver of notice of such meeting, except when a Manager attends for the express purpose of objecting to the transaction of any business because such meeting has not been (or allegedly has not been) duly noticed.

6.8 Written Action Without a Meeting; Telephone Meetings.

(a) Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if (a) consent in writing to such action is provided by all Managers, and, in the case of Significant Matters, FHFA (provided, however, that the approval of the Board in accordance with Section 6.2 alone shall be sufficient to approve a Significant Matter in the event that FHFA does not approve or deny the applicable Significant Matter in 10 Business Days from the date written notice is received by FHFA of the Significant Matter to be considered by it), and (b) notice to FHFA in writing of the proposed written action is provided to FHFA simultaneously with the Board. The Company shall use

commercially reasonable efforts to provide the Board and FHFA with not less than two (2) Business Days advance written notice of the proposed written action, provided that the failure by the Company to provide such two (2) Business Day advance written notice shall not invalidate any written consent that otherwise complies with the provisions of this Section 6.8(a). Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Action by written consent shall have the same force and effect as a vote of the Managers of the Board.

(b) Managers may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

6.9 Proxies. Each Manager may appear and vote at any meeting of the Board, and may execute waivers of notice, consents, or approvals, through the agency of one or more persons, provided such agents are authorized to so act on behalf of the Manager by the terms of a written proxy which has been executed by such Manager and delivered to the each Manager. The Board Chair shall cause such written proxies to be filed with the books and records of the Company. If a written proxy authorizes an agent to appear and/or to vote at any meeting of the Board, such written proxy must be delivered to the Board Chair, and all Managers shall be notified of such proxy, at least one day in advance of the meeting.

6.10 Protection of Competitively Sensitive Information. The Board shall adopt and comply with policies and procedures to prevent the disclosure of competitively sensitive information of any Member to other Members. The policies and procedures will be consistent with the provisions of Articles XI and XII herein and, for the avoidance of doubt, shall not limit the scope of or otherwise restrict the licenses granted to the Members under Article XII.

6.11 Funding Review. A Funding Review (“FR”) has been established by the Company to advise the Members with respect to matters relating to the Annual Plan and Budget, the Multi-Year Plan adopted by the Board, and funding requirements of the Company. The FR shall have no voting or decision-making authority.

(a) Attendees and Meetings. The attendees of the FR shall be determined by the Members. The FR shall be held monthly in person or by telephone. The date, time and place of the meeting or call shall be determined by the Company with notice to representatives to the FR and any other attendees that may be designated by the Members given at least five (5) days in advance. The Company shall circulate meeting materials at least two (2) business days in advance of the meeting or call. The materials shall contain matters as each representative to the FR may request be addressed during the meeting or call within the scope of the FR’s duties.

(b) Duties and Responsibilities. During the FR meeting or call, the Company shall be responsible for providing reports to the Members regarding the financial condition and overall operational performance of the Company, including:

(i) Company expenditures relative to the approved Budget;

(ii) A review of the Company's Annual Plan and Budget, Annual Report and other periodic reports prior to the Board meeting where this material will be discussed;

(iii) Recommendations to the Members with respect to the funding needs of the Company;

(iv) Reporting other financial matters as deemed appropriate by the Members;

#### 6.12 [Reserved]

6.13 Additional Advisory Board Committees. The Board shall have the authority to create standing and special committees comprised of members of the Board to provide advice and recommendations to the Board. Board committees shall have the authority to retain consultants as necessary.

#### 6.14 Officers

(a) CEO. The Company shall have a Chief Executive Officer or senior most executive with such other title as the Board determines ("CEO") appointed by the Board to be responsible for the day-to-day operations of the Company and to serve in such capacity until he or she dies, resigns or is removed from office by the Board, with or without cause, provided that the CEO shall not vote with respect to his or her removal. The CEO shall report to the Board. The authority of the CEO shall be limited to matters expressly authorized herein or by the Board pursuant to a duly adopted resolution. The CEO is hereby expressly authorized to (A) implement matters approved by the Board in accordance with Section 6.2, (B) implement Significant Matters approved pursuant to the Significant Matter approval process contained in Section 6.4 and (C) once the initial Business Plan and Budget are in effect in accordance with Section 8.1, operate the Company in accordance with the Charter, Business Plan and Budget in effect from time to time in accordance with Section 8.1.

(b) Additional Officers. The Board shall have the authority to appoint and remove such additional officers of the Company (each, together with the CEO, an "Officer") as it deems appropriate to carry out the business of the Company.

6.15 Delegation of Authority to Officers. The Board shall have the authority to adopt resolutions providing for delegations of authority to the Officers of the Company.

#### 6.16 Indemnification of Officers and Managers.

##### (a) Right To Indemnification.

(i) To the fullest extent permitted by law, as the same now exists or may hereafter be amended, each Person (including a Fannie Mae Manager or Freddie Mac Manager, as applicable) who was, is or is threatened to be made a party to or is otherwise involved (including as a witness) in any threatened, pending or completed action, suit, claim or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereafter a "Proceeding"), by reason of the

fact that he or she is or was a Manager or Officer or an employee of the Company or he or she is or was serving at the request of the Company (with approval of the Board) as a manager, officer, member, partner, trustee, employee or agent of another limited liability company, corporation, partnership, joint venture, trust, employee benefit plan or other enterprise (hereafter an “Indemnitee”), whether the basis of a Proceeding is an alleged action in an official capacity or in any other capacity while serving as such a manager, officer, member, partner, trustee, employee or agent shall be indemnified and held harmless by the Company against all Damages incurred or suffered by such Indemnitee in connection therewith unless the Indemnitee engaged in willful misconduct, fraud, or knowingly violated a criminal law. The Company shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if a proceeding (or part thereof) was authorized or ratified by the Board. The right to indemnification conferred in this Section 6.16(a) shall be a contract right.

(ii) Any indemnification under Section 6.16(a) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that the Indemnitee has met the applicable standard of conduct set forth in Section 6.16(a). Such determination shall be made by the Board.

(iii) The right to indemnification conferred in Section 6.16(a) shall include the right to be paid by the Company for the reasonable and documented expenses incurred in defending any Proceeding in advance of its final disposition (hereinafter an “Advancement of Expenses”). An Advancement of Expenses shall be made upon delivery to the Company of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such Indemnitee is not entitled to be indemnified.

(b) Nonexclusivity Of Rights. The right to indemnification and the Advancement of Expenses conferred in this Section 6.16 shall not be exclusive of any other right that any Person may have or hereafter acquire under any statute, this Agreement, general or specific action of the Board, contract or otherwise.

(c) Indemnitor of First Resort. The Company hereby acknowledges that the Indemnitees may have certain rights to indemnification, advancement of expenses and/or insurance provided by the Enterprises. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Enterprises to provide any Advancement of Expenses or other indemnification are secondary), and (ii) that it irrevocably waives, relinquishes and releases the Enterprises from any and all claims against the Enterprises for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no Advancement of Expenses or other indemnification on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Enterprises shall have a right of contribution and/or be subrogated to the extent of such Advancement of Expenses or payment to all of the rights of recovery of Indemnitee against the Company.

(d) Statutory and Regulatory Limitations. The right to indemnification and the Advancement of Expenses conferred in this Section 6.16 is subject to the provisions set forth in 12 U.S.C. 4518(e) and any rules or orders that are promulgated or issued thereunder from time to time.

6.17 Audit. The Board may direct the Company to conduct an audit, which may be conducted by an independent third party, of any service provider retained by the Company, including, without limitation, any Member of the Company in its capacity as a service provider to the Company pursuant to the Administrative Services Agreement or otherwise, with the results of such audit to be provided to the Board.

## ARTICLE VII ACTIONS BY MEMBERS

7.1 No Voting Rights. The Members shall not participate in the management of the Company, and shall have no voting rights under this Agreement or the Act, other than the right to designate their respective representatives, if any, on the Board. The Board shall have the authority to exercise all powers of the Members and Managers under the Act. Notwithstanding the foregoing or any other provision of this Agreement, the rights reserved to FHFA under this Agreement, any Ancillary Agreement or any other agreement entered into by the Company or by the Enterprises in connection with the Company or the Platform shall be exercised by FHFA in its capacity as, and for so long as FHFA is, Conservator of either of the Enterprises. For the avoidance of doubt, nothing in this Section 7.1 is intended to preclude the Enterprises from providing services to the Company pursuant to the Administrative Services Agreement or such other written agreements as may be entered into by the Enterprises and the Company, or pursuant to written delegation by the Board.

## ARTICLE VIII OPERATIONS OF THE COMPANY

### 8.1 Business Plans; Budget.

(a) The Board shall adopt and approve an annual business plan and budget for the Company (the “Annual Plan and Budget”), which shall be subject to the Significant Matters approval requirements contained in Section 6.4. In addition, the Board shall adopt a business plan and budget for the Company covering three years, which will consist of general milestones and/or additional details, and shall include a financial plan (the “Multi-Year Plan”). At all times, the Annual Plan and Budget, and the Multi-Year Plan approved by the Board, and any proposed modifications thereto, shall be subject to approval, review, amendment and modification by the Board (subject to the Significant Matters approval requirements contained in Section 6.4).

(b) The Board shall manage, and the Officers shall operate, the Company in accordance with the Annual Plan and the Budget, and, to the extent that it does not conflict with the Annual Plan and Budget, the Multi-Year Plan approved by the Board, as these may be modified from time to time in accordance with the terms and conditions of this Agreement.

(c) At least sixty (60) days prior to the beginning of each fiscal year of the Company or at such other time as may be established by the Board, the CEO shall prepare and submit to the Board proposed revisions (including any extensions thereof) to the Annual Plan and Budget and (if applicable) the Multi-Year Plan. The Board shall continue to manage, and the Officers shall continue to operate, the Company consistent with the existing Annual Plan and Budget and, to the extent that it does

not conflict with the Annual Plan and Budget, the existing Multi-Year Plan approved by the Board until a revised Annual Plan and Budget and (if applicable) a revised Multi-Year Plan is approved by the Board (subject to the Significant Matters approval requirements contained in Section 6.4).

8.2 Platform. With the continued assistance and support of the Enterprises, the Company shall design, develop, build, test, operate, support, maintain, update and enhance the Platform in accordance with the Charter, the Annual Plan and Budget, the Multi-Year Plan approved by the Board, and the Customer Services Agreement, and shall use commercially reasonable efforts to commence operation of the Platform as soon as practicable.

8.3 Commitment of Business. The Customer Services Agreement sets forth the terms of each Enterprise's commitment of business to the Company.

8.4 Service Agreements. Each Enterprise shall provide certain services to the Company in accordance with the Administrative Services Agreement between such Enterprise and the Company.

8.5 Insurance. The Company shall obtain insurance from insurance companies of recognized standing in such forms and amounts and against such risks as the Board shall determine, naming as a beneficiary thereunder the Company and each Member in proportion to its respective ownership interests in the Company. Without limiting the generality of the foregoing, the Company shall obtain insurance from one or more insurance companies of recognized standing against indemnification obligations the Company may have to any Manager or Officer, and may maintain insurance, at its expense, to protect itself and any Manager, advisory board member, Officer, employee or agent of the Company or another enterprise against any expense, liability or loss. Further, upon the recommendation of the insurance broker engaged by the Enterprises to review the Company's insurance needs, the Company shall obtain insurance protecting against cyber-security risks that is consistent with insurance coverage maintained by large financial institutions and leading technology service providers handling information and data of similar sensitivity to the types of information and data to be handled by the Company; provided that such coverage is available to the Company at commercially reasonable rates.

8.6 Termination of Conservatorship. In the event FHFA is appointed as Receiver of either Enterprise and the LLC Units held by the Enterprise are transferred to a corresponding LLRE, the Company shall enter into an agreement with FHFA to grant to FHFA, as Receiver for the remaining assets in the Receivership estate, such access to and use of the Platform and the right to obtain from the Company such services, in each case, as are reasonably necessary to permit FHFA to carry out its responsibilities with regard to any assets or obligations remaining in the Receivership pursuant to the Safety and Soundness Act and the regulations of FHFA or any successor agency or entity.

## ARTICLE IX EMPLOYEES

### 9.1 Assigned Employees.

(a) Specified employees of each Enterprise, as agreed to by the Company (with approval of the Board) and the relevant Enterprise, may be assigned to work on behalf of the Company



under the direct or indirect supervision of the respective Enterprise or Company officer or officers, as the case may be, charged with such management responsibilities (each, an “Assigned Employee”). The Company shall maintain an up-to-date schedule of Assigned Employees which includes (i) the name of each Assigned Employee, (ii) the period in which the Assigned Employee will serve as an Assigned Employee, and (iii) a high level description of the type of work to be performed by the Assigned Employee.

(b) Each Assigned Employee shall be employed by the relevant Enterprise, and shall continue to be eligible to participate in the compensation and benefit plans and programs maintained by that Enterprise for which the employee qualifies under the terms and conditions of such plans and programs.

(c) Each Enterprise shall, on a monthly basis, invoice and bill the Company for those categories of costs and expenses incurred in the preceding calendar month as are agreed between the Enterprise and the Company (subject to Board approval and the Significant Matters approval requirements contained in Section 6.4 to the extent applicable), in connection with the employment of each Assigned Employee employed by the Enterprise. Invoices submitted to the Company by each Enterprise shall reflect expenditures reported in the Enterprise’s financial systems of record utilizing project codes specifically assigned to the development of the Platform or other reasonable supporting detail. Invoices shall be submitted to the Company with supporting documentation detailing monthly project hours, work descriptions, and out-of-pocket expenses.

(d) Each Assigned Employee shall be dedicated to working 100% of his or her time to perform services for the benefit of the Company and shall be subject to supervision by individuals who may or may not be employees of the Enterprise that employs the Assigned Employee. Performance assessments of each Assigned Employee, including compensation decisions within the framework of the applicable Enterprise’s compensation and benefit plans, shall be conducted by the individual who supervises such Assigned Employee or the Board (which individual shall either be another Assigned Employee or an Officer or other employee of the Company), regardless of which Enterprise employs the supervising individual. Assigned Employees remain employed at-will. The Company shall have the right at any time and for any lawful reason to provide notice to the Enterprise that employs an Assigned Employee that the Company desires that the Assigned Employee no longer work on behalf of the Company as an Assigned Employee, in which case, the Assigned Employee’s status as an Assigned Employee shall be terminated immediately or at such later time as may be agreed to by the Company and the Enterprise.

(e) Acts or omissions of Assigned Employees, in their capacity as Assigned Employees performing services on behalf of the Company, shall be deemed to be acts or omissions of the Company (rather than acts or omissions of the Enterprise that employs the Assigned Employee) and, for purposes of the indemnification provisions in Article 14, Assigned Employees shall be treated as Company Indemnified Parties (rather than Fannie Mae Indemnified Parties or Freddie Mac Indemnified Parties) with respect to indemnification claims that relate to their service as Assigned Employees.

(f) All Materials and intellectual property created or conceived by Assigned Employees while performing services on behalf of the Company in their capacity as Assigned Employees

("Assigned Employees IP") shall be deemed to be "works made for hire" in which the Company owns all Intellectual Property Rights. To the extent that any Assigned Employees IP is not deemed to be a "work made for hire" and the property of the Company by operation of law, each Enterprise hereby irrevocably assigns, transfers and conveys to the Company all Intellectual Property Rights in and to the Assigned Employees IP created or conceived by each Assigned Employee that the Enterprise assigned to the Company, and each Enterprise agrees to promptly execute such documents and take such actions as the Company may reasonably request to perfect the Company's ownership of such Assigned Employees IP. Each of the Assigned Employees shall be required to execute a confidentiality and invention assignment agreement in favor of the Company with such terms and conditions as shall be approved by the Board.

(g) Certain additional terms and conditions related to the Assigned Employees, including (i) the process for the Enterprises to assign individuals as Assigned Employees, (ii) the personnel policies and practices that will apply to Assigned Employees, (iii) restrictions on the solicitation or transfer to other positions of Assigned Employees, and (iv) indemnification obligations with respect to employment-related claims are attached hereto as Exhibit D and made a part hereof.

9.2 Offers of Employment to Assigned Employees. If approved by the Board, the Company may at any time, in consultation with the Enterprise that employs an Assigned Employee, make an offer of employment with the Company to such Assigned Employee. In any event, following his or her appointment, the CEO shall discuss the status of each Assigned Employee with the Enterprise that employs the Assigned Employee and determine whether the Assigned Employee will be given an offer of employment by the Company, will continue to work as an Assigned Employee devoting all or a portion of his or her time to work on behalf of the Company, or whether the Assigned Employee will otherwise cease to work on matters relating to the Company.

## ARTICLE X

### COVENANTS OF THE PARTIES

10.1 Non-Competition. The Customer Services Agreement sets forth the terms of each Enterprise's commitment not to compete with the Platform.

10.2 Business Opportunity. The Customer Services Agreement sets forth the terms under which the Enterprises will make available certain business opportunities to the Company.

10.3 Non-Solicitation of Employees. The Enterprises and the Company shall comply with the policies and procedures set forth in Exhibit D (and Section 9.2) relating to the solicitation for employment of Assigned Employees, employees of the Company and employees of the Enterprises who perform services on behalf of the Company pursuant to the Administrative Services Agreements.

## ARTICLE XI

### CONFIDENTIALITY

11.1 Protection of Confidential Information.

(a) Each Recipient Party covenants and agrees to keep confidential any and all Confidential Information of any Disclosing Party, in accordance with a standard of care that shall be no less than the standard employed to protect its own information of like importance or that of others, but in no event with less than reasonable care consistent with industry practice;

(b) Each Recipient Party covenants and agrees not to print or copy, in whole or in part, any documents or other media containing any Confidential Information without the prior written consent of the Disclosing Party other than (i) copies for its Permitted Recipient Parties, and (ii) for its Permitted Internal Purposes;

(c) Each Recipient Party covenants and agrees not to use any Confidential Information it receives from a Disclosing Party for any purpose other than (i) in connection with or in furtherance of the Business, and (ii) for its Permitted Internal Purposes;

(d) Each Recipient Party covenants and agrees not to disclose, or permit the disclosure of, Confidential Information of a Disclosing Party to any third party except (i) to a Party or the Permitted Recipients of a Party, or (ii) to other persons, on a need to know basis, for the Permitted Internal Purposes, provided that such other persons are bound by confidentiality obligations that are at least as protective of the Confidential Information as the terms of this Article XI (“Other Permitted Persons”). In the case of disclosures pursuant to clause (ii) of this Section 11.1(d), such disclosure shall be subject to the internal controls that the Recipient Party exercises with respect to its own Confidential Information of like importance;

(e) With respect to Confidential Information obtained by the Disclosing Party from a third party, each Recipient Party covenants and agrees to abide by any use and non-disclosure restrictions imposed by the third party on such Confidential Information to which the Disclosing Party is subject, provided that the Disclosing Party has informed the Recipient Party of such restrictions in writing in advance;

(f) To the extent that any Confidential Information disclosed by an Enterprise to the Company (and to which the other Enterprise has access) is never used to a material degree by the Company, the Enterprise that did not disclose such Confidential Information shall not have any use rights thereto;

(g) The Enterprises shall not use for any purpose whatsoever each other’s Confidential Information that is Nonpublic Member Data. For the avoidance of doubt, the term “use” in this Section 11.1(g) shall be construed broadly to include any productive use, including the testing or verification purposes of the Enterprises. Notwithstanding the foregoing, but subject to Section 11.1(h) below, the prohibition in this Section 11.1(g) shall not apply to the testing and verification processes conducted by employees of the Enterprises directly involved in the build, design, development, testing, operation, support or maintenance of the Platform under the direct or indirect supervision of the respective Enterprise or Company officer or officers, as the case may be, charged with such management responsibilities;

(h) The Company shall maintain and comply with the written information security program (including the administrative, technical and physical safeguards set forth therein) approved by the Board. Any changes to the Company's information security program will be subject to

Board approval. Any use, access or disclosure of Confidential Information by the Company (including Nonpublic Member Data) shall comply with (i) the terms of this Agreement, (ii) the terms set forth in any other agreement between the Parties and (iii) appropriate policies and controls adopted by the Company, consistent with the approved information security program; and

(i) The provisions of this Article XI shall not apply to Intellectual Property Rights solely to the extent such Intellectual Property Rights are subject to the license rights set forth in Article XII; provided, however, that each Recipient Party shall keep confidential all trade secrets and other Intellectual Property Rights of a Disclosing Party that are of a confidential nature (which shall not include issued patents, registered copyrights of non-confidential works of authorship, and trademarks) with the standard of care specified in Section 11.1(a) and shall disclose such information to third parties only on a need to know basis, provided that such third parties are bound by confidentiality obligations that are at least as protective of the Confidential Information as the Recipient Party would require in similar circumstances with respect to its own information of like importance.

11.2 Permitted Recipient Parties and Other Permitted Persons. Each Recipient Party shall advise any Permitted Recipient Party and Other Permitted Persons to which it discloses Confidential Information of the confidential nature of the Confidential Information and shall require such Permitted Recipient Party and Other Permitted Person to protect the confidentiality of such Confidential Information in accordance with the provisions of this Article XI, provided, that, with respect to each Recipient Party's use of such Confidential Information for its Permitted Internal Purposes, it shall only be required to adhere to its own internal controls, policies and procedures for the confidential treatment of information that is similar in nature and of comparable important to the Confidential Information at issue, which controls shall be consistent with industry practice. Each Recipient Party shall be liable for any breach of any obligation hereunder by any of its Permitted Recipient Parties or Other Permitted Persons and agrees to take all reasonable measures (including but not limited to court proceedings for injunctive relief, if reasonable under the circumstances) to restrain its respective Permitted Recipient Parties or Other Permitted Persons from prohibited or unauthorized disclosure or use of such Confidential Information. Nothing in this Agreement shall prohibit the disclosure by any Recipient Party of Confidential Information to FHFA, in its role as Conservator of the Enterprises or as regulator and supervisor of the Company, or to FHFA's Office of Inspector General, in its oversight capacity of FHFA, and FHFA's employees, agents, attorneys or other professional advisors.

11.3 Disclosure. In the event a Recipient Party receives a court order or other governmental or administrative decree requiring disclosure of Confidential Information of a Disclosing Party, or if a Recipient Party is otherwise legally obligated to disclose the Confidential Information of a Disclosing Party (other than as a result of any directive or other instruction from FHFA), such Recipient Party shall, if it is legally permitted to do so, give the Disclosing Party reasonable written notice prior to such disclosure in order to permit such Disclosing Party, at such Disclosing Party's expense, to seek a protective order or otherwise take steps to prevent the disclosure of such Confidential Information. The Recipient Party shall cooperate with the Disclosing Party in seeking a protective order or other measure to limit the required disclosure of the Disclosing Party's Confidential Information, and release only so much of such Confidential Information as is required by any resulting order, decree or legal obligation.

11.4 Breach. Each Party agrees that in the event of a breach or threatened breach by any Party, including its Permitted Recipient Parties and Other Permitted Persons, of the provisions of this Article XI, the non-breaching Party may not have an adequate remedy in money damages and, accordingly, shall be entitled to seek an injunction against such breach, in addition to any other legal or equitable remedies available to it.

11.5 Residual Knowledge. Each Disclosing Party acknowledges that the Recipient Parties may currently or in the future be developing information internally, or receiving information from other parties, that is similar to the Disclosing Party's Confidential Information. The Parties agree that they also may acquire Residual Knowledge as a result of this Agreement. Any use or disclosure by any Party of Residual Knowledge shall not constitute a breach of this Agreement, provided that such use or disclosure does not violate the patents or copyrights of any other Party hereto. Subject to the foregoing proviso, nothing in this Agreement will prohibit a Recipient Party from using Residual Knowledge to develop or have developed for itself, or otherwise use or disclose, products, concepts, systems or techniques that are similar to or compete with the products, concepts, systems or techniques contemplated by or embodied in such Confidential Information. The Parties shall have no obligation to limit or restrict the work assignments of their Permitted Recipient Parties as a result of their having had access to any other Party's Confidential Information.

11.6 Breach Notification. The Recipient Party shall promptly notify the Disclosing Party in writing of any unauthorized use or disclosure of, or access to, the Disclosing Party's Confidential Information by or arising through the Recipient Party of which it becomes aware, and take all reasonable steps requested by the Disclosing Party to limit, stop or otherwise prevent such loss or unauthorized use, disclosure or access.

## ARTICLE XII INTELLECTUAL PROPERTY

### 12.1 Licenses to Enterprises of Intellectual Property Rights.

(a) Except as otherwise agreed to in a written contract approved in accordance with Section 6.4(s), the Company hereby grants to each Enterprise a non-exclusive, non-transferable (except as set forth in Section 17.9), fully-paid, royalty free, perpetual (both during and following the respective Enterprise's Membership in the Company), irrevocable and worldwide license to Exploit all Materials and all Intellectual Property Rights (other than trademarks) that are owned or licensed by the Company while the respective Enterprise is a Member of the Company, which may be used by each Enterprise for any purpose, subject to any restrictions that may be set forth in the Customer Services Agreement. The foregoing license excludes any use rights with respect to third party licensed Materials to the extent the third party licenses do not permit such use rights to be granted; provided, however, that upon written request from an Enterprise, the Company shall use commercially reasonable efforts to obtain a separate license in the name of the Enterprise, which license shall be at that Enterprise's expense (as approved in advance by such Enterprise).

(b) The rights to sublicense and distribute such Materials and Intellectual Property Rights pursuant to Section 12.1(a) shall apply to the extent reasonably necessary or appropriate for each Enterprise to Exploit such Materials and Intellectual Property Rights for the operation of its business; provided, however, that such sublicense or distribution shall not be solely for the purpose of receiving royalties or other licensing revenue from the sublicense or such Materials and Intellectual

Property Rights themselves (as opposed to in combination with other aspects of the Enterprise's business) and shall contain confidentiality obligations that are at least as protective of the Company's Confidential Information as the terms of Article XI. Without limiting the generality of the foregoing, the Enterprises may permit third parties providing services to the Enterprises to access such Materials and the Technology embodying such Intellectual Property Rights, provided that such third parties are bound by confidentiality obligations that are at least as protective of the Company's Confidential Information as the terms of Article XI.

(c) In the event of the bankruptcy of the Company pursuant to the Bankruptcy Code and an attendant rejection of this Agreement or any license granted hereunder, the Parties intend that the provisions of Section 365 of the Bankruptcy Code shall apply and the Enterprises shall be entitled to retain all license rights granted in this Agreement and possession of all Materials and Intellectual Property Rights licensed under this Agreement, and to exercise all rights to obtain possession of Materials and embodiments of Intellectual Property Rights in accordance with this Agreement and any other agreement supplementary hereto, and the Enterprises shall have no obligation to pay any additional fees or payments in connection with the exercise of the license rights granted under this Agreement and use of any such licensed Materials or Intellectual Property Rights.

12.2 Third Party Intellectual Property Rights. As soon as practicable following the date hereof, the management of the Company shall adopt policies and procedures governing the use by the Company of Software and Materials owned by third parties (including open source software), including in connection with the design and development of the Platform.

12.3 Disclosure and Delivery of Intellectual Property Rights and Materials. This Article XII establishes the Enterprises' right to Exploit the Materials and Intellectual Property rights owned or licensed by the Company. To facilitate the exercise of those rights in a manner that does not create unreasonable burdens for the Company, the Members and the Company will agree on a schedule for delivery of Materials and Intellectual Property by the Company to the Enterprises, which schedule may be updated by written agreement of both Members and the Company from time to time. The remaining provisions of this Article XII will apply until a schedule is agreed upon by the parties and will serve as default requirements in case any schedule agreed upon by the parties expires without a replacement having been agreed upon. Within thirty (30) days after the end of each calendar quarter, the Company will provide to each Enterprise (unless such Enterprise notifies the Company that it elects to defer such delivery) a then current (i.e. as of the end of the applicable calendar quarter) listing of all Materials and Intellectual Property Rights owned or licensed by the Company, including a complete listing of all Software and other Materials incorporated in or reasonably necessary to enable the Enterprises to Exploit the Platform. Following receipt of such listing, an Enterprise may request in writing no more than one time per calendar quarter that the Company provide to the Enterprise, and the Company shall provide to such Enterprise within five business days after receipt of the request, current copies of any Materials or Intellectual Property Rights listed therein (or such portion thereof as was requested by such Enterprise) including current copies of object code and Source Code for Software included in the Materials. At the

request of an Enterprise, the Company shall also provide a reasonable amount of basic knowledge transfer as is reasonably necessary to permit the Enterprise to Exploit the Platform using appropriately skilled and knowledgeable resources; provided, however, that such obligation of the Company shall not interfere with the priority of the Company's day to day operations and objectives and shall not otherwise create an unreasonable burden on the Company or its employees. If an Enterprise ceases to be a Member of the Company, the Company shall provide a then current (i.e. as of the date it ceases to be a Member of the Company) listing and copies of the foregoing Materials and Intellectual Property Rights to such Enterprise within thirty (30) days after it ceases to be a Member; thereafter, the Company's obligations under this Section 12.3 shall terminate.

12.4 Prosecution of Intellectual Property Rights. The Company shall have the sole authority to prosecute any patents on inventions developed by or for the Company and assigned to it using patent counsel selected by the Board.

12.5 Protection of Company Intellectual Property Rights. The Company shall use commercially reasonable efforts to protect and enforce its Intellectual Property Rights in and to the Platform, and any underlying Software owned by the Company, including by bringing infringement suits against infringers in its reasonable discretion. Should the Company fail to do so, in the reasonable judgment of an Enterprise, the Enterprise shall have the right to bring such matter before the Board. If, after consideration of the Board, the Company declines to bring an infringement action against an infringer, such decision shall be final, and neither Enterprise shall have any further right to raise such matter before the Board or to otherwise object to such decision.

12.6 Covenant Not to Sue.

(a) Each Party covenants that it shall not Assert any Patent Rights owned or controlled by it against (i) the Company or its Covered Persons with respect to their designing, building, developing, testing, operating, supporting, maintaining, updating, enhancing and using the Platform in accordance with this Agreement and the Customer Services Agreement, or (ii) an Enterprise or its Covered Persons with respect to such Enterprise's Exploitation of the Materials and Intellectual Property Rights pursuant to Section 12.1 in accordance with the terms of this Agreement. Each covenant in this Section 12.6 is referred to as a "CNTS." For clarification, a Patent Right is subject to the CNTS only to the extent that it would be infringed in the absence of a license thereunder as a result of the activities described in subparagraphs (i) and (ii) above. The Parties acknowledge and agree that no CNTS in any way narrows the scope of, restricts the application of, or otherwise limits or adversely affects, the licenses granted to the Parties pursuant to Section 12.1 and the Contribution Agreement.

(b) Each CNTS runs with title to any Patent Rights to the extent they are subject to the CNTS and binds any assignee, exclusive licensee, or other individual or entity that acquires any interest in any Patent Rights that are subject to the CNTS, whether or not that individual or entity has actual or constructive knowledge of the CNTS.

(c) The CNTS granted by each Enterprise in favor of the other Enterprise and its Covered Persons shall be effective for so long as both Enterprises remain Members and both CNTS shall terminate when either Enterprise ceases to be a Member, provided, that each CNTS shall continue in perpetuity with respect to all Patent Rights owned or controlled by each grantor Enterprise on or prior to

the date on which an Enterprise ceased to be a Member (and including without limitation future patents and patent applications claiming priority to the foregoing). The CNTS granted by each Enterprise in favor of the Company and its Covered Persons shall be effective for so long as such Enterprise remains a Member and shall terminate when it ceases to be a Member, provided, that such CNTS shall continue in perpetuity with respect to all Patent Rights owned or controlled by such grantor Enterprise on or prior to the date on which it ceased to be a Member (and including without limitation future patents and patent applications claiming priority to the foregoing). The CNTS granted by the Company in favor of each Enterprise shall be effective for so long as such Enterprise remains a Member and shall terminate when it ceases to be a Member, provided, that such CNTS shall continue in perpetuity with respect to all Patent Rights owned or controlled by the Company on or prior to the date on which such Enterprise ceased to be a Member (and including without limitation future patents and patent applications claiming priority to the foregoing).

(d) To effectuate the purpose of Section 12.6 (b) above, if either of the Enterprises intends (x) to transfer or assign (directly, by operation of law, or in connection with a merger, acquisition, or sale of all or substantially all of an Enterprise's assets) ownership of a Patent Right to any third party, or (y) to grant an exclusive license to, or other proprietary interest in, any Patent Right, which Patent Right, the Enterprise knew or reasonably should have known, is subject to the CNTS at the time of the transfer, assignment, or grant, then prior to any such transfer, assignment, or grant, such Enterprise shall secure in writing from the third party (i) the CNTS with respect to such Patent Right to the same extent as it applies at such time to such Enterprise and (ii) a covenant to secure a similar CNTS from any subsequent owner or exclusive licensee of such Patent Right. If for any reason any transferee, assignee, or grantee does not so agree in writing, then, effective immediately prior to that transfer, assignment, or grant, the Enterprise shall be deemed to have granted to the Company an automatically-vested, nonexclusive, irrevocable, perpetual, fully-paid-up, royalty-free, worldwide, transferable, assignable license under such Patent Right to design, build, develop, test, operate, support, maintain, update, enhance and use the Platform in accordance with this Agreement and the Customer Services Agreement.

### ARTICLE XIII

#### TRANSFER OF LLC UNITS

13.1 Prohibition on Transfers by Enterprises. Neither Fannie Mae nor Freddie Mac may Transfer their respective LLC Units, or any portion thereof, without (i) approval as a Significant Matter pursuant to Section 6.4, and (ii) proper receipt of such other Governmental Approvals as may be necessary.

### ARTICLE XIV

#### INDEMNIFICATION

##### 14.1 Indemnification by Fannie Mae.

(a) Subject to the limitations set forth in this Article XIV and to all applicable regulatory requirements and restrictions, Fannie Mae shall defend, indemnify and hold harmless each of the Freddie Mac Indemnified Parties and the Company Indemnified Parties from and against any costs, damages, losses, expenses (including, without limitation, settlements, judgments and reasonable attorneys'



fees and costs relating thereto), claims, obligations or liabilities (“Damages”) suffered or incurred by any Freddie Mac Indemnified Party or Company Indemnified Party, as the case may be, to the extent such Damages result or arise from:

(i) a breach or inaccuracy of any of the representations or warranties made by Fannie Mae in this Agreement; or

(ii) a breach of any of the covenants or agreements made or to be performed by Fannie Mae pursuant to this Agreement.

(b) Notwithstanding the foregoing, Fannie Mae shall not be required to indemnify or hold any Freddie Mac Indemnified Party or Company Indemnified Party harmless from or against any Damages to the extent that such Damages arise out of or relate to the negligence, willful misconduct or breach of any of its representations, warranties, covenants or agreements herein, in any Ancillary Agreement or in any certificate, agreement, document or instrument delivered pursuant hereto or thereto, by any Freddie Mac Indemnified Party or Company Indemnified Party, as applicable.

#### 14.2 Indemnification by Freddie Mac.

(a) Subject to the limitations set forth in this Article XIV and to all applicable regulatory requirements and restrictions, Freddie Mac shall defend, indemnify and hold harmless each of the Fannie Mae Indemnified Parties and the Company Indemnified Parties from and against any Damages suffered or incurred by any Fannie Mae Indemnified Party or Company Indemnified Party, as the case may be, to the extent such Damages result or arise from:

(i) a breach or inaccuracy of any of the representations or warranties made by Freddie Mac in this Agreement; or

(ii) a breach of any of the covenants or agreements made or to be performed by Freddie Mac pursuant to this Agreement.

(b) Notwithstanding the foregoing, Freddie Mac shall not be required to indemnify or hold any Fannie Mae Indemnified Party or Company Indemnified Party harmless from or against any Damages to the extent that such Damages arise out of or relate to the negligence, willful misconduct or breach of any of its representations, warranties, covenants or agreements herein, in any Ancillary Agreement or in any certificate, agreement, document or instrument delivered pursuant hereto or thereto, by any Fannie Mae Indemnified Party or Company Indemnified Party, as applicable.

#### 14.3 Indemnification by the Company.

(a) Subject to the limitations set forth in this Article XIV and to all applicable regulatory requirements and restrictions, the Company shall defend, indemnify and hold harmless each of the Fannie Mae Indemnified Parties and the Freddie Mac Indemnified Parties from and against any Damages suffered or incurred by any Fannie Mae Indemnified Party or Freddie Mac Indemnified Party, as the case may be, to the extent such Damages result or arise from:

(i) a breach by the Company of any Fannie Mae Assigned Contract (as such term is defined in the Contribution Agreement) or Freddie Mac Assigned Contract (as such term is defined in the Contribution Agreement); or

(ii) a breach by the Company of any contract or other agreement pursuant to which either or both Enterprises agrees to serve as a co-party, guarantor or otherwise for purposes of providing assurance or security to the third-party to such contract or agreement of the Company's performance, provided that the indemnity under this Subparagraph (ii) shall be limited to the Damages suffered by the applicable Enterprise in its capacity as a co-party, guarantor or otherwise for purposes of providing assurance or security to such third-party.

(b) Notwithstanding the foregoing, the Company shall not be required to indemnify or hold any Freddie Mac Indemnified Party or Fannie Mae Indemnified Party harmless from or against any Damages to the extent that such Damages arise out of or relate to the negligence, willful misconduct or breach of any of its representations, warranties, covenants or agreements herein, in any Ancillary Agreement or in any certificate, agreement, document or instrument delivered pursuant hereto or thereto, by any Freddie Mac Indemnified Party or Fannie Mae Indemnified Party, as applicable.

14.4 Indemnification Procedures. In any case where an Indemnified Party shall seek indemnification under this Agreement for a third party claim, suit or proceeding (a "Claim"), such indemnification shall be conditioned on such Indemnified Party's compliance with the following procedures:

(a) The Indemnified Party will give prompt written notice to the party from whom such indemnification is sought (the "Indemnifying Party") of each Claim for indemnification under this Agreement, specifying to the extent then known the amount and nature of the Claim (a "Notice of Indemnification"). No failure to so notify the Indemnifying Party shall relieve the Indemnifying Party of its obligations under this Agreement except to the extent that Damages are attributable to such failure. Within fifteen (15) days following receipt of a Notice of Indemnification from the Indemnified Party relating to any Claim, the Indemnifying Party will notify the Indemnified Party in writing if the Indemnifying Party elects to assume control of the defense and settlement of that Claim (a "Defense Election").

(b) If the Indemnifying Party delivers a Defense Election relating to any Claim within the required notice period, the Indemnifying Party will be entitled to have sole control over the defense and settlement of such Claim; provided, however, that

(i) the Indemnified Party will be entitled to participate in the defense of such Claim and to employ counsel at its own expense to assist in the handling of such Claim, provided, however, that, if the Indemnified Party cooperates and provides assistance at the request of the Indemnifying Party in connection with the Indemnifying Party's defense, the Indemnified Party shall be entitled to recover from the Indemnifying Party the reasonable costs of providing such assistance;

(ii) before entering into any settlement of such Claim or ceasing to defend against such Claim, the Indemnifying Party will obtain the prior written approval of the

Indemnified Party in respect of any compromise or settlement that would impose any penalty, limitation, disclosure obligation, or injunction or other equitable relief upon the Indemnified Party or that does not include the third party's release of the Indemnified Party from all liability relating to such Claim for which the Indemnified Party is entitled to be indemnified; and

(iii) the Indemnifying Party shall inform the Indemnified Party on a regular basis of the status of such Claim and the Indemnifying Party's defense thereof.

(c) Subject to Section 14.4(b), after the Indemnifying Party has delivered a Defense Election relating to any claim in accordance with Section 14.4(a), the Indemnifying Party will not be liable to the Indemnified Party for any legal expenses incurred by such Indemnified Party in connection with the defense of that Claim. In addition, the Indemnifying Party will not be required to indemnify the Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any claim for which the Indemnifying Party has delivered a timely Defense Election if such amount was agreed to without the written consent of the Indemnifying Party.

(d) Provided that the Notice of Indemnification is given (unless the failure to provide such Notice of Indemnification does not actually and materially prejudice the interests of the Indemnifying Party), and the Indemnifying Party (i) has not delivered a Defense Election relating to any Claim within the required notice period, or (ii) has delivered a Defense Election relating to a Claim but has not retained counsel within 30 days following the delivery of the Defense Election, then the Indemnified Party shall have the right to defend, contest or otherwise protect against the same, and make any compromise or settlement thereof and recover any related Damages, including any Damages incurred in securing the Indemnified Party's rights under this Agreement, from the Indemnifying Party.

(e) In the event that the counsel retained by the Indemnifying Party determines that it cannot represent the Indemnifying Party and the Indemnified Party in connection with the defense of any Claim consistent with the applicable rules of professional conduct, the Indemnified Party shall have the right to employ separate counsel and to control its own defense in connection therewith, and the reasonable fees and expenses of such separate counsel shall be paid by the Indemnifying Party.

(f) An Indemnified Party shall, to the extent practicable and reasonably within its control and at the expense of the Indemnifying Party, make commercially reasonable efforts to mitigate any Damages of which it has adequate notice, provided that the Indemnified Party shall not be obligated to act in contravention of applicable law or in contravention of reasonable and customary practices of a prudent person in similar circumstances.

(g) The obligation to indemnify a party's officers, directors, employees and agents in accordance with this Article XIV may be enforced exclusively by such party and nothing herein shall be construed to grant such officers, directors, employees and agents any individual rights, remedies, obligations or liabilities with respect to the parties to this Agreement.

#### 14.5 Limits on Indemnification.

(a) The parties hereto waive as against each other any claim to consequential, special, exemplary or punitive damages except to the extent consequential, special, exemplary or punitive damages are awarded to a third party against an Indemnified Party in circumstances in which such Indemnified Party is entitled to indemnification hereunder.

(b) Each Indemnified Party shall maintain such insurance coverage with respect to its business as is customary for an entity of the size and nature of such Indemnified Party. Each Indemnified Party shall be obligated in connection with any claim for indemnification under this Article XIV to use commercially reasonable efforts to obtain any insurance proceeds and indemnification payments payable to such Indemnified Party by any third party available with regard to the applicable claim. The amount which the Indemnifying Party is or may be required to pay to any Indemnified Party pursuant to this Article XIV shall be reduced (retroactively, if necessary) by any insurance proceeds, indemnification payments or other amounts actually recovered by or on behalf of the indemnified party in reduction of the related damages. If the Indemnified Party receives the payment required by this Agreement from the Indemnifying Party in respect of Damages and subsequently receives insurance proceeds, indemnification payments or other amounts in respect of such Damages, then such Indemnified Party shall promptly repay to the Indemnifying Party a sum equal to the amount of such insurance proceeds, indemnification payments or other amounts actually received.

#### 14.6 Exclusive Remedy.

(a) The remedies provided in this Article XIV shall be the exclusive remedies of the Parties hereto in connection with any claim or action arising out of any breach by, or inaccuracy of, another Party's (i) representations, (ii) warranties or (iii) covenants and agreements. The provisions of this Article XIV shall apply to claims for indemnification asserted as between the Parties as well as to third-party claims.

(b) Nothing in this Section 14.6 is intended to limit or expand the remedies provided under any Ancillary Agreement for claims arising under those Ancillary Agreements.

### ARTICLE XV DISPUTE RESOLUTION

15.1 Disputes. The Members and the Company shall attempt in good faith to resolve any dispute, controversy or claim between or among them arising out of or relating to this Agreement, including without limitation any dispute over the breach, interpretation or validity thereof (a "Dispute"). Any Member or the Company, as applicable, may request through written notice to all of the other Members and the Company that the Dispute be referred to senior executives of the Members and the Company, as applicable, that are parties to the Dispute who have authority to resolve the Dispute. The senior executives shall attempt to resolve the Dispute by agreement within sixty (60) days of such notice. The senior executives shall take such actions as may be necessary in connection with any discussions relating to any Dispute to prevent the disclosure of competitively sensitive information of one Member or the Company, as applicable, to other Members or the Company, as applicable.

15.2 Legal Proceedings. If any Dispute is not resolved by the senior executives of the Members or the Company, as applicable, that are party to the Dispute within the sixty (60) day period prescribed by Section 15.1, any such Member or the Company may institute legal proceedings in a federal court in the State of Maryland, which shall be the exclusive forum for such Dispute to the fullest extent permitted by applicable law.

15.3 Resolution by Conservator. Notwithstanding the foregoing, at any time during which FHFA is Conservator of both (but not just one) Enterprises, FHFA shall have the authority to resolve any Dispute between the Enterprises and between either or both Enterprises and the Company. While FHFA is Conservator of both (but not just one) Enterprises, FHFA may direct that the Enterprises take such actions and engage in such processes as FHFA shall determine to resolve any Dispute, and the Enterprises shall comply with FHFA's direction.

## ARTICLE XVI

### NOTICES

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be (i) personally delivered, (ii) transmitted by an internationally recognized overnight courier service, or (iii) transmitted by electronic mail (with a confirmation copy sent by one of the other methods authorized in this Section or by mailing, postage prepaid), addressed as follows (or such other address as the Parties may designate from time to time in writing):

If to Fannie Mae:

Federal National Mortgage Association  
1100 15<sup>th</sup> Street, NW  
Washington, DC 20005  
Attn: Executive Vice President, General Counsel & Corporate Secretary  
E-Mail: terry\_theologides@fanniemae.com

Copies to:

Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Attn: Deputy Director, Division of Conservatorship  
E-Mail: CSS@fhfa.gov

and

Federal National Mortgage Association  
1100 15<sup>th</sup> Street, NW  
Washington, DC 20005  
Attn: Vice President, Deputy General Counsel & Deputy Corporate Secretary  
Email: christine\_e\_reddy@fanniemae.com

If to Freddie Mac:

Federal Home Loan Mortgage Corporation  
8200 Jones Branch Drive  
McLean, Virginia 22102  
Attn: Ricardo A. Anzaldua  
Executive Vice President, General Counsel and Corporate Secretary  
E-Mail: ricardo\_anzaldua@freddiemac.com

Copies to:

Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024 Attn: Deputy Director, Division of Conservatorship  
E-Mail: CSS@fhfa.gov

and

Federal Home Loan Mortgage Corporation  
8200 Jones Branch Drive  
McLean, Virginia 22102  
Attn: Melinda L. Reingold  
Vice President & Deputy General Counsel - Mortgage Securities  
E-Mail: melinda\_reingold@freddiemac.com

If to the Company:

Common Securitization Solutions, LLC  
7501 Wisconsin Avenue, Suite 300  
Bethesda, Maryland 20814  
Attn: Chief Executive Officer  
Email: tony.renzi@commonsecuritization.com

Copies to:

Common Securitization Solutions, LLC  
7501 Wisconsin Avenue, Suite 300  
Bethesda, Maryland 20814  
Attn: Senior Vice President, Chief Legal and Compliance Officer  
Email: carol.rakatansky@commonsecuritization.com

Federal Housing Finance Agency  
400 7th Street, SW  
Washington, DC 20024  
Attn: Deputy Director, Division of Conservatorship  
E-Mail: CSS@fhfa.gov

All notices and other communications required or permitted to be given hereunder shall be deemed to have been duly given on the first to occur of: (i) the date of receipt if delivered personally, (ii) the first Business Day following the day the same is deposited with an internationally recognized courier service if sent by overnight delivery service, or (iii) the date sent (without notice of non-delivery) if sent by electronic mail transmission.

## ARTICLE XVII MISCELLANEOUS

### 17.1 FHFA Authority.

(a) FHFA's actions pursuant to this Agreement shall be performed in its capacities as Conservator of the Enterprises and as regulator and supervisor of the Company, and any approval, designation, direction or other rights reserved to FHFA under this Agreement shall be exercised by FHFA in those roles.

(b) Notwithstanding the foregoing, nothing in this Agreement is intended to, nor shall, limit in any manner FHFA's authority with respect to the Enterprises and their respective assets (including their LLC Units) as Conservator or Receiver, nor as regulator and supervisor of the Enterprises and the Company.

(c) Notwithstanding any other provision of this Agreement to the contrary, if FHFA is no longer Conservator of either Enterprise, all rights of FHFA in its capacity as Conservator arising exclusively under this Agreement shall cease, but its rights as regulator and supervisor of the Enterprises and the Company shall persist.

17.2 Scope of the Parties' Authority. Unless otherwise provided in this Agreement, no Party shall, without the prior written consent of the other Party, in any manner use the name of, or commit or act or purport to act for or as a representative of, or assume any obligations or responsibilities on behalf of, such other Party, whether before or after the formation of the Company.

17.3 Force Majeure. Should any circumstance beyond the reasonable control of any Member occur which delays or renders impossible the performance of any of its obligations under this Agreement, such obligation shall be postponed for such time as such performance necessarily has had to be suspended or delayed on account thereof; provided such Member shall notify the other Members and the Company in writing within fourteen (14) days after the occurrence of such force majeure. In such event, representatives of each Member, the Company and FHFA shall promptly meet to determine an equitable solution to the effect of any such event, provided that any Member who fails because of force majeure to perform its obligations hereunder or thereunder will upon the cessation of the force majeure take all reasonable steps within its power to resume with the least possible delay compliance with its obligations. Events of force majeure shall include, without limitation, war, revolution, invasion, insurrection, riots, mob violence, sabotage or other civil disorders, acts of God, strikes or other labor disputes, acts, laws, regulations or rules of any government or governmental agency and any other circumstances beyond the reasonable control of the Member, the obligations of which are affected thereby.

17.4 Severability. If any term or provision of this Agreement shall be held or deemed to be, or shall in fact be, invalid, inoperative, illegal or unenforceable as applied to any particular case in any jurisdiction or jurisdictions, or in all jurisdictions or in all cases, because of the conflicting of any provision with any constitution or statute or rule of public policy or for any other reason, such circumstance shall not have the effect of rendering the provision or provisions in question invalid, inoperative, illegal or unenforceable in any other jurisdiction or in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative, illegal or unenforceable to the extent that such other provisions are not themselves actually in conflict with such constitution, statute or rule of public policy, but this Agreement shall be narrowly reformed and construed in any such jurisdiction or case as if such invalid, inoperative, illegal or unenforceable provision had never been contained herein and such provision narrowly reformed so that it would be valid, operative and enforceable to the maximum extent permitted in such jurisdiction or in such case.

17.5 Entire Agreement. The terms and conditions herein contained together with the terms and conditions of the Ancillary Agreements, the Customer Services Agreement and the other documents attached as Schedules and Exhibits hereto constitute the entire agreement between the Parties relating to the subject matter of this Agreement and shall supersede all previous communications between the Parties with respect to the subject matter of this Agreement. No Party has entered into this Agreement in reliance upon a representation, warranty or undertaking of the other Party which is not set out or referred to in this Agreement.

17.6 Further Assurances. The Parties hereto shall at any time, and from time to time execute and deliver such additional instruments and other documents and shall at any time, and from time to time take such further actions as may be reasonably necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby

17.7 No Third Party Rights. This Agreement shall not be deemed or construed in any way to result in the creation of any rights or obligations in any Person not a party to this Agreement (including, but not limited to, employees or contractors of any Enterprise or the Company), other than FHFA and the third parties entitled to indemnification pursuant to Article XIV.

17.8 Applicable Law. This Agreement and the rights and liabilities of the parties hereto shall be governed by and construed in accordance with applicable U.S. federal laws and the laws of the State of New York applicable to contracts made and to be performed within such jurisdiction and without regard to any conflicts of laws principle that would result in the application of the laws of any other jurisdiction.

17.9 Assignment of Agreement. This Agreement shall be binding upon and inure to the benefit of each Party hereto and its permitted successors and assigns, including with respect to each Enterprise, the corresponding LLRE as contemplated by Section 3.1(b). Subject to Section 3.1(b), no Party hereto shall assign, transfer, or otherwise dispose of (by operation of law or otherwise) any of its rights or obligations under this Agreement in whole or in part to any Person without the prior written consent of the other Parties; provided, however, that in the event any Enterprise is placed into receivership



and the LLC Units held by the Enterprise are transferred to a corresponding LLRE, such LLRE shall become a party to this Agreement as successor-in-interest to the Enterprise.

17.10 Waivers. No waiver, forbearance, or failure by any Party of its right to enforce any provision of this Agreement shall constitute a waiver or estoppel of such Party's right to enforce such provision thereafter or to enforce any other provision of this Agreement. No single or partial exercise of any right or power hereunder shall operate as a waiver of such right or of any other right or power. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other or subsequent breach hereunder. All rights and remedies existing under this Agreement are cumulative with, and not exclusive of, any rights or remedies otherwise available.

17.11 Amendments. No amendment or supplement to this Agreement shall be effective for any purpose unless in writing and signed by an authorized officer of each Party hereto.

17.12 Survival. The provisions of Articles XI, XII, XIV, XV, and XVI of this Agreement shall survive indefinitely.

17.13 Expenses. Each Party shall bear its own costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and all related agreements referred to herein, except to the extent specifically provided otherwise in this Agreement or in any of those related agreements or as otherwise agreed by the Enterprises.

17.14 Construction. The Enterprises agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

17.15 Counterparts. This Agreement may be executed simultaneously in any number of counterparts and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute one and the same instrument, binding on all of the Parties. Signatures provided by facsimile or electronic copy shall have the same effect as originals.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first above written.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By: \_\_\_\_/s/ David Benson\_\_\_\_\_

Name: David Benson

Title: President

FEDERAL HOME LOAN MORTGAGE CORPORATION

By: \_\_\_\_/s/ Jerry Weiss\_\_\_\_\_

Name: Jerry Weiss

Title: Executive Vice President and Chief  
Administrative Officer

COMMON SECURITIZATION SOLUTIONS,  
LLC

By: \_\_\_\_/s/ Anthony N. Renzi\_\_\_\_\_

Name: Anthony N. Renzi

Title: Chief Executive Officer

## Schedule 3.2

### LLC UNITS AND PERCENTAGE INTERESTS OF THE MEMBERS

<u>Member</u>	<u>LLC Units</u>	<u>Percentage Interest</u>
Federal National Mortgage Association	1000 Units	50%
Federal Home Loan Mortgage Corporation	1000 Units	50%

## **EXHIBIT A**

### **FIRST AMENDED AND RESTATED CHARTER OF COMMON SECURITIZATION SOLUTIONS, LLC, a Delaware limited liability company**

as of November 3, 2014

Reference is hereby made to Common Securitization Solutions, LLC, a Delaware limited liability company (the “Company”), formed on the 7<sup>th</sup> day of October, 2013, by the filing of a Certificate of Formation of the same date in the Office of the Secretary of State of the State of Delaware, by the Federal National Mortgage Association (“Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“Freddie Mac”) (collectively, the “Enterprises”).

WHEREAS, the Company shall be jointly and equally owned by the Enterprises, and has been formed by them and shall have the following purposes:

To develop, operate, update and maintain the systems, software, processes, infrastructure and business activities necessary or appropriate to facilitate the efficient, large-scale issuance of single-family, residential, mortgage-related securities by both Enterprises and, potentially, other users (including a Single Security, as described in the *Request for Input: Single Security* published by FHFA on August 12, 2014 (including different types of Single Security as described in that document), with any modifications of such Single Security as may be agreed upon between the Enterprises), and the related sale and administration of such securities.

## **EXHIBIT B**

### **ASSIGNED EMPLOYEE TERMS AND CONDITIONS**

This Exhibit D is to be read in conjunction with Article 9 of the LLC Agreement. Except as otherwise stated herein, all capitalized terms set forth herein shall have the meanings set forth in the LLC Agreement.

1. **Assignment of Assigned Employees.** Individuals shall be assigned to work on behalf of the Company as Assigned Employees either by: (i) application by an individual through an Enterprise's posting process, which may be open to both internal (for both Enterprises) and external candidates; or (ii) an Enterprise identifying and assigning qualified persons to work on the Platform. The Enterprises will jointly determine the process for candidate selection; however, the Enterprise which employs (or will employ) the individual will determine, in its sole discretion, (A) the conditions for employment and (B) whether the individual has the skills needed for the assignment and is available to be assigned to work on behalf of the Company.
2. **Applicable Policies.** Assigned Employees will be subject to the personnel policies and practices of the Enterprise which employs them, including but not limited to the compensation and benefits policies and practices of the employing Enterprise. Assigned Employees shall not be subject to any personnel policies or practices of any other entity, with the exception of Company policies and practices that are specifically related to: (i) the operation of the facility in which they will perform their duties, including security procedures, hours in which the facility is open, and badge systems; (ii) performance management; (iii) training; (iv) on-the-job conduct and behavior; and (v) compliance with respect to safety, legal requirements and codes of conduct. In the event of any conflict or inconsistency between the policies and practices of the Company specifically related to the matters described in the preceding sentence and the policies and practices of an Enterprise specifically related to such matters, the policies and practices of the Company specifically related to such matters will be controlling.
3. **Restricted Period.** All Assigned Employees shall remain at-will employees of their respective Enterprise during the course of the assignment. However, subject to the Enterprises' rights to terminate the employment relationship with or without cause or notice, the Enterprises agree that each Assigned Employee will not be transferred from working on behalf of the Company as an Assigned Employee to another Enterprise position or assignment for a period of one year following the start of the individual's assignment as an Assigned Employee ("Restricted Period").
  - i. During the Restricted Period, an Assigned Employee may be transferred from the assignment with the Company to another Enterprise position or assignment only by agreement of both the Company and the Enterprise employing the Assigned Employee.

- ii. If an Assigned Employee becomes employed by the Company during the Restricted Period, the Enterprises agree that they will not solicit the Company employee during the Restricted Period, except by agreement of both the Company and the Enterprise seeking to employ the Company employee.
- iii. Following the Restricted Period, there shall be no restriction on the Assigned Employee moving to another position or assignment within his or her employing Enterprise.

For clarification, the Restricted Period shall not be shortened or extended by the Assigned Employee's hire by the Company; the Restricted Period shall be one year from the start of the assignment regardless of whether the Assigned Employee becomes employed by the Company during the course of the Restricted Period.

- 4. **Indemnification – Assigned Employees.** The Company shall defend, indemnify, and hold harmless each of the Fannie Mae Indemnified Parties and Freddie Mac Indemnified Parties from and against any Damages suffered or incurred by any Fannie Mae Indemnified Party or Freddie Mac Indemnified Party, as the case may be, to the extent such Damages result or arise from any employment-related Claim (whether such Claim is based on contract, statute or common law) asserted by any Assigned Employee related to the Assigned Employee's work or assignment to work on the Platform or any other work on behalf of the Company, including but not limited to any claim of discrimination and harassment, failure to comply with laws pertaining to wages and hours (including the payment of overtime wages), alleged violations of right to privacy, alleged violation of health or safety laws, the failure to provide legally required leaves of absence or other alleged violations of law. The indemnification procedures set forth in Section 14.4 of the LLC Agreement shall apply to any indemnification under this Section 4.
- 5. **Indemnification – Company Employees.** The Company shall defend, indemnify, and hold harmless each of the Fannie Mae Indemnified Parties and Freddie Mac Indemnified Parties from and against any Damages suffered or incurred by any Fannie Mae Indemnified Party or Freddie Mac Indemnified Party, as the case may be, to the extent such Damages result or arise from any employment-related Claim (whether such Claim is based on contract, statute, or common law) asserted by any Company employee or as a result of any acts or omissions by a Company employee which gives rise to an employment-related Claim, including but not limited to any claim of discrimination and harassment, failure to comply with laws pertaining to wages and hours (including the payment of overtime wages), alleged violations of right to privacy, alleged violation of health or safety laws, the failure to provide legally required leaves of absence or other alleged violations of law. The indemnification procedures set forth in Section 14.4 of the LLC Agreement shall apply to any indemnification under this Section 5.

**CERTIFICATION**  
**PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)**

I, Michael J. DeVito, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of the Federal Home Loan Mortgage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Michael J. DeVito

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Michael J. DeVito

Chief Executive Officer

**CERTIFICATION**  
**PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)**

I, Christian M. Lown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of the Federal Home Loan Mortgage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

/s/ Christian M. Lown

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Christian M. Lown

Executive Vice President and Chief Financial Officer



**CERTIFICATION**  
**PURSUANT TO 18 U.S.C. SECTION 1350,**  
**AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. DeVito, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2022

/s/ Michael J. DeVito

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Michael J. DeVito

Chief Executive Officer

**CERTIFICATION**  
**PURSUANT TO 18 U.S.C. SECTION 1350,**  
**AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian M. Lown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 28, 2022

/s/ Christian M. Lown

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Christian M. Lown

Executive Vice President and Chief Financial Officer