



## Multifamily Multiclass Certificates

### REMIC Certificates

### MACR Certificates

#### The Certificates

Freddie Mac issues and guarantees Multifamily Multiclass Certificates, including REMIC Certificates and MACR Certificates. The Certificates are securities that represent interests in pools of assets that are held in trust for investors and are backed by multifamily residential mortgages.

REMIC Certificates include:

- Multiclass PCs, which receive their payments from PCs.
- Multiclass Securities, which receive their payments from Pass-Through Certificates.

MACR Certificates receive their payments from related REMIC Certificates.

#### Freddie Mac's Guarantee

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

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

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

#### Tax Status and Securities Law Exemptions

Income associated with the Certificates is subject to state and federal income tax. Because of applicable securities law exemptions, we have not registered the Certificates with any federal or state securities commission. No securities commission has reviewed this Offering Circular.

**The Certificates may not be suitable investments for you. You should not purchase Certificates unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield, market and other risks of investing in them. The *Risk Factors* section beginning on page 10 highlights some of these risks.**

Offering Circular dated August 30, 2024

If you intend to purchase Certificates, you should rely only on the information in this Offering Circular, in the disclosure documents that we incorporate by reference in this Offering Circular as stated under Additional Information and in the related offering circular supplement (“**Supplement**”) for those Certificates. We have not authorized anyone to provide you with different information.

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

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

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## FREDDIE MAC

### GENERAL

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

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

### CONSERVATORSHIP

We operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of the Federal Housing Finance Agency (“**FHFA**”), our conservator (the “**Conservator**”). The Conservator has authorized our Board of Directors to oversee management’s conduct of our business operations so we can operate in the ordinary course. The Conservator also retains certain significant authorities for itself and has not provided them to the Board. The Conservator continues to provide strategic direction for Freddie Mac and directs the efforts of the Board and management to implement its strategy.

Our future structure and role in the mortgage industry will be determined by the executive branch of the U.S. government, Congress, and FHFA. It is possible, and perhaps likely, that there will be significant changes that will materially affect our business model and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company.

The conservatorship is indefinite in duration. The likelihood, timing and circumstances under which we might emerge from conservatorship are uncertain. Even if the conservatorship is terminated, we would remain subject to the senior preferred stock purchase agreement (as amended, the “**Purchase Agreement**”) with the U.S. Department of the Treasury (“**Treasury**”) and the terms of the senior preferred stock unless they are terminated or amended. Even if the conservatorship ends and the voting rights of common stockholders are restored, we could effectively remain under the control of the U.S. government because of the Purchase Agreement, Treasury’s warrant to acquire nearly 80% of our common stock for nominal consideration, or Treasury’s ownership of our common stock after it exercises its warrant.

See the Incorporated Documents (as defined under Additional Information) for additional information concerning the conservatorship and legislative and regulatory developments, as well as the legal and compliance risks we face.

## **PURCHASE AGREEMENT**

On September 7, 2008, Treasury entered into the Purchase Agreement with our Conservator, acting on our behalf. The amount of available funding remaining under the Purchase Agreement was \$140.2 billion as of December 31, 2023. This amount will be reduced by any future draws.

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

On January 14, 2021, we, acting through FHFA as our Conservator, and Treasury entered into a letter agreement to further amend the Purchase Agreement and terms of the senior preferred stock. Among other things, under the January 2021 amendments to the Purchase Agreement, we are required to cap multifamily loan purchases at \$80 billion in any 52-week period, subject to annual adjustment by FHFA based on changes in the Consumer Price Index. At least 50% of our multifamily loan purchases in any calendar year must be, at the time of acquisition, classified as mission-driven pursuant to FHFA guidelines.

The Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions.

See the Incorporated Documents for additional information concerning the Purchase Agreement and the terms of the senior preferred stock.

## **ADDITIONAL INFORMATION**

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

As described below, we incorporate certain documents by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents rather than by providing you with separate copies. We incorporate by reference in this Offering Circular:

- Our most recent Annual Report on Form 10-K, filed with the SEC.
- All other reports we have filed with the SEC pursuant to Section 13(a) of the Exchange Act since the end of the year covered by that Form 10-K report, excluding any information we “furnish” to the SEC on Form 8-K.
- All documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Offering Circular and prior to the termination of the offering of the related Certificates, excluding any information we “furnish” to the SEC on Form 8-K.

- The current offering circular for our Multifamily Mortgage Participation Certificates and any related supplements (together, the “**PC Offering Circular**”).
- The current offering circular for our Giant and Other Pass-Through Certificates (Multifamily) and any related supplements (together, the “**Giant Offering Circular**”).

These documents are collectively referred to as the “**Incorporated Documents**” and are considered part of this Offering Circular. You should read this Offering Circular and the related Supplement in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Offering Circular. Therefore, you should rely only on the most current information provided or incorporated by reference in this Offering Circular and the related Supplement. In addition, we provide updated information regarding each specific Series and the Assets backing such Series, by CUSIP number, at our website at [www.freddiemac.com/mbs/](http://www.freddiemac.com/mbs/).

You may read and copy any document we file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at [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.

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents, the Trust Agreement and the related Supplement under which Certificates are issued from:

<p style="text-align: center;"><b>Freddie Mac — Investor Inquiry</b> <b>1551 Park Run Drive</b> <b>McLean, Virginia 22102-3110</b> <b>Telephone: 1-800-336-3672</b> <b>E-mail: <a href="mailto:Investor_Inquiry@freddiemac.com">Investor_Inquiry@freddiemac.com</a></b></p>
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We also make these documents available on our website at this address:

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

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

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

We may restrict access to our website from time to time as part of our cybersecurity strategies or for other reasons, which may prevent you from accessing materials about our Certificates. If this were to occur, you could obtain copies of these materials by contacting Investor Inquiry as shown above.

This Offering Circular relates to Certificates issued on and after August 30, 2024. For information about Certificates issued before that date, see the related Offering Circular (available on our website) that was in effect at the time of issuance of those Certificates. Under the Trust Agreement, Freddie Mac has agreed to act as Trustee for and to administer all existing Certificates substantially in accordance with the Trust Agreement, as described in this Offering Circular. See *The Trust Agreement*.

## SUMMARY

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

*Appendix I—Index of Terms* shows the page numbers where definitions of capitalized terms appear. *Appendix II* contains our standard definitions and abbreviations for various types of Certificates.

**Depositor, Trustee, Administrator and Guarantor.....** Federal Home Loan Mortgage Corporation, or “**Freddie Mac**”, a shareholder-owned government-sponsored enterprise. In our corporate capacity, we act as depositor, administrator and guarantor of each Series and its related trust fund. We also act as trustee of each Series and its related trust fund.

On September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship pursuant to authority granted by the Federal Housing Finance Regulatory Reform Act of 2008 (the “**Reform Act**”). As the Conservator, FHFA succeeded to all rights, titles, powers and privileges of Freddie Mac, and of any stockholder, officer or director of Freddie Mac, with respect to Freddie Mac and the assets of Freddie Mac. For additional information regarding the conservatorship, see *Freddie Mac—Conservatorship and Risk Factors—Governance Factors*.

**REMIC Certificates.....** As Depositor, we transfer and deposit mortgage-related assets that we have created or acquired into various trust funds established pursuant to the Trust Agreement. As Administrator, we create and issue under the Trust Agreement “**REMIC Certificates**” representing beneficial ownership interests in “REMIC Pools,” which are pools of assets held by those trust funds. We issue REMIC Certificates in series (“**Series**”), each consisting of two or more “**REMIC Classes**”.

“**Multiclass PCs**” are REMIC Certificates backed directly or indirectly by PCs. “**Multiclass Securities**” are REMIC Certificates backed directly or indirectly by Pass-Through Certificates.

**MACR Certificates .....** Some Series include Classes (“**MACR Classes**”) of Modifiable and Combinable REMIC Certificates (“**MACR Certificates**”). In a Series with MACR Classes, the Holders of specified REMIC Classes can exchange all or part of those Classes for proportionate interests in related MACR Classes and vice versa. The MACR Classes receive payments from their related REMIC Classes.

*Appendix III* describes MACR Certificates and exchange procedures and fees.

**Certificates and Classes**..... In this Offering Circular and related Supplements, we use the term “**Certificates**” to include REMIC Certificates and MACR Certificates, and the term “**Classes**” to include REMIC Classes and MACR Classes.

**Assets and Mortgages** ..... The assets in each REMIC Pool (the “**Assets**”) may include PCs, Pass-Through Certificates, mortgage securities issued by entities not affiliated with Freddie Mac or other securities we have created or acquired, all proceeds of those Assets, amounts on deposit in a custodial account of collections from those Assets and the right to receive payments pursuant to our guarantee. The Assets are backed by multifamily residential mortgages (the “**Mortgages**”). The Mortgages are secured by multifamily residential properties and may have either fixed or adjustable interest rates.

**Payments**..... As Administrator, we pay principal and interest due on a Class on the applicable Payment Date. Payment Dates fall on or about the second Business Day after the determination date in each month. See the related Supplement under which your Certificates are issued for the applicable determination date.

- **Interest**..... We pay interest on each Class at its applicable per annum interest rate (“**Class Coupon**”). Interest payable on a Payment Date accrues during the monthly periods specified in the related Supplement. However, interest on Accrual Classes and Partial Accrual Classes is paid only to the extent described in the related Supplements. Principal Only Classes have a Class Coupon of 0% and do not receive interest. Interest payable on an Interest Only Class is calculated on a notional principal amount.

- **Principal**..... We pay principal on the Certificates of each Series on each Payment Date as described in the related Supplement. The Holders of any Class that receives principal payments receive those payments on a pro rata basis.

Notional Classes receive interest payments but not principal payments. They have notional principal amounts on which we calculate their interest.



**GMC Classes** ..... Some Series include Guaranteed Maturity Classes. Guaranteed Maturity Classes have a Final Payment Date earlier than the latest date by which these Classes might be retired solely from payments on their underlying Assets. *Description of Certificates—Payments—Final Payment Dates—Guaranteed Maturity Classes* describes Guaranteed Maturity Classes and redemption procedures for these Classes.

**Call and Callable Classes** ..... Some Series include pairs of Certificates, each consisting of a “**Callable Class**” and a “**Call Class**” that represent the entire beneficial interest in a callable pass-through pool. The Assets of such a pool consist of a REMIC Class from the same Series. The Holder of the Callable Class will be entitled to all of the interest and principal payments on the related Assets. The Holder of the Call Class will not receive payments of principal and interest, but will have the right to direct Freddie Mac to redeem the related Callable Class and to exchange the Call Class for the related Assets. The procedures for exercising the call right, including the redemption period, redemption notice, exchange fees and call payments required to exercise the call right, will be described in the related Supplement. Only one Holder is permitted to hold a Call Class of Certificates at any time.

A Series may also include one or more “**Callable Classes**” of REMIC Certificates, representing interests in a REMIC Pool, the primary Asset of which is a callable class of CPCs. Such Asset is issued in a pair, together with a call class of CPCs, and will be redeemable at the direction of the holder of that call class of CPCs. As described in the related Supplement, such a redemption of the related Asset will result in the concurrent retirement of each Callable Class of REMIC Certificates.

**Guarantee** ..... As Guarantor, we guarantee to Holders of each Class the timely payment of interest at the applicable Class Coupon and the payment of its principal amount as described in the related Supplement, including payment in full by its Final Payment Date. In the case of a Holder of a Call Class, we also guarantee all proceeds due to the Holder upon exercise of its call right.

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

In the event our Conservator were to repudiate our guarantee obligation, the ability of Holders to enforce the guarantee

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

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

**REMIC Election and Tax Status of the Certificates .....** As Administrator, we will elect to treat each REMIC Pool as a real estate mortgage investment conduit (“**REMIC**”) under the Internal Revenue Code of 1986 (the “**Code**”). “**Regular Classes**” constitute “regular interests” in their related REMIC Pools and each “**Residual Class**” constitutes the “residual interest” in its related REMIC Pool.

In general, Regular Classes are taxed as debt instruments, but Residual Classes are not. Special tax rules apply to Residual Classes. These rules often impose tax liabilities on Residual Classes that exceed any payments they receive. You should consult your tax advisor before purchasing a Residual Class.

The arrangements under which MACR Classes are created (“**MACR Pools**”) will be classified as grantor trusts for federal income tax purposes.

**Accounting Considerations .....** Various factors may influence the accounting treatment applicable to the Certificates of a Series. You should consult your own accountant regarding the appropriate accounting treatment for Certificates or an exchange of Certificates.

**Form of Certificates.....** Each Supplement will specify the form of the Certificates offered by that Supplement.

- Regular and MACR Classes in most cases are issued, held and transferable on the book-entry system of the Federal Reserve Banks (the “**Fed System**”).
- Certain other Regular and MACR Classes are issued, held and transferable on the book-entry system (the

“DTC System”) of The Depository Trust Company or its successor (“DTC”).

- We issue certain Classes, including all Residual and Call Classes, in registered certificated form. They are transferable at our office, in our capacity as registrar, or at the office of any successor registrar we designate (the “Registrar”). You may contact Freddie Mac as Registrar through our Investor Inquiry Department at the address listed under *Additional Information*.

**Holders**.....

As an investor in Certificates, you are not necessarily the Holder of those Certificates. You ordinarily must hold your Certificates through one or more financial intermediaries. You may exercise your rights as an investor only through the Holder of your Certificates, and we may treat the Holder as the absolute owner of your Certificates. The term “Holder” means:

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

## RISK FACTORS

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

## INVESTMENT FACTORS

**The Certificates may not be suitable investments for you.** The Certificates are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment. In this regard, you need to be able to analyze the information in this Offering Circular, the related offering documents and the Incorporated Documents, as well as the economic, interest rate and other factors that may affect your investment, such as your specific financial situation and your views on possible and likely interest rate and economic scenarios. You also need to understand the terms of the Certificates and any investment restrictions that may apply to you. Because each investor has different investment needs and different risk tolerances, you should consult your own financial, legal, accounting and tax advisors to determine if the Certificates are suitable investments for you. If you require a definite payment stream, or a single payment on a specific date, the Certificates are not suitable investments for you. If you purchase Certificates, you need to have enough financial resources to bear all of the risks related to your investment.

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

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

**Risks related to Classes with Class Coupons based on 30-day Average SOFR.** Freddie Mac uses the 30-day Average SOFR rate published by the Federal Reserve Bank of New York (the “FRBNY”) as the floating rate index for SOFR Classes. The use of 30-day Average SOFR as the reference rate for REMIC Certificates and MACR Certificates may present certain market concerns. Among the concerns, SOFR is a relatively new interest rate index, and therefore has a limited history. Compounded averages of overnight SOFR represent backward-looking risk-free rates, whereas U.S. Dollar LIBOR had various forward-looking tenors and reflected a credit risk component. Any failure of overnight SOFR or SOFR averages to gain market acceptance and widespread market adoption could adversely affect SOFR Classes. There can be no assurance whether the use of overnight SOFR and SOFR averages will predominate over the use of forward-looking SOFR term rates that may be preferred by the market, whether SOFR will be more or less

volatile than LIBOR would have been, including during times of economic stress, and whether sufficient liquidity of SOFR-based products will develop.

In 2020, we ceased issuing REMIC and MACR classes bearing interest based on the arithmetic mean of the London interbank offered rates for Eurodollar deposits (“LIBOR”). For our legacy mortgage securities, we provide historical legal documentation, including offering circulars, and we provide updated information regarding the Reference Rates Transition from U.S. Dollar LIBOR on our website at [www.freddiemac.com](http://www.freddiemac.com).

The availability of hedging and financing alternatives for such Certificates may be limited or restricted at times, and hedging and financing costs may increase over time, affecting the liquidity and market values of such Certificates.

**Changes to, or elimination of, SOFR could adversely affect your interests in the SOFR Classes.** Freddie Mac uses the 30-day Average SOFR rate as the floating rate index for SOFR Classes. In certain circumstances, as described under *Appendix IV—Interest Rate Indices—SOFR—Effect of Benchmark Transition Event*, SOFR would be replaced as the Benchmark for the SOFR Classes following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date. Benchmark Transition Events include the making of public statements or the publication of information by the administrator of SOFR or its regulatory supervisor that SOFR will no longer be provided or is no longer representative of underlying market or economic conditions. There can be no assurance that these events will be sufficient to trigger a change from SOFR in all circumstances where SOFR is no longer representative of market interest rates, or that Benchmark Transition Events for the SOFR Classes will align with similar events in the market generally or in other parts of the financial markets, such as the derivatives market.

We may, from time to time, make SOFR Adjustment Conforming Changes, which could change the methodology used to determine the SOFR Rate. We can provide no assurance that, with respect to SOFR Classes, the methodology to calculate 30-day Average SOFR, or, if later adopted, a Benchmark Replacement, will not be adjusted after the issuance of such Classes and, if so adjusted, that the resulting Class Coupons will yield the same or similar economic results over the lives of the affected Classes of Certificates relative to the results that would have occurred had the Class Coupons been based on 30-day Average SOFR without such adjustment or that the market value will not decrease due to any such adjustment in methodology.

Freddie Mac, as the Administrator, will have significant discretion with respect to certain elements of the related Benchmark Replacement process, including determining whether a related Benchmark Transition Event and its related Benchmark Replacement Date have occurred, determining which related Benchmark Replacement is available, determining the earliest practicable index determination date for using the related Benchmark Replacement, determining related Benchmark Replacement Adjustments (if not otherwise determined by the applicable governing bodies or authorities) and making related Benchmark Replacement Conforming Changes (including potential changes affecting the business day convention and index determination date). Holders of SOFR Classes will not have any right to approve or disapprove of these changes and will be deemed to have agreed to waive and release any and all claims relating to any such determinations. If the Administrator, in its sole discretion, determines that an alternative index is not administratively feasible, including as a result of technical, administrative or operational issues, then such alternative index will be deemed to be unable to be determined as of such date. The Administrator may

determine an alternative index to not be administratively feasible even if such rate has been adopted by other market participants in similar products and any such determination may adversely affect the return on the SOFR Classes, the trading market for the SOFR Classes and the value of the SOFR Classes.

Finally, in the event an alternative index is designated for determining monthly interest rates, any subsequent changes to, or the elimination of, such alternative index could adversely affect the value of and return on the related Certificates. Investors in Classes with Class Coupons based on 30-day Average SOFR should carefully consider the foregoing uncertainties prior to purchasing those Certificates. In general, events related to SOFR and alternative reference rates may adversely affect the liquidity, market value and yield of the related Certificates.

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

**A credit downgrade could adversely affect the liquidity and prices of your Certificates.** Any downgrade in the credit ratings of the U.S. government would be expected to be accompanied by a downgrade in our credit ratings. In addition to a downgrade in the credit ratings of or outlook on the U.S. government, several other events could adversely affect our credit ratings, including actions by governmental entities, changes in government support for us, changes in regulatory designations of our debt, future losses, additional draws under the Purchase Agreement, uncertainty regarding a breach of the U.S. debt ceiling, government shutdowns, and default by the U.S. government on its obligations. Any such downgrades could adversely affect the liquidity and prices of your Certificates.

**Potential conflicts of interest.** In connection with the Certificates that we issue, we act in multiple roles—Trustee, Depositor, Administrator and Guarantor. Further, we act in these same roles with respect to all the securities that we issue backing your Certificates. The applicable master trust agreement pursuant to which any such underlying securities are issued (each, an “**Underlying Trust Agreement**”) provides that in determining whether a Mortgage will be repurchased from the related securities pool, we may in our capacities as the Administrator and Guarantor of such securities consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator) and possible exposure under our guarantee (in the case of the Guarantor). There is no independent third party engaged with respect to any such underlying securities we issue or Certificates to monitor and supervise our activities in our various roles. In connection with our roles as the Administrator and Guarantor of any such underlying securities that we issue, we may take certain actions with respect to Mortgages that may adversely affect Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from the securities pools we form underlying your Certificates in certain situations. A Mortgage repurchase will be treated as a prepayment in full of the Mortgage being repurchased and will increase the prepayment speeds of the related Certificates. See *Prepayment and Yield Factors—Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the Assets backing your Certificates*.

## **GOVERNANCE FACTORS**

**The Conservator may repudiate our contracts, including our guarantee.** As Conservator, FHFA may disaffirm or repudiate contracts (subject to certain limitations for qualified financial contracts) that we entered into prior to its appointment as Conservator if it determines, in its sole discretion, that performance of the contract is burdensome and that disaffirmation or repudiation of the contract promotes the orderly

administration of our affairs. The Reform Act requires FHFA to exercise its right to disaffirm or repudiate most contracts within a reasonable period of time after its appointment as Conservator. In a final rule published in June 2011, FHFA defines a reasonable period of time to disaffirm or repudiate a contract following the appointment of a conservator or receiver to be 18 months.

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

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

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

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

**FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of Holders.** We could be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons as set forth in the Reform Act. Bills have been and may continue to be introduced in Congress that provide for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury is unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth.

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

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect Holders. As receiver, FHFA could repudiate any contract entered into by us prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires that



any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. FHFA has defined such reasonable period to be 18 months.

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

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

In addition, when administering the receivership claims process, FHFA could treat similarly situated creditors unequally, including treating creditors with claims related to senior unsecured debt securities and creditors with claims related to guarantee obligations on mortgage-related securities unequally, if FHFA determines such treatment is necessary to maximize the value of the assets of Freddie Mac, to maximize the present value return from the sale or other disposition of the assets of Freddie Mac, or to minimize the amount of any loss realized upon the sale or other disposition of the assets of Freddie Mac, as long as all creditors would receive at least as much as they would in a liquidation. During receivership or conservatorship, FHFA may take any authorized action that FHFA determines is in the best interest of Freddie Mac or FHFA, including the public that FHFA serves.

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

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

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

If we are placed into receivership and do not or cannot fulfill our guarantee obligation to Holders, Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee.



For a description of certain rights of Holders to proceed against the Treasury if we fail to pay under our guarantee, see *The Trust Agreement—Rights Upon Event of Default*.

In addition to oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA and to certain regulation by other government agencies. FHFA has the power to require us from time to time to change or processes, take action and/or stop taking action that could impact our business. Certain actions that we have taken pursuant to FHFA direction are intended to promote equitable access to affordable and sustainable housing and could have a negative impact on the performance of our Certificates. See the Incorporated Documents for additional information regarding the possible implications of a receivership.

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

## **PREPAYMENT AND YIELD FACTORS**

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

**Substantial repurchases of seriously delinquent Mortgages could materially affect the prepayment rates of the Assets backing your Certificates.** We currently repurchase substantially all Mortgages that are 120 days or more delinquent from our PC pools. We effect these repurchases primarily because the cost of guarantee payments to PC holders, including advances of interest at the PC coupon, for most nonperforming Mortgages exceeds the cost of holding these nonperforming Mortgages in our mortgage-related investments portfolio as a result of the required adoption in January 2010 of certain accounting standards and changing economics. In addition, these Mortgage repurchases help us preserve capital and reduce the amount of any additional draws under our Purchase Agreement with Treasury.

We expect to continue our current repurchase practices as long as they are economically beneficial. However, we will continue to review the economics of repurchasing Mortgages that are 120 days or more delinquent in the future and may reevaluate our delinquent Mortgage repurchase practices and alter them if circumstances warrant.

**Substantial repurchases of Mortgages due to breaches of representations and warranties could materially affect the prepayment rates of the Assets backing your Certificates.** Repurchases of Mortgages from their securities pools may occur due to breaches of certain representations and warranties by the sellers and servicers of those Mortgages. These repurchases would have the same effect on the Holders as a prepayment of the Mortgages.

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

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

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

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

**Prepayments can reduce your yield.** Your yield on a Class of Certificates will depend on its price, interest rate and payment delay, the rate of prepayments on its underlying Assets, and the other characteristics of the Mortgages. The Mortgages may be prepaid at any time, in most cases without penalty. You should carefully consider the yield risks associated with your Class, including:

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

**Callable Classes are subject to redemption risks.** If you own a Callable Class, a redemption of the underlying Assets will be similar in its principal payment effect to a full prepayment of all the related

Mortgages. After a Callable Class becomes redeemable, its value is not likely to exceed, and may be lower than, its redemption price.

**Index levels can reduce your yield if you own a Floating Rate or Inverse Floating Rate Class.** The yield on your Class could be lower than you expect:

- If you own a Floating Rate Class and the levels of the applicable Index are lower than you expect.
- If you own an Inverse Floating Rate Class and the levels of the applicable Index are higher than you expect.
- If you buy an Interest Only Floating Rate Class, you may not even recover your investment if the level of the applicable Index is low or prepayments are fast. If you buy an Interest Only Inverse Floating Rate Class, you may not even recover your investment if the level of the applicable Index is high or prepayments are fast.

**Classes that support other Classes are more sensitive to prepayment rates.** If you own a Class, such as a Support Class, that supports the principal payment stability of other Classes, your Class is likely to be more sensitive to prepayment rates than are any Classes it supports. You may not receive principal payments on your Class for extended periods of time, and you may receive principal payments that change significantly from period to period. The same may be true if the Assets underlying your Certificates include a previously issued Class that supports other Classes in its own Series.

**Classes may not adhere to their principal payment schedules.** If you own a Class, such as a PAC, TAC or Scheduled Class, that was structured to receive principal payments in accordance with a schedule, we cannot assure you that your Class will adhere to that schedule. In most cases, such Classes do not adhere to their schedules after a period of time has elapsed. Your Class will become more sensitive to Mortgage prepayments after its own supporting Classes are retired. Moreover, your Class may support other Classes. The same may be true if the Assets underlying your Certificates include a previously issued Class that was structured to receive principal payments in accordance with a schedule in its own Series.

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

**General economic or market conditions could adversely affect your Certificates.** Changes in economic or market conditions, including volatility in the financial services industry, the condition of the multifamily residential housing market, changes in employment rates, inflation banking crises or failures or other macroeconomic conditions could adversely affect your Certificates in a number of ways. In addition, declining property values (including due to long-term climate change effects) and acute physical risks arising from the increased frequency and severity of catastrophic events, including floods, hurricanes, earthquakes, tsunamis and wildfires, could affect the multifamily residential housing market. Losses from natural disasters may also result in higher uninsured losses for borrowers due to rising costs or limited availability of insurance compared to historical levels, especially in certain high-risk areas.

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

The value and liquidity of your investment in Certificates may also be adversely affected by changes in global or domestic economic and political conditions, including acts of terrorism, civil unrest, geopolitical instability or conflict, public health events and epidemics and pandemics such as COVID-19.

Volatility in currency exchange rates could adversely affect the yield on your Certificates if you conduct your financial activities in a currency other than the U.S. dollar.

## **GENERAL RISK FACTORS**

**We may fail to make a timely payment on your Certificates if there is a systems failure at the Federal Reserve Banks.** We rely on the Federal Reserve Banks to make payments on the vast majority of our Certificates (as well as payments on other types of Freddie Mac mortgage-backed securities) to the appropriate Holders' accounts. We use the Federal Reserve Banks' book-entry system to issue and transfer the vast majority of our Certificates. If the Federal Reserve Banks were not able to perform these functions for a period of time or if the Federal Reserve Banks were to experience a disruption in their operations or technology from any cause, including process breakdowns, technology outages, cybersecurity incidents or other security incidents (whether due to insider error or malfeasance or system errors or vulnerabilities), we may be unable to make timely payments on your Certificates, transfer your Certificates, or issue new Certificates. Insufficient cash may cause our account with the Federal Reserve Bank of New York to be overdrawn, potentially resulting in delays in payments on your Certificates.

**A failure in our operational systems or infrastructure, or those of third parties, could cause delays in making payments on our Certificates and providing monthly disclosures and could disrupt the market for our Certificates, either of which could adversely affect the value and liquidity of your Certificates.** We face significant levels of operational risk due to a variety of factors, including the size and complexity of our business operations. Shortcomings or failures in our internal processes, people or systems, or those of servicers and other third parties with which we interact, could lead to a variety of adverse events, including incorrect or late payments on our Certificates and delays in providing, or errors in, our cohort-, pool- and loan-level disclosures. We also face operational risk with respect to servicers, dealers or other financial intermediaries we use to facilitate our Certificates-related activities and operations. Operational failures could occur for a number of reasons, including process breakdowns, technology outages, cybersecurity incidents or other security incidents or other disruptions. The use of new technologies, including artificial intelligence / machine learning technologies, by us or third parties, could expose us to additional legal or regulatory risk or increase the risk of operational failure for us or a third party.

**The Certificates are subject to liquidity risk.** Illiquidity can have a severely negative impact on the prices of the Certificates, especially those that are particularly sensitive to prepayment or interest rate risk. The Certificates are not traded on any exchange and the market price of a particular issuance of Certificates or a benchmark price may not be readily available. Neither we nor any other party is obligated to make a market in the Certificates. The Underwriter for each issuance of Certificates intends to make a market for the purchase and sale of the related Certificates after they are issued, but has no obligation to do so. A secondary market for some types of Certificates may not develop. Even if a market develops, it may not continue. As a result, you may not be able to sell your Certificates easily or at prices that will allow you to realize your desired yield.

The secondary markets for the Certificates have experienced periods of illiquidity in the past, and can be expected to do so again in the future. Our financial condition, our conservatorship, uncertainty concerning our future structure and organization, including whether we will continue to exist, monetary policy, regulatory changes, the level of governmental support for Freddie Mac and market perceptions or speculation concerning such factors could materially affect the liquidity and pricing of your Certificates. Moreover, adverse national or global financial and political developments may materially affect the liquidity and pricing of your Certificates. These could include, among others: the disruption of international and domestic credit markets, recessionary or weak economic conditions in the U.S. and in foreign countries (including those countries that own and trade our Certificates and other mortgage-backed securities), severe contraction in the multifamily residential mortgage credit market and the demise and consolidation of several major securities broker-dealers and financial institutions (including substantial mortgage originators). See *Prepayment and Yield Factors—General economic or market conditions could adversely affect your Certificates.*

**The Certificates are subject to market risk.** You will bear all of the market risks of your investment. The market values of your Certificates will vary over time in response to, among other factors: the level of, and changes in, prevailing interest rates; monetary policy; market confidence; the age and other characteristics of Mortgages backing your Certificates; the number of and outstanding principal balance of other Certificates with similar characteristics; the availability of comparable securities; and competing supply. Financial, regulatory and legislative developments concerning Freddie Mac generally, including whether we are in conservatorship or receivership, could affect prices for your Certificates. In addition, any adverse change in the market perception of our level of governmental support or credit standing could reduce the market price of the Certificates. If you sell your Certificates when their market values are low, you may experience significant losses. The value of each Call Class will depend primarily on the market value of the Assets to which the related call right applies (which will depend on prevailing interest rates and other market and economic conditions), market expectations about its future value, and the costs associated with any exercise of the call right. If you own a Call Class, you should consider the risk that you may lose all of your initial investment.

#### **APPLICATION OF PROCEEDS**

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

## CREDIT RISK RETENTION

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

## DESCRIPTION OF CERTIFICATES

### REMIC POOL STRUCTURES

Each Series may be either a **"Single-Tier Series"** or a **"Double-Tier Series"**.

The REMIC Certificates of a Single-Tier Series represent beneficial ownership interests in a single REMIC Pool within the related trust fund. The REMIC Certificates of a Double-Tier Series represent beneficial ownership interests in an **"Upper-Tier REMIC Pool"** and one or more **"Lower-Tier REMIC Pools"** within the related trust fund.

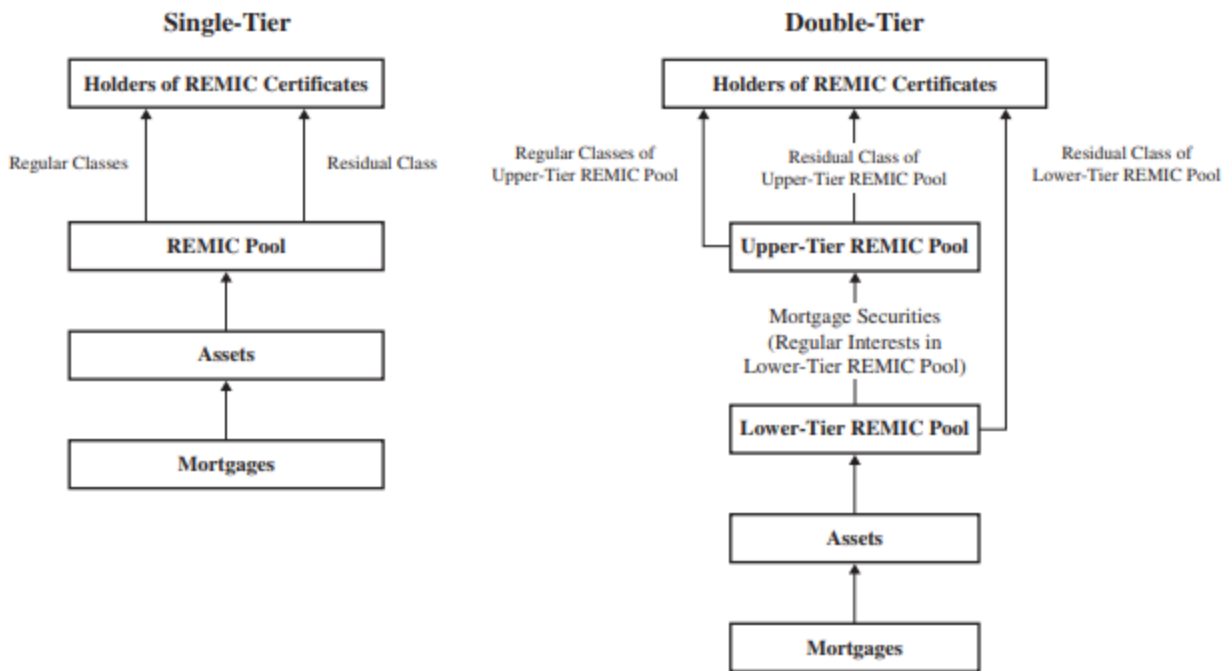
In a Double-Tier Series:

- The Classes issued from each Lower-Tier REMIC Pool (the **"Lower-Tier Classes"**) represent beneficial ownership interests in that Pool.
- One or more Lower-Tier Classes are included in the Upper-Tier REMIC Pool, where they will constitute the **"Mortgage Securities"** of that Pool.
- The Classes issued from the Upper-Tier REMIC Pool (the **"Upper-Tier Classes"**) represent beneficial ownership interests in that Pool.

The REMIC Certificates offered in a Double-Tier Series usually include all of the Upper-Tier Classes plus the Residual Class of each Lower-Tier REMIC Pool.

The following diagrams illustrate the structures for typical Single-Tier and Double-Tier Series. Any particular Series may have a different structure, as described in the related Supplement. For example, Double-Tier Series sometimes include more than one Lower-Tier REMIC Pool, and Series with Guaranteed Maturity Classes include additional REMIC Pools, as described in the related Supplements.





The Classes of Certificates fall into different descriptive categories. Each Supplement will identify the categories applicable to each Class by using standard abbreviations. These abbreviations and their definitions appear in *Appendix II*.

## REMIC POOL ASSETS

### General

Each REMIC Pool includes any one or more of the following Assets:

- Freddie Mac Multifamily Mortgage Participation Certificates.
- Freddie Mac Multifamily Mortgage Pass-Through Certificates.
- Previously or concurrently issued REMIC or MACR Classes.
- One or more Callable Classes of Freddie Mac Callable Pass-Through Certificates (“CPCs”), which are pass-through securities that consist of related pairs of “Callable Classes” and “Call Classes” as described in the Giant Offering Circular.
- Eligible securities issued by entities not affiliated with Freddie Mac, each representing all or part of the direct or indirect beneficial ownership of one or more pools of Mortgages.
- Any other types of securities that are eligible for inclusion in a REMIC and that receive payments directly or indirectly from Mortgages.

Each REMIC Pool may also include cash or other eligible assets. See *The Trust Agreement — Transfer of Assets to REMIC Pool*. In addition, each trust fund may hold a MACR Pool or other assets that are not part of any REMIC Pool.

In any Series, the underlying Assets may be divided into one or more groups (“**Asset Groups**”). The Supplement for each Series will contain more specific information regarding the Assets for the Series.

The remainder of this section describes the general characteristics of PCs and Pass-Through Certificates, which may directly or indirectly back all Certificates.

#### *PCs*

“**PCs**” are Freddie Mac Multifamily Mortgage Participation Certificates that are single-class securities, guaranteed by us, that represent undivided interests in pools of Mortgages. Nearly all Mortgages that back PCs are conventional mortgages, which means that neither the United States nor any federal agency or instrumentality guarantees or insures them. Our PC Offering Circular describes the characteristics of the various types of PCs. Supplements for Certificates backed by PCs will incorporate by reference the current PC Offering Circular.

If the underlying Mortgages have fixed rates of interest, the related Multifamily Mortgage Participation Certificates are called “**Fixed-Rate PCs**”. If the underlying Mortgages have adjustable rates of interest (“**ARMs**”), the related Multifamily Mortgage Participation Certificates are called “**ARM PCs**”.

For all PCs, there is a delay of approximately 55 days between the time interest begins to accrue and the time the investor receives the interest payment. This time period is a “**Payment Delay**”.

In connection with the PCs that we issue, we are acting in multiple roles. See *Risk Factors—Investment Factors—Potential Conflicts of Interest* and the PC Offering Circular for information regarding possible conflicts of interest pertaining to the various roles fulfilled by Freddie Mac as the trustee, depositor, administrator and guarantor of the PCs

#### *Pass-Through Certificates*

“**Pass-Through Certificates**” are Freddie Mac Multifamily Structured Pass-Through Certificates that are securities, guaranteed by us, that represent undivided interests in pools of assets that are held in trust for investors and are backed by Mortgages. Nearly all Mortgages that back Pass-Through Certificates are conventional mortgages, which means that neither the United States nor any federal agency or instrumentality guarantees or insures them. Our Giant Offering Circular describes the characteristics of the various types of Pass-Through Certificates. Supplements for Certificates backed by Pass-Through Certificates will incorporate by reference the current Giant Offering Circular.

#### **Non-Standard Mortgages**

Some PCs represent interests in other special types of Mortgages.

See the PC Offering Circular and our website for information on how PC pool numbers and prefixes indicate the general type of Mortgages backing a PC.

## **PAYMENTS**

### **Class Factors**

#### *General*

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



The “**Class Factor**” for any Class having a principal amount for any month is an exact decimal rounded to eight places which, when multiplied by the original principal amount of a Certificate of that Class, will equal its remaining principal amount. The Class Factor for any month reflects payments of principal (or, in the case of Accrual and Partial Accrual Classes, additions to principal) to be made on the Payment Date in the same month. Class Factors will be available on or prior to the Payment Date of each month.

A Class Factor for a Notional Class reflects the remaining notional principal amount of a Certificate of that Class in the same manner.

You can calculate principal and interest payments by using the Class Factors. For example, the reduction (or for an Accrual or Partial Accrual Class, the increase) in the balance of a Certificate in February will equal its original balance times the difference between its January and February Class Factors. The amount of interest to be paid on (or for an Accrual or Partial Accrual Class, added to the principal balance of) a Certificate in February will equal 30 days’ interest at its Class Coupon, accrued during the related Accrual Period, on the balance of that Certificate determined by its January Class Factor.

For Component Classes, we also make available “**Component Factors**” for each Component. The Component Factor for a Component is analogous to the Class Factor for a Class. You can obtain Component Factors from our Investor Inquiry Department.

We calculate the Class Factors for MACR Classes and REMIC Classes that are exchangeable for MACR Classes assuming that the maximum possible amount of each Class is outstanding at all times, without regard to any exchanges that may occur.

The Class Factor for each Class for the month of its issuance is 1.00000000.

### **Payment Dates**

As Administrator, we make payments to the Holders on each applicable Payment Date. Unless otherwise described in the related Supplement, a “**Payment Date**” is the second Business Day after the determination date in each month. See the related Supplement under which your Certificates are issued for the applicable determination date.

For this purpose, “**Business Day**” means a day other than:

- A Saturday or Sunday.
- For Classes on the Fed System, a day when the FRBNY (or other agent acting as Freddie Mac’s fiscal agent) is closed or, as to any Holder, a day when the Federal Reserve Bank that maintains the Holder’s account is closed.
- For Classes on the DTC System, a day when DTC is closed.

### **Payments of Principal**

On each Payment Date, we pay principal to the Holders of each Class on which principal is then due, as described in the related Supplement.

For any Payment Date, the total amount of principal payments to be made on the Classes of any Series equals the sum of:

- Any interest that has accrued on any Accrual or Partial Accrual Classes of that Series during the applicable Accrual Period (as described below) and is not payable as interest on that Payment Date.
- The amount of principal payments required to be made in the same month on the underlying Assets. For Multiclass Securities, we calculate this amount as described under *Class Factors—Class Factors for Multiclass Securities* above.

The Holders of any Class entitled to receive principal payments on any Payment Date receive those payments on a pro rata basis.

For convenience in describing payments on it, each Component Class is deemed to consist of two or more “**Components**”. These Components, together, constitute a single Class and are not separately issued or transferable. However, discussions in this Offering Circular and in Supplements regarding the payment characteristics of the various categories of Classes also apply to Components within the same categories.

### **Payments of Interest**

Interest will accrue on each Certificate during each Accrual Period at the applicable Class Coupon, if any, described in the related Supplement. We compute interest on the basis of a 360-day year of twelve 30-day months. Interest accrued on an Accrual or Partial Accrual Class is payable to the extent provided in the related Supplement, and the amount of any interest accrued and not paid as interest is added to the principal amount of that Class. Any accrued interest so added will also accrue interest. No interest at all will be paid on any Class after its balance has been reduced to zero.

Each Residual Class receives interest on each Payment Date either (a) at its Class Coupon, if any, or (b) in an amount equal to the interest payments received on the Assets in the related REMIC Pool on that Payment Date in excess of the total amount of interest payable on (or added to) the related Regular Classes on that Payment Date. In most cases, any such excess is insignificant.

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

### **Interest Rate Indices**

Each Floating Rate or Inverse Floating Rate Class bears interest during each Accrual Period by reference to one of the following indices (each, an “**Index**”), as described in the related Supplement:

- “**SOFR**” means the Secured Overnight Funding Rate.
- A “**Treasury Index**”, the auction average (investment) yield on three-month or six-month Treasury bills or the weekly average yield on Treasury securities adjusted to a constant maturity of one, three, five, seven, ten or thirty years or to some other constant maturity, as specified in the related Supplement.
- The “**Prime Rate**”, the prime or base lending rate of major banks as published in *The Wall Street Journal*.

Classes bearing interest based on these Indices are called “**SOFR Classes**”, “**Treasury Index Classes**” and “**Prime Rate Classes**”, as applicable.

*Appendix IV* describes how we determine these Indices for each Accrual Period. Absent clear error, our determination of the applicable Index levels and our calculation of the Class Coupons for Floating Rate and Inverse Floating Rate Classes for each Accrual Period will be final and binding. You can get the Class Coupons for the current and all preceding Accrual Periods from our website or from our Investor Inquiry Department.

### **Residual Classes**

Holders of each Residual Class are entitled to receive:

- On each Payment Date, any payments of principal and interest described in the related Supplement.
- Upon surrender of their Certificates to the Registrar, the proceeds of any remaining Assets of the related REMIC Pool after we have made all required principal and interest payments on all Classes issued from that REMIC Pool.

Residual Classes are subject to transfer restrictions, including restrictions on ownership by foreign persons. See *Certain Federal Income Tax Consequences—Transfers of Interests in a Residual Class*.

We will provide Holders of Residual Classes information to enable them to prepare reports required under the Code or applicable Treasury regulations. Because we do not intend to hold any Residual Class, applicable law may not allow us to perform tax administrative functions for the REMIC Pools. Therefore, if you own a Residual Class, you may have certain tax administrative obligations, for which we will act as your attorney-in-fact and agent. See *Certain Federal Income Tax Consequences*.

### **Record Dates**

As Administrator, we make payments on each Payment Date to Holders as of the related Record Date. Unless otherwise provided in the applicable Supplement, the “**Record Date**” for any Payment Date is the close of business on the last day of the preceding month.

### **Final Payment Dates**

#### *General*

The “**Final Payment Date**” for each Class is the latest date by which it will be paid in full and will retire. Except in the case of a Guaranteed Maturity Class, we calculate Final Payment Dates using highly conservative assumptions. The actual retirement of any Class could occur significantly earlier than its Final Payment Date.

#### *Guaranteed Maturity Classes*

Each Guaranteed Maturity Class represents an interest in a separate REMIC Pool (each, a “**Guaranteed Maturity REMIC Pool**”) that directly or indirectly holds one or more REMIC Classes (each, a “**Guaranteed Maturity Underlying REMIC Class**”) of the related Series.

On each Payment Date while Guaranteed Maturity Classes entitled to principal are outstanding, their Holders will receive the principal payments made on the same Payment Date on the related Guaranteed Maturity Underlying REMIC Class. Each Guaranteed Maturity Class will bear interest on each Payment Date at its Class Coupon.

The amount we pay to each Guaranteed Maturity Class on its Final Payment Date will equal:

- The outstanding principal amount, if any, of that Class, based on its Class Factor published in the month prior to its Final Payment Date (the Class Factor published in the month of its Final Payment Date will be zero).

*plus*

- 30 days' interest on its outstanding principal or notional principal amount, accrued during the Accrual Period for its Final Payment Date.

Unless the related Guaranteed Maturity Underlying REMIC Class retires before the Final Payment Date for a Guaranteed Maturity Class, as Administrator, we will make the final payment on that Guaranteed Maturity Class from (a) the principal and interest payments received on the related Guaranteed Maturity Underlying REMIC Class on the applicable Final Payment Date plus (b) the net proceeds from a sale of that Guaranteed Maturity Underlying REMIC Class. If necessary, as Guarantor, we will pay any additional amount pursuant to our guarantee. If the amount described in (a) and (b) above exceeds the amount required for payment on the applicable Guaranteed Maturity Class or Classes, as Administrator, we will pay that excess to the Residual Class of the related Guaranteed Maturity REMIC Pool.

As Administrator, we will sell the Guaranteed Maturity Underlying REMIC Class as follows:

- On a date after the date the Class Factor for the Guaranteed Maturity Underlying REMIC Class is available and on or before the Business Day prior to the applicable Final Payment Date, we will liquidate the related Guaranteed Maturity Underlying REMIC Class in a commercially reasonable manner.
- We will apply the net proceeds of the liquidation, as necessary, to redeem the related Guaranteed Maturity Class(es) on the applicable Final Payment Date.

### **Guarantees**

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

- The timely payment of interest at its Class Coupon.
- The payment of its principal amount as described in the related Supplement, including payment in full by its Final Payment Date.
- In the case of a Holder of a Call Class, all proceeds due to the Holder upon exercise of its call right.

We also guarantee:

- For all of our Multifamily Mortgage Participation Certificates, the timely payment of interest and the full and final payment of principal on the underlying Mortgages.
- For our Fixed-Rate PCs only, the timely payment of scheduled principal on the underlying Mortgages, calculated as described in the PC Offering Circular.

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

### **Redemption of Callable Class Held by REMIC Pool**

If the Assets of a REMIC Pool include a Callable Class of CPCs, as Administrator, we will adopt a liquidation plan for that REMIC Pool if the Callable Class is redeemed. This plan will meet the requirements of Section 860F(a)(4) of the Code, and will govern the liquidation of the REMIC Pool as a result of the redemption of the Callable Class.

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

### **Form and Denominations**

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

Certificates held on the Fed System are subject to the regulations of FHFA governing Freddie Mac’s book-entry securities (12 C.F.R. Part 1249) and any procedures that Freddie Mac and a Federal Reserve Bank may agree to. These regulations and procedures relate to the issuance and recordation of, and transfers of interests (including security interests) in, all of Freddie Mac’s book-entry securities held on the Fed System, regardless of when the securities were issued. Fed Participants’ individual accounts are governed by operating circulars and letters of the Federal Reserve Banks.

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

*Certificated Classes.* Certificated Classes, including Residual and Call Classes, are transferable only at the office of the Registrar. A Holder may have to pay a service charge to the Registrar for any registration of transfer of a certificated Class, and will have to pay any transfer taxes or other governmental charges.

*CUSIP Number.* Each Class of Certificates will have a unique nine-character alphanumeric designation assigned by the CUSIP Service Bureau, known as a “**CUSIP Number**”, used to identify that Class.

*Denominations.* All Classes other than Call and Residual Classes are issued, held and transferred in minimum original principal or notional principal amounts shown in the following table and additional increments of \$1. If a Class is of more than one type, its minimum is the greater of the applicable minimum amounts shown.

<u>Type of Class</u>	<u>Minimum Original Principal or Notional Principal Amount</u>
Jump or Notional (Jump) .....	\$1,000,000
Ascending Rate	} .....
Descending Rate	
Interest Only	
Interest Rate Cap	
Principal Only	
Inverse Floating Rate	
Non-Sticky Jump	
Shifting Payment Percentage	
Sticky Jump	
Structured Formula	
Toggle	100,000
Other .....	1,000

A Holder of a Certificate on the Fed System also has to comply with any Federal Reserve Bank minimum wire transfer requirements.

Each Call Class is issued and held in certificated form as a single certificate and is transferable at the office of the Registrar.

A Residual Class without an original principal amount or notional principal amount is issued in minimum percentage interests of 1%. Other Residual Classes are issued in minimum original principal or notional principal amounts of \$1,000 and additional increments of \$1.

**Holders**

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

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

A Holder that is not also the beneficial owner of a Certificate, and each other financial intermediary in the chain between the Holder and the beneficial owner, will be responsible for establishing and maintaining accounts for their customers. Freddie Mac and any Federal Reserve Bank will not have a direct obligation to a beneficial owner of a Certificate that is not also the Holder. A Federal Reserve Bank or DTC will act only upon the instructions of the Fed Participant or DTC Participant, as applicable, in recording transfers of a Class.

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

notice to the contrary. Your rights as a beneficial owner of a Certificate may be exercised only through the Holder.

### **Payment Procedures**

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

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

Payments to each Holder of a certificated Class will be made by electronic transfer of funds to a bank account designated by the Holder. However, a Holder will receive the final payment on a certificated Class only upon presentation and surrender of the Holder's Certificate to the Registrar.

Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of a Class that it represents.

If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on later Payment Dates or in any other manner we consider appropriate.

### **MACR CERTIFICATES**

In each Series that includes MACR Certificates, we will issue the REMIC Classes in such Series on the closing date shown on the front cover of the related Supplement. Some of those Classes may be exchanged, in whole or in part, for MACR Classes at any time on or after the date of issuance of such Series. The related Supplement will describe the characteristics of the MACR Classes and the available “**Combinations**” of REMIC Certificates and MACR Certificates. MACR Classes are issued from MACR Pools, which are included within the related trust funds but not within any REMIC Pool.

The specific Classes of REMIC Certificates and MACR Certificates that are outstanding at any given time, and the outstanding principal or notional principal amounts of those Classes, will depend on payments on those Classes and any exchanges that have occurred. Exchanges of REMIC Certificates for MACR Certificates, and vice versa, may occur repeatedly. The total outstanding principal amount of all the REMIC Classes and MACR Classes that are backed by the same Assets, not including any notional principal amount, will always equal the total remaining principal amount of the underlying Assets.

MACR Certificates receive interest payments from their related REMIC Certificates at their applicable Class Coupons. On each Payment Date when MACR Certificates entitled to principal are outstanding, we allocate principal payments from the applicable REMIC Certificates to the related MACR Certificates that are entitled to principal. If there are two or more outstanding MACR Classes of the same Combination entitled to principal, they receive principal payments pro rata. If the applicable REMIC Certificates include an Accrual or Partial Accrual Class and a related Accretion Directed Class, we allocate the net reduction in their aggregate principal amount to the related MACR Certificates.

*Appendix III* describes MACR Certificates and exchange procedures and fees.



## PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS

### PREPAYMENTS

#### General

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

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

Mortgages may be voluntarily prepaid in full or in part at any time, in most cases subject to a payment of a penalty. We cannot make any representation regarding the likely prepayment experience of the Mortgages underlying any REMIC Pool.

Mortgage prepayment rates fluctuate continuously and, in some market conditions, substantially. A variety of economic, social and other factors could affect the rates of prepayments on the Assets or the rate of principal payments on the related Certificates. These factors, which may be affected by loan modification initiatives, include prevailing mortgage interest rates, local and regional economic conditions, and the availability of, and costs associated with, alternative financing. Mortgage characteristics, such as the geographic location of the mortgaged properties, loan size, LTV ratios or year of origination, also could affect prepayment rates.

In addition, the rate of defaults and resulting repurchases of the Mortgages, and repurchases due to (i) breaches of representations and warranties by Mortgage sellers, (ii) servicing violations by Mortgage servicers, or (iii) modification, such as may occur upon a borrower's successful completion of a trial period under a loan modification initiative, could also affect prepayment rates and adversely affect the yield on the Certificates. Defaults may increase during periods, or due to the occurrence, of economic recession, mortgage credit contraction, banking crises or failures, stricter underwriting standards that may inhibit refinancings, catastrophic events, such as a major natural disaster or environmental disaster, pandemics, or declining property values (including due to long-term climate change effects).

We have significant exposure to non-depository institutions. We acquire a large portion of our business from non-depository institutions, and some of these non-depository institutions service a large share of our Mortgages. These institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. If these counterparties experience financial difficulties or failures or disruptions in their operational systems or infrastructure (including due to cybersecurity incidents) or become insolvent, we could see a decline in mortgage servicing quality and potentially higher rates of default and delinquency resulting in faster prepayments.



Cybersecurity incidents can impact servicers, servicers' third-party vendors, service providers and supply chain connections. We rely on the cybersecurity and accuracy of information provided by servicers, which exposes us to the risk that the data provided to us may become unavailable, delayed or inaccurate.

Our pooling criteria for PCs also may affect prepayment rates, as discussed in the PC Offering Circular. We use mortgage information available to us to determine which Mortgages we will purchase, the prices we will pay for Mortgages, how to pool the Mortgages we purchase and which Mortgages we will retain in our own portfolio. The information we use varies over time, and may include, among other things, LTV ratios, loan sizes and ages, geographic distribution, weighted average interest rates, purposes or sources of origination, borrower median income and credit scoring. We have discretion to determine whether the Mortgages we purchase will be securitized or held in our portfolio.

The rate of principal payments on a PC may fluctuate significantly from month to month as a result of fluctuations in the principal payment rates of its underlying Mortgages. A PC may experience payment behavior that is similar to or different from that experienced by other PCs backed by similar Mortgages. In addition, a PC could experience payment behavior that is significantly different from other PCs, particularly if it is backed by a relatively small number of Mortgages or Mortgages from only one originator, or if its pool has been formed specifically to emphasize one or more specific loan characteristics, such as borrower income, credit score or loan size. We can make no representation concerning the particular effect that any factor may have on Mortgage prepayment behavior, or the prepayment rates for any type of Mortgage as compared to other kinds of Mortgages.

#### **Principal Payment Stability of Classes**

The Mortgages and the Certificates are subject to principal prepayment uncertainty. As we describe in Supplements, some Classes of Certificates, such as PAC Classes and other Classes that are designed to receive principal payments in accordance with schedules, are expected to have a lower level of prepayment uncertainty than their underlying Mortgages. These Classes have a degree of "stability." Stability in one Class or group of Classes is always offset by instability in other Classes, such as Support Classes. These types of Classes "support" the more stable Classes.

## **YIELDS**

### **General**

In general, your yield on any Class of Certificates will depend on several variables, including:

- The price you paid for that Class.
- The rate of principal payments on the underlying Mortgages and Assets.
- The actual characteristics of the underlying Mortgages.
- In the case of a Floating Rate or Inverse Floating Rate Class, the levels of the applicable Index.
- The payment priorities of your Class and the related Classes in the same Series.
- The Payment Delay of your Class.
- In the case of a Class backed by previously issued Certificates, the payment priorities of the Classes in the underlying Series.
- In the case of a Callable Class, whether a redemption of the underlying Assets occurs. You should carefully consider the yield risks associated with the Certificates, including these:
- If you purchase a Class at a discount to its principal amount and the rate of principal payments on the underlying Assets is slower than you expect, you will receive payments over a longer period than you expect, so the yield on your investment will be lower than you expect. This is especially true for a Principal Only Class.
- If you purchase a Class at a premium over its principal amount and the rate of principal payments on the underlying Assets is faster than you expect, you will receive payments over a shorter period than you expect, so the yield on your investment will be lower than you expect.
- If you purchase an Interest Only Class or any other Class at a significant premium over its principal amount and there are fast principal payments on the underlying Assets, you may not even recover your investment in that Class.
- If you purchase a Class that is backed by previously issued Certificates, your yield will be affected by the manner in which we allocate payments both in your own Series and in the underlying Series.
- In general, the rate of Mortgage principal payments early in your investment has the greatest effect on your yield to maturity. As a result, a negative effect on your yield produced by principal payments at a higher (or lower) rate than you expect in the period immediately following your purchase of a Certificate is not likely to be offset by an equivalent reduction (or increase) in that rate in later periods.
- Mortgages tend to prepay fastest when prevailing interest rates are low. When this happens, you may not be able to reinvest your principal payments in comparable securities at as high a yield.

## **Floating Rate and Inverse Floating Rate Classes**

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

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

If you invest in a Floating Rate Class that is backed by ARMs, you should also consider the following:

- If the Index levels used to adjust the interest rates of the ARMs are lower than you expect, the yield on your investment could be lower than you expect.
- The interest rates on ARMs usually are subject to limits on the amount they can adjust on each adjustment date. The total amount that an ARM can adjust may also be limited by lifetime ceilings and, in some cases, lifetime floors.
- Interest rates for ARM PCs generally adjust monthly, based on a weighted average of the interest rates on the underlying ARMs. The interest rates on the underlying ARMs may adjust monthly, semi-annually, annually or at other intervals. Moreover, there is a gap of several months from the publication of an applicable Index value until the interest rate of an ARM PC reflects that value. As a result, the interest rates of the ARM PCs in a REMIC Pool may not fully reflect current interest rates.
- Disproportionate principal payments, including prepayments, on ARMs that have relatively low or relatively high interest rates compared to the other ARMs in the same pool will affect

the level of the interest rates on the related ARM PCs, even if the interest rates on those ARMs remain unchanged.

### **Callable Classes**

If you invest in a Callable Class of Certificates, you should consider the following additional risks:

- A redemption of the underlying Assets will be similar in its principal payment effect to a full prepayment of all the related Mortgages.
- After your Callable Class becomes redeemable, its value is not likely to exceed, and may be lower than, its redemption price.
- A redemption is most likely to occur when prevailing interest rates are low. In this scenario, you may not be able to reinvest the redemption price in comparable securities at as high a yield.
- A redemption will occur only at the direction of the investor in the related Call Class. The Call Class investor may have economic incentives particular to that investor either to exercise or to refrain from exercising the call right. For example, the Call Class investor may own a related Interest Only (or Principal Only) Class of REMIC Certificates, in which case the investor may be less likely (or more likely) to exercise the call right. The Call Class investor also could sell or lend the call right to an investor with similar incentives.

### **Payment Delay**

The effective yield on any Certificate may be less than the yield that its Class Coupon and purchase price would otherwise produce. For example:

- On its first Payment Date, 30 days' interest will be payable on (or, in the case of an Accrual or Partial Accrual Class, added to the principal amount of) the Certificate even though interest began to accrue 55 or more days earlier.
- On each Payment Date after the first, interest on the Certificate will accrue during its Accrual Period, which will end 25 or more days before that Payment Date.

### **SUITABILITY**

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

- The Certificates are not appropriate investments if you require a single lump sum payment on a date certain, or if you require an otherwise definite payment stream.
- A market may not develop for the sale of some Certificates after their initial issuance. Even if a market develops, it may not continue. As a result, you may not be able to sell your Certificates easily or at prices that will allow you to realize your desired yield.
- The market values of your Certificates are likely to fluctuate, primarily in response to changes in prevailing interest rates. Such fluctuations may result in significant losses to you.
- The secondary markets for mortgage-related securities have experienced periods of illiquidity in the past, and can be expected to do so in the future. Illiquidity can have a severely negative effect on the prices of Certificates, especially those that are particularly sensitive to

prepayment, redemption or interest rate risk or that have been structured to meet the investment needs of limited categories of investors. In addition, illiquidity could result from our financial condition, our conservatorship, uncertainty concerning our future structure, organization, or level of government support and market perceptions or speculation.

- You may not be able to sell very small or very large amounts of Certificates at prices available to other investors.
- The Certificates are complex securities. Before investing in a Certificate, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in the related Supplement. You should evaluate the information in the context of your specific financial situation and your views on possible and likely interest rate and economic scenarios.

This Offering Circular does not describe all the possible risks of an investment in Certificates that may result from your particular circumstances, nor does it predict how Certificates will perform under all possible interest rate and economic scenarios. You should purchase Certificates only if you understand and can bear the prepayment, redemption, interest rate, yield and market risks associated with your investment under a variety of interest rate and economic scenarios. If you purchase Certificates, you need to have enough financial resources to bear all the risks related to your Certificates.

#### **TABULAR INFORMATION IN SUPPLEMENTS**

In order to illustrate the effect of prepayments or Index levels on Classes of Certificates, the related Supplements may include tables that show the following information, in each case under various prepayment or Index scenarios:

- Weighted average lives.
- Pre-tax yields to maturity.
- Declining principal or notional principal balances.
- Amounts payable as principal annually.

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

#### **Yield Calculations**

We calculate pre-tax yields by:

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

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

### **Weighted Average Lives**

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

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

We calculate weighted average lives for a Notional Class assuming that a reduction in its notional principal balance is a reduction in principal balance.

### **Prepayment Models**

Prepayments on pools of mortgages can be measured based on a variety of prepayment models. The models typically used in Supplements will be The Securities Industry and Financial Markets Association's standard prepayment (or "PSA") model and the constant (or conditional) prepayment rate (or "CPR") model.

The PSA model assumes that:

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

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

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

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

Even though the tables in a Supplement will use assumed constant Mortgage prepayment rates, the underlying Mortgages will not prepay at a constant rate until maturity, nor will all of those Mortgages

prepay at the same rate. You must make an independent decision regarding the appropriate principal prepayment scenarios to use in deciding whether to purchase Certificates.

## **THE TRUST AGREEMENT**

Under the Multifamily Multiclass Certificates Master Trust Agreement dated the same date as this Offering Circular, as Depositor, we transfer and deposit Assets that we have acquired into various trust funds. As Administrator, we create and issue Certificates under the Multifamily Multiclass Certificates Master Trust Agreement and the related “**Terms Supplement**” for each offering of Certificates. For any particular offering, the Multifamily Multiclass Certificates Master Trust Agreement and the applicable Terms Supplement together constitute the “**Trust Agreement**”.

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

## **TRANSFER OF ASSETS TO REMIC POOL**

The Assets deposited in each REMIC Pool will be identified to that Pool and its related trust fund in our corporate records. As Trustee, we will hold legal title to the Assets, directly or through our agent, for the benefit of the related REMIC Pool and the Holders of the related Series as required by the Trust Agreement.

Under certain circumstances, as Administrator, we may substitute eligible Assets for those originally included in a REMIC Pool. We will make any substitution in accordance with applicable laws and regulations in effect at the time of substitution and only if tax counsel advises us that the REMIC Pool will continue to be classified as a REMIC for federal income tax purposes. The initial rate of principal payments on the related Certificates may be faster or slower than if the applicable REMIC Pool had originally included the substitute Assets.

## **VARIOUS MATTERS REGARDING FREDDIE MAC**

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

Freddie Mac, in its corporate capacity, and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, neither we nor they will be protected against any liability that results from their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations.

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

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



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

Freddie Mac may acquire all or part of the Certificates of any Class. Except as described under *Rights Upon Event of Default* and *Voting Rights* below, the Certificates we hold will be treated the same as Certificates of the same Class held by other Holders.

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

### **Custodial Account**

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

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

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

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

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

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

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



## **Potential Conflicts of Interest**

In connection with the Certificates that we issue, we are acting in multiple roles—Trustee, Depositor, Administrator and Guarantor. Further, we act in these same roles with respect to any securities that we issue underlying the Certificates. The trust agreements for any underlying securities we issue provide that in determining whether a Mortgage shall be repurchased from the related pool, we may in our capacities as Administrator and Guarantor of our securities consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator) and possible exposure under our guarantee (in the case of the Guarantor). There is no independent third party engaged with respect to the securities that we issue underlying the securities or the Certificates to monitor and supervise our activities in our various roles. In connection with our roles as Administrator and Guarantor of the securities that we issue underlying the Certificates, we may take certain actions with respect to Mortgages that may adversely affect Holders. For example, we may repurchase, or direct sellers or servicers to repurchase, Mortgages from securities that we issue underlying the Certificates in certain situations. A Mortgage repurchase will be treated as a prepayment in full of the Mortgage being repurchased and will increase the prepayment speeds of Certificates.

## **EVENTS OF DEFAULT**

“Events of Default” under the Trust Agreement are:

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

## **RIGHTS UPON EVENT OF DEFAULT**

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

In addition, Freddie Mac may be removed as Trustee if an Event of Default has occurred with respect to a trust fund. In that case, we can be removed and replaced by a successor trustee as to an affected trust fund by Holders owning at least 50% of the outstanding principal or notional principal amount of any affected Class of Certificates.

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

The rights provided to Holders under the Trust Agreement as described above may not be enforced against FHFA, or enforcement of such rights may be delayed, if we are placed into receivership. The Trust Agreement provides that upon the occurrence of an Event of Default, which includes the appointment of a receiver, Holders have the right to replace Freddie Mac as Trustee and Administrator if the requisite percentage of Holders of an affected Class of Certificates consent. The Reform Act prevents Holders from enforcing their rights to replace Freddie Mac as Trustee and Administrator if the Event of Default arises solely because a receiver has been appointed. The Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA, as receiver, for a period of 90 days following the appointment of FHFA as receiver.

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

## **VOTING RIGHTS**

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

## **VOTING UNDER ANY UNDERLYING AGREEMENT**

Holders of the securities underlying the Certificates and Callable Classes of CPCs have various rights under the agreements governing their securities. If a default occurs under one of these underlying agreements, holders of a specified percentage of the securities underlying the Certificates or CPCs may seek to remove Freddie Mac under that agreement. As Trustee, we will hold the securities that back Certificates and CPCs. However, the Trust Agreement generally allows the Holders of the Certificates, rather than Freddie Mac, to act if a default occurs under the related underlying agreement. For this purpose, the Holders of Certificates will be treated as the holders of the affected securities underlying the Certificates or CPCs in proportion to the outstanding principal amounts of their Certificates.

The rights provided to holders of securities underlying the Certificates and Callable Classes of CPCs under the agreements governing those securities and the rights of Holders of the Certificates under the underlying agreements are also subject to the limitations of the Reform Act, as described under *Rights Upon Event of Default* above.

Holders of securities underlying the Certificates and CPCs also have the right to consent to certain amendments to their governing agreements. The Trust Agreement provides that, as the holder of a security underlying the Certificates or CPCs, Freddie Mac, as Trustee, may consent to such an amendment. However, if the amendment would adversely affect in any material way the interests of the Holders, Freddie Mac may not agree to it unless Holders of at least 50% of the outstanding principal or notional principal amount of each affected Class consent in writing. Despite this rule, Freddie Mac may amend an agreement governing Mortgage Participation Certificates, without the consent of Holders, if the amendment changes Freddie Mac's procedures for calculating payments or passing through prepayments on Mortgage Participation Certificates that back REMIC Pools formed after September 1, 1995. See the PC Offering Circular for information about payments on Mortgage Participation Certificates.

## **AMENDMENT**

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

- Cure any ambiguity or to correct or add to any provision in the Trust Agreement, if the amendment does not adversely affect Holders in any material way.
- Maintain the qualification of any REMIC Pool as a REMIC under the Code.
- Maintain the qualification of any MACR Pool as a grantor trust under the Code.
- Avoid the imposition of any state or federal tax on a REMIC Pool or MACR Pool.

With the written consent of the Holders of at least 50% of the then outstanding principal or notional principal amount of any affected Class, Freddie Mac and the Trustee also may amend the Trust Agreement in any other way. However, unless each affected Holder consents, Freddie Mac and the Trustee may not amend the Trust Agreement to impair the rights of Holders to receive payments (including guarantee payments) when due or to sue for any payment that is overdue. In the case of an amendment in connection with the liquidation of a REMIC Pool, the sale and transfer of all Assets of such REMIC Pool and the redemption of all Certificates of such REMIC Pool, Holders of an affected Class include only Holders of the Classes of Certificates to be redeemed in connection with such amendment.

To the extent that any provisions of the Trust Agreement differ from the provisions of any of our previous agreements governing Certificates, the Trust Agreement will be deemed to amend those prior agreements if such change would not require the consent of Holders under the terms of those prior agreements. Further, future trust agreements governing the issuances of future series of Certificates will be deemed to amend the Trust Agreement if such change would not require the consent of Holders under the terms of the Trust Agreement.

## **GOVERNING LAW**

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

## CERTAIN FEDERAL INCOME TAX CONSEQUENCES

### GENERAL

The following is a general discussion of the material federal income tax consequences relating to the purchase, ownership and transfer of Certificates. It does not address all the federal income tax consequences that may apply to particular categories of investors. Some investors may be subject to special rules. **The tax laws and other authorities for this discussion are subject to change or differing interpretations, and any change or interpretation may apply retroactively. You should consult your own tax advisors to determine the federal, state, local and any other tax consequences that may be relevant to you.**

### REMIC ELECTION

We will elect to treat each REMIC Pool as a REMIC under the Code. Assuming (1) such election, (2) compliance with the Trust Agreement and (3) compliance with changes in the law, each REMIC Pool will qualify as a REMIC. In that case, the REMIC Pool generally will not be subject to tax, the related Regular Classes will be “regular interests” in a REMIC and the related Residual Class will be the “residual interest” in a REMIC.

For federal income tax purposes, certain Certificates may represent beneficial ownership of a REMIC Regular Class as well as rights under a notional principal contract (an “NPC”). The rights under an NPC will not be assets held by, or an obligation of, any REMIC Pool. The arrangement under which such Certificates are issued will be characterized as a grantor trust under subpart E, part I of subchapter J of the Code, and not as an association taxable as a corporation. The applicable Supplement will identify those Certificates that represent a REMIC Regular Class and an NPC. See —*Status of REMIC Certificates* and —*Taxation of NPCs* below.

### STATUS OF REMIC CERTIFICATES

REMIC Certificates will constitute assets described in Code Sections 7701(a)(19)(C) and 856(c)(4)(A). Interest on the REMIC Certificates will be “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) in its entirety if at all times 95% or more of the assets of the related REMIC Pool are treated as “real estate assets” within the meaning of Code Section 856(c)(5)(B). In determining the tax status of an Upper-Tier REMIC Pool, however, we will apply the 95% test assuming the Lower-Tier Classes have the same characteristics as the related Lower-Tier REMIC Pool. Regular Classes will be “qualified mortgages” under Code Section 860G(a)(3) for another REMIC.

In addition, an NPC will not constitute an asset described as “real estate assets” under Section 856(c)(4)(A) of the Code or Section 7701(a)(19)(C) of the Code. Similarly, payments received on an NPC will not constitute “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Section 856(c)(3)(B) of the Code. Finally, an NPC will not be a “qualified mortgage” under Section 860G(a)(3) of the Code or any other type of permitted investment for another REMIC. The applicable Supplement will identify those Certificates that represent a REMIC Regular Class and an NPC.

## TAXATION OF REGULAR CLASSES

### General

The Regular Classes will be taxed as newly originated debt instruments for federal income tax purposes. Interest, original issue discount and market discount accrued on a Regular Class will constitute ordinary income to the beneficial owner (the “**Owner**”). As an investor in a Regular Class, you must account for interest income on the accrual method.

### Original Issue Discount

The REMIC Pool may issue certain Regular Classes with “original issue discount.” You must include original issue discount in income as it accrues, without regard to the timing of payments. In the absence of guidance which applies specifically to REMIC regular interests, we will report original issue discount, if any, to the Internal Revenue Service (the “**Service**”) and the Holders of the Regular Classes based on regulations under Code Sections 1271 through 1275 (the “**OID Regulations**”).

The total amount of original issue discount on a Regular Class is the excess of its “stated redemption price” over its “issue price.” The issue price is the price at which a substantial portion of the Regular Class is first sold to the public. The issue price generally includes any pre-issuance accrued interest unless you exclude such amount from the issue price and treat a portion of the stated interest payable on the first Payment Date as a return of that accrued interest rather than as an amount payable under the instrument. In general, the stated redemption price is the sum of all payments except for stated interest actually payable at least annually based on a single fixed rate, certain variable rates, or certain combinations of fixed and variable rates. In the case of an Interest Only Class, as described below, or an Accrual Class, however, the stated redemption price will include all payments.

Interest based on certain variable rates or certain combinations of fixed and variable rates which would otherwise be excluded from the stated redemption price will be included in the stated redemption price if the excess, if any, of the issue price of the Regular Class over the principal amount of the Regular Class is more than 0.015 multiplied by the product of the principal amount and the weighted average maturity (as defined below) or, if the weighted average maturity of the Regular Class is more than ten years, 15% of the principal amount.

If the interval between the issue date and the first Payment Date exceeds the interval between subsequent Payment Dates, a portion of the interest payments in all periods is included in the stated redemption price, unless a special rule relating to debt instruments with increasing rates of interest, described below, applies. The portion included in the stated redemption price is equal to the difference between (1) the stated interest rate for subsequent periods and (2) the effective rate of interest for the long first accrual period.

We intend to report income from Interest Only Classes based on the assumption that the stated redemption price is the sum of all payments determined under the Pricing Speed (as defined below). As a result, such Classes would be issued with original issue discount. The Service might contend, however, that in the case of certain fixed rate Interest Only Classes with a nominal principal amount, the stated redemption price is the principal amount. If such a position prevailed, the rules described below under —*Premium* would apply.

Under a *de minimis* rule, original issue discount on a Regular Class will be considered zero and all interest payments will be excluded from the stated redemption price if the amount of the original issue discount is less than 0.25% of the Class's stated redemption price multiplied by the Class's weighted average maturity. The weighted average maturity of a Regular Class is computed based on the number of full years (*i.e.*, rounding down partial years) each distribution of principal is scheduled to be outstanding. The schedule of such distributions likely should be determined in accordance with the assumed rate of prepayment of the related Mortgages used in pricing the Regular Classes (the "**Pricing Speed**"), which will be set forth in the related Supplement. For purposes of applying the *de minimis* rule and for all other purposes, we will not adjust the Pricing Speed to take into account the possibility of the early retirement of a Regular Class backed by a callable class of CPCs.

The OID Regulations provide a special application of the *de minimis* rule for certain debt instruments where the interest payable for the first period or periods is at a rate less than that which applies in all other periods. In such cases, the OID Regulations provide that the stated redemption price is equal to the issue price of the Regular Class plus the greater of (1) the interest foregone during the first period or periods and (2) the excess, if any, of the debt instrument's stated principal amount over its issue price.

The Owner of an interest in a Regular Class generally must include in income the original issue discount accrued for each day on which the Owner holds such interest, including the date of purchase, but excluding the date of disposition. The original issue discount accruing on an interest in a Regular Class in any period equals:

$$\text{PV End} + \text{Dist} - \text{PV Beg}$$

Where:

PV End = present value of all remaining distributions to be made as of the end of the accrual period;

Dist = distributions made during the accrual period includable in stated redemption price; and

PV Beg = present value of all remaining distributions as of the beginning of the accrual period.

The present value of the remaining distributions is calculated based on (1) the original yield to maturity of the Regular Class, (2) events (including actual prepayments) that have occurred prior to the end of the period and (3) the Pricing Speed. For these purposes, the original yield to maturity of an interest in a Regular Class will be calculated based on its issue price and assuming that it will be prepaid in all periods in accordance with the Pricing Speed. The original issue discount accruing during any accrual period will then be divided by the number of days in the period to determine the daily portion of original issue discount for each day.

The daily portions of original issue discount generally will increase if prepayments on the underlying Mortgages exceed the Pricing Speed and decrease if prepayments are slower than the Pricing Speed (changes in the rate of prepayments having the opposite effect in the case of an Interest Only Class). If the relative principal payment priorities of the Classes of a Series change (*e.g.*, for Sticky Jump Classes), any increase or decrease in the present value of the remaining payments to be made on any such Class will affect the computation of original issue discount for the period in which the change in payment priority occurs.

If original issue discount accruing during any accrual period, computed as described above, is negative for any such period, you will be entitled to offset such amount only against future positive original issue



discount accruing from your Class, and we intend to report income to the Service in all cases in this manner. The treatment of such negative amounts is not entirely clear, however, particularly in the case of an Interest Only Class. For example, you may be entitled to deduct a loss to the extent that your remaining basis would exceed the maximum amount of future payments to which you are entitled, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed). While the issue is not clear, all or a portion of such loss may be treated as a capital loss if you treat the Regular Class as a capital asset. You should consult your tax advisors regarding a Regular Class that has a negative amount of original issue discount during any accrual period.

If you are the initial purchaser of interests in two or more Regular Classes issued from the same REMIC Pool, you should be aware that the OID Regulations may treat such interests as a single debt instrument for purposes of the original issue discount provisions.

If a subsequent Owner of an interest in a Regular Class acquires such interest for a price greater than its “adjusted issue price,” but less than its remaining stated redemption price, the daily portion for any day is reduced by an amount equal to the product of (1) such daily portion and (2) a fraction, the numerator of which is the amount by which the price exceeds the adjusted issue price and the denominator of which is the sum of the daily portions for such Regular Class interest for all days on and after the date of purchase. The adjusted issue price of an interest in a Regular Class on any given day is equal to its issue price, increased by all original issue discount previously includable with respect to that interest and reduced by the amount of all previous distributions with respect to that interest included in its stated redemption price at maturity.

### **Market Discount**

The market discount rules may also apply to you. Market discount equals the excess of (a) either the stated redemption price (less any prior distributions included in the stated redemption price) or, in the case of a Regular Class having original issue discount, the adjusted issue price over (b) your initial basis in the Regular Class.

The Conference Committee Report accompanying the Tax Reform Act of 1986 (the “**Committee Report**”) provides that, until the Treasury issues regulations, market discount would accrue (a) on the basis of a constant yield (similar to the method described above for accruing original issue discount) or (b) alternatively, either (1) in the case of a Regular Class issued without original issue discount, in the ratio of stated interest distributable in the relevant period to the total stated interest remaining to be distributed from the beginning of such period (computed taking into account the Pricing Speed) or (2) in the case of a Regular Class issued with original issue discount, in the ratio of original issue discount accrued for the relevant period to the total remaining original issue discount at the beginning of such period.

You generally must recognize accrued market discount as ordinary income to the extent of any distributions includable in the stated redemption price. Moreover, you generally must treat a portion of any gain on a sale or exchange as ordinary income to the extent of the accrued, but unrecognized, market discount to the date of disposition. Alternatively, you may elect to include market discount in income currently as it accrues on all market discount instruments that you acquire in that taxable year or after. You may revoke such an election only with the consent of the Service.

In addition, the deduction for a portion of interest expense on any indebtedness that you incur or maintain in order to purchase or carry an interest in a Regular Class purchased with market discount may



be required to be deferred. The deferred portion would not exceed the portion of market discount that accrues but is not taken into income currently. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized.

Market discount with respect to a Regular Class will be considered to be zero if it is *de minimis* under a rule similar to that described above under —*Original Issue Discount*. You should consult your tax advisors regarding the application of the market discount rules as well as the advisability of making any election with respect to market discount.

### **Premium**

An interest in a Regular Class, other than an Interest Only Class, an Accrual Class and certain other Classes whose stated interest is partially or entirely included in their stated redemption prices, that is purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. You may elect under Code Section 171 to amortize such premium under the constant yield method, using the Pricing Speed. Such premium is an offset to interest income from an interest in a Regular Class, rather than a separate interest deduction. In addition, the Committee Report indicates Congress intended that the methods for determining the accrual of market discount described above which are alternatives to accrual on the basis of a constant yield also will apply for purposes of amortizing bond premium on obligations such as Regular Classes. An election made by you generally would apply to all your debt instruments, unless the election is revoked with the Service's consent. If your election to amortize bond premium was effective as of October 22, 1986, you may choose to have such election apply to obligations issued after September 27, 1985.

### **Constant Yield Election**

The OID Regulations allow you to elect to include in gross income all interest that accrues on a debt instrument by using the constant yield method. For purposes of this election, interest includes stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium. You should consult your tax advisors regarding the advisability of making this election.

### **Floating Rate, Inverse Floating Rate and Weighted Average Coupon Classes**

The OID Regulations and regulations relating to the amortization of premium generally require that the original issue discount and premium rules be applied to certain Floating Rate or Inverse Floating Rate Classes (*i.e.*, Classes the rate on which would qualify as a qualified floating rate or a qualified inverse floating rate under the OID Regulations) by assuming that the variable rate is a fixed rate equal to the value of the variable rate as of the date of the applicable Supplement. We also intend to apply the original issue discount and premium rules to the other Floating Rate and Inverse Floating Rate Classes and to the Weighted Average Coupon Classes by assuming that the variable rate is a fixed rate equal to the value of the variable rate as of the date of the applicable Supplement. Further, we intend to apply the rules of the Code relating to market discount based on these assumptions. As discussed below under *Negative Yield*, however, we may make adjustments to the value of the variable rate in certain circumstances.

### **Negative Yield**

As discussed above under *Original Issue Discount*, we intend to report income with respect to Interest Only Classes assuming those Classes are issued with original issue discount. It is not entirely clear,

however, that an Interest Only Class would be issued with original issue discount or how taxable income with respect to such Class should be reported where its yield to maturity, determined based on its Pricing Speed (and, with respect to Floating Rate, Inverse Floating Rate or Weighted Average Coupon Interest Only Classes, the value of the variable rate as of the date of the applicable Supplement) is negative (*i.e.*, the sum of all projected payments on the Class determined based on its Pricing Speed, and if applicable, the value of the variable rate as of the date of the applicable Supplement, is less than your purchase price for the Class).

For purposes of computing the amount of original issue discount that accrues in each accrual period on a fixed-rate Interest Only Class that has a negative yield based on its Pricing Speed, we intend to use a yield to maturity of 0.0%. For purposes of computing the amount of original issue discount that accrues in each accrual period on Floating Rate, Inverse Floating Rate or Weighted Average Coupon Interest Only Classes that have negative yields based on their Pricing Speeds and the values of the variable rates as of the dates of the applicable Supplements, we may make adjustments to the projected values of the variable rates in certain circumstances, and may also use a yield to maturity of 0.0% if necessary. The Supplement will identify any Interest Only Class that may have a negative yield. You should consult your tax advisors regarding a Regular Class that has a negative yield as of the issue date.

### **Callable Classes**

Any amount received in redemption of a Regular Class that is backed by a callable class of CPCs will be treated under the original issue discount and market discount rules as a distribution with respect to that Class.

## **TAXATION OF RESIDUAL CLASSES**

### **Taxation of REMIC Income**

REMIC taxable income is determined under the accrual method of accounting in the same manner as the taxable income of an individual, with certain modifications. The REMIC Pool's gross income includes interest, original issue discount income and market discount income, if any, reduced by amortization of any premium, on the assets in the REMIC Pool. In this regard, the REMIC Pool will elect to take all such items into account by accruing interest based on a constant yield. The REMIC Pool's expenses include interest and original issue discount expense on the Regular Classes, reduced by the amortization of any premium, servicing fees on the REMIC Pool's Assets and other administrative expenses. Except as described below under *Treatment of Servicing Compensation*, an Owner of an interest in a Residual Class (a "**Residual Owner**") generally will take into account, as ordinary income or loss, the Residual Owner's allocable share of taxable income or net loss of the REMIC Pool.

If a REMIC Pool includes a callable class of CPCs, the REMIC Pool will be treated as owning the assets underlying such callable class and as having written a call option on such assets. The material federal income tax consequences to the REMIC Pool of acquiring, holding and disposing of such assets are described below under *Taxation of the CPCs*. The Residual Owner will take into account, as ordinary income or loss, any gain or loss from the disposition of such assets and any amortization of option premium with respect to such call option.

A Residual Owner may not amortize the cost of its Residual Class interest. Taxable income of the REMIC Pool, however, will not include cash received by the REMIC Pool that represents a recovery of the REMIC Pool's basis in its Assets. Such recovery of basis by the REMIC Pool will have the effect of

amortization of the issue price of the Residual Class over its life. The period of time over which such issue price is effectively amortized, however, may be longer than the economic life of the Residual Class.

A subsequent Residual Owner must report on its federal income tax returns amounts of taxable income or net loss equal to that which an original Residual Owner must report. Adjustments to reduce (or increase) the income of a subsequent Residual Owner that purchased such an interest at a price greater than (or less than) the adjusted issue price of such interest apparently are not permitted or required.

The taxation of a Residual Owner is based on the income and expense of the REMIC Pool, and not on distributions to the Residual Owner. This method of taxation can produce a significantly less favorable after-tax return for a Residual Owner than would be the case if (1) the Residual Class were taxable as a debt instrument or (2) no portion of the taxable income on the Residual Class in each period were treated as “excess inclusions” (as defined below). In certain periods, taxable income and the resulting tax liability on an interest in a Residual Class may exceed any payments received on that Class. The excess typically will be greater in the case of the Upper-Tier Residual Class in a Double-Tier Series or the Residual Class in a Single-Tier Series. This may occur because the yield of the Mortgage Securities in a Double-Tier Series, or the Assets in a Single-Tier Series, typically will exceed the average yield of the Regular Classes in earlier periods. In addition, a substantial tax may be imposed on certain transferors of an interest in a Residual Class and certain Residual Owners that are “pass-thru” entities. See *Transfers of Interests in a Residual Class*. You should consult your tax advisors before purchasing an interest in a Residual Class.

### **Losses**

A Residual Owner may recognize a net loss on the REMIC Pool only to the extent of the adjusted basis of its interest in the Residual Class. A Residual Owner that is a U.S. person (as defined below), however, may carry over any such disallowed loss to offset any taxable income generated by the same REMIC Pool.

### **Treatment of Certain Items of REMIC Income and Expense**

*Original Issue Discount.* In the case of a Double-Tier Series, the OID Regulations provide, and we intend to report assuming, that the Mortgage Securities issued in respect of the same Lower-Tier REMIC Pool will be treated as a single debt instrument for purposes of the original issue discount provisions. As previously discussed, the timing of recognition of negative original issue discount, if any, on a Regular Class, particularly an Interest Only Class, is uncertain; as a result, the timing of recognition of the related REMIC taxable income is also uncertain. For example, the related REMIC taxable income may be recognized when the adjusted issue price of such Regular Class would exceed the maximum amount of future payments with respect to such Regular Class, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed).

*Market Discount.* In respect of Mortgages that have market discount, such market discount would be recognized in the same fashion as if it were original issue discount.

*Premium.* Premium on such Mortgages may be deductible, if in accordance with a reasonable method. The allocation of such premium pro rata among principal payments or on the basis of a constant yield should be considered a reasonable method.

### **Excess Inclusions**

A portion of the REMIC taxable income of each Residual Owner will be subject to federal income tax in all events. That portion, referred to as the “excess inclusion,” is equal to the excess of REMIC taxable

income for the calendar quarter over the daily accruals for such period. The daily accruals are equal to the product of (1) 120% of the federal long-term rate (based on quarterly compounding) under Code Section 1274(d) determined for the month in which the Residual Class is issued and (2) the adjusted issue price of such interest at the beginning of such quarter. The federal long-term rate for the month of issuance of a Residual Class is published by the Service on or about the 20th of the preceding month. The adjusted issue price of an interest in a Residual Class at the beginning of a quarter is the issue price of the interest, plus the amount of the daily accruals of REMIC income attributable to such interest for all prior quarters, decreased (but not below zero) by any prior distributions. The Service has authority to promulgate regulations providing that if the aggregate value of the Residual Class is not considered to be “significant,” then a Residual Owner’s entire share of REMIC taxable income will be treated as an excess inclusion. This authority has not been exercised.

“Excess inclusions” may not be offset by unrelated losses or loss carryforwards of a Residual Owner. A Residual Owner’s excess inclusion is treated as unrelated business taxable income for an organization subject to the tax on unrelated business income. In addition, under Treasury regulations yet to be issued, if a real estate investment trust, regulated investment company or certain other pass-through entities are Residual Owners, a portion of distributions made by such entities would constitute excess inclusions. The Service has stated that this rule is applicable even in the absence of regulations. Moreover, for purposes of computing alternative minimum tax for individual taxpayers, taxable income is determined without regard to the rule for excess inclusions, and the alternative minimum taxable income of any such Residual Owner is not less than such Residual Owner’s excess inclusion for the year.

### **Prohibited Transactions**

Income from certain transactions, called prohibited transactions, will not be part of the calculation of income or loss includable in the federal income tax returns of Residual Owners, but rather will be taxed directly to the REMIC Pool at a 100% rate. Because of Freddie Mac’s guarantee, in the event such tax is imposed on a REMIC Pool, payments of principal and interest on the REMIC Certificates will not be affected.

### **SALE OR EXCHANGE OF REMIC CERTIFICATES**

You generally will recognize gain or loss upon sale or exchange of a REMIC Certificate equal to the difference between the amount received and your adjusted basis in the REMIC Certificate. The adjusted basis in a REMIC Certificate generally will equal the cost of the REMIC Certificate, increased by income previously included and reduced (but not below zero) by previous distributions and by any amortized premium, in the case of an interest in a Regular Class, or net losses allowed as a deduction, in the case of an interest in a Residual Class.

Except as described below, any gain or loss on the sale or exchange of a REMIC Certificate held as a capital asset will be capital gain or loss and will be long-term or short-term depending on whether the interest has been held for the long-term capital gain holding period (more than one year). Capital gains of individuals with respect to capital assets held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Such gain or loss will be ordinary income or loss (1) for a bank or thrift institution; and (2) in the case of an interest in a Regular Class, (a) to the extent of any accrued, but unrecognized, market discount or (b)

to the extent income recognized by you is less than the income that you would have recognized if the yield on such interest were 110% of the applicable federal rate under Code Section 1274(d).

Whether the termination of the REMIC will be treated as a sale or exchange of a Residual Owner's interest is not clear. If it is, the Residual Owner will recognize a loss at that time equal to the amount of the Residual Owner's remaining adjusted basis in such interest.

Except as provided in Treasury regulations, the wash sale rules of Code Section 1091 will apply to dispositions of an interest in a Residual Class where the seller of the interest, during the period beginning six months before the sale or disposition of the interest and ending six months after such sale or disposition, acquires (or enters into any other transaction that results in the application of Code Section 1091 with respect to) any residual interest in any REMIC or any interest in a "taxable mortgage pool" (such as a non-REMIC owner trust) that is economically comparable to a Residual Class.

## **TRANSFERS OF INTERESTS IN A RESIDUAL CLASS**

### **Disqualified Organizations**

A transfer of an interest in a Residual Class to a "disqualified organization" (as defined below) may result in a tax equal to the product of (1) the present value of the total anticipated future excess inclusions with respect to such interest and (2) the highest corporate marginal federal income tax rate. Such a tax generally would be imposed on the transferor of the interest in the Residual Class, except that if the transfer is through an agent for a disqualified organization, the agent is liable. A transferor is not liable for this tax if the transferee furnishes to the transferor an affidavit that the transferee is not a disqualified organization and, as of the time of the transfer, the transferor does not have actual knowledge that such affidavit is false.

A "pass-thru entity" (as defined below) is subject to tax (at the highest corporate marginal federal income tax rate) on excess inclusions to the extent disqualified organizations hold interests in the pass-thru entity. However, this tax will not apply if the pass-thru entity receives an affidavit that the record holder is not a disqualified organization and does not have actual knowledge that the affidavit is false.

For these purposes, (1) "disqualified organization" means the United States, any state or political subdivision thereof, any foreign government, any international organization, any agency or instrumentality of any of the foregoing, certain organizations that are exempt from taxation under the Code (including tax on excess inclusions) and certain corporations operating on a cooperative basis and (2) "pass-thru entity" means any regulated investment company, real estate investment trust, common trust fund, partnership, trust or estate and certain corporations operating on a cooperative basis. Except as may be provided in Treasury regulations, any person holding an interest in a pass-thru entity as a nominee for another will, with respect to such interest, be treated as a pass-thru entity.

The Trust Agreement provides that any attempted transfer of a beneficial or record interest in a Residual Class will be null and void unless (1) the proposed transferee provides to Freddie Mac (a) an affidavit that the transferee is not a disqualified organization and is not purchasing such interest on behalf of a disqualified organization and (b) if requested by Freddie Mac, an opinion of counsel to the effect that the proposed transfer will not cause the Residual Class interest to be held by a disqualified organization; or (2) Freddie Mac consents to the transfer.



### **Additional Transfer Restrictions**

The regulations under Code Sections 860A through 860G (the “**REMIC Regulations**”) provide that a transfer of a noneconomic residual interest is disregarded for all federal income tax purposes if a significant purpose of the transfer is to impede the assessment or collection of tax. Such a purpose exists if, at the time of the transfer, the transferor knew or should have known that the transferee would be unwilling or unable to pay taxes on its share of the taxable income of the REMIC.

Pursuant to a safe harbor, a transferor will be presumed to lack such knowledge (or reason to know) if, after a reasonable investigation, (1) the transferor finds that the transferee historically paid its debts as they came due, and finds no significant evidence that the transferee would not continue to do so, (2) the transferee represents to the transferor that the transferee understands that it might incur tax liabilities in excess of any cash received with respect to the residual interest and that the transferee intends to pay the taxes associated with owning the residual interest as they come due, (3) the transferee represents that it will not cause income from the noneconomic residual interest to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer, and (4) the transfer satisfies either an “asset test” or a “formula test,” as set forth in the REMIC Regulations.

Under the REMIC Regulations, a transfer satisfies the asset test if (1) the transferee’s gross assets for financial reporting purposes exceed \$100 million and its net assets for financial reporting purposes exceed \$10 million at the time of the transfer and at the close of each of the transferee’s two fiscal years preceding the year of transfer, (2) the transferee is an eligible corporation (any domestic subchapter C corporation other than a tax-exempt corporation, regulated investment company, real estate investment trust, REMIC or cooperative) other than a foreign permanent establishment of a domestic corporation and agrees in writing that any subsequent transfer of the interest will be to another eligible corporation in a transaction that satisfies the asset test safe harbor, and (3) the facts and circumstances, including the amount of consideration paid to the transferee, do not reasonably indicate to the transferor that the taxes associated with the residual interest will not be paid.

A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the residual interest does not exceed the sum of (1) the present value of any consideration given to the transferee to acquire the interest, (2) the present value of the expected future distributions on the interest, and (3) the present value of the anticipated tax savings associated with holding the interest as the REMIC generates losses.

A residual interest in a REMIC (including a residual interest with significant value at issuance) is a noneconomic residual interest unless, at the time of the *transfer*, (1) the present value of the expected future distributions on the residual interest at least equals the product of the present value of the anticipated excess inclusions and the highest corporate income tax rate in effect for the year in which the transfer occurs and (2) the transferor reasonably expects that for each anticipated excess inclusion the transferee will receive distributions from the REMIC at or after the time at which taxes accrue on the anticipated excess inclusion in an amount sufficient to satisfy the taxes accrued.

The REMIC Regulations provide that any transfer of a residual interest (whether or not a noneconomic residual interest) to a non-U.S. person is disregarded for all federal tax purposes if the residual interest has “tax avoidance potential.” A residual interest has tax avoidance potential under the REMIC Regulations unless, at the time of transfer, the transferor reasonably expects that:

- for each excess inclusion, the REMIC will distribute on the residual interest an amount that will equal at least 30% of the excess inclusion, and
- the transferee will receive each such distribution from the REMIC at or after the time at which the excess inclusion accrues and not later than the close of the calendar year following the calendar year of accrual.

The reasonable expectation requirement will be satisfied if the above test would be met assuming that the Mortgages underlying the REMIC's assets were to prepay at each rate between 50% and 200% of the Pricing Speed. The REMIC Regulations also provide that a transfer from a non-U.S. person to a U.S. person or to a non-U.S. person engaged in a United States trade or business is disregarded if the transfer has "the effect of allowing the transferor to avoid tax on accrued excess inclusions."

With respect to a Residual Class that has been held at any time by a non-U.S. person, we (or our agent) will be entitled to withhold (and to pay to the Service) any portion of any payment on such Residual Class that we reasonably determine is required to be withheld. If we (or our agent) reasonably determine that a more accurate determination of the amount required to be withheld from a distribution can be made within a reasonable period after the scheduled date for such distribution, we may hold such distribution in trust for the Owners of any such Residual Class, until we can make the more accurate determination.

Certain restrictions will be imposed on transfers of the interests in Residual Classes, including the requirement that no transfer to a non-U.S. person (or, for certain Residual Classes, to any person) will be permitted without our written consent. These restrictions, together with those imposed under the REMIC Regulations, may have the practical effect of rendering the interests in certain Residual Classes non-transferable.

For these purposes, the term "**U.S. person**" means any one of the following:

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

A "**Non-U.S. person**" is a beneficial owner of a Certificate that is an individual, a corporation, a trust or an estate that is not a U.S. person.

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



## **Miscellaneous**

If the equity interest in a non-U.S. person investor is held in whole or in part by a U.S. person, the investor or U.S. person should consult its own tax advisors regarding any tax consequences to such U.S. person of the investor's purchase of an interest in a Residual Class.

The Treasury regulations provide that a transferee does not immediately recognize income upon the receipt of an inducement payment in connection with the transfer of a noneconomic residual interest. Rather, the payment is recognized as income over a period that is reasonably related to the period during which the REMIC is expected to generate taxable income or net loss allocable to the holder of the noneconomic Residual Class. The regulations provide the following two safe harbor methods for tax accounting for the payment:

- A transferee may recognize the payment for federal income tax purposes in the same amounts and over the same period in which the payment is included in the transferee's income for financial reporting purposes, provided that such period is not shorter than the period over which the REMIC is expected to generate taxable income.
- A transferee may recognize the payment for federal income tax purposes ratably over the "anticipated weighted average life of the REMIC," as defined in the REMIC Regulations, as determined at the time the transferee acquires the residual interest.

The regulations state that the unamortized amount of the payment must be currently included by a transferee on disposition of the Residual Class. Additionally, the regulations provide that a transferee's treatment of the payment is a method of accounting that must be consistently applied to all such payments received by the transferee in connection with noneconomic residual interests. Finally, the regulations state that such payment shall be treated as income from U.S. sources.

Certain federal income tax consequences of a payment made to a transferee on the transfer of a Residual Class remain unclear. If you receive a payment in connection with the acquisition of a Residual Class, you should consult your tax advisor as to the proper treatment of such payment.

## **TREATMENT OF SERVICING COMPENSATION**

Certain items may be deductible with respect to certain Classes, including servicing, guarantee and administrative fees (including any prepayment premiums retained by the servicer to the extent they are treated as servicing compensation) paid to the servicer of the Mortgages or to Freddie Mac. These items will be allocated entirely to the Residual Class in the case of REMIC Pools with multiple classes of interests that pay their principal amounts sequentially. As a result, the REMIC Pool will report additional taxable income to the Residual Class in an amount equal to their allocable share of such items, and individuals, estates, or trusts holding an interest in such a Residual Class may have taxable income in excess of the cash received. In the case of a "Single-class REMIC" as defined in applicable Treasury regulations, such deductions will be allocated proportionately among the Regular and Residual Classes.

Miscellaneous itemized deductions described in Section 67 of the Code previously available to investors who are individuals, estates or trusts are not deductible for taxable years beginning before January 1, 2026, and continue to not be deductible for computing alternative minimum tax liability. Accordingly, such investors may have taxable income in excess of the cash received with respect to their Certificate. If

you are an individual, estate or trust, you should consult your tax advisor regarding the limitations on the deductibility of such items.

## **TAXATION OF MACR CLASSES**

### **General**

Each MACR Pool will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The interests in the Regular Classes that have been exchanged with us for MACR Classes (including any exchanges effective on the date of issuance of the Regular Classes) will be the assets of the MACR Pool and the MACR Classes will represent beneficial ownership of these interests in the Regular Classes.

### **Tax Status**

The MACR Classes should be considered to represent assets described in Code Sections 7701(a)(19)(C) and 856(c)(4)(A). Original issue discount and interest accruing on MACR Classes should be considered to represent “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) in its entirety if 95% or more of the assets of the related REMIC Pool are treated as “real estate assets” within the meaning of Code Section 856(c)(5)(B). If less than 95% of the assets of the related REMIC Pool are treated as “real estate assets” (*e.g.*, where the assets of the related REMIC Pool include rights in an NPC), then a pro rata portion of the original issue discount and interest accruing on such MACR Classes may not be considered to represent income described in Code Section 856(c)(3)(B). The applicable Supplement will identify those MACR Classes where the related REMIC Pool is backed by a Certificate that represents a REMIC Regular Class and an NPC. MACR Classes will be “qualified mortgages” under Code Section 860G(a)(3) for a REMIC.

### **Tax Accounting for MACR Classes**

A MACR Class will represent beneficial ownership of an interest in one or more related Regular Classes. If it represents an interest in more than one Regular Class, you must allocate your basis in the MACR Class among the interests in the Regular Classes in accordance with their relative fair market values as of the time of acquisition. Similarly, on the sale of such a MACR Class, you must allocate the amount received on the sale among the interests in the Regular Classes in accordance with their relative fair market values as of the time of sale.

As an investor in a MACR Class, you must account separately for each interest in a Regular Class (there may be only one such interest). Where the interest represents a pro rata part of a Regular Class, you should account for such interest as described under *Taxation of Regular Classes* above. Where the interest represents beneficial ownership of a disproportionate part of the principal and interest payments on one or more Regular Classes (a “**Strip**”), you will be treated as owning, pursuant to Code Section 1286, “stripped bonds” to the extent of your share of principal payments and “stripped coupons” to the extent of your share of interest payments on such Regular Classes. Although the tax treatment of a Strip is unclear, we intend to treat each Strip as a single debt instrument for purposes of information reporting. The Service, however, could take a different position. For example, the Service could contend that a Strip should be treated as a pro rata part of the Regular Class to the extent that the Strip represents a pro rata portion of it, and “stripped bonds” or “stripped coupons” with respect to the remainder. You should consult your tax advisors regarding this matter.

We intend to report with respect to a MACR Class assuming that all payments on a Strip are included in the stated redemption price of the Strip. You should calculate original issue discount with respect to each Strip and include it in ordinary income as it accrues, which may be prior to the receipt of cash attributable to such income, in accordance with a constant yield method that takes into account the compounding of interest. See *Taxation of Regular Classes—Original Issue Discount* above. You should determine your yield to maturity based on your purchase price allocated to the Strip and on a schedule of payments projected using a prepayment assumption, and then make periodic adjustments to take into account actual prepayment experience. It is not clear whether the prepayment assumption you should use to calculate original issue discount would be determined at the time of purchase of the Strip or would be the original Pricing Speed with respect to the related Regular Class. Further, if the related Regular Class is backed by a callable class of CPCs, it is not clear whether such prepayment assumption should take into account the possibility of the retirement of the Strip concurrently with the redemption of the Regular Class. You should consult your tax advisors regarding these matters. For purposes of information reporting relating to original issue discount, we will use the original yield to maturity of the Strip determined as of the date of issuance of the related Series, calculated based on the original Pricing Speed.

If original issue discount accruing with respect to a Strip, computed as described above, is negative for any period, you will be entitled to offset such amount only against future positive original issue discount accruing from such Strip, and we intend to report income in all cases in this manner. Although not entirely free from doubt, you may be entitled to deduct a loss to the extent that your remaining basis would exceed the maximum amount of future payments to which you are entitled with respect to such Strip, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed). Although the issue is not free from doubt, all or a portion of such loss may be treated as a capital loss if you treat the Strip as a capital asset.

You will realize gain or loss on the sale of a Strip in an amount equal to the difference between the amount realized and your adjusted basis in the Strip. Your adjusted basis generally is equal to your allocated cost of the Strip, increased by income previously included, and reduced (but not below zero) by distributions previously received. Except as described below, any gain or loss on such sale will be capital gain or loss if you held your interest as a capital asset and will be long-term if the interest has been held for the long-term capital gain holding period (more than one year). Such gain or loss will be ordinary income or loss (1) for a bank or thrift institution or (2) to the extent income recognized by you is less than the income that would have been recognized if the yield on such interest were 110% of the applicable federal rate under Code Section 1274(d).

If you exchange a Regular Class for several MACR Classes and then sell one of the MACR Classes, the sale will subject you to the coupon stripping rules of Code Section 1286. You must allocate your basis in the exchanged Regular Class between the part of the Regular Class underlying the MACR Class sold and the part of the Regular Class underlying the MACR Classes retained in proportion to their relative fair market values as of the date of such sale. You are treated as purchasing the interest retained for the amount of basis allocated to such interest. You must calculate original issue discount with respect to the retained interest as described above.

Although the matter is not free from doubt, if you acquire in one transaction a combination of MACR Classes that may be exchanged for a Regular Class, you should be treated as owning the Regular Class.

## EXCHANGES OF MACR CLASSES AND REGULAR CLASSES

An exchange of an interest in one or more Regular Classes for an interest in one or more MACR Classes, or vice versa (or, if permitted, an exchange of an interest in one or more MACR Classes for an interest in one or more other MACR Classes), will not be a taxable exchange. After the exchange, you will be treated as continuing to own the interests in the Regular Class or Classes that you owned immediately prior to the exchange.

## TAXATION OF THE CPCS

### Callable Class

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

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

*Taxation of Underlying REMIC Class.* Except as described below under *Application of the Straddle Rules*, the anticipated material federal income tax consequences to you of purchasing, owning and disposing of your interest in the Underlying REMIC Class will be as described above under *Taxation of Regular Classes*.

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

As the owner of a Callable Class, you will include the option premium in income as short-term capital gain when the call right lapses. The principal amount (including accrued interest, if any, that has been added to such principal amount) of the Underlying REMIC Class will be reduced over time due to principal payments. It is not entirely clear whether the call right would thus be deemed to lapse as the Underlying REMIC Class is paid down, and if so, at what rate. However, we intend to assume that the call right lapses, and you would recognize the related premium, proportionately as principal is paid on the Underlying REMIC Class (whether as scheduled principal payments or prepayments) after the first date on which the

call right may be exercised. The Service may or may not agree with this method of determining income from the lapse of the call right.

If you own a Callable Class and the call right is exercised, you will add an amount equal to the unamortized portion of the option premium to the amount realized from the sale of the underlying Assets. If you transfer your interest in a Callable Class, the transfer will be treated as a “closing transaction” with respect to the option you were deemed to have written. Accordingly, you will recognize a short-term capital gain or loss equal to the difference between the unamortized amount of option premium and the amount you are deemed to pay, under the rules discussed above, to be relieved from your obligation under the option.

### **Call Class**

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

- Added to the purchase price of the Underlying REMIC Class (in addition to any fee for the exchange) if the Underlying REMIC Class is purchased upon exercise of the call right.
- Treated as a loss as the call right lapses.

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

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

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

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

### **Tax-Exempt Organizations**

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

## TAXATION OF NPCS

### Allocations

Holders of a Certificate that represents, in part, rights under an NPC must separately determine their tax bases for the REMIC Regular Class and the NPC. For tax reporting purposes, we will allocate the issue price of the Certificate to the REMIC Regular Class and the NPC in accordance with their relative fair market values as of the date of issuance of the related Series. This allocation is binding on Holders unless they disclose the use of a different allocation on their tax returns. Our allocation, however, is not binding on the Internal Revenue Service. Similarly, a Holder that sells such Certificate is required to allocate the sale price for the Certificate to the REMIC Regular Class and the NPC in proportion to their respective fair market values at the time of sale. Holders are advised to consult their own tax advisors regarding the allocations described above.

### Special Tax Considerations Applicable to NPCs

As described above under —*REMIC Election*, we intend to treat an NPC as a “notional principal contract” for federal income tax purposes. The portion of a Certificate issue price allocated to an NPC under —*Allocations* above (the “NPC Premium”) will be treated as a “nonperiodic payment” under the Treasury regulations relating to notional principal contracts. Under these regulations, Holders of Certificates that represent, in part, rights under an NPC may amortize the NPC Premium under a level payment method as if the NPC Premium represents the present value of a series of equal payments made over the life of the NPC (adjusted to take into account decreases in notional amount), discounted at a rate equal to the rate used to determine the amount of the NPC Premium (or some other reasonable rate). We intend to report premium amortization with respect to an NPC in this manner based on our determination of the NPC Premium and an amortization schedule for such premium calculated as of the date of issuance of the related Series. Consequently, our reporting with respect to the NPC Premium amortization may not be accurate for subsequent purchasers of such Certificates. We intend to report premium amortization by periodically adjusting the schedule to reflect actual decreases in the notional amount.

Any payments received by a Holder under an NPC will be treated as “periodic payments” under a notional principal contract, which must be taken into account under the accrual method of accounting. Any periodic payments received under an NPC will be netted against the NPC Premium amortization expense accrued in that period. Net income or loss with respect to an NPC for a taxable year will constitute ordinary income or ordinary loss. Certain Holders may be limited in their ability to deduct any such net loss. In this regard, Holders of such Certificates should be aware that miscellaneous items described in Code Section 67 are not deductible for taxable years beginning before January 1, 2026. Holders should consult their tax advisors regarding the effect, if any, of this provision on their individual circumstances.

Holders of a Certificate that represents, in part, rights under an NPC should be aware that although Treasury regulations under Section 1275 of the Code generally permit the integration of a “qualifying debt instrument” with a hedge if the combined cash flows of the components are substantially equivalent to the cash flows on a variable rate debt instrument, such regulations specifically disallow integration of debt instruments subject to Section 1272(a)(6) of the Code (*e.g.*, a REMIC regular interest). Consequently, Holders of such Certificates will be unable to make an integration election with respect to the REMIC Regular Class and the NPC.



Any proceeds from the sale or exchange of such Certificates that are allocable to the Holder's rights under the NPC would be considered a "termination payment" under the notional principal contract regulations. A Holder will recognize gain or loss from such termination of the NPC in an amount equal to (i) any termination payment deemed received minus (ii) the Holder's unamortized basis in the NPC. Gain or loss realized upon the termination of the NPC generally will be treated as capital gain or loss. In the case of a bank or thrift institution, Section 582(c) of the Code likely would not apply to treat such gain or loss as ordinary.

Holders of a Certificate that represents, in part, rights under an NPC should consult their own tax advisors regarding the timing, character and source of income and deduction resulting from their ownership of such Certificates, including whether the REMIC Regular Class and the NPC could be considered positions in a straddle.

## **TAXATION OF CERTAIN FOREIGN INVESTORS**

### **Regular Classes and MACR Classes**

Interest, including original issue discount, distributable to an investor in a Regular Class or MACR Class that is a non-U.S. person not engaged in a U.S. trade or business will be considered "portfolio interest" and, therefore, will not be subject to the 30% United States withholding tax provided that the non-U.S. person provides Internal Revenue Service Form W-8BEN or W-8BEN-E (or similar substitute forms), signed under penalties of perjury, identifying the investor and stating, among other things, that the investor in the Regular Class or MACR Class is a non-U.S. person. In the case of a Regular Class or MACR Class held by a foreign partnership or foreign trust, the form described in the preceding sentence must be provided by the partners or beneficiaries, as the case may be, rather than by the foreign partnership or foreign trust. If this form is not provided, the 30% United States withholding tax may apply unless an income tax treaty reduces or eliminates such tax. If the interest is effectively connected with the conduct of a trade or business within the United States (and if an income tax treaty applies, is attributable to a U.S. permanent establishment) by a non-U.S. person and the non-U.S. person provides an Internal Revenue Service Form W-8ECI (or an acceptable substitute form), the interest payments will not be subject to the 30% United States withholding tax. The non-U.S. person, however, will be subject to United States federal income tax at regular rates. If you are an investor in a Regular Class or MACR Class and are a non-U.S. person, you should consult your tax advisors.

### **Residual Classes**

A distribution to a Residual Owner that is a non-U.S. person will not be subject to the 30% withholding tax provided that (1) the conditions described in the preceding paragraph with respect to the provision of appropriate forms are met and (2) the distribution does not constitute an "excess inclusion". Excess inclusions are subject to a 30% withholding tax in all events when distributions are made (or when the interest in the Residual Class is disposed of). The Code grants the Treasury authority to issue regulations requiring withholding earlier if necessary to prevent avoidance of tax. The preamble to the REMIC Regulations indicates that the Service is considering this issue. Residual Owners that are non-U.S. persons should consult their own tax advisors. Temporary Treasury regulations may accelerate the time for withholding with respect to excess inclusions allocable to Non-U.S. persons that invest in a partnership (or in another type of pass-through entity) that holds a Residual Class. Accordingly, the withholding obligation may apply even in the absence of the receipt of cash by the partnership.



## **BACKUP WITHHOLDING**

Distributions made on the Certificates and proceeds from the sale of Certificates to or through certain brokers may be subject to a United States federal “backup” withholding tax on “reportable payments” (including interest accruals, original issue discount and, under certain circumstances, distributions in reduction of principal amount) unless, in general, you comply with certain procedures or are an exempt recipient. Any amounts so withheld from distributions on the Certificates would be refunded by the Service or allowed as a credit against your federal income tax.

## **REPORTING AND ADMINISTRATIVE MATTERS**

Reports will be made to the Service and to Holders of record of Certificates that are not excepted from the reporting requirements.

We will prepare, sign and file federal income tax returns for each REMIC Pool. A Residual Owner is required to treat items on its returns consistently with their treatment on the REMIC Pool’s return, unless the Owner owns 100% of the Residual Class for the entire calendar year or the Owner either files a statement identifying the inconsistency or establishes that the inconsistency resulted from incorrect information received from the REMIC Pool. The Service may assess a deficiency resulting from a failure to comply with the consistency requirement without instituting an administrative proceeding at the REMIC level. Any person that holds a Residual Class interest as a nominee for another person may be required to furnish the REMIC Pool, in a manner to be provided in Treasury regulations, the name and address of such other person and other information.

We will provide Holders of the Residual Classes information to enable them to prepare reports required under the Code or applicable Treasury regulations. Because we do not intend to hold the Residual Classes, applicable law may not allow us to perform tax administrative functions for the REMIC Pools. Therefore, if you own a Residual Class, you may have certain tax administrative obligations, for which we will act as your attorney-in-fact and agent.

Under the audit rules applicable to partnerships and REMICs for taxable years beginning with 2018, a REMIC appoints one person to act as its sole representative in connection with audits conducted by the Service and related procedures. In the case of a REMIC, the representative’s actions, including the representative’s agreeing to adjustments to taxable income, will bind Residual Owners to a greater degree than would actions of the tax matters partner under prior rules. Further, an adjustment to the REMIC’s taxable income following an audit conducted by the Service may have to be taken into account by those Residual Owners in the year in which the adjustment is made rather than in the year to which the adjustment relates and otherwise may have to be taken into account in different and potentially less advantageous ways than under prior rules.

In some cases, a REMIC Pool could itself be liable for taxes on income adjustments, although it is anticipated that such REMIC Pool’s representative will seek to follow procedures in the Treasury regulations to avoid entity-level liability to the extent it otherwise may be imposed. Residual Owners should discuss with their own tax advisors the possible effect of the partnership audit rules on them.

To the extent allowable, we will act as the partnership representative for each REMIC Pool. Each Residual Owner, by the acceptance of its interest in a Residual Class, agrees that we will act as the Owner’s fiduciary in the performance of any duties required of the Owner in the event that the Owner is the partnership representative.

## **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

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

## **ERISA CONSIDERATIONS**

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

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

The Regular and MACR Classes should qualify as “guaranteed governmental mortgage pool certificates.”

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

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

In addition, because Freddie Mac, any Underwriter (the “**Transaction Parties**”), or their respective affiliates, may receive certain benefits in connection with the sale or holding of the Certificates, the purchase or holding of the Certificates using “plan assets” of any Plan over which any of these parties or their affiliates has discretionary authority or control, or renders “investment advice” (within the meaning of Section 3(21) of ERISA and/or Section 4975 of the Code and applicable regulations) for a fee (direct or indirect) with respect to the assets of a Plan, or is the employer or other sponsor of a Plan, might be deemed

to be a violation of the prohibited transaction provisions of Part 4, Subtitle B, Title I of ERISA or Section 4975 of the Code (or could otherwise constitute a violation of fiduciary responsibilities under Title I of ERISA). Accordingly, the Certificates may not be purchased using the assets of any Plan if any Transaction Party or any of their respective affiliates has discretionary authority or control or renders investment advice for a fee with respect to the assets of the Plan, or is the employer or other sponsor of the Plan, unless an applicable prohibited transaction exemption is available (all of the conditions of which are satisfied) to cover the purchase and holding of the Certificates or the transaction is not otherwise prohibited.

In addition, special considerations apply to Callable Classes of Certificates. The acquisition of a call right by the beneficial owner of the related Call Class, as well as the consequences of the exercise of the call right by such a beneficial owner, might be treated under ERISA as principal transactions between the beneficial owners of the related Callable Class of Certificates and the beneficial owner of that Call Class. Thus, in theory, the acquisition or exercise of the call right could be characterized under certain circumstances as a prohibited transaction under ERISA or Section 4975 of the Code between a Plan and a “party in interest” (under ERISA) or a “disqualified person” (under Section 4975 of the Code) (assuming that the Plan owns a Callable Class of Certificates and the “party in interest” or “disqualified person” owns the related Call Class, or vice versa), unless a prohibited transaction exemption, such as PTE 84-14 (for Transactions by Independent Qualified Professional Asset Managers), is applicable. A Call Class may be deemed to be an option to acquire a guaranteed governmental mortgage pool certificate rather than such a certificate. Plan fiduciaries should consult with their counsel concerning these issues.

The purchase of an interest in a Residual Class by a Plan may give rise to “unrelated business taxable income” as described in Code Sections 511 through 515 and Section 860E. See *Certain Federal Income Tax Consequences—Taxation of Residual Classes—Excess Inclusions*.

### **ACCOUNTING CONSIDERATIONS**

Various factors may influence the accounting treatment applicable to your Certificates. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Before making an investment in the Certificates or exchanging Certificates, you are encouraged to consult your own accountant for advice on the appropriate accounting treatment for the Certificates.

### **LEGAL INVESTMENT CONSIDERATIONS**

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

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

## **PLAN OF DISTRIBUTION**

For each Series of Certificates, Freddie Mac will enter into a purchase agreement with one or more underwriters (each, an “**Underwriter**”), who will offer the Classes of that Series as described in the related Supplement. Underwriters and their affiliates may engage in other transactions with and perform services for Freddie Mac in the ordinary course of business. Freddie Mac, the Underwriters or other parties may receive compensation, trading gain or other benefits in connection with such transactions. We typically receive a fee from the Underwriter for each offering.

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

We may engage in transactions that affect the payment behavior and market prices of Certificates. For any Series, we may furnish some or all of the Assets from our own portfolio, and we may acquire some or all of the related Classes of Certificates. Assets from our portfolio may emphasize specific Mortgage characteristics, such as loan purpose, source of origination, geographic distribution or loan size, or specific borrower characteristics, such as credit score or equity in the property. In addition, from time to time we may repurchase Certificates on the market for our portfolio, and we may offer for sale any Certificates that we hold.

## **INCREASE IN SIZE**

Before any offering of Certificates closes, Freddie Mac may increase the size of the offering by increasing the amount of the Assets or any Asset Group. In that event, the Certificates receiving payments from those Assets will have the same characteristics as described in the related Supplement, except that (a) the original principal or notional principal amount of each related REMIC Class, (b) the maximum original principal or notional principal amount of each related MACR Class and (c) the dollar values of any applicable principal payment schedules or priority amounts, all will increase by the same proportion. The related Terms Supplement will reflect any increase in size of an offering.

**APPENDIX I –  
INDEX OF TERMS**

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

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**APPENDIX II –  
STANDARD DEFINITIONS AND ABBREVIATIONS FOR CLASSES**

The following chart identifies and generally defines most categories of Classes. The first column of the chart shows our standard abbreviation for each category. Each Supplement will identify the categories of Classes of the related Series by means of one or more of these abbreviations.

**PRINCIPAL TYPES**

<b>Freddie Mac Standard Abbreviation</b>	<b>Category of Class</b>	<b>Definition</b>
AD	Accretion Directed	Classes that are designed to receive principal payments from the interest that accrues on specified Accrual or Partial Accrual Classes. These Classes also may receive principal payments from principal paid on the underlying Assets.
AS	Accelerated Security	Shifting Payment Percentage Classes that are generally expected to receive principal payments more rapidly than the related Non-Accelerated Securities in earlier periods.
AFC	Available Funds	Classes that may receive as principal, in addition to other amounts, a portion of the funds received as interest on the underlying Assets, to the extent that such funds remain available after accrued interest due on the same or related Classes has been paid.
CALL	Call	Classes whose Holders have the right to direct Freddie Mac to redeem the related Callable Class or Classes, as provided in the applicable Supplement.
CALLABLE	Callable	Classes that are redeemable, directly or indirectly, at the direction of the Holder of the related Call Class, as provided in the applicable Supplement.
CPT	Component	Classes consisting of Components. The Components of a Component Class may have different principal and/or interest payment characteristics but together constitute a single Class. Each Component of a Component Class may be identified as falling into one or more of the categories in this chart.

<b>Freddie Mac Standard Abbreviation</b>	<b>Category of Class</b>	<b>Definition</b>
GMC	Guaranteed Maturity Class	Classes that have a Final Payment Date earlier than the latest date by which those Classes might be retired solely from payments on their underlying Assets. Typically, Holders of a Guaranteed Maturity Class receive payments up to their Final Payment Date from payments made on a related Guaranteed Maturity Underlying REMIC Class. On its Final Payment Date, however, the Holders of an outstanding Guaranteed Maturity Class will be entitled to receive the entire outstanding principal balance of their Certificates, plus interest at the applicable Class Coupon accrued during the related Accrual Period, even if the related Guaranteed Maturity Underlying REMIC Class has not retired.
JMP	Jump	Classes whose principal payment priorities change upon the occurrence of multiple “trigger” or other priority-changing conditions. This category includes Classes whose priority-changing conditions fail to satisfy the requirements for the Non-Sticky Jump or Sticky Jump designation.
NAS	Non- Accelerated Security	Shifting Payment Percentage Classes that are generally expected to receive principal payments more slowly than the related Accelerated Securities in earlier periods. On each Payment Date or beginning on a specified Payment Date, however, each Class of Non-Accelerated Securities is entitled to a prescribed allocation of scheduled principal payments and prepayments on the underlying Mortgages that may change over time.
NPR	No Payment Residual	Residual Classes that are designed to receive no payments of principal.
NSJ	Non-Sticky Jump	Classes whose principal payment priorities change temporarily upon the occurrence of a single “trigger” or priority-changing condition. A Non-Sticky Jump Class “jumps” or is “jumped” (changes its principal payment priority to its new priority) on each Payment Date when the condition is met and reverts to its original priority (does not “stick” to the new priority) on each Payment Date when the condition is not met.

Freddie Mac Standard Abbreviation	Category of Class	Definition
NTL	Notional	Classes having only a notional principal amount. A notional principal amount is the amount used as a reference to calculate the amount of interest due on an Interest Only Class that is not entitled to any principal. The Supplements typically indicate parenthetically the type of Class with which a Notional Class will reduce or how a Notional Class will reduce with respect to its underlying Assets. For example, “NTL(PAC)” may designate a Notional Class whose notional principal amount will reduce based on principal reductions of one or more PAC Classes, and “NTL(PT)” or “NTL(STP)” may designate a Notional Class whose notional principal amount will reduce proportionately with principal reductions of the related Assets.
PAC	PAC (or Planned Amortization Class)	Classes that are designed to receive principal payments using a predetermined schedule derived by assuming two <i>constant</i> prepayment rates (a “ <b>Structuring Range</b> ”) for the underlying Mortgages. A PAC schedule generally will reflect a Structuring Range at least 30% PSA (or 2% CPR) above and at least 30% PSA (or 2% CPR) below the Pricing Speed for the related Series. In addition, a PAC Class generally will have a range of <i>constant</i> Mortgage prepayment rates, based on the Mortgage assumptions used in modeling its Series (an “ <b>Effective Range</b> ”), that meets these same criteria and at which it would receive scheduled payments. PAC Classes will always have one or more related Support Classes.
PT	Pass-Through	Classes which receive all or a specified portion of the principal payments on the underlying Assets (or designated portion of the Assets) and that are not designated as Strip or Sequential Pay Classes.
SC	Structured Collateral	Classes that receive payments from one or more previously issued REMIC or MACR Classes. In some cases, a Structured Collateral Class also may have the designation of its underlying Class; in other cases, a Structured Collateral Class also may have a designation based on the principal payment priorities in its Series. For example, “SC/PAC” may designate a Structured Collateral Class whose underlying Class is a PAC Class or a Structured Collateral Class which is designed as a PAC Class in its own Series. Some or all of the Classes which support a Structured Collateral Class designated as a PAC, Scheduled or TAC Class based on the designation of its underlying Class may be supporting Classes in the underlying Series.

Freddie Mac Standard Abbreviation	Category of Class	Definition
SCH	Scheduled	<p>Classes that are designed to receive principal payments using a predetermined schedule or a specified monthly dollar amount, but that are not designated as PAC or TAC Classes. Scheduled Classes may include, among others, the following:</p> <ul style="list-style-type: none"> <li>• “High/Low Scheduled Classes” are designed to receive principal payments using two or more predetermined schedules, each of which is derived using either a single <i>constant</i> prepayment rate (a “<b>Structuring Rate</b>”) or a Structuring Range for the underlying Mortgages.</li> <li>• “Absolute Maturity Scheduled Classes” are designed to receive principal payments using a predetermined schedule (typically based on a percentage of the remaining principal balance of the underlying Assets) such that they will be retired by the last date of such schedule under all Mortgage prepayment scenarios, including a scenario in which no prepayments occur.</li> <li>• “Limited Range Scheduled Classes” are designed to receive principal payments using a predetermined schedule derived from a Structuring Range that is less than 30% PSA (or 2% CPR) above or less than 30% PSA (or 2% CPR) below the Pricing Speed for the related Series or have an Effective Range that meets these criteria.</li> <li>• “Component Scheduled Classes” are Classes consisting of PAC and TAC Components, PAC and Scheduled Components or Scheduled and TAC Components.</li> </ul> <p>Scheduled Classes will always have one or more related Support Classes</p>
SEG	Segment	A Class which, together with one or more other Classes, constitutes one or more principal payment “segments.”
SEQ	Sequential Pay	Classes that receive principal payments in a prescribed sequence, that do not have predetermined schedules and that, in most cases, receive payments of principal continuously from the first Payment Date on which they receive principal until they are retired. Sequential Pay Classes may receive principal payments concurrently with one or more other Sequential Pay Classes. A single Class that receives principal payments before, after or concurrently with all other Classes in the same Series may be identified as a Sequential Pay Class.

<b>Freddie Mac Standard Abbreviation</b>	<b>Category of Class</b>	<b>Definition</b>
SJ	Sticky Jump	Classes whose principal payment priorities change permanently upon the occurrence of a single “trigger” or other priority-changing conditions. A Sticky Jump Class “jumps” or is “jumped” (changes its principal payment priority to its new priority) on the first Payment Date when the condition is met and retains (“sticks” to) that priority until retired.
SPP	Shifting Payment Percentage	Classes that receive principal attributable to prepayments on the underlying Mortgages in a different manner than principal attributable to scheduled payments and/or in shifting proportions over time.
STP	Strip	Classes that receive a constant proportion, or “strip,” of the principal payments on the underlying Assets (or designated portion of the Assets).
SUP	Support	Classes that receive principal payments from the underlying Assets on any Payment Date only if scheduled payments have been made on specified PAC, TAC and/or Scheduled Classes.
TAC	TAC (or Targeted Amortization Class)	Classes that are designed to receive principal payments using a predetermined schedule derived from a single Structuring Rate for the underlying Mortgages. A TAC Class also may have either an Effective Range or a single <i>constant</i> Mortgage prepayment rate, based on the Mortgage assumptions used in modeling its Series (an “ <b>Effective Rate</b> ”), at which it would receive scheduled payments. TAC Classes will always have one or more related Support Classes.
XAC	Index Allocation Class	Classes whose principal payment allocations are based on the value of an Index.

## INTEREST TYPES

Freddie Mac Standard Abbreviation	Category of Class	Definition
AFC	Available Funds	Classes whose entitlement to be paid accrued interest is subject to the availability of funds received as interest and/or principal payments on the underlying Assets. In the event such funds are insufficient, the amount of the deficiency may, if so provided in the applicable Supplement, be carried forward to subsequent Payment Dates (and may itself accrue interest) until sufficient funds are available to provide for the payment of the deficiency. Any deficiency that remains unpaid after the underlying Assets are retired will not be owing or paid and will not be covered by Freddie Mac's guarantees.
ARB	Ascending Rate	Classes that have predetermined Class Coupons that increase one or more times on dates determined before issuance.
CAP	WAC Cap	Classes with Class Coupons that are the lesser of (a) a specified fixed interest rate and (b) a rate based, in whole or in part, on the weighted average interest rate of the related Mortgages, in each case, as discussed in the related Supplement.
DRB	Descending Rate	Classes that have predetermined Class Coupons that decrease one or more times on dates determined before issuance.
EXE	Excess	Classes that receive any principal and interest paid on the underlying Assets in excess of the amount of the prescribed principal and interest required to be paid on all Classes in the Series. Excess Classes sometimes have specified principal amounts but no specified Class Coupon.
FIX	Fixed Rate	Classes with Class Coupons that are fixed throughout the life of the Class.
FLT	Floating Rate	Classes with Class Coupons that are reset periodically based on an Index and that vary directly with changes in the Index
IDC	Index Differential	Classes with Class Coupons that are reset periodically based on the difference (or other specified relationship) between two or more designated Indices.
IRC	Interest Rate Cap	Classes that receive payments of any accrued interest in excess of a specified rate based solely on benefits received under a third-party derivative contract. As a result, payments of any such excess accrued interest will not be covered by the Freddie Mac guarantee.

<b>Freddie Mac Standard Abbreviation</b>	<b>Category of Class</b>	<b>Definition</b>
INV	Inverse Floating Rate	Classes with Class Coupons that are reset periodically based on an Index and that vary inversely with changes in the Index.
IO	Interest Only	Classes that receive some or all of the interest payments made on the underlying Assets and little or no principal. Interest Only Classes have either a nominal or a notional principal amount. A nominal principal amount represents actual principal that will be paid on the Class. It is referred to as nominal since it is extremely small compared to other Classes. A notional principal amount is the amount used as a reference to calculate the amount of interest due on an Interest Only Class that is not entitled to any principal.
NPR	No Payment Residual	Residual Classes that are designed to receive no payments of interest.
PEC	Payment Exchange Certificates	Classes whose Class Coupons vary, in whole or in part, based upon payments of interest made to or from one or more related Classes.
PO	Principal Only	Classes that do not receive any interest.
PZ	Partial Accrual	Classes that accrete a part of their interest, which is added to the outstanding principal balance, and receive payments of the remainder as interest.
S	Structured Formula	Floating Rate and Inverse Floating Rate Classes with Class Coupons that are periodically reset using a formula other than an Index (without any multiplier) plus a constant, in the case of Floating Rate Classes, or a constant minus an Index (without any multiplier), in the case of Inverse Floating Rate Classes, and which are not designated as Toggle Classes.
T	Toggle	Floating Rate, Inverse Floating Rate and Weighted Average Coupon Classes with Class Coupons that change significantly as a result of very small changes in the applicable Index. The change in Class Coupon may not be a continuous function of changes in the Index; rather, a change in the Index may result in a “shift” from a predetermined rate or formula to a different predetermined rate or formula.
W	WAC (or Weighted Average Coupon)	Classes whose Class Coupons represent a blended interest rate that may change from period to period. WAC Classes may consist of Components with different interest rates or may be backed by Assets with different interest rates.



Freddie Mac Standard Abbreviation	Category of Class	Definition
Z	Accrual	Classes that accrete all of their interest, which is added to their outstanding principal balance. This accretion may continue until the Class begins receiving principal payments, until some other event has occurred or until the Class is retired.

### APPENDIX III – MACR CERTIFICATE EXCHANGES

The Supplement for each Series that includes one or more MACR Classes will identify those Classes and the Combinations of related REMIC Classes and MACR Classes.

#### Exchanges

We permit an exchange of Classes within a Combination, in our sole discretion and subject to satisfaction of all of the following constraints:

- The Supplement may specify fixed or varying “exchange proportions” within a Combination, and the Supplement may indicate that “exchange proportions” do not apply within a particular Combination. As described below, these exchange proportions are based on the original principal amounts (or original notional principal amounts, if applicable) of the REMIC Classes or MACR Classes, as applicable. If a fixed “exchange proportion” is shown within a Combination, the related Classes must be exchanged in the applicable exchange proportion indicated in the Supplement. A “varying” exchange proportion indicates an exchange proportion where the original balance of one or more REMIC Classes may be exchanged for one or more MACR Classes in varying proportions, and vice versa. “N/A” indicates that an exchange proportion does not apply within a particular Combination.
- The aggregate principal amount (rounded to whole dollars) of the Certificates received in the exchange, immediately after the exchange, must equal that of the Certificates surrendered for exchange immediately before the exchange (for this purpose, the principal amount of any Notional Class always equals \$0).
- The aggregate “Annual Interest Amount” (rounded to whole dollars) of the Certificates received in the exchange must equal that of the Certificates surrendered for exchange. The “**Annual Interest Amount**” for any Certificate equals its outstanding principal or notional principal amount times its Class Coupon. If an exchange includes one or more Floating Rate or Inverse Floating Rate Classes, the Annual Interest Amount for the Classes received and the Classes surrendered must be equal at all levels of the applicable Index.

Where “exchange proportions” are shown for Classes that are exchangeable for other Classes, we base those proportions on the *original*, rather than on the *outstanding*, principal or notional principal amounts of the Classes. If the Classes receive principal payments pro rata with each other, the exchange proportions also will apply to their *outstanding* principal amounts. If the Classes do not receive principal payments pro rata with each other, you can calculate current exchange proportions for the Classes, based on their *outstanding* principal amounts, by (1) multiplying the exchange proportion for each Class by its current Class Factor and (2) dividing each resulting percentage by the sum of such percentages.

*Example:* Class A and Class B, which together are exchangeable for a MACR Class, have equal *original* principal amounts and therefore have exchange proportions of 50% and 50%. However, they receive principal payments in alphabetical order, so that no principal payment is made on Class B until Class A has been retired. If the current Class Factors are 0.6000000 for Class A and 1.0000000 for Class B, you would calculate their current exchange proportions, based on their *outstanding* principal amounts, as follows:

Step (1):

Class A:  $50\% \times 0.6000000 = 30\%$

Class B:  $50\% \times 1.0000000 = 50\%$

Step (2):

Class A:  $30\% \div (30\% + 50\%) = 37.5\%$

Class B:  $50\% \div (30\% + 50\%) = 62.5\%$

A permitted exchange might include \$375,000 *outstanding* principal amount of Class A and \$625,000 *outstanding* principal amount of Class B (equivalent to \$625,000 *original* principal amount of Class A and \$625,000 *original* principal amount of Class B). If Class A has been retired, its *current* exchange proportion would be 0%, that of Class B would be 100%, and only Class B would be included in the exchange.

Any exchanges will be subject to the rules, regulations and procedures applicable to our book-entry securities, in the case of Classes in book-entry form.

The first payment on a REMIC Certificate or a MACR Certificate received in an exchange transaction will be made on the Payment Date in either the first or the second month after the exchange, depending on its Payment Delay. We will make this payment to the Holder of record as of the applicable Record Date.

### Types of Combinations

Within a particular Series, one or more types of Combinations may exist.

In some cases you can exchange two or more REMIC Classes for a single MACR Class, and vice versa. The following illustrates such a Combination:

REMIC Certificates				MACR Certificates			
Class	Original Balance	Exchange Proportions	Class Coupon	Class	Maximum Original Balance	Exchange Proportions	Class Coupon
A	\$10,000,000	50%	10.00%	M	\$20,000,000	100%	5.00%
PO	10,000,000	50	0.00				

In some cases you can exchange a single REMIC Class for two or more MACR Classes, and vice versa. The following illustrates such a Combination:

REMIC Certificates				MACR Certificates			
Class	Original Balance	Exchange Proportions	Class Coupon	Class	Maximum Original Balance	Exchange Proportions	Class Coupon
A	\$10,000,000	100%	10.00%	M	\$10,000,000	100%	0.00%
				MI	10,000,000 (notional)	*	10.00

\* The notional principal amount of the MI Class being exchanged equals the principal amount of the M Class being exchanged.

In some cases you can exchange two or more REMIC Classes for two or more MACR Classes, and vice versa. The following illustrates such a Combination:

REMIC Certificates				MACR Certificates			
Class	Original Balance	Exchange Proportions	Class Coupon	Class	Maximum Original Balance	Exchange Proportions	Class Coupon
BA	\$55,974,721	37.3164806667%	5.00%	BF	\$150,000,000	100%	*
BL	34,025,279	22.6835193333	5.00	BS	150,000,000 (notional)	**	*
FA	60,000,000	40	*				
SA	60,000,000 (notional)	***	*				

\* Class Coupon is reset periodically based on an Index and varies directly or inversely with changes in the Index.

\*\* The original balance of the Notional Class being exchanged equals the proportionate interest of the original balance of the related MACR Class(es) (with principal amount(s)) being exchanged.

\*\*\* The original balance of the Notional Class being exchanged equals the proportionate interest of the original balance of the related REMIC Class(es) (with principal amount(s)) being exchanged.

In some cases you can exchange a REMIC Class or Classes for various combinations of “ratio-stripping” MACR Classes, and you can exchange these MACR Classes for REMIC Classes or for other MACR Classes. In other cases you can exchange a MACR Class or Classes for various combinations of “ratio-stripping” REMIC Classes, and you can exchange these REMIC Classes for MACR Classes. In such cases, subject to the constraints listed under *Exchanges* above, numerous subcombinations are possible.

The following illustrates a “ratio-stripping” Combination with a single REMIC Class:

REMIC Certificates				MACR Certificates			
Class	Original Balance	Exchange Proportions	Class Coupon	Class	Maximum Original Balance	Exchange Proportions	Class Coupon
A	\$10,000,000	100%	7.00%	MI	\$10,000,000 (notional)	N/A	7.00%
				MA	10,000,000	N/A	6.00
				MB	10,000,000	N/A	6.25
				MC	10,000,000	N/A	6.50
				MD	10,000,000	N/A	6.75
				ME	9,655,172	N/A	7.25
				MF	9,333,333	N/A	7.50
				MG	9,032,258	N/A	7.75
				MH	8,750,000	N/A	8.00
				MP	10,000,000	N/A	0.00

Within this Combination you could, for example, exchange (a) any one of the first four subcombinations of Classes shown in the following table for any other such subcombination or (b) any one of the last three subcombinations shown for any other such subcombination.

### Subcombinations

<u>Subcombination</u>	<u>Class</u>	<u>Original Balance</u>	<u>Class Coupon</u>	<u>Annual Interest Amount</u>
1	A	\$10,000,000	7.00%	\$700,000
2	MI	\$10,000,000 (notional)	7.00%	\$700,000
	MP	10,000,000	0.00	0
		<u>\$10,000,000</u>		<u>\$700,000</u>
3	MI	\$ 1,428,571 (notional)	7.00%	\$100,000
	MA	10,000,000	6.00	600,000
		<u>\$10,000,000</u>		<u>\$700,000</u>
4	MB	\$ 1,600,000	6.25%	\$100,000
	MH	7,500,000	8.00	600,000
	MP	900,000	0.00	0
		<u>\$10,000,000</u>		<u>\$700,000</u>
5	MF	\$ 5,000,000	7.50%	\$375,000
6	MH	\$ 4,687,500	8.00%	\$375,000
	MP	312,500	0.00	0
		<u>\$ 5,000,000</u>		<u>\$375,000</u>
7	MA	\$ 2,500,000	6.00%	\$150,000
	MB	2,500,000	6.25	156,250
	MI	982,143 (notional)	7.00	68,750
		<u>\$5,000,000</u>		<u>\$375,000</u>

Finally, in some cases you can exchange one or more REMIC Classes for one or more MACR Classes in varying proportions, and vice versa, and you can exchange these MACR Classes for REMIC Classes or for other MACR Classes. In such cases, subject to the constraints listed under *Exchanges* above, numerous subcombinations are possible.

The following illustrates such a Combination with two REMIC Classes:

<u>REMIC Certificates</u>				<u>MACR Certificates</u>			
<u>Class</u>	<u>Maximum Original Balance</u>	<u>Exchange Proportions</u>	<u>Class Coupon</u>	<u>Class</u>	<u>Maximum Original Balance</u>	<u>Exchange Proportions</u>	<u>Class Coupon</u>
AI	\$10,000,000 (notional)	*	6.00%	AP	\$10,000,000	*	6.00%
AO	10,000,000	*	0.00	BP	10,000,000	*	5.75
				CP	10,000,000	*	5.50
				DP	10,000,000	*	5.25
				EP	10,000,000	*	5.00
				GP	10,000,000	*	4.75
				HP	10,000,000	*	4.50
				JP	10,000,000	*	4.25
				KP	10,000,000	*	4.00

\* Varying. One or more REMIC Classes may be exchanged for one or more MACR Classes in varying proportions, and vice versa, and you can exchange these MACR Classes for REMIC Classes or for other MACR Classes.

## **Procedures and Fees**

### *Notice*

- If you want to exchange Classes, you must notify Freddie Mac by e-mail at MF\_CM\_Securitization@freddiemac.com and Multi\_Class\_Marketing@freddiemac.com.
  - We must receive the notice not later than two Business Days before the proposed exchange date, which, subject to our approval, can be any Business Day. The notice must include:
    - The original principal or original notional principal amount of both the Certificates to be delivered and the Certificates to be received in the exchange.
    - The proposed exchange date.
    - The proposed fee.
  - After we receive a notice, we will confirm that the exchange is booked. The Freddie Mac back office will contact the dealer's back office to give instructions for delivering the Certificates and the exchange fee to us via a delivery versus payment mechanism.
  - Your notice becomes irrevocable on the second Business Day before the proposed exchange date.
  - We may change this notice process in the future in our sole discretion and will notify the dealers in our REMIC dealer group and any other approved dealers of any applicable changes.

### *Exchange Fee*

We may charge a fee for each exchange. You should contact our Multiclass Issuance Group through a dealer that belongs to our REMIC dealer group or another approved dealer for a determination of the exchange fee.

## **APPENDIX IV – INTEREST RATE INDICES**

As Administrator, Freddie Mac determines the Indices as follows. Our methods for determining Indices are subject to modification as necessary to reflect technological and market changes, and operational requirements.

### **SOFR**

Freddie Mac, as Administrator, calculates the Class Coupons of SOFR Classes for each Accrual Period (after the first) based on the SOFR Rate as described below.

The Class Coupons of SOFR Classes are based on the SOFR Rate published on the second U.S. Government Business Day before the Accrual Period begins (we refer to such day as an **“Adjustment Date”** for SOFR Classes).

**“SOFR Rate”** with respect to the Class Coupon of a SOFR Class means:

- (1) a rate equal to 30-day Average SOFR; and
- (2) if Freddie Mac determines prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR, the Benchmark Replacement will replace SOFR for all purposes relating to the SOFR Classes in respect of all determinations on such date and for all determinations on all subsequent dates; provided that such change will not adversely affect the tax status of such SOFR Class, and that Freddie Mac, as Administrator, will have the right, in its sole discretion, to make applicable SOFR Adjustment Conforming Changes.

**“30-day Average SOFR”** with respect to any U.S. Government Securities Business Day, means:

- (1) the compounded average of SOFR over a rolling 30-day calendar period as published on such U.S. Government Securities Business Day as such rate appears on the FRBNY’s Website at 3:00 p.m. (New York time) (the **“SOFR Determination Time”**); or
- (2) if the rate specified in (1) above does not so appear on such day, the compounded average of SOFR over a rolling 30-day calendar period as published in respect of the first preceding U.S. Government Securities Business Day for which such rate appeared on the FRBNY’s Website at 3:00 p.m. (New York time).

**“FRBNY”** means the Federal Reserve Bank of New York.

**“FRBNY’s Website”** means the website of the FRBNY, currently at <https://www.newyorkfed.org/markets/reference-rates/sofr-averages-and-index> or at such other page as may replace such page on the FRBNY’s website.

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

**“SOFR Adjustment Conforming Changes”** means, with respect to the SOFR Rate, any technical, administrative or operational changes (including changes to the Accrual Period, timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative



matters) that Freddie Mac decides, from time to time, may be appropriate to adjust the SOFR Rate in a manner substantially consistent with or conforming to 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 exists, in such other manner as Freddie Mac determines is reasonably necessary).

### **Effect of Benchmark Transition Event**

*Benchmark Replacement.* If Freddie Mac determines 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 SOFR Classes 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,” including any determination with respect to administrative feasibility (whether due to technical, administrative or operational issues), a tenor, a rate, an adjustment or 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 SOFR Classes, will become effective without consent from any other party.

“**Benchmark**” means, initially, SOFR, as such term is defined in *Description of Certificates—Payments—Interest Rate Indices*; provided that if Freddie Mac determines 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 securities 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 securities at such time.

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the Accrual Period, 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;

provided, however, that on or after the 60th day preceding the date on which such Benchmark Replacement Date would otherwise occur (if applicable), Freddie Mac may give written notice to the related Holders in which Freddie Mac designates an earlier date (but not earlier than the 30th day following such notice) and represents that such earlier date will facilitate an orderly transition to the Benchmark Replacement, in which case such earlier date will be the Benchmark Replacement Date.

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.

**“Federal Reserve Board”** means the Board of Governors of the Federal Reserve System.

**“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 30-day Average SOFR, the SOFR Determination Time, and (2) if the Benchmark is not 30-day Average 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 FRBNY, or a committee officially endorsed or convened by the Federal Reserve Board and/or the FRBNY or any successor thereto.

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

### **Treasury Index**

Freddie Mac, as Administrator, calculates the Class Coupons of Treasury Index Classes for each Accrual Period (after the first) on the fourth Business Day before the Accrual Period begins (a **“Treasury Index Adjustment Date”**). On each Treasury Index Adjustment Date, Freddie Mac will determine the applicable Treasury Index, which will be either:

- The auction average (investment) yield, expressed as a per annum rate, on three-month or six-month U.S. Treasury bills as made available by the Treasury on its website [www.treasurydirect.gov](http://www.treasurydirect.gov) or other recognized electronic source that is available to us used for the purpose of displaying that rate under the caption “U.S. government securities/Treasury bills (secondary market).”

- The weekly average yield, expressed as a per annum rate, on U.S. Treasury securities adjusted to a constant maturity of one, three, five, seven, ten or thirty years or to some other constant maturity (as specified in the applicable Supplement) that the Federal Reserve Board publishes in the most recent edition of Federal Reserve Statistical Release No. H.15 (519) that is available to us.

Freddie Mac considers a new value for the Treasury Index to have been made available on the day following the date it is released. In the event the applicable Treasury Index is no longer published on [www.treasurydirect.gov](http://www.treasurydirect.gov) or Federal Reserve Statistical Release No. H.15 (519), or either publication is no longer published, Freddie Mac will designate a new source for obtaining the applicable Treasury Index.

The applicable auction average (investment) yield for a given week is the yield resulting from the auction of three-month or six-month U.S. Treasury bills held that week.

The weekly average yield reflects the average yields of the five calendar days ending on Friday of the previous week. Yields on Treasury securities at “constant maturity” are estimated from the Treasury’s daily yield curve. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations reported by five leading U.S. Government securities dealers to the FRBNY. This method permits estimation of the yield for a given maturity even if no security with that exact maturity is outstanding.

If the applicable Treasury Index becomes unavailable, Freddie Mac will designate an alternative index based upon comparable information and methodology. At the time Freddie Mac first selects an alternative index, Freddie Mac will determine the average number of basis points, if any, by which the alternative index differed from the applicable Treasury Index for the period Freddie Mac, in its sole discretion, reasonably determine reflects fairly the long-term difference between the applicable Treasury Index and the alternative index, and will adjust the alternative index by that average. Freddie Mac will select a particular index as the alternative index only if tax counsel advises us that the alternative index will not cause any affected REMIC Pools to lose their classification as REMICs.

If the applicable Treasury Index becomes available again, Freddie Mac will calculate the Class Coupons for the related Treasury Index Classes for each following Accrual Period by reference to the applicable Treasury Index.

### **Prime Rate**

On each Adjustment Date, Freddie Mac, as Administrator, calculates the Class Coupons of Prime Rate Classes for the next Accrual Period by reference to the rate published as the U.S. “Prime Rate” in the “Money Rates” section or other comparable section of *The Wall Street Journal* on that Adjustment Date. The rate published in *The Wall Street Journal* currently represents the base rate on corporate loans posted by at least 70% of the 10 largest commercial banks in the United States. If *The Wall Street Journal* instead publishes a prime rate range, the average of that range, as determined by us, will be the Prime Rate.

If *The Wall Street Journal* no longer publishes a “Prime Rate” entry, Freddie Mac will designate a new method for determining the Prime Rate based on comparable data. Freddie Mac will select an alternative method only if tax counsel advises us that the method will not cause any affected REMIC Pools to lose their classification as REMICs.

If the Prime Rate becomes available in *The Wall Street Journal* again, Freddie Mac will calculate the Class Coupons for the Prime Rate Classes for each following Accrual Period by reference to the Prime Rate published in *The Wall Street Journal*.

