

**FEDERAL HOME LOAN MORTGAGE CORPORATION**  
**Multifamily Structured Credit Risk (Multifamily SCR) Debt Notes,**  
**Series 2016-MDN1**

**MULTIFAMILY SCR DEBT AGREEMENT**

**MULTIFAMILY SCR DEBT AGREEMENT** (the “Agreement”), dated as of May 16, 2016, between the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Holders of the Notes (each as hereinafter defined).

Whereas:

(a) Freddie Mac is a corporate instrumentality of the United States created pursuant to an Act of Congress on July 24, 1970 (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459, hereinafter referred to as the “**Freddie Mac Act**”), with full power and authority to enter into this Agreement and to undertake the obligations undertaken by it herein;

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

(c) To permit Freddie Mac to engage in activities consistent with its statutory purposes, Freddie Mac has authorized the issuance of unsecured general obligations of Freddie Mac; and

(d) Pursuant to this Agreement, Freddie Mac is issuing the Multifamily Structured Credit Risk (“**Multifamily SCR**”) Debt Notes, Series 2016-MDN1 (the “**Notes**”).

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Agreement shall govern the Notes and the rights and obligations of Freddie Mac and Holders with respect to the Notes.

**ARTICLE I**

**Definitions**

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

*Accrual Period:* With respect to each Payment Date, the calendar month immediately preceding the month in which such Payment Date occurs. Each Accrual Period shall be deemed for purposes of this definition to consist of 30 days.

*Agreement:* This Multifamily SCR Debt Agreement dated as of the Closing Date, as it may be amended or supplemented from time to time.

*Applicable Severity:* With respect to each Payment Date and Credit Event Reference Obligation, the fixed severity percentage equal to:

<b><u>Credit Event UPB</u></b>	<b><u>Applicable Severity</u></b>
Greater than or equal to \$15,000,000	30.00%
Less than \$15,000,000	35.00%

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

*Business Day:* A day other than (i) a Saturday or Sunday or (ii) a day on which the offices of Freddie Mac, the corporate trust offices of the Global Agent (currently located at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110), DTC, or the banking institutions in the City of New York are authorized or obligated by law or executive order to be closed.

*Calculated Recovery Principal:* With respect to any Payment Date, the aggregate Credit Event UPB (determined in accordance with clause (i) of the definition thereof) of all Credit Event Reference Obligations for such Payment Date *minus* the Calculated Tranche Write-down Amount for such Payment Date.

*Calculated Tranche Write-down Amount:* With respect to any Payment Date, the aggregate amount of any Credit Event Loss Amounts for such Payment Date.

*Class:* The class of Notes issued under this Agreement or a class of Reference Tranche established under this Agreement, as the case may be.

*Class Coupon:* With respect to the Notes and each Accrual Period, a rate equal to 13.00% per annum.

*Class Notional Amount:* With respect to each Class of Reference Tranche as of any Payment Date, a notional amount equal to the initial Class Notional Amount of such Class of Reference Tranche (as specified in the definition of Reference Tranche), *minus* the aggregate amount of Principal Reduction Amounts allocated to such Class of Reference Tranche on such Payment Date and all prior Payment Dates, and *minus* the aggregate amount of Calculated Tranche Write-down Amounts and Calculated Recovery Principal, as applicable, allocated to such Class of Reference Tranche on such Payment Date and on all prior Payment Dates. For the avoidance of doubt, no Calculated Tranche Write-down Amount or Calculated Recovery Principal will be applied more than once on the same Payment Date.

*Class Principal Balance:* With respect to the Notes as of any Payment Date, the maximum dollar amount of principal to which the Holders of the Notes are then entitled, with such amount

being equal to the initial Class Principal Balance of the Notes as set forth in Appendix I, *minus* the aggregate amount of principal paid by Freddie Mac on the Notes on such Payment Date and all prior Payment Dates, and *minus* the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the Class Principal Balance of the Notes on such Payment Date and on all prior Payment Dates. The Class Principal Balance of the Notes shall at all times equal the Class Notional Amount of the Class B Reference Tranche.

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

*Closing Date:* May 16, 2016.

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

*Common Depository:* The common depository for Euroclear, Clearstream and/or any other applicable clearing system, which will hold Common Depository Notes on behalf of Euroclear, Clearstream and/or any such other applicable clearing system.

*Common Depository Notes:* Notes that are deposited with a Common Depository and that will clear and settle through the systems operated by Euroclear, Clearstream and/or any such other applicable clearing system other than DTC.

*Credit Event:* With respect to any Payment Date on or before the Termination Date and any Reference Obligation, the first to occur of any of the following events being reported by the applicable servicer to Freddie Mac with respect to such Reference Obligation during the related Reporting Period:

- (a) 180 or more days delinquent, including without limitation being 180 days in arrears or 180 days of not being fully current on payments; or
- (b) current or less than 180 days delinquent and modified in a manner resulting in such Reference Obligation suffering a permanent loss of principal and/or interest.

For the avoidance of doubt, with respect to any Reference Obligation, there can only be one occurrence of a Credit Event. In addition, for purposes of the determining the period of delinquency of a Reference Obligation, if a payment is received on a Reference Obligation that is in arrears, the payment shall be applied in accordance with Freddie Mac's standard servicing practices as set forth in the Freddie Mac Multifamily Seller/Servicer Guide; *provided, however*, that if those servicing practices are revised or modified subsequent to the Closing Date in a manner that payments are not applied *first* to interest due and principal due for oldest past-due payment and *second* to interest due and principal due for other past-due payments, if any, then, notwithstanding such revision or modification of the servicing practices, a payment received on a Reference Obligation that is in arrears shall be deemed to be applied *first* to interest due and

principal due for oldest past-due payment and *second* to interest due and principal due for other past-due payments, if any.

*Credit Event Loss Amount:* With respect to any Payment Date and:

- (a) each Credit Event Reference Obligation that is 180 or more days delinquent, the Credit Event UPB of such Credit Event Reference Obligation *multiplied by* the respective Applicable Severity; and
- (b) each Credit Event Reference Obligation that is current or less than 180 days delinquent and modified in a manner resulting in such Credit Event Reference Obligation suffering a permanent loss of principal and/or interest, the lesser of:
  - (i) the Credit Event UPB of such Credit Event Reference Obligation *multiplied by* the respective Applicable Severity, and
  - (ii) the excess, if any, of (a) the Credit Event UPB of such Credit Event Reference Obligation over (b) the present value of the expected cash flows succeeding the date of the modification of such Credit Event Reference Obligation (discounted at a rate equal to the pre-modification mortgage interest rate of such modified Credit Event Reference Obligation; *provided, however,* that if the pre-modification mortgage interest rate of such modified Credit Event Reference Obligation is a variable or floating rate of interest, the expected cash flows succeeding the date of the modification will be discounted using the Underwriting Rate), plus (c) all reasonable fees and expenses incurred or associated with such modification.

*Credit Event Reference Obligation:* With respect to any Payment Date, any Reference Obligation in the Reference Pool with respect to which a Credit Event has occurred and is reported during the related Reporting Period; *provided, however,* that insofar as a Reference Obligation has an uncured, material breach of its representations and warranties in Appendix II, such Reference Obligation shall not become a Credit Event Reference Obligation.

*Credit Event UPB:* With respect to any Credit Event Reference Obligation, (i) the unpaid principal balance thereof as of the end of the Reporting Period related to the Payment Date that it became a Credit Event Reference Obligation, *minus* (ii) all funds, if any, that have been escrowed, are available in respect of such Credit Event Reference Obligation for the payment of principal on such Credit Event Reference Obligation, and have not already been included in the determination of the unpaid principal balance thereof as of the end of such Reporting Period.

*CUSIP Number:* A unique nine-character designation assigned to the Notes by the CUSIP Service Bureau and used to identify the Notes on the records of the DTC as set forth in Appendix I.

*Cut-off Date:* Close of business on April 1, 2016.

*Cut-off Date Balance:* \$1,043,795,541, the initial aggregate unpaid principal balance of the Reference Pool as of the Cut-off Date.

*Depository:* DTC or any successor.

*Determination Date:* With respect to any Payment Date, the close of business on the 15<sup>th</sup> day of the month immediately preceding the month in which such Payment Date occurs, or if such 15<sup>th</sup> day is not a Business Day, the Business Day immediately following such 15<sup>th</sup> day.

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

*DTC Participants:* Participants in the DTC System.

*DTC Notes:* Notes cleared, settled and maintained on the DTC System, registered in the name of a nominee of DTC. All of the Notes will be DTC Notes at issuance.

*DTC System:* The book-entry system of DTC.

*Early Redemption Date:* The Payment Date on which the Notes are redeemed by Freddie Mac pursuant to its Early Redemption Option.

*Early Redemption Option:* Freddie Mac's right to redeem the Notes prior to the Maturity Date on any Payment Date at the earlier of: (i) on or after the Payment Date on which the aggregate unpaid principal balance of the Reference Pool is less than or equal to 15% of the Cut-off Date Balance, or (ii) beginning in May 2026, on the Payment Date occurring in May of each year, in each case by paying an amount equal to the outstanding Class Principal Balance of the Notes, plus accrued and unpaid interest.

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

*Event of Default:* As defined in Section 5.01.

*Financial Intermediary:* Each brokerage firm, bank, thrift institution or other financial intermediary that maintains the account for each person who owns a beneficial ownership interest in the Notes issued in global form.

*Freddie Mac:* Federal Home Loan Mortgage Corporation, a stockholder-owned company chartered by Congress pursuant to the Freddie Mac Act.

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

*Freddie Mac Servicing Practices:* The servicing and administration of multifamily mortgage loans in the same manner in which, and with the same care, skill, prudence and diligence with which, Freddie Mac services and administers multifamily mortgage loans owned by it, which includes, without limitation, servicing and administration in accordance with the Freddie Mac Multifamily Seller/Service Guide, as amended from time to time, and any Freddie Mac written policies, bulletins, procedures or other communications made available in writing by Freddie Mac.

*Global Agency Agreement:* The global agency agreement between Freddie Mac and the Global Agent, dated as of the Closing Date.

*Global Agent:* The entity selected by Freddie Mac to act as its global, calculating, transfer, authenticating and paying agent for the Notes, which as of the Closing Date is U.S. Bank.

*Holder:* In the case of (i) DTC Notes, DTC or its nominee; (ii) Common Depository Notes, the depository, or its nominee, in whose name the Notes are registered on behalf of a related clearing system; and (iii) Notes in definitive registered form, the person or entity in whose name such Notes are registered in the Register. All references herein to a “Holder” or a “Noteholder” shall reflect the rights of a Beneficial Owner as it may indirectly exercise such rights through DTC and DTC Participants, as applicable.

*Maturity Date:* The Payment Date in May 2031.

*Mortgage Loan:* Reference Obligations evidenced by promissory notes or other similar evidences of indebtedness secured by first mortgages, deeds of trust or similar security instruments on multifamily properties.

*Mortgage Note:* The promissory note (or, if applicable, multiple notes collectively) or other similar evidences of indebtedness of a borrower under a Mortgage Loan, together with any rider, addendum or amendment thereto.

*Mortgaged Property:* The real property (including any REO property) that secures a Mortgage Loan, in each case consisting of a parcel or parcels of land improved by a multifamily building or facility, together with any personal property (to the extent the same are owned by the borrower and necessary in connection with the operation of the related property), fixtures, leases and other property or rights pertaining thereto.

*Notes:* The Class B Notes.

*Offering Circular:* The Freddie Mac Multifamily SCR Debt Notes, Series 2016-MDN1 Offering Circular dated May 12, 2016 (including any related supplement thereto).

*Operating Advisor:* Park Bridge Lender Services LLC and its successors and assigns.

*Operating Advisor Agreement:* The operating advisor agreement between Freddie Mac and the Operating Advisor, dated as of the Closing Date.

*Payment Date:* The 25<sup>th</sup> day of each calendar month (or, if not a Business Day, the next succeeding Business Day), commencing in June 2016.

*Principal Prepayment:* Any payment of principal made by the borrower on a Reference Obligation that is received in advance of its scheduled due date.

*Principal Reduction Amount:* As to any Payment Date, an amount equal to the total, without duplication, of the following:

- (a) all monthly payments of principal received by or on behalf of the related servicer (or, as applicable, the trustee of the related tax-exempt bond financing) on the Reference Obligations during the related Reporting Period, exclusive of any portion of such payments that represents the principal portion of a monthly payment due on or before the Cut-off Date or on a due date for the related Reference Obligation outside the related Reporting Period, *plus*
- (b) all partial Principal Prepayments on the Reference Obligations collected during the related Reporting Period by or on behalf of the related servicer or trustee, *plus*
- (c) the aggregate unpaid principal balance of each Reference Obligation that became a Reference Obligation Removal due solely to clauses (ii), (iii) or (iv) of the definition thereof during the related Reporting Period.

*Record Date:* With respect to each Payment Date, the last Business Day of the month immediately preceding the month in which such Payment Date occurs.

*Reference Obligation Removal:* With respect to any Payment Date and Reference Obligation, the removal of such Reference Obligation from the Reference Pool resulting from (i) a Reference Obligation becoming a Credit Event Reference Obligation, (ii) a Reference Obligation being paid in full, (iii) a Supplemental Obligation being placed and the election by Freddie Mac to remove the related Reference Obligation, or (iv) a material uncured breach of a representation and warranty set forth in Appendix II occurring with respect to the Reference Obligation.

For the avoidance of doubt, Freddie Mac, in its reasonable discretion, shall determine whether a material breach has occurred. In the event that Freddie Mac proposes or plans to cure a breach of a representation and warranty set forth in Appendix II by replacing a Reference Obligation with a substitute Reference Obligation, such substitution shall require the consent of the Holders of not less than 50% of the outstanding Class Principal Balance of the Notes, which consent shall not be unreasonably withheld.

*Reference Obligations:* The multifamily Mortgage Loans specified on Appendix A to the Offering Circular.

*Reference Pool:* As of any date, all of the Reference Obligations, collectively.

*Reference Tranches:* Two classes of “hypothetical” tranches deemed to be backed by the Reference Pool, referred to as Class A-H and Class B Reference Tranches, with the following initial Class Notional Amounts:

<u>Class of Reference Tranches</u>	<u>Initial Class Notional Amount</u>
Class A-H	\$991,605,763
Class B	\$52,189,777

*Register:* A register of the Holders of Notes maintained by the Global Agent.

*Registrar:* U.S. Bank or its successor in interest.

*Reporting Period:* With respect to each Payment Date, and for purposes of making calculations with respect to the hypothetical structure and Reference Tranches as set forth in this Agreement, the period commencing immediately following the Determination Date in the month preceding the month in which the related Determination Date occurs (or in the case of the first Payment Date, the Cut-off Date) and ending on and including the related Determination Date for such Payment Date.



*Supplemental Obligation:* As defined in Section 3.11.

*Termination Date:* With respect to outstanding Notes, the earlier of (i) the Maturity Date and (ii) the Payment Date on which an Early Redemption Option is exercised pursuant to Section 3.08.

*Underwriting Rate:* The applicable rate of interest that Freddie Mac used when underwriting a Reference Obligation with a variable or floating rate of interest.

*U.S. Bank:* U.S. Bank National Association.

*Waterfall Trigger Event:* With respect to any Payment Date, the occurrence of any of the following events:

(a) the weighted-average debt service coverage ratio (based in part on a Reference Obligation's scheduled monthly payment of interest that accrues in accordance with the terms of the related Mortgage Note that, in the case of a variable rate Mortgage Note, shall be the actual interest rate in effect) of all of the Reference Obligations (weighted based upon their respective unpaid principal balances as of the related Determination Date) is less than or equal to 1.05,

(b) the unpaid principal balance of the Reference Pool as of the related Determination Date is less than or equal to 10.0% of the Cut-off Date Balance, or

(c) the Class Principal Balance of the Notes immediately prior to such Payment Date is less than 4.5% of the aggregate Class Notional Amount of the Class A-H and Class B Reference Tranches immediately prior to such Payment Date;

*provided* that with respect to clause (c), such Waterfall Trigger Event shall continue until such time as the Class Principal Balance of the Notes immediately prior to a Payment Date is equal to or greater than 5.0% of the aggregate Class Notional Amount of the Class A-H and Class B Reference Tranches immediately prior to such Payment Date.

**ARTICLE II**  
**Authorization; Certain Terms**

**Section 2.01. Authorization.** The Notes shall be issued by Freddie Mac in accordance with the authority vested in Freddie Mac by Section 306(a) of the Freddie Mac Act. The indebtedness represented by the Notes shall be unsecured general obligations of Freddie Mac.

**Section 2.02. Notes Held or Acquired by Freddie Mac.** Freddie Mac shall have the right to purchase and hold for its own account any Note and to otherwise acquire all or a portion of the Notes. Notes held or acquired by Freddie Mac shall have an equal and proportionate benefit to Notes held by other Holders, without preference, priority or distinction, except that in determining whether the Holders of the required percentage of the outstanding Class Principal Balance of the Notes have given any required demand, authorization, notice, consent or waiver under this Agreement, any Notes owned by Freddie Mac or any person directly or indirectly controlling or controlled by or under direct or indirect common control with Freddie Mac shall be disregarded and deemed not to be outstanding for the purpose of such determination.

For the avoidance of doubt, any Notes purchased or otherwise acquired by Freddie Mac shall no longer be considered issued and outstanding for any U.S. federal tax purposes.

**ARTICLE III**

**Payments to Holders; Maturity; Early Redemption**

**Section 3.01. General.**

(a) *General.* Payments in respect of Notes shall be made in immediately available funds to DTC, Euroclear, Clearstream or any other applicable clearing system, or their respective nominees, as the case may be, as the Holders thereof. Payments to a Holder of definitive Notes shall be made by electronic transfer of funds not later than the applicable Payment Date to a bank account designated by such Holder. Such payments shall be made in U.S. dollars. All payments to or upon the order of the Holder of a Note shall be valid and effective to discharge the liability of Freddie Mac in respect of such Note. Ownership positions within each system shall be determined in accordance with the normal conventions observed by such system. Freddie Mac, the Global Agent and the Registrar shall not have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a DTC Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Ownership of any Notes will be as indicated in the Register maintained by the Global Agent.

All payments on Notes are subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions, payments in respect of the related Notes shall be made at the office of any paying agent in the United States.

(b) *Business Day Convention.* In any case in which a Payment Date is not a Business Day, payment on the Notes shall not be made on such date but shall be made on the next Business Day with the same force and effect as if made on such Payment Date. No interest on such payment shall accrue for the period from and after such Payment Date to the actual date of such payment.

(c) *Withholding Requirements.* In the event that any jurisdiction imposes any withholding or other tax on any payment made by Freddie Mac (or its agent or any other person potentially required to withhold) with respect to a Note, Freddie Mac (or its agent or such other person) will deduct the amount required to be withheld from such payment, and Freddie Mac (or its agent or such other person) will not be required to pay additional interest or other amounts, or redeem or repay the Notes prior to the Maturity Date, as a result.

(d) *Tax Reporting.* Freddie Mac (or its agent) shall furnish or make available, at such times as required by applicable law, to each Holder or Beneficial Owner of Notes such information as Freddie Mac (or its agent) is required or deems necessary or desirable to enable Holders and Beneficial Owners to prepare their U.S. federal income tax returns, if applicable.

(e) *Determination Final.* The determination by Freddie Mac or the Global Agent of any principal or interest payment on any Note (or any interim calculation in the determination of any such payment) shall, absent manifest error, be final and binding on all parties. If a principal or interest payment error occurs, Freddie Mac may correct it or direct the Global Agent to correct it by adjusting payments to be made on later Payment Dates or in any other manner Freddie Mac or the Global Agent considers appropriate.

### **Section 3.02. Interest and Additional Payments.**

On each Payment Date, the amount of interest that will accrue on the outstanding Notes during the related Accrual Period is equal to:

- one-twelfth (1/12) of the Class Coupon, *multiplied by*
- the Class Principal Balance of the Notes immediately prior to such Payment Date.

Interest on the Notes shall be calculated and payable on the basis of a 360-day year consisting of twelve 30-day months. Interest shall be payable in arrears.

In addition to the interest payable on the Notes on each Payment Date as specified above, to the extent that a prepayment premium or yield maintenance charge is due with respect to Freddie Mac's guarantee of the related tax-exempt bond financing or, in the case of supplemental loans, interest collected, Freddie Mac shall also pay on each Payment Date an amount determined with reference to a specified portion of such premium or charge that is received by or on behalf of the related servicer on each Reference Obligation during the related Reporting Period. The portion of such premiums and charges payable on the Notes on each Payment Date shall be an amount equal to the *pro rata* share of the total of such premiums and charges based on the Class Notional Amounts of the Class A-H and Class B Reference Tranches immediately prior to such Payment Date.

### **Section 3.03. Hypothetical Structure and Reference Tranches.**

(a) *General.* Solely for purposes of making the calculations for each Payment Date of any principal write-downs on the Notes as a result of Credit Events on the Reference Obligations, and principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of two (2) classes of Reference Tranches (the Class A-H and Class B Reference Tranches) deemed to be backed by the Reference Pool is hereby established. Each Class of Reference Tranche will have the initial Class Notional Amount set forth in the definition of "Reference Tranches" in Article I (Definitions) in this Agreement, and the aggregate of the initial Class Notional Amounts of all the Reference Tranches will equal the Cut-off Date Balance.

(b) *Allocation of Principal Reduction Amount to the Reference Tranches.* On each Payment Date on or prior to the Termination Date, after allocation of the Calculated Tranche Write-down Amount, if any, for that Payment Date as described below, if a Waterfall Trigger Event has not occurred and is not continuing, the Principal Reduction Amount for that Payment Date shall be allocated *pro rata* between the Class A-H and Class B Reference Tranches in proportion to their respective Class Notional Amounts immediately prior to such Payment Date, with no preference or priority of any kind. If a Waterfall Trigger Event has occurred and is continuing on such Payment Date, the Principal Reduction Amount shall be allocated first to reduce the Class Notional Amount of the Class A-H Reference Tranche until its Class Notional Amount is reduced to zero, and then to reduce the Class Notional Amount of the Class B Reference Tranche until its Class Notional Amount is reduced to zero. In the event that the portion of the Principal Reduction Amount allocable to the Class B Reference Tranche exceeds its Class Notional Amount after the allocation of the Calculated Tranche Write-down Amount, such excess shall be allocated to reduce the Class Notional Amount of the Class A-H Reference Tranche.

(c) *Allocation of Calculated Tranche Write-down Amount to the Reference Tranches.* On each Payment Date on or prior to the Termination Date, before allocation of the Principal Reduction Amount and Calculated Recovery Principal, if any, for that Payment Date as described above, the Calculated Tranche Write-down Amount, if any, for that Payment Date

shall be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) *first*, to the Class B Reference Tranche, and

(iv) *second*, to the Class A-H Reference Tranche.

(d) *Allocation of Calculated Recovery Principal to the Reference Tranches.* On each Payment Date on or prior to the Termination Date, after the allocation of the Calculated Tranche Write-down Amount and Principal Reduction Amount, if any, for that Payment Date as described above, the Calculated Recovery Principal, if any, for that Payment Date shall be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) *first*, to the Class A-H Reference Tranche, and

(iv) *second*, to the Class B Reference Tranche.

**Section 3.04. Principal Payments and Other Allocations and Adjustments on the Notes.**

(a) *Principal Payments on the Notes.* On each Payment Date on or prior to the Termination Date, Freddie Mac will pay principal on the Notes in reduction of its Class Principal Balance in an amount equal to the sum of (i) portion of the Principal Reduction Amount allocated to reduce the Class Notional Amount of the Class B Reference Tranche on such Payment Date pursuant to Section 3.03(b) above and (ii) the amount, if any, of the Calculated Recovery Principal allocated to reduce the Class Notional Amount of the Class B Reference Tranche on such Payment Date pursuant to Section 3.03(d) above.

(b) *Reductions in Class Principal Balances of the Notes.* On each Payment Date on or prior to the Termination Date, the Class Principal Balance of the Notes will be reduced, without any corresponding payment of principal, by the amount, if any, of the Calculated Tranche Write-down Amount allocated to reduce the Class Notional Amount of the Class B Reference Tranche on such Payment Date pursuant to Section 3.03(c) above.

(c) *Certain Adjustments Payable on the Notes.* On each Payment Date on or prior to the Termination Date, Freddie Mac shall pay an amount on the Notes equal to positive adjustments, if any, as determined by Freddie Mac, in its discretion, to the unpaid principal balance of Reference Obligations that were previously removed from the Reference Pool in connection with loan modifications, defaults or data corrections. Any such payments shall not reduce the Class Notional Amount of the Class B Reference Tranche or the Class Principal Balance of the Notes.

### **Section 3.05. Delay in the Declaration of a Credit Event Reference Obligation.**

In its sole discretion, Freddie Mac may delay declaring by up to sixty (60) days a Reference Obligation that is current or less than 180 days delinquent and is being modified to be a Credit Event Reference Obligation if Freddie Mac decides that more time is needed to revise a workout plan for such Reference Obligation or to take into account any comments it received from the Operating Advisor with respect to such Reference Obligation under the Operating Advisor Agreement. If the declaration of a Credit Event Reference Obligation is extended by Freddie Mac to a Reporting Period that is after such Reference Obligation becomes 180 or more days delinquent, Freddie Mac shall notify the Global Agent that the Credit Event shall be deemed for purposes of this Agreement to remain a Credit Event occurring in a Reporting Period prior to such Reference Obligation becoming 180 or more days delinquent provided a modification is still contemplated.

### **Section 3.06. Payment Procedures; Record Date.**

(a) *Procedures.* Payments of principal and interest due to Holders of Classes maintained on the DTC System shall be paid by Freddie Mac (or the Global Agent, taking direction from Freddie Mac) to DTC in immediately available funds. DTC shall be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with its normal procedures. Payments with respect to Common Depository Notes shall be credited to Euroclear participants, Clearstream participants or participants of any other applicable clearing system in accordance with the relevant system's rules and procedures.

Payments to a Holder of definitive Notes shall be made by electronic transfer of funds not later than the applicable Payment Date to a bank account designated by such Holder; *provided, however,* that the final payment on any definitive Note shall be made only upon presentation and surrender of the Holder's definitive Note at the office of the Global Agent or other paying agent, as described in Section 4.04.

(b) *Record Date.* Any payment made on a Class on any Payment Date shall be made to the Holders of record of such Class as of the related Record Date.

### **Section 3.07. Maturity.**

On the Maturity Date, Freddie Mac shall pay 100% of the outstanding Class Principal Balance as of such date to the Holders of the Notes, plus accrued and unpaid interest, after taking into account any allocations of any Calculated Tranche Write-down Amounts applicable to the Notes for such Payment Date.

### **Section 3.08. Early Redemption Option.**

(a) On any Payment Date at the earlier of (i) on or after the Payment Date on which the unpaid principal balance of the Reference Pool is less than or equal to 15% of the Cut-off Date

Balance, or (ii) beginning in May 2026, on the Payment Date occurring in May of each year, Freddie Mac may, at its option, redeem the Notes. On such Payment Date, Freddie Mac shall pay 100% of the outstanding Class Principal Balance of the Notes, plus accrued and unpaid interest.

(b) Notice of optional redemption shall be given to Holders of the Notes and the Operating Advisor not less than 30 calendar days nor more than 60 calendar days prior to the Payment Date of the redemption in the manner provided in Section 6.08.

### **Section 3.09. Substitution of a Reference Obligation.**

(a) If Freddie Mac has been notified of, or itself has discovered, a breach of any of its representations and warranties set forth in Appendix II that Freddie Mac determines to be a material breach, then Freddie Mac shall (a) cure such breach in all material aspects, (b) replace the affected Reference Obligation with a substitute Reference Obligation or (c) remove the affected Reference Obligation from the Reference Pool. Prior to a removal under clause (c), Freddie Mac shall use its best efforts to effect a substitution under clause (b).

(b) If Freddie Mac replaces an affected Reference Obligation with a substitute Reference Obligation, then it shall pay the amount, if any, by which the unpaid principal balance of the defective Reference Obligation exceeds the unpaid principal balance of the substitute Reference Obligation as of the due date during the month that the substitute Reference Obligation is added to Reference Pool. The payment of such excess amount by Freddie Mac shall be deemed to be a partial Principal Prepayment and shall be included in the Principal Reduction Amount for the related Payment Date.

(c) Freddie Mac shall generally complete the cure or substitution described above within ninety (90) days following its determination of the material breach. However, if the material breach is capable of being cured and Freddie Mac is diligently attempting to cure the material breach or replace the related Reference Obligation, then Freddie Mac shall generally be entitled to as much as an additional ninety (90) days to complete the cure or substitution if such Reference Obligation is not then in default and any missing or defective document is not needed to pursue the lender's rights prior to such time. Any substitution will require the consent of Holders of not less than 50% of the outstanding Class Principal Balance of the Notes, which consent may not be unreasonably withheld.

(d) If Freddie Mac is unable to cure, or decides not to cure, any material breach with respect to a Reference Obligation or not to substitute a Reference Obligation, then a Reference Obligation Removal shall occur and the unpaid principal balance of such Reference Obligation shall be included in the Principal Reduction Amount for the related Payment Date.

### **Section 3.10. Incorporation by Reference.**

Freddie Mac hereby represents and warrants, subject to the exceptions set forth on Schedule B in Appendix II, with respect to each Reference Obligation, that as of the origination date of such Reference Obligation, except as otherwise specified in Appendix II, the representations and warranties are true and correct in all material respects. Such representations and warranties are hereby incorporated by reference into this Agreement as if fully stated herein. Certain capitalized terms used but not otherwise defined in Appendix II have the meanings set forth in the respective underlying Reference Obligation documentation or the related bond financing transcript, as applicable.

### **Section 3.11. Supplemental Obligations.**

(a) In the event that Freddie Mac approves or consents to the placement of a permitted subordinate supplemental mortgage loan (a “**Supplemental Obligation**”) secured by the same Mortgaged Property that secures a Reference Obligation, Freddie Mac shall give written notice of the placement of the Supplemental Obligation to the Noteholders. The notice shall include a copy of the information provided to Freddie Mac in connection with the Supplemental Obligation pursuant to the related mortgage loan documents. Within ten (10) Business Days of receipt by the Noteholders of such notice, a Noteholder may request in writing, and Freddie Mac shall use its best efforts to deliver promptly, any additional information with respect to the Supplemental Obligation reasonably requested by such Noteholder.

(b) At the later of (i) ten (10) Business Days following receipt by the Noteholders of the notice and the absence of a written request from the Noteholders for additional information by the end of such period, and (ii) the delivery by Freddie Mac of the additional information reasonably requested by a Noteholder, Noteholders shall immediately have the option, exercisable by Noteholders representing more than 50% of the outstanding Class Principal Balance of the Notes and expiring at the end of ten (10) Business Days, to request Freddie Mac to remove the affected Reference Obligation from the Reference Pool.

(c) No later than the end of the Reporting Period immediately following Freddie Mac’s receipt of a notice that the requisite percentage of Noteholders have requested the removal of a Reference Obligation, Freddie Mac shall either (i) elect to remove the affected Reference Obligation from the Reference Pool as a Reference Obligation Removal or (ii), in Freddie Mac’s sole discretion, replace the affected Reference Obligation with a substitute Reference Obligation reasonably acceptable to Noteholders representing more than 50% of the outstanding Class Principal Balance of the Notes. Any replacement of the affected Reference Obligation with a substitute Reference Obligation shall be accompanied by the payment of the amount, if any, required under Section 3.09(b).

(d) If no exercise takes place of the option granted to Noteholders under subsection (b) above, the affected Reference Obligation shall remain in the Reference Pool and neither the



placement of the Supplemental Obligation nor Freddie Mac's approval or consent to the Supplement Obligation shall constitute at any time a breach by Freddie Mac of its representations and warranties set forth in Appendix II.

**Section 3.12. General Servicing Matters.**

The Reference Obligations shall be serviced in a manner consistent with (i) any and all applicable laws, (ii) the express terms of the respective Reference Obligations and any applicable intercreditor, co lender or similar agreements, and (iii) generally in accordance with Freddie Mac Servicing Practices.

**ARTICLE IV**

**Form; Clearance and Settlement  
Procedures; Minimum Denominations;  
Definitive Notes**

**Section 4.01. Form of Notes.**

(a) *General.*

Notes shall be deposited with (i) the Global Agent as a custodian for, and registered in the name of a nominee of, DTC, or (ii) the Global Agent as a Common Depository, and registered in the name of such Common Depository or a nominee of such Common Depository.

(b) *Title*

The person in whose name a Note is registered in the Register shall be the Holder of such Note. Beneficial interests in a Note shall be represented, and transfers thereof shall be effected, only through book-entry accounts of financial institutions acting on behalf of the Beneficial Owners of such Note, as a direct or indirect participant in the applicable clearing system for such Note.

Freddie Mac, the Global Agent and the Registrar may treat the Holders as the absolute owners of Notes for the purpose of making payments and for all other purposes, whether or not such Notes shall be overdue and notwithstanding any notice to the contrary. Owners of beneficial interests in a Note shall not be considered by Freddie Mac, the Global Agent or the Registrar as the owner or Holder of such Note and, except as provided in Section 4.04(a), shall not be entitled to have Notes registered in their names and shall not receive or be entitled to receive definitive Notes. Any Beneficial Owner shall rely on the procedures of the applicable clearing system and, if such Beneficial Owner is not a participant therein, on the procedures of the participant through which such Beneficial Owner holds its interest, to exercise any rights of a Holder of such Notes.

(c) *Global Agent.*

The Global Agent acts solely as a fiscal agent of Freddie Mac with respect to the Notes and does not assume any obligation or relationship of agency or trust for or with any Holder of a Note, except that any moneys held by the Global Agent for payment on a Note shall be held in trust for the Holder. The Global Agent does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Note.

(d) *Registrar*

In acting under the Global Agency Agreement, the Registrar does not assume any obligation or relationship of agency or trust for, or with, any Holder of a Note.

**Section 4.02. Clearance and Settlement Procedures.**

(a) *General*

Notes distributed solely within the United States shall clear and settle through the DTC System, and Notes distributed solely outside of the United States shall clear and settle through the systems operated by Euroclear, Clearstream and/or any other designated clearing system or, in certain cases, DTC.

(b) *Primary Distribution.*

(i) *General.* On initial issue, the Notes shall be credited through one or more of the systems specified below.

(ii) *DTC.* DTC Participants acting on behalf of investors holding DTC Notes shall follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement System. DTC Notes shall be credited to DTC Participants' securities accounts following confirmation of receipt of payment to Freddie Mac on the Closing Date.

(iii) *Euroclear and Clearstream.* Investors holding Common Depository Notes through Euroclear, Clearstream or such other clearing system shall follow the settlement procedures applicable to conventional Eurobonds in registered form. Such Common Depository Notes shall be credited to Euroclear, Clearstream or such other clearing system participants' securities accounts either on the Closing Date or on the settlement day following the Closing Date against payment in same-day funds (for value on the Closing Date).

(c) *Secondary Market Transfers.* Transfers of beneficial interests in Notes within the various systems that may be clearing and settling interests therein shall be made in accordance with the usual rules and operating procedures of the relevant system.

(d) *Limitation on Liability.* Neither Freddie Mac nor the Global Agent shall bear responsibility, in connection with the Notes, for the performance by any system or the performance of the system's respective direct or indirect participants or account holders of the respective obligations of such participants or account holders under the rules and procedures governing such system's operations.

#### **Section 4.03. Minimum Denominations.**

The Notes shall be issued and maintained in minimum denominations of \$1,000,000 and additional increments of \$1.

#### **Section 4.04. Definitive Notes.**

##### *(a) Issuance of Definitive Notes*

Beneficial interests in Notes issued in global form shall be subject to exchange for definitive Notes only if such exchange is permitted by applicable law and (i) in the case of a DTC Note, DTC or Freddie Mac advise the Global Agent in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the DTC Notes and Freddie Mac (or its agent) is unable to locate a successor; (ii) in the case of a particular DTC Note or Common Depository Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention to permanently cease business and in any such situations Freddie Mac is unable to locate a single successor within 90 calendar days of such closure; or (iii) after the occurrence of an Event of Default, Holders of Notes having voting rights aggregating not less than a majority of all voting rights evidenced by the DTC Notes and Common Depository Notes advise the Global Agent and DTC through the Financial Intermediaries and the DTC Participants in writing that the continuation of a book-entry system through DTC (or successor thereto) is no longer in the best interests of such Holders. In such circumstances, Freddie Mac shall cause sufficient definitive Notes to be executed and delivered as soon as practicable (and in any event within 45 calendar days of Freddie Mac receiving notice of the occurrence of such circumstances) to the Global Agent or its agent for completion, authentication and delivery to the relevant registered holders of such definitive Notes. A person having an interest in a DTC Note or Common Depository Note issued in global form shall provide Freddie Mac or the Global Agent with a written order containing

instructions and such other information as Freddie Mac or the Global Agent may require to complete, execute and deliver such definitive Notes in authorized denominations.

In the event that definitive Notes are issued in exchange for Notes issued in global form, such definitive Notes shall have terms identical to the Notes for which they were exchanged except as described below.

(b) *Title*

The person in whose name a definitive Note is registered in the Register shall be the “Holder” of such definitive Note.

(c) *Payments*

Payments of principal and interest on a definitive Note shall be made by wire transfer of immediately available funds with a bank designated by such Holder that is acceptable to Freddie Mac; provided, that such bank has appropriate facilities therefor and accepts such transfer and such transfer is permitted by any applicable law or regulation and will not subject Freddie Mac to any liability, requirement or unacceptable charge. In order for a Holder to receive such payments, the relevant paying agent (including the Global Agent) must receive at their offices from such Holder (i) in the case of payments on a Payment Date, a written request therefor not later than the close of business on the related Record Date or (ii) in the case of the final principal payment (on the Maturity Date or any earlier date of redemption or repayment) the related definitive Note not later than two Business Days prior to such Payment Date. Such written request must be delivered to the relevant paying agent (including the Global Agent) by mail, by hand delivery or by any other method acceptable to the relevant paying agent. Any such request shall remain in effect until the relevant paying agent receives written notice to the contrary.

All payments on definitive Notes shall be subject to any applicable law or regulation. If a payment outside the United States is illegal or effectively precluded by exchange controls or similar restrictions, payments in respect of the related definitive Notes may be made at the office of any paying agent in the United States.

(d) *Transfer and Exchange*

Definitive Notes shall be presented for registration of transfer or exchange (with the form of transfer included thereon properly endorsed, or accompanied by a written instrument of transfer, with such evidence of due authorization and guaranty of signature as may be required by Freddie Mac, duly executed) at the office of the Registrar or any other transfer agent upon payment of any taxes and other governmental charges and other amounts, but without payment of any service charge to the Registrar or such transfer agent for such transfer or exchange. A transfer or exchange shall not be effective unless, and until, recorded in

the Register.

A transfer or exchange of a definitive Note shall be effected upon satisfying the Global Agent with regard to the documents and identity of the person making the request and subject to such reasonable regulations as Freddie Mac may from time to time agree with the Global Agent. Such documents may include forms prescribed by U.S. tax authorities to establish the applicability of, or the exemption from, withholding or other taxes regarding the transferee Holder. Definitive Notes may be transferred or exchanged in whole or in part only in the authorized denominations of the DTC Notes or Common Depository Notes issued in global form for which they were exchanged. In the case of a transfer of a definitive Note in part, a new Note in respect of the balance not transferred shall be issued to the transferor. In addition, replacement of mutilated, destroyed, stolen or lost definitive Notes also is subject to the conditions discussed above with respect to transfers and exchanges generally. Each new definitive Note to be issued upon transfer of such a definitive Note, as well as the definitive Note issued in respect of the balance not transferred, shall be mailed to such address as may be specified in the form or instrument of transfer at the risk of the Holder entitled thereto in accordance with the customary procedures of the Global Agent.

Any definitive Note that becomes mutilated, destroyed, stolen or lost shall be replaced by Freddie Mac at the expense of the Holder upon delivery to the Global Agent of evidence of the destruction, theft or loss thereof, and an indemnity satisfactory to Freddie Mac and the Global Agent. Upon the issuance of any substituted definitive Note, Freddie Mac or the Global Agent may require the payment by the Holder of a sum sufficient to cover any taxes and expenses connected therewith.

## **ARTICLE V**

### **Events of Default and Remedies**

#### **Section 5.01. Events of Default**

An “**Event of Default**” with respect to the Notes shall consist of any one of the following cases:

(i) any failure by Freddie Mac (or its agent) to pay to Holders of such Notes any required interest or principal payment that continues unremedied for 30 days;

(ii) any failure by Freddie Mac to perform in any material way any other covenant or agreement in this Agreement, which failure continues unremedied for 60 days after the

receipt of notice of such failure by Freddie Mac from the Holders of at least 25% of the outstanding Class Principal Balance of the Notes;

(iii) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of Freddie Mac in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, or sequestrator (or other similar official) of Freddie Mac or for all or substantially all of its property, or order the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(iv) Freddie Mac shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator (or other similar official) of Freddie Mac or any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over Freddie Mac, whether or not Freddie Mac consents to such appointment, will not constitute an Event of Default.

#### **Section 5.02. Rights Upon Event of Default.**

(a) As long as an Event of Default under this Agreement remains unremedied, Holders of not less than 50% of the outstanding Class Principal Balance of the Notes to which such Event of Default relates may, by written notice to Freddie Mac, declare such Notes due and payable and accelerate the maturity of such Notes. Upon such acceleration, the Class Principal Balance of such Notes and the interest accrued thereon shall be due and payable.

(b) Prior to or after the institution of any action or proceeding relating to the Notes, the Holders of not less than 50% of the outstanding Class Principal Balance of the Notes may waive an Event of Default, whether or not it has resulted in a declaration of an acceleration of the maturity of the Notes, and may rescind and annul any previously declared acceleration.

(c) Whenever in this Agreement it is provided that the Holders of a specified percentage in outstanding Class Principal Balance of the Notes may take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the fact that at the time of taking any such action the Holders of such specified percentage have joined therein may be evidenced by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

(d) No Holder of a Note has any right in any manner whatsoever by virtue of or by availing itself of any provision of this Agreement to affect, disturb or prejudice the rights of any other such Holder, or to obtain or seek to obtain preference or priority over any other such Holder or to enforce any right under this Agreement, except in the manner provided in this Agreement and for the ratable and common benefit of all such Holders.

## ARTICLE VI

### Miscellaneous Provisions

#### **Section 6.01. Limitations on Liability of Freddie Mac and Others.**

Neither Freddie Mac nor any of its directors, officers, employees or agents shall be under any liability to the Holders or Beneficial Owners for any action taken, or not taken, by them in good faith under this Agreement or for errors in judgment. This provision will not protect Freddie Mac or any other related person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties under this Agreement. Freddie Mac and such related persons shall have no liability of whatever nature for special, indirect or consequential damages, lost profits or business, or any other liability or claim (other than for direct damages), even if reasonably foreseeable, or Freddie Mac has been advised of the possibility of such loss, damage, liability or claim. Freddie Mac and such related persons may rely in good faith on any document or other communication of any kind properly submitted by any person (in writing or electronically) with respect to any matter arising under this Agreement.

In performing its responsibilities under this Agreement, Freddie Mac may employ agents or independent contractors. Except upon an Event of Default, Freddie Mac shall not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to this Agreement.

Freddie Mac shall be under no obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities under this Agreement and which in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action which it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action shall be expenses and costs of Freddie Mac.

#### **Section 6.02. Binding Effect of this Agreement.**

By receiving and accepting a Note, each Holder, Financial Intermediary and Beneficial Owner of such Note unconditionally agrees, without any signature or further manifestation of assent, to be bound by the terms and conditions of this Agreement, as supplemented, modified or amended pursuant to its terms.

This Agreement shall be binding upon and inure to the benefit of any successor to Freddie Mac.



### **Section 6.03 Tax Treatment of the Notes.**

By purchasing the Notes, Holders agree to treat the Notes as notional principal contracts for U.S. federal income tax purposes (except for U.S. withholding tax purposes) and, as a result, as (i) a deemed loan and (ii) an on-market swap, each of which is tax accounted for in the manner described in the Offering Circular, unless such Holders are required to treat the Notes in some other manner pursuant to a final determination by the U.S. Internal Revenue Service or by a court of competent jurisdiction (each a “Final Tax Determination”). Holders and Beneficial Owners, as applicable, further agree (a) to prepare their U.S. federal income tax returns on the basis that the Notes will be treated as (1) a deemed loan and (2) an on-market swap, and (b) to report items of income, deduction, gain or loss with respect to the Notes in a manner consistent with the information reported to them pursuant to Section 3.01(d), unless otherwise required pursuant to a previously-selected method for tax accounting for contingent notional principal contracts or a Final Tax Determination.

### **Section 6.04. Limitation of Rights of Holders.**

The death or incapacity of any person having an interest, beneficial or otherwise, in a Note shall not operate to terminate this Agreement, nor entitle the legal representatives or heirs of such person or any Holder for such person to claim an accounting, take any action or bring any proceeding in any court for a termination of any Notes, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

### **Section 6.05. Conditions to Payment, Transfer or Exchange.**

Freddie Mac, its agent or any other person potentially required to withhold with respect to payments on a Note shall have the right to require a Holder of a Note, as a condition to payment of principal of or interest on such Note, or as a condition to transfer or exchange such Note, to present at such place as Freddie Mac, its agent or such other person shall designate a certificate in such form as Freddie Mac, its agent or such other person may from time to time prescribe, to enable Freddie Mac, its agent or such other person to determine its duties and liabilities with respect to (i) any taxes, assessments or governmental charges which Freddie Mac, the Global Agent or such other person, as the case may be, may be required to deduct or withhold from payments in respect of such Note under any present or future law of the United States or jurisdiction therein or any regulation or interpretation of any taxing authority thereof; and (ii) any reporting or other requirements under such laws, regulations or interpretations. Freddie Mac, its agent or such other person shall be entitled to determine its duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate or, if no certificate shall be presented, on the basis of any presumption created by any such law, regulation or interpretation, and shall be entitled to act in accordance with such determination.

## **Section 6.06. Amendment.**

(a) Freddie Mac may modify, amend or supplement this Agreement and the terms of the Notes, without the consent of the Holders or Beneficial Owners, (i) to cure any ambiguity, or to correct or supplement any defective provision or to make any other provision with respect to matters or questions arising under this Agreement or the terms of any Note that are not inconsistent with any other provision of this Agreement or the Note; (ii) to add to the covenants of Freddie Mac for the benefit of the Holders or surrender any right or power conferred upon Freddie Mac; (iii) to evidence the succession of another entity to Freddie Mac and its assumption of the covenants of Freddie Mac; (iv) to conform the terms of an issue of Notes or cure any ambiguity or discrepancy resulting from any changes in the Book-Entry Rules or any regulation or document that are applicable to book-entry securities of Freddie Mac or (v) in any other manner that Freddie Mac may determine and that will not adversely affect in any material respect the interests of Holders or Beneficial Owners at the time of such modification, amendment or supplement, as evidenced by the receipt by Freddie Mac of a written opinion of counsel to that effect or, alternatively, in the case of any particular Holder or Beneficial Owner, an acknowledgment to that effect from such Holder or Beneficial Owner. Notwithstanding these rights, Freddie Mac will not be permitted to make any amendment to this Agreement and the terms of the Notes unless Freddie Mac has received an opinion of a nationally-recognized U.S. federal income tax counsel to the effect that, and subject to customary assumptions, qualifications and exclusions, Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such amendment.

(b) In addition, with the written consent of the Holders of at least 50% of the aggregate then outstanding Class Principal Balance of the Notes affected thereby, excluding any such Notes owned by Freddie Mac, Freddie Mac may, from time to time and at any time, modify, amend or supplement the terms of the Notes for the purpose of adding any provisions to or changing in any manner or eliminating any provisions of such Notes or modifying in any manner the rights of the Holders; provided, however, that no such modification, amendment or supplement may, without the written consent or affirmative vote of each affected Holder of a Note; (A) change the Maturity Date or any monthly Payment Date of the Notes; (B) materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, the Notes; (C) reduce the Class Principal Balance of (other than as provided for in this Agreement), delay the principal payment of (other than as provided for in this Agreement), or materially modify the rate of interest or the calculation of the rate of interest on, the Notes; or (D) reduce the percentage of Holders whose consent or affirmative vote is necessary to modify, amend or supplement the terms of the Notes.

A quorum at any meeting of Holders called to adopt a resolution shall be Holders entitled to vote a majority of the then aggregate outstanding Class Principal Balance of the Notes called

to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the then aggregate outstanding Class Principal Balance of Notes, in both cases excluding any Notes owned by Freddie Mac. It shall not be necessary for the Holders to approve the particular form of any proposed amendment, but it shall be sufficient if such consent or resolution approves the substance of such change.

(c) Freddie Mac may establish a record date for the determination of Holders entitled to grant any consent in respect of Notes and to notify with respect to any such consent.

(d) Any instrument given by or on behalf of any Holder of a Note in connection with any consent to any such modification, amendment or supplement shall be irrevocable once given and shall be conclusive and binding on all subsequent Holders of such Note or any Note issued, directly or indirectly, in exchange or substitution therefor, irrespective of whether or not notation in regard thereto is made thereon. Any modification, amendment or supplement of this Agreement or of the terms of Notes shall be conclusive and binding on all Holders of Notes affected thereby, whether or not they have given such consent (unless by the terms of this Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of such modification, amendment or supplement is made upon the Notes.

**Section 6.07. Persons Deemed Owners.**

Freddie Mac, the Registrar, DTC and the Common Depositories (or any agent of any of them), may deem and treat the Holder as the absolute owner of a Note for the purpose of receiving payment of principal or interest and for all other purposes, and none of Freddie Mac, the Registrar, DTC and the Common Depositories, nor any agent of any of them, shall be affected by any notice to the contrary. All such payments so made to any such Holder or upon such Holder's order shall be valid, and, to the extent of the sum or sums paid, effectual to satisfy and discharge the duty for monies payable by Freddie Mac upon a Note. A Holder is not necessarily the beneficial owner of a Note. The rights of a beneficial owner of a Note with respect to Freddie Mac and the Registrar may be exercised only through the Holder. The rights of a beneficial owner of a DTC Note with respect to DTC and a Common Depository Note with respect to the Common Depositories may be exercised only through the applicable DTC Participant. Neither Freddie Mac nor the Registrar shall have any direct obligation to a beneficial owner that is not also the Holder of a Note. DTC and the Common Depository will have no direct obligation to a beneficial owner that is not also a DTC Participant, with respect to such Note.

**Section 6.08. Notice.**

(a) Any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon any Holder may be given or

served in writing by deposit thereof, postage prepaid, in the mail, addressed to such Holder as (i) such Holder's name and address may appear in the Register, (ii) in the case of a Holder of a DTC Note, by transmission to such Holder through the DTC communication system or (iii) in the case of a Common Depository Note, by transmission to such Holder through the Common Depository system. Such notice, demand or other communication to or upon any Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

(b) Except as set forth in Section 4.04 of this Agreement, any notice, demand or other communication which by any provision of this Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22102 Attention: General Counsel and Secretary. Such notice, demand or other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Freddie Mac.

**Section 6.09. Governing Law.**

THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE HOLDERS AND FREDDIE MAC WITH RESPECT TO THE NOTES SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE UNITED STATES. INsofar AS THERE MAY BE NO APPLICABLE PRECEDENT, AND INsofar AS TO DO SO WOULD NOT FRUSTRATE THE PURPOSES OF THE FREDDIE MAC ACT OR ANY PROVISION OF THIS AGREEMENT OR THE TRANSACTIONS GOVERNED THEREBY, THE LAWS OF THE STATE OF NEW YORK SHALL BE DEEMED REFLECTIVE OF THE LAWS OF THE UNITED STATES.

**Section 6.10. Headings.**

The Article, Section and Subsection headings are for convenience only and shall not affect the construction of this Agreement.

**Section 6.11. Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors, including any successor by operation of law, and permitted assigns.

RECEIPT AND ACCEPTANCE OF A NOTE ISSUED HEREUNDER BY OR ON BEHALF OF A HOLDER, WITHOUT ANY SIGNATURE OR FURTHER MANIFESTATION OF ASSENT, SHALL CONSTITUTE THE UNCONDITIONAL ACCEPTANCE BY THE HOLDER AND ALL OTHERS HAVING A BENEFICIAL INTEREST IN SUCH NOTE OF ALL THE TERMS AND PROVISIONS OF THIS AGREEMENT AND THE AGREEMENT OF FREDDIE MAC, SUCH HOLDER AND SUCH OTHERS THAT THOSE TERMS AND PROVISIONS SHALL BE BINDING, OPERATIVE AND EFFECTIVE AS BETWEEN FREDDIE MAC AND SUCH HOLDER AND SUCH OTHERS.

**FEDERAL HOME LOAN MORTGAGE  
CORPORATION**

**APPENDIX I**  
**MULTIFAMILY SCR DEBT NOTES, SERIES 2016-MDN1**  
**NOTE TERMS**

<b>Class of Notes</b>	<b>Initial Class Principal Balance</b>	<b>CUSIP Number</b>
<b>B</b>	<b>\$52,189,777</b>	<b>3137G3AA1</b>

**APPENDIX II**  
**MULTIFAMILY SCR DEBT NOTES, SERIES 2016-MDN1**  
**REPRESENTATIONS AND WARRANTIES**

## **REPRESENTATIONS AND WARRANTIES**

### **(EXCEPTIONS ON SCHEDULE B)**

1) ***Rent Schedule; Data Tape.*** The rent schedules submitted to [INITIAL INVESTOR] contain no material errors of which Freddie Mac has knowledge, and accurately state the actual leased rents for each Mortgaged Property as of the effective date thereof, and all other information regarding the Mortgaged Property contained in the Data Tape provided to [INITIAL INVESTOR] regarding the Mortgaged Property is true, complete and correct in all material respects.

2) ***Location of Improvements.*** All improvements to the Mortgaged Property that have been included in its appraised value lie within the boundaries of the land as described in the Reimbursement Mortgage, or to the extent that any such improvements encroach onto any adjoining land, each such encroachment does not materially and adversely affect the value, use or salability of the Project. No improvements on neighboring properties encroach onto the Mortgaged Property, or all such encroachments do not materially and adversely affect the value, use or salability of the Project.

3) ***No Damage.*** There exists no unrepaired or unrestored damage to the Mortgaged Property from fire or other casualty since the date of the Reimbursement Mortgage that would materially and adversely affect its value as security for the Reimbursement Mortgage, or, if such damage exists, sufficient funds have been escrowed to fully restore the Mortgaged Property to the same size and density as existed prior to such casualty, and such restoration is permitted under all applicable building and zoning laws and regulations.

4) ***Mortgaged Property Condition and Operation.***

(i) The Mortgaged Property is in good and habitable condition.

(ii) To Freddie Mac's best knowledge, there is no material uncured violation at the Mortgaged Property of any building or housing code or similar law or ordinance.

(iii) There are no deficiencies in the repair or maintenance of the Mortgage Property that threaten the health or safety of its tenants and their invited guests.

(iv) The physical configuration of the Project is not in material violation of the applicable requirements of the Americans with Disabilities Act.

(v) The Mortgaged Property is located in one of the fifty (50) states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands or other territories or possessions of the United States.



(vi) The Mortgaged Property consists of five (5) or more dwelling units. (For the purposes of this representation and warranty, a “dwelling unit” must include both a kitchen and a bathroom.)

(vii) No Mortgaged Property is operated as a manufactured housing park.

**5) *Condemnation.*** No part of the Mortgaged Property has been taken by condemnation or any similar proceeding since the date of the Reimbursement Mortgage, and, to the best of Freddie Mac’s knowledge, there is no pending or threatened (in writing) condemnation or similar proceeding with respect to all or any part of the Mortgaged Property.

**6) *Authorization and Execution of Documents.*** The Reimbursement Mortgage and all documents to which Owner is a party delivered in connection with the Reimbursement Mortgage have been validly authorized and executed by the Owner.

**7) *Insurance.*** The Mortgaged Property is covered by hazard, earthquake, flood, liability and rent loss insurance that meets the requirements of the Guide as of the applicable Closing Date. Without limiting the generality of the foregoing, for any Reimbursement Mortgage secured by a Mortgaged Property located in whole or in part in a Special Flood Hazard Area (“**SFHA**”) identified by the Federal Emergency Management Agency, (i) each building that lies within the SFHA is covered by flood insurance in an amount at least equal to the least of (A) its insurable replacement cost, (B) its prorated portion of the unpaid principal balance of the related Bonds as of the Closing Date in the case of a Mortgaged Property, or (C) the maximum limit of coverage available under the National Flood Insurance Program, and (ii) the community where the Mortgaged Property is located participates in the National Flood Insurance Program.

**8) *Delinquencies and Defaults.*** (i) All payments due under the terms of the Bond Mortgage Documents have been made, and there have been no delinquencies of 30 days or more since the origination of the Reimbursement Mortgage, (ii) there are no material non-monetary defaults under the terms of the Bond Mortgage Documents, and (iii) there have been no material non-monetary defaults which have remained uncured for 30 days or more since the date of the origination of the Reimbursement Mortgage.

**9) *Undisclosed Information about Owner.*** Except as disclosed to [INITIAL INVESTOR] in writing, Freddie Mac has no actual knowledge of any fact or circumstance affecting the Owner or the Mortgaged Property that materially and adversely affects the Owner’s ability to meet its obligations under the Reimbursement Mortgage in a timely manner.

**10) *Insolvency.*** No bankruptcy, insolvency, reorganization or comparable proceeding has been instituted by or against the Owner or any guarantor or indemnitor of the Owner’s obligations at any time during the last seven (7) years, and no such proceeding is now pending against any such party.

**11) Enforceability.** The Reimbursement Mortgage and the related Bond Mortgage Documents to which Owner is a party are the valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, subject to the effect of bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the enforcement of creditors, rights generally, and general principles of equity (whether such enforcement is considered in a proceeding at law or in equity) and any other qualifications set forth in any legal opinion delivered at the closing of the Reimbursement Mortgage relating to such enforceability.

**12) Liens.** The Bond Mortgage, if and when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed therewith, constitutes a valid, perfected first lien on the Mortgaged Property (except with respect to the Bonds of a subordinate series, or as otherwise noted on Schedule B), subject only to: (i) the liens of current real property taxes, ground rents, water charges, sewer rents and assessments not yet due and payable; and (ii) the exceptions (general and specific) set forth in the related title policies issued in connection with the Bond Mortgage Loan, including all covenants, conditions and restrictions, rights of way, easements and other matters of public record. The Reimbursement Mortgage, if and when properly recorded in the appropriate records, together with any Uniform Commercial Code financing statements required to be filed therewith, creates a valid, perfected second line on the Mortgaged Property, subject only to the Bond Mortgage and the exceptions set forth in Schedule B of the title insurance policy issued to Freddie Mac regarding the Reimbursement Mortgage in accordance with the terms thereof.

**13) Taxes Paid.** All taxes, water and sewer charges, ground rents, governmental assessments and other similar charges having a lien, or which would create a lien upon the Mortgaged Property if unpaid by their payment due date, have been paid, or amounts sufficient to cover the same in the ordinary course have been escrowed under the Reimbursement Security Documents consistent with the requirements of such Reimbursement Security Documents.

**14) Single Tax Parcel.** The Mortgaged Property consists of property identified as all of a single tax parcel or, if identified as multiple tax parcels, the Mortgaged Property constitutes the entirety of those tax parcels. Any tax parcel or parcels within which the Mortgaged Property is located does not include property that is not subject to the Reimbursement Mortgage.

**15) Access.** The Mortgaged Property does not share ingress and egress through an easement or private road, or share on-site or off-site recreational facilities and amenities that are not located on the Mortgaged Property and under the exclusive control of the Owner; or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement, such agreement meets the requirements of the Guide, and such agreement (i) provides that access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) specifies the Owner's responsibilities and share of expenses, and (iii) states

that the failure to pay any maintenance fee will not result in a loss of usage of the easement.

**16) Zoning.** The overall character of the existing use of the Mortgaged Property is consistent with the zoning classification of the Mortgaged Property, except to the extent such use may constitute a legal nonconforming use. Except as disclosed to [INITIAL INVESTOR] in writing, the Mortgaged Property does not violate any density or building setback requirements of the applicable zoning law. No proceedings are pending or, to the best of Freddie Mac's knowledge, threatened that would result in a change of the zoning of the Mortgaged Property.

**17) UCC Collateral.** The Owner is the legal and beneficial owner of (with full right and authority to assign) the UCC Collateral, free and clear of all liens, except that Financing statements have been filed in all locations necessary to perfect a security interest in all of the Mortgaged Property described in the financing statements, including all furniture, fixtures, equipment, accounts, contracts rights, condemnation and casualty proceeds, general intangibles and all other personal property related to the ownership or operation of the Mortgaged Property, described in those financing statements, to the extent that applicable law permits a security interest in such collateral to be perfected by filing.

**18) Federal Income Tax Matters.** To Freddie Mac's best knowledge, (1) no Owner has taken any action, omitted to take any action, or permitted any action to be taken that would impair the exclusion from gross income for federal income tax purposes of the interest payable on any of the Bonds, and (2) no Owner is in violation of any material requirement of any tax certificate relating to the Bonds.

**19) No Limiting Legal Action.** No Owner is presently under any cease or desist order or other order of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering the performance of its obligations under the Reimbursement Security Documents, nor to Freddie Mac's knowledge, are there any proceedings presently in progress or contemplated which would, if successful, lead to the issuance of any such order.

**20) Official Statement.** The statements and information set forth in any Official Statement or Remarketing Statement related to the Bonds and any supplements thereto with respect to the Owner and the Mortgaged Property are true, complete and correct in all material respects as of the date of the Official Statement and, as of such date, do not contain any untrue statement of a material fact with respect to the Owner and the Mortgaged Property or omit to state a material fact with respect to the Owner and the Mortgaged Property required to be stated in the Official Statement or necessary in order to make the statements made in the Official Statement, in light of the circumstances under which they were made, not misleading.

**21) Compliance.** To Freddie Mac's best knowledge, each Mortgaged Property complies in all material respects with all Applicable Legal Requirements affecting the

Mortgaged Property. Without limiting the foregoing, all permits have been issued or will be issued when necessary and appropriate in connection with the construction and development of each project and are and will be in full force and effect. Freddie Mac has not received any written notification or threat of any actions or proceedings regarding the noncompliance or nonconformity of any Mortgaged Property with Applicable Legal Requirements or permits, nor is Freddie Mac otherwise aware of any such pending actions or proceedings.

**22) *Regulatory Agreements.*** Except for the Tax Regulatory Agreements, and any regulatory agreements applicable to the tax credits, tax abatement, other government subsidy or any Approved Subordinate Financing, no Owner has accepted any deed or other restriction or entered into any regulatory or other similar agreement regulating or restricting the use or operation of the Mortgaged Property or restricting the tenant income and/or rent levels for the Mortgaged Property in connection with the allocation to the Mortgaged Property of federal low income housing tax credits or otherwise unless the form and content of such agreement was approved in writing by Freddie Mac.

**23) *Status; Waivers and Modifications.*** *Since the closing date of the Bond Mortgage Loan, the following are true and correct:*

(i) the material terms of the Reimbursement Mortgage, Note and the related Reimbursement Security Documents have not been waived, impaired, modified, altered, satisfied, canceled, subordinated or rescinded in any respect;

(ii) no related Mortgaged Property or any portion thereof has been released from the lien of the related Mortgage in any manner which materially interferes with the security intended to be provided by such Mortgage or the use, value or operation of such Mortgaged Property; and

(iii) neither the Owner nor any guarantor has been released from its obligations under the related Bond Mortgage Loan.

**24) *Third-Party Reports.*** Freddie Mac has provided or caused to be provided to [INITIAL INVESTOR] all third party reports in its possession relating to the Mortgaged Property or the Owner, including, without limitation, any appraisal, engineering report, environmental report or audit, title insurance policy, flood zone determinations and surveys.

**25) *Interest Computation.*** Each Indenture with respect to the related Bonds provides for computation of interest on the basis of a 360-day year comprised of twelve 30-day months to the maturity date of the Bonds. Each Bond Mortgage Note provides for computation of interest on the basis of a 360-day year comprised of twelve 30-day months to the maturity date of the Bond Mortgage Note.

**26) *Bond Requirements.*** Except as otherwise indicated:

(i) any Bonds originally issued as “draw-down” Bonds have been completely drawn down;

(ii) all Bonds are secured by a recorded mortgage, deed of trust or deed to secure debt granted by the related Owner in favor of the related Bond Trustee (or granted to the Issuer and then assigned to the related Bond Trustee);

(iii) no third-party credit facility and/or, if applicable, liquidity facility (other than the Freddie Mac Credit Enhancement) is in effect with respect to any series of Bonds; and

(iv) no forward or standby bond purchase agreement is in effect with respect to any series of Bonds.

**27) Title Insurance.** Each Title Insurance Policy in effect with respect to the related Reimbursement Mortgage is the same as the policy previously submitted to [INITIAL INVESTOR] by Freddie Mac.

**28) Single Asset Requirements.** In the case of each of the Mortgaged Properties, the Reimbursement Mortgage prohibits the applicable Owner from owning substantial assets other than its Mortgaged Property and prohibits the applicable Owner from engaging in any business enterprises other than the operation of its Mortgaged Property. To Freddie Mac’s knowledge, each Owner is in compliance with the above-described provision of its Reimbursement Mortgage.

**29) Optional Redemption at Par.** The first date on which the Bonds are permitted to be redeemed at par is set forth in the Trust Indenture.

**30) Replacement Reserves.** The replacement reserve requirements with respect to each Mortgaged Property as set forth in the related Reimbursement Security Documents have been funded in accordance with the Reimbursement Security Documents.

## SCHEDULE B

### EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES

A. SECTION (4) *Mortgaged Property Condition and Operation.*

- (i) The representations made in (d)(i), (iii) and (iv) as to the 55th Avenue Apts (Perm) property are qualified in their entirety to be “to the best knowledge of Freddie Mac”.
- (ii) This representation is qualified in its entirety for Bay Park I, Bay Park II, Mbd And Rose Ellen Apartments, and North Shore Plaza to be applicable only upon completion of the construction and/or rehabilitation at the respective property as contemplated by the applicable loan documents

B. SECTION (7) *Insurance.*

- (i) No representation is given as to whether flood insurance was required for The Balton Apartments, and if it was, whether it has provided in accordance with the Guide.
- (ii) No representation is given as to whether earthquake insurance was required for Monterra Apartments, Sorrento At Miramar or Alabama Ave Apts-Nka Roundtree Res., and if it was, whether it has been provided in accordance with the Guide.

C. SECTION (20) *Official Statement.*

- (i) No representation is made with regard to any official statements or remarketing statements which may have been prepared in connection with the issuance of Bonds to fund the mortgage loans for Morrisania Preservation Portfolio, East River Apartments, Sinclair Houses, Bay Park I, Bay Park II, and Mbd And Rose Ellen Apartments.

D. SECTION (25) *Interest Computation.*

- (i) This representation is made with respect to Bond Mortgage Notes that accrue interest at a fixed rate. For Bond Mortgage Notes that accrue interest at a variable rate, the computation of interest is based on the actual number of days in the month and the actual number of days in the year.