Offering Circular dated April 1, 1998

Freddie Mac

Multiclass REMIC Certificates

Offered Securities:	REMIC Certificates (Multiclass PCs and Multiclass Securities) and MACR Certificates; the Securities are issued in Series, each consisting of two or more Classes.
Multiclass PCs:	Multiclass PCs receive principal and interest payments from Freddie Mac PCs or from other Assets backed by Freddie Mac PCs.
Multiclass Securities:	Multiclass Securities receive principal and interest payments from GNMA Certificates or from other Assets backed by GNMA Certificates.
MACR Certificates:	MACR Certificates are issued in exchange for related Classes of REMIC Certificates, as provided in the related Supplement, and receive principal and interest payments from those Classes.
REMIC Pools:	Each Class of REMIC Certificates represents an interest in, and receives its payments from, a REMIC Pool consisting of the Assets described in the related Supplement. Freddie Mac forms a single REMIC Pool for each Single-Tier Series; it forms an Upper-Tier REMIC Pool and one or more Lower-Tier REMIC Pools for each Double-Tier Series.
Guarantee:	Freddie Mac guarantees principal and interest payments on the Securities as described in this Offering Circular and the related Supplements.
Tax Status:	An election will be made to treat each REMIC Pool as a REMIC for federal income tax purposes. The Regular Classes of each Series will constitute "regular interests" in a REMIC. A single Residual Class constituting the "residual interest" in a REMIC will be created for each REMIC Pool. For federal income tax purposes, each Class of MACR Certificates will constitute an interest in a grantor trust consisting of the related REMIC Certificates.
Payment Dates:	*Multiclass PCs and related MACR Certificates:* On or about the 15th of each month.
	Multiclass Securities and related MACR Certificates: On or about the 17th, 20th or 25th of each month, as provided in the related Supplement.
Form of Securities:	*Regular and MACR Classes:* Book-entry (Federal Reserve Banks, Participants Trust Company or The Depository Trust Company, as provided in the related Supplement).
	Residual Classes: Certificated.
Offering Terms:	The Securities are offered through underwriters and dealers by means of this Offering Circular and related Supplements on the terms described in those Supplements.

Capitalized terms used on this page have the meanings given them in the Offering Circular Summary. The Index of Terms (Exhibit A) shows the page numbers on which certain capitalized terms used in this Offering Circular are defined.

The risks associated with the Securities may make them unsuitable for some investors. See "Certain Risk Considerations" and "Prepayment and Yield Analysis" in the related Supplement.

This Offering Circular should be read in conjunction with the Supplement applicable to each Series and the additional documents specified in that Supplement. See "Available Information" in the related Supplement and "Availability of Information and Incorporation by Reference" in this Offering Circular.

The obligations of Freddie Mac under its guarantees of the Securities are obligations of Freddie Mac only. The Securities, including any interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac. Income on the Securities has no exemption under federal law from federal, state or local taxation. The Securities are exempt from the registration requirements of the Securities Act of 1933 and are "exempted securities" within the meaning of the Securities Exchange Act of 1934.

This Offering Circular, together with the Supplement for each Series, constitutes an offer to sell only the Securities of that Series. Freddie Mac has not authorized any broker, dealer or salesperson, or anyone else, to make any statements, written or oral, in connection with any such offer, except for those contained in this Offering Circular, in the applicable Supplement and in the other documents and sources of information prepared by Freddie Mac that are specified in that Supplement. Investors must not rely on any other statements as having been authorized by Freddie Mac.

Neither this Offering Circular nor any Supplement constitutes an offer to sell or a solicitation of an offer to buy any Securities by anyone in any jurisdiction where such an offer or solicitation would be unlawful, or where the person making such an offer or solicitation would not be qualified to do so, or to anyone to whom it would be unlawful to make such an offer or solicitation.

Freddie Mac makes no representation that the statements in this Offering Circular, any Supplement or any other document will be correct at any time after the date of such document, even though delivery of the document and the sale of the Securities take place on a later date.

TABLE OF CONTENTS

OFFERING CIRCULAR SUMMARY

This Offering Circular Summary contains selected information about the Securities. Investors should refer to the remainder of this Offering Circular and applicable Offering Circular Supplements ("Supplements") for further information.

Seller and Guarantor .... The Federal Home Loan Mortgage Corporation ("Freddie Mac"), a shareholder-owned, government-sponsored enterprise.

REMIC Certificates .... "REMIC Certificates" include Multiclass Mortgage Participation Certificates ("Multiclass PCs") and Multiclass Mortgage Securities ("Multiclass Securities"). REMIC Certificates are issued in "Series," each consisting of two or more "Classes." Classes of REMIC Certificates include "Regular Classes," which constitute "regular interests" in their related "REMIC Pools" for federal income tax purposes, and "Residual Classes," each of which constitutes the "residual interest" in its related REMIC Pool for those purposes.

Multiclass PCs are backed, directly or indirectly, by Freddie Mac "PCs." PCs include "Gold PCs," "Original PCs," "ARM PCs," "Gold Giant PCs," "Original Giant PCs" and "ARM Giant PCs." Gold PCs, Original PCs and ARM PCs represent undivided interests in discrete pools of fixed or adjustable rate, first lien, residential mortgages and mortgage participations ("Mortgages") that Freddie Mac has acquired. Gold Giant PCs, Original Giant PCs and ARM Giant PCs represent beneficial ownership interests in discrete pools typically consisting of Gold PCs, Original PCs and ARM PCs, respectively.

Multiclass Securities are backed, directly or indirectly, by "GNMA-Related Securities." GNMA-Related Securities include "fully modified pass-through" mortgage-backed securities ("GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA") and Freddie Mac Giant GNMA-Backed Securities ("Giant Securities"), which represent beneficial ownership interests in discrete pools consisting of GNMA Certificates. Underlying GNMA Certificates are Mortgages that are insured or guaranteed by the Federal Housing Administration ("FHA"), the Department of Veterans Affairs ("VA"), the Rural Housing Service ("RHS") or the Department of Housing and Urban Development ("HUD").

MACR Certificates .... Certain Series will provide for the issuance of one or more Classes (each, a "MACR Class") of Modifiable and Combinable REMIC Certificates ("MACR Certificates"). In any such Series, the Holders of one or more specified Regular Classes of REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Classes for proportionate interests in one or more related MACR Classes, as provided in the applicable Supplement. Similarly, the Holders of MACR Classes will be entitled to exchange all or a portion of such MACR Classes for proportionate interests in the related Classes of REMIC Certificates and, if so provided, in other related MACR Classes. Each MACR Certificate will represent a proportionate beneficial ownership interest in, and will be entitled to receive a proportionate amount of the cash flow from, the related Class or Classes of REMIC Certificates.

As used in this Offering Circular and applicable Supplements, the term "Securities" includes REMIC Certificates and MACR Certificates and the term "Classes" includes Classes of REMIC Certificates and MACR Certificates.

The Agreement .... Freddie Mac will create the Securities of each Series under a Multiclass REMIC Certificate Agreement dated as of the date of this Offering

Circular, as supplemented by a "Terms Supplement" relating to that Series (together, the "Agreement").

REMIC Pools . . . . Each Series will be either a "Single-Tier Series" or a "Double-Tier Series." The REMIC Certificates of each Single-Tier Series will represent beneficial ownership interests in a single REMIC Pool formed by Freddie Mac under the Agreement.

The REMIC Certificates of a Double-Tier Series will represent beneficial ownership interests in an "Upper-Tier REMIC Pool" and one or more "Lower-Tier REMIC Pools." In a Double-Tier Series, (i) the Classes issued from each Lower-Tier REMIC Pool (the "Lower-Tier Classes") will represent beneficial ownership interests in that Pool, (ii) one or more Lower-Tier Classes will be included in the related Upper-Tier REMIC Pool as the "Mortgage Securities" of that Pool and (iii) the Classes issued from the Upper-Tier REMIC Pool (the "Upper-Tier Classes") will represent beneficial ownership interests in that Pool. The REMIC Certificates offered in a Double-Tier Series typically consist of all of the Upper-Tier Classes plus the Residual Class(es) of the Lower-Tier REMIC Pool(s).

REMIC Pool Assets . . . . The assets underlying each Series (the "Assets") will consist of PCs, GNMA-Related Securities or other securities created or acquired by Freddie Mac having the characteristics described under "Description of Securities — REMIC Pool Assets" in this Offering Circular and, as to a particular Series, in the related Supplement. Any REMIC Pool may also include cash or other eligible assets. The Assets underlying a Series frequently include previously issued REMIC Certificates or one or more "Callable Classes" of a Series of Freddie Mac Callable Pass-Through Certificates (a "CPC Series").

Form of Securities . . . . Regular Classes of Multiclass PCs and related MACR Classes in most cases will be issued and maintained, and may be transferred by Holders, only on the book-entry system (the "Fed System") of the Federal Reserve Banks. Classes maintained on the Fed System may be held of record only by entities eligible to maintain book-entry accounts with a Federal Reserve Bank ("Fed Participants").

Regular Classes of Multiclass Securities and related MACR Classes in most cases will be issued and maintained, and may be transferred by Holders, either on the Fed System or on the book-entry system (the "PTC System") of Participants Trust Company or its successor (the "Depository"), as specified in the related Supplement. Classes maintained on the PTC System may be held of record only by the Depository's participants ("Depository Participants").

If a Series includes one or more "Retail Classes," each such Class will be represented by one or more certificates held by or on behalf of The Depository Trust Company or its successor (the "Retail Depository"), unless otherwise provided in the related Supplement. The Retail Depository will maintain each such Class through its book-entry facilities.

The Residual Class for each REMIC Pool, and certain Regular Classes if so provided in the related Supplement, will be issued in registered, certificated form. Residual Classes and such Regular Classes ("Certificated Regular Classes") will be transferable and exchangeable at the office of Chase Bank of Texas, National Association or its successor (the "Registrar").

Holders . . . . The term "Holders" means (i) in the case of a Class maintained on the Fed System, the Fed Participants appearing on the book-entry records of a Federal Reserve Bank as holders of that Class, (ii) in the case of a Class maintained on the PTC System, the Depository Participants appearing on the book-entry records of the Depository as holders of that Class, (iii) in the case of a Retail Class, the Retail Depository or its nominee and (iv) in the case of a Residual Class or a Certificated Regular Class, the entities or individuals appearing on the records of the Registrar as the registered holders of that Class.

A Holder of a Security is not necessarily the beneficial owner of such Security. Beneficial owners ordinarily will hold Regular and MACR Classes, and may hold Residual Classes, through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. A Holder that is not also the beneficial owner of a Security, and each other financial intermediary in the chain to the beneficial owner, will be responsible for establishing and maintaining accounts for their customers and for remitting payments to those accounts.

Minimum Principal Amounts and Transfers .... Unless otherwise provided in the applicable Supplement, (i) Regular Classes (other than Retail Classes) and MACR Classes will be issued and must be maintained and transferred in minimum original principal or notional principal amounts of $1 and additional increments of $1, (ii) Retail Classes will be issued and must be maintained and transferred in $1,000 "Retail Class Units" and (iii) Residual Classes will be issued and must be maintained and transferred in minimum original principal or notional principal amounts of $1,000 and additional increments of $1 or, in the case of a Residual Class without an original principal or notional principal amount, in minimum percentage interests of 1% in the residual interest in the related REMIC Pool.

Payment Dates .... Freddie Mac will pay principal and interest to Holders of Securities entitled to such payments on each applicable Payment Date. Unless otherwise provided in the related Supplement, the applicable "Payment Date" will be:

- For Multiclass PCs and related MACR Classes that are maintained on the Fed System, the 15th of each month or, if the 15th is not a Business Day, the next Business Day.
- For Multiclass Securities and related MACR Classes that are maintained on the Fed System, the 25th of each month or, if the 25th is not a Business Day, the next Business Day.
- For Multiclass Securities and related MACR Classes that are maintained on the PTC System and are backed entirely by "GNMA I Certificates," the second Business Day after the 15th calendar day of each month.
- For Multiclass Securities and related MACR Classes that are maintained on the PTC System and are backed entirely or partly by "GNMA II Certificates," the 20th of each month or, if the 19th or 20th is not a Business Day, the next Business Day after the 20th.
- For a Retail, Residual or Certificated Regular Class, the same Payment Date as for the other Classes in its Series that receive payments from the same Assets.

"Business Day" means a day other than:

(i) a Saturday or Sunday.

(ii) a day on which the offices of the federal government located in the District of Columbia generally are closed for business.

(iii) a day on which the offices of Freddie Mac are closed.

(iv) as to Securities maintained on the Fed System, a day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed.

(v) as to any Holder of a Security maintained on the Fed System, a day on which the Federal Reserve Bank at which such Holder's account is maintained is authorized or obligated by law or executive order to remain closed.

(vi) as to Securities maintained on the PTC System, a day on which the Depository is authorized or obligated by law or executive order to remain closed.

(vii) as to Retail, Residual and Certificated Regular Classes, a day on which the Registrar or, in the case of Retail Classes, the Retail Depository is authorized or obligated by law or executive order to remain closed.

Method of Payment .... Unless otherwise provided in the applicable Supplement, a Federal Reserve Bank will credit payments on each Payment Date to the accounts of Holders of Securities maintained on the Fed System. Unless otherwise provided in the applicable Supplement, the Depository will credit payments on each Payment Date in immediately available funds to the accounts of Holders of Securities maintained on the PTC System in accordance with the Depository's rules and procedures. Each Holder, and each other financial intermediary in the chain to the beneficial owner, will be responsible for remitting payments to their customers.

Unless otherwise provided in the applicable Supplement, the Registrar will make payments on a Retail Class to the Retail Depository in immediately available funds. The Retail Depository will be responsible for crediting payments to the accounts of the appropriate Retail Depository participants ("Retail Depository Participants") in accordance with the Retail Depository's normal procedures. Each Retail Depository Participant, and each other financial intermediary in the chain to the beneficial owner, will be responsible for remitting payments to their customers.

The Registrar will mail payments on a Residual Class or a Certificated Regular Class by check to the addresses of the Holders of that Class, as they appear on the Registrar's records, or, if specified in the related Supplement, by wire transfer to such Holders, in either case not later than the applicable Payment Date. However, a Holder will receive (i) the final payment of principal, if any, on a Residual Class only upon presentation of the Holder's certificate to the Registrar for notation of such payment and (ii) the final payment on a Residual Class or a Certificated Regular Class only upon surrender of the Holder's certificate to the Registrar.

Interest .... Interest will accrue on each Class of each Series at its applicable per annum interest rate ("Class Coupon"), if any, or as otherwise described in the related Supplement. Interest will be paid on each Payment Date, except for interest on any "Accrual Classes" or "Partial Accrual Classes." Interest on each Accrual Class or Partial Accrual Class will be paid to the extent, if any, provided in the related Supplement. The amount of any interest accrued and not paid on any Accrual Class or Partial Accrual Class will be added to the principal amount of that Class. Any accrued interest so added will also accrue interest. Interest payable or added to principal on a Payment Date will accrue during the period or periods (each, an "Accrual Period") specified in the related Supplement.

Principal..................... Freddie Mac will pay principal on the Securities of each Series on each Payment Date as described in the related Supplement. Subject to any allocation procedures that may apply in the case of a Retail Class, the

Holders of Securities of any Class entitled to receive principal payments on any Payment Date will receive such payments on a pro rata basis.

Residual Classes .... Holders of each Residual Class will be entitled to receive (i) on each Payment Date, any payments of principal and interest specified in the related Supplement and (ii) the proceeds of the remaining assets, if any, of the related REMIC Pool after all required principal and interest payments on all Classes issued from that REMIC Pool have been made.

Each Residual Class will be subject to transfer restrictions, as described under "Certain Federal Income Tax Consequences — Transfers of Interests in a Residual Class."

Record Date .... Each payment on the Securities of a Series will be made to Holders of record as of the related "Record Date." Unless otherwise provided in the related Supplement, the Record Date for each Payment Date is the end of the preceding calendar month or, in the case of Classes directly or indirectly backed by Original PCs or ARM PCs, the close of business on the 14th of the preceding calendar month.

Final Payment Date .... The Final Payment Date for each Class of a Series is the latest date by which such Class will be retired. Final Payment Dates are calculated on the basis of highly conservative assumptions, and the actual retirement of any Class may occur earlier than its Final Payment Date.

Guarantees .... Freddie Mac guarantees to each Holder of a Security (i) the timely payment of interest at the applicable Class Coupon or as otherwise described in the applicable Supplement and (ii) the payment of the principal amount of the Holder's Security as described in the applicable Supplement. Freddie Mac also guarantees the payment of interest and principal on all PCs and Giant Securities. GNMA guarantees the payment of interest and principal on GNMA Certificates.

Optional Redemption .... Unless otherwise provided in the related Supplement, Freddie Mac may redeem the outstanding REMIC Certificates of any Series (or, in the case of a Double-Tier Series, the outstanding Lower-Tier Classes of any Lower-Tier REMIC Pool) in whole, but not in part, on any Payment Date when their aggregate outstanding principal amount would be less than 1% of their aggregate original principal amount. Upon any redemption of Lower-Tier Classes in a Double-Tier Series, the redemption price of the Lower-Tier Classes that constitute Mortgage Securities for the Upper-Tier REMIC Pool will be applied to retire the related Upper-Tier Classes.

Class Factors .... For each month, Freddie Mac will make available a "Class Factor" for each Class having a principal amount. The Class Factor for any Class for any month will be a truncated seven-digit decimal which, when multiplied by the original principal amount of a Security of that Class, will equal its remaining principal amount, after giving effect to any payment of (or addition to) principal to be made on the Payment Date in the same month or, in the case of a Class directly or indirectly backed by Original PCs or ARM PCs, in the following month.

REMIC Election and Tax Status of the Securities ...... Freddie Mac will elect to treat each REMIC Pool as a real estate mortgage investment conduit ("REMIC") for federal income tax purposes. Regular Classes will be "regular interests," and Residual Classes will be "residual interests," in the related REMICs for federal income tax purposes.

As a consequence of the REMIC election, the REMIC Certificates will generally be treated as "regular or residual interests in a REMIC" for domestic building and loan associations, as "real estate assets" for real estate investment trusts and, except for Residual Classes, as "qualified mortgages" for other REMICs and as "permitted assets" for financial asset securitization investment trusts.

Special tax considerations apply to Residual Classes. The taxation of a Residual Class can produce a significantly less favorable after-tax return than if (i) the Residual Class were taxable as a debt instrument or (ii) no portion of the taxable income on the Residual Class were treated as "excess inclusions." In certain periods, taxable income and the resulting tax liability on a Residual Class may exceed payments received on that Class. In addition, a substantial tax may be imposed on certain transferors of a Residual Class and certain beneficial owners of a Residual Class that are "pass-thru entities." Investors should not purchase Residual Classes before consulting their tax advisors.

The arrangement under which MACR Classes are created (a "MACR Pool") will be classified as a grantor trust for federal income tax purposes.

Legal Investment Considerations . . . . See "Legal Investment Considerations." Fiduciaries of ERISA plans should review "ERISA Considerations."

FREDDIE MAC

Freddie Mac is a shareholder-owned, government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§ 1451-1459 (the "Freddie Mac Act"). Freddie Mac's statutory purposes are (i) to provide stability in the secondary market for residential mortgages, (ii) to respond appropriately to the private capital market, (iii) to provide ongoing assistance to the secondary market for residential mortgages (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) and (iv) to promote access to mortgage credit throughout the United States (including central cities, rural areas and underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing. Neither the United States nor any agency or instrumentality of the United States other than Freddie Mac is obligated, either directly or indirectly, to fund the mortgage purchase or financing activities of Freddie Mac.

The principal activity of Freddie Mac consists of the purchase of first lien, conventional residential mortgages, including both whole loans and participation interests in such mortgages. Freddie Mac finances mortgage purchases primarily by sales of guaranteed mortgage-related securities. Mortgages retained by Freddie Mac are financed with debt securities, other liabilities and equity capital. Freddie Mac also engages in transactions, such as the issuance of the Securities, involving the purchase and resecuritization of its outstanding guaranteed mortgage-related securities.

AVAILABILITY OF INFORMATION AND INCORPORATION BY REFERENCE

Freddie Mac prepares an annual Information Statement that describes Freddie Mac, its business and operations and contains Freddie Mac's audited financial statements. From time to time Freddie Mac prepares Information Statement Supplements that include unaudited financial data and other information concerning its business and operations. Freddie Mac periodically prepares "PC Offering Circulars" for Gold PCs, Original PCs and ARM PCs, a "Giant PC Offering Circular" for Gold Giant PCs, Original Giant PCs and ARM Giant PCs and a "Giant Securities Offering Circular" for Giant Securities. These Offering Circulars describe the general characteristics of such securities, the related mortgages and other matters. Each describes or includes the agreement under which such securities are created and sold (a "PC Agreement" in the case of Gold PCs, Original PCs and ARM PCs; a "Giant PC Agreement" in the case of Gold Giant PCs, Original Giant PCs and ARM Giant PCs; and a "Giant Security Agreement" in the case of Giant Securities).

The Supplement for each Series of Securities will incorporate by reference the current Information Statement and any applicable Information Statement Supplements. The Supplement for each offering of Multiclass PCs will incorporate by reference the applicable PC Offering Circular and Giant PC Offering Circular and any applicable supplements to those documents. The Supplement for each offering of Multiclass Securities will incorporate by reference the Giant Securities Offering Circular and any applicable supplement to that document. Investors can obtain any of these documents, the Agreement (including the Terms Supplement for any Series) and any other documents prepared and made available by Freddie Mac by writing, calling or e-mailing the Investor Inquiry Department at Freddie Mac at 8200 Jones Branch Drive, McLean, Virginia 22102 (outside Washington, D.C. metropolitan area, phone 800/336-FMPC; within Washington, D.C. metropolitan area, phone 703/450-3777; e-mail: Investor_Inquiry@freddiemac.com). Information regarding Freddie Mac securities, including Offering Circulars and Supplements, is also available from Freddie Mac's Internet Web-Site (http://www.freddiemac.com).

DESCRIPTION OF SECURITIES

General

Freddie Mac will offer Securities from time to time in Series by means of this Offering Circular and a Supplement relating to each Series. Each Series will consist of two or more Classes.

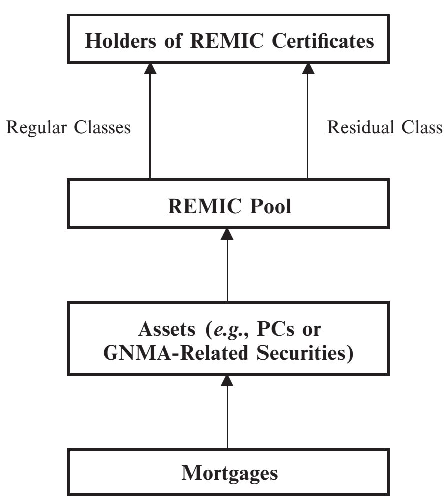
Each Class of REMIC Certificates will represent a beneficial ownership interest in one or more REMIC Pools for the related Series. In the case of a Single-Tier Series, the REMIC Certificates will represent beneficial ownership interests in a single REMIC Pool whose Assets include (i) PCs or securities backed directly or indirectly by PCs, (ii) GNMA-Related Securities or securities backed directly or indirectly by GNMA-Related Securities and/or (iii) if so provided in the related Supplement, the rights of the REMIC Pool under a guaranteed investment and fee contract, executed by Freddie Mac in its corporate capacity and pursuant to which payments on any GNMA Certificates in the REMIC Pool are invested with Freddie Mac from the date of receipt by the REMIC Pool at a rate of return guaranteed by Freddie Mac, and investment proceeds are retained by Freddie Mac, to the extent provided therein, as a fee for the administration of the REMIC Pool (a "GIFC").

In the case of a Double-Tier Series, (i) the Lower-Tier Classes will represent beneficial ownership interests in one or more Lower-Tier REMIC Pools, each consisting of one or more of the types of Assets described in the preceding paragraph, (ii) one or more Lower-Tier Classes, representing regular interests in the Lower-Tier REMIC Pool(s), will constitute the Mortgage Securities for the Upper-Tier REMIC Pool and (iii) the Upper-Tier Classes will represent beneficial ownership interests in the Upper-Tier REMIC Pool.

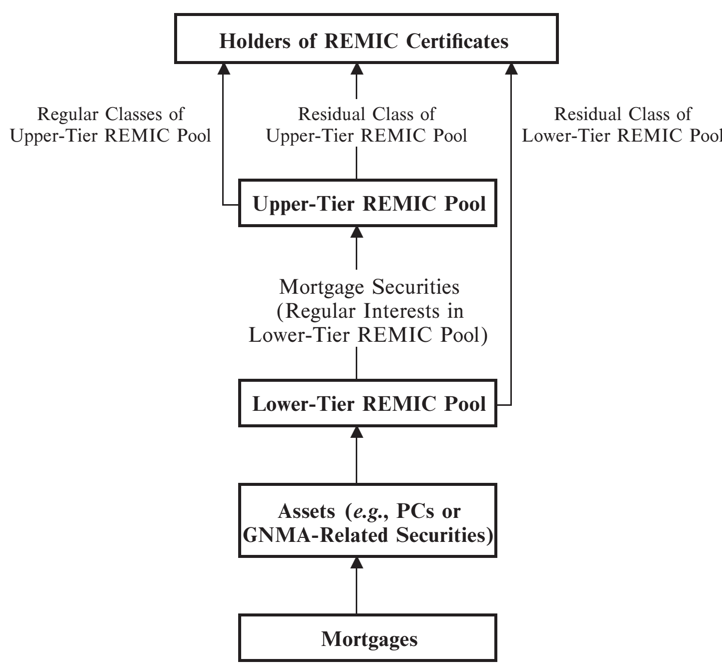
Any REMIC Pool may, if so provided in the related Supplement, also include cash or other eligible assets. Each Single-Tier Series will include a single Residual Class, and each Double-Tier Series will include two or more Residual Classes (one for each REMIC Pool).

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. Double-Tier Series frequently include more than one Lower-Tier REMIC Pool.

Single-Tier



Double-Tier



Each Series of Securities will be created under the Agreement, including the Terms Supplement for that Series. Holders and anyone having a beneficial interest in the Securities of any Series should refer to the Agreement for a complete description of their rights and obligations and the rights and obligations of Freddie Mac. Holders and beneficial owners of Securities will acquire their Securities subject to all terms and conditions of the Agreement.

Standard Definitions and Abbreviations for Classes

Classes of Securities fall into different categories. The following chart identifies and generally defines most categories. The first column of the chart shows Freddie Mac's 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.

Freddie Mac Standard Abbreviation	Category of Class	Definition
		PRINCIPAL TYPES
AD	Accretion Directed	Classes that are designed to receive principal payments from accretions on specified Accrual or Partial Accrual Classes. These Classes also may receive principal payments from principal paid on the underlying Assets.
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.
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.
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 one or more "trigger" events. A Non-Sticky Jump Class "jumps" to its new priority on each Payment Date when the trigger condition is met and reverts to its original priority (does not "stick" to the new priority) on each Payment Date when the trigger condition is not met.
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.
PAC	PAC (or Planned Amortization Class)	Classes that are designed to receive principal payments using a predetermined schedule derived by assuming two *constant* prepayment rates for the underlying Mortgages. A PAC schedule generally will reflect a "structuring range" at least 30% PSA (as will be defined in each applicable Supplement) both above and below the Prepayment Assumption (as defined under "Certain Federal Income Tax Consequences — Taxation of Regular Classes — Original Issue Discount" in this Offering Circular) for the related Series. The PAC Classes in any Series may include two or more "Types." The PAC Class or Classes within any Type generally have a single structuring range. The different Types have different structuring ranges and/or different principal payment priorities. In cases where there is more than one Type, the PAC Classes may be assigned such designations as *Type I PAC Classes*, *Type II PAC Classes* and so forth (standard abbreviations: *PAC I*, *PAC II* and so forth).
PT	Pass-Through	Classes which receive all or a specified portion of the principal payments on the underlying Assets (or designated portion thereof) and that are not designated as Strip or Sequential Pay Classes.

Freddie Mac Standard Abbreviation	Category of Class	Definition
SCH	Scheduled	Classes that are designed to receive principal payments using a predetermined schedule, but that are not designated as PAC or TAC Classes. Scheduled Classes may include, among others, the following types of Classes: (i) Classes that are designed to receive principal payments using two predetermined schedules, each of which is derived using either a single *constant* prepayment rate or two *constant* prepayment rates for the underlying Mortgages ("High/Low Scheduled Classes"); (ii) Classes that 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 ("Absolute Maturity Scheduled Classes"); (iii) Classes that are designed to receive principal payments using a predetermined schedule derived by assuming two *constant* prepayment rates for the underlying Mortgages, which schedule reflects a "structuring range" that is less than 30% PSA above and/or less than 30% PSA below the Prepayment Assumption ("Limited Range Scheduled Classes") and (iv) Classes consisting of PAC and TAC Components, PAC and Scheduled Components or Scheduled and TAC Components ("Component Scheduled Classes").
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.
SJ	Sticky Jump	Classes whose principal payment priorities change permanently upon the occurrence of one or more "trigger" events. A Sticky Jump Class "jumps" to its new priority on the first Payment Date when the trigger condition is met and retains ("sticks" to) that priority until retired.
STP	Strip	Classes that receive a constant proportion, or "strip," of the principal payments on the underlying Assets (or designated portion thereof).
SUP	Support (or Companion)	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 by assuming a single *constant* prepayment rate for the underlying Mortgages. The TAC Classes in any Series may include two or more "Types." The different Types have different principal payment priorities and/or have schedules that are derived from different assumed prepayment rates. In cases where there is more than one Type, the TAC Classes may be assigned such designations as *Type I TAC Classes*, *Type II TAC Classes* and so forth (standard abbreviations: *TAC I*, *TAC II* and so forth).
XAC	Index Allocation Class	Classes whose principal payment allocations are based on the value of an index.

Freddie Mac Standard Abbreviation	Category of Class	Definition
		INTEREST TYPES
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.
DLY	Delay	A Floating Rate, Inverse Floating Rate or WAC Class for which there is a delay of 15 or more days from the end of its Accrual Period to the related Payment Date.
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.
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 simultaneously receive payments of the remainder as interest.
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, some of which have different interest rates.

Freddie Mac Standard Abbreviation	Category of Class	Definition
Z	Accrual	Classes that accrete all of their interest, which is added to the 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.
		OTHER TYPES
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.
LIQ	Liquid Asset	Classes intended to qualify as "liquid assets" for certain savings institutions. Liquid Asset Classes have Final Payment Dates not later than five years from their dates of issuance.
RTL	Retail	Classes designated for sale to retail investors. Retail Classes frequently are sold in small "Retail Class Units" or other increments and may receive principal payments in accordance with special priorities and allocation procedures.
SC	Structured Collateral	Classes that receive payments from one or more previously issued Regular Classes.

Form of Securities, Holders, Minimum Principal Amounts and Transfers

Form, Denominations and Transfers

Unless otherwise provided in the applicable Supplement, Freddie Mac will sell (i) Regular Classes of Multiclass PCs (other than Retail Classes and Certificated Regular Classes) and related MACR Classes only in book-entry form through the Fed System and (ii) Regular Classes of Multiclass Securities (other than Retail Classes and Certificated Regular Classes) and related MACR Classes only in book-entry form through either the Fed System or the PTC System, as provided in the applicable Supplement.

Freddie Mac's fiscal agent for Securities maintained on the Fed System will be the Federal Reserve Banks. The Fiscal Agency Agreement between Freddie Mac and the Federal Reserve Bank of New York, acting on behalf of the Federal Reserve Banks, makes generally applicable to such Regular Classes (i) the HUD regulations applicable to Freddie Mac's book-entry securities (24 C.F.R. Part 81, Subpart H) and (ii) such procedures as may be agreed upon from time to time by Freddie Mac and a Federal Reserve Bank. These regulations relate primarily to the issuance and recordation of, and transfers of interests (including security interests) in, Freddie Mac's securities maintained on the Fed System and apply to all such securities, regardless of when issued. The accounts of Fed Participants are governed by applicable operating circulars and letters of the Federal Reserve Banks.

The Depository will be Freddie Mac's paying agent for Securities maintained on the PTC System. The Depository is a New York-chartered limited purpose trust company registered with the Securities and Exchange Commission as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934. The Depository performs services for Depository Participants, principally brokerage firms and other financial institutions, some of which own the Depository. Unless otherwise provided in the applicable Supplement, the Depository will credit payments on each Payment Date in immediately available funds to the accounts of Holders of Securities maintained on the PTC System in accordance with its rules and procedures. Securities maintained on the PTC System will be represented by one or more certificates held by or on behalf of the Depository. Neither Holders nor beneficial owners of such Securities will receive certificates.

A Class maintained on the Fed System may be held of record only by Fed Participants. A Federal Reserve Bank's book-entry records will reflect a Fed Participant's aggregate holdings of such Class. A Class maintained on the PTC System may be held of record only by Depository Participants.

Unless otherwise provided in the applicable Supplement, Regular Classes (other than Retail Classes and Certificated Regular Classes) and MACR Classes will be issued and must be maintained and transferred on the Fed System or PTC System, as applicable, in minimum original principal or notional principal amounts of $1 and additional increments of $1. Transfers of Regular Classes and MACR Classes maintained on the Fed System will also be subject to any applicable Federal Reserve Bank minimum wire transfer requirements.

If a Series includes one or more Retail Classes, each such Class will be represented by one or more certificates registered in the name of the Retail Depository or its nominee, unless otherwise provided in the related Supplement. The Retail Depository is a New York-chartered limited purpose trust company that performs services for Retail Depository Participants, principally brokerage firms and other financial institutions. The Retail Depository will maintain each Retail Class through its book-entry facilities in $1,000 Retail Class Units, unless otherwise provided in the related Supplement.

If a Series includes one or more Certificated Regular Classes, each such Class will be issued in registered, certificated form in minimum original principal or notional principal amounts of $1 and additional increments of $1, unless otherwise provided in the applicable Supplement.

Unless otherwise provided in the applicable Supplement, Residual Classes will be issued only in certificated form in minimum original principal or notional principal amounts of $1,000 and additional increments of $1 or, in the case of a Residual Class without an original principal or notional principal amount, in minimum percentage interests of 1% in the residual interest in the related REMIC Pool.

Residual Classes and Certificated Regular Classes will be transferable and exchangeable at the offices of the Registrar. A service charge may be imposed for any exchange or registration of transfer of an interest in a Residual Class or a Certificated Regular Class, and Freddie Mac may require payment of a sum sufficient to cover any tax or other governmental charge.

Each Class of Securities is assigned a unique nine-character designation (a "CUSIP Number") used, among other things, to identify such Class.

Holders

The term "Holders" means (i) in the case of a Security maintained on the Fed System, the Fed Participants appearing on the book-entry records of a Federal Reserve Bank as holders of that Class, (ii) in the case of a Security maintained on the PTC System, the Depository Participants appearing on the book-entry records of the Depository as holders of that Class, (iii) in the case of a Retail Class, the Retail Depository or its nominee and (iv) in the case of a Residual Class or a Certificated Regular Class, the entities or individuals appearing on the records of the Registrar as the registered holders of that Class.

A Holder of a Security is not necessarily the beneficial owner of such Security. Beneficial owners ordinarily will hold Regular and MACR Classes, and may hold Residual Classes, through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, an investor may hold an interest in a Regular or MACR Class through a brokerage firm which, in turn, holds such interest through a Fed Participant. In that case, the beneficial owner of such interest would be the investor and the Fed Participant appearing as the holder on the records of a Federal Reserve Bank would be the Holder. In the case of a Regular or MACR Class maintained on the PTC System, beneficial ownership will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary where the beneficial owner maintains an account for that purpose. In turn, the financial intermediary's interest in a Regular or MACR Class will be recorded on the records of the Depository (or of a Depository Participant that acts as agent for the financial intermediary, if the intermediary is not itself a Depository Participant).

A Holder that is not also the beneficial owner of a Security, 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. The rights of the beneficial owner of a Security with respect to Freddie Mac, any Federal Reserve Bank (in the case of a Class maintained on the Fed System) or the Depository (in the case of a Class maintained on the PTC System) may be exercised only through the Holder of the Security. Freddie Mac, any Federal Reserve Bank and the Depository will not have a direct obligation to a beneficial owner of a Security that is not also the Holder of such Security. A Federal Reserve Bank or the Depository will act only upon the instructions of the Fed Participant or Depository Participant, as applicable, in recording transfers of a Class maintained in book-entry form.

Freddie Mac, the Registrar, the Federal Reserve Banks and the Depository, and any of their agents, may treat the Holder as the absolute owner of a Security for the purpose of receiving payments of principal or interest and for all other purposes, and neither Freddie Mac, the Registrar, the Federal Reserve Banks or the Depository, nor any of their agents, will be affected by any notice to the contrary.

Payment Procedures

A Federal Reserve Bank or the Depository, as applicable, will credit payments to Holders on the Fed System or the PTC System on each applicable Payment Date. Holders of a Class on the books and records of a Federal Reserve Bank or the Depository, as applicable, on the applicable Record Date will be entitled to any payments on the Class made on the related Payment Date. The Agreement provides that in the event of a principal or interest payment error, Freddie Mac, in its sole discretion, may effect corrections by the adjustment of payments to be made on future Payment Dates or in such other manner as it deems appropriate.

Unless otherwise provided in the applicable Supplement, payments on a Retail Class will be made by the Registrar to the Retail Depository in immediately available funds. The Retail Depository will be responsible for crediting the payment to the accounts of the appropriate Retail Depository Participants in accordance with the Retail Depository's normal procedures. Each Retail Depository Participant and each other financial intermediary will be responsible for remitting payments to the beneficial owners of a Retail Class that it represents.

Payments on a Residual Class or a Certificated Regular Class will be made by check mailed by the Registrar to the addresses of the Holders, as they appear on the register maintained by the Registrar, or, if specified in the related Supplement, by wire transfer to such Holders, in either case not later than the applicable Payment Date. However, a Holder will receive (i) the final payment of principal, if any, on a Residual Class only upon presentation of the Holder's certificate to the Registrar for notation of such payment and (ii) the final payment on a Residual Class or a Certificated Regular Class only upon presentation and surrender of the Holder's certificate to the Registrar.

REMIC Pool Assets

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

(i) Freddie Mac PCs, which may be:

- Gold PCs, which represent interests in fixed rate Mortgages and for which the period from the first day of their month of issuance to their initial Payment Date is approximately 45 days;
- Original PCs, which represent interests in fixed rate Mortgages and for which the period from the first day of their month of issuance to their initial Payment Date is approximately 75 days;
- ARM PCs, which represent interests in adjustable rate Mortgages and for which the period from the first day of their month of issuance to their initial Payment Date is approximately 75 days;
- Gold Giant PCs, which represent beneficial ownership interests in discrete pools consisting of specified Gold PCs and, in some cases, other Gold Giant PCs;
- Original Giant PCs, which represent beneficial ownership interests in discrete pools consisting of specified Original PCs and, in some cases, other Original Giant PCs; or
- ARM Giant PCs, which represent beneficial ownership interests in discrete pools consisting of specified ARM PCs and, in some cases, other ARM Giant PCs.

(ii) GNMA-Related Securities, which may be:

- GNMA Certificates; or

- Giant Securities, which represent beneficial ownership interests in discrete pools consisting of specified GNMA Certificates and, in some cases, other Giant Securities.

(iii) Securities representing regular interests in a REMIC, including, in the case of an Upper-Tier REMIC Pool, the Mortgage Securities representing regular interests in the related Lower-Tier REMIC Pool(s).

(iv) In the case of a REMIC Pool which includes GNMA Certificates, the rights of the REMIC Pool (or the applicable Lower-Tier REMIC Pool in a Double-Tier Series) under a GIFC.

(v) Debt obligations ("Funding Notes") representing regular interests in a REMIC, which Funding Notes are secured by PCs or GNMA-Related Securities and provide for the receipt by Freddie Mac of payments on such PCs or GNMA-Related Securities in amounts needed to amortize the principal amounts of, and pay accrued interest on, such Funding Notes.

(vi) A Callable Class of a CPC Series.

(vii) Any other types of securities which are eligible for inclusion in a REMIC and whose payments are derived from PCs or GNMA-Related Securities.

Each REMIC Pool may also include cash or other eligible assets. In any Series, the underlying Assets may be divided into two or more groups ("Asset Groups"). The Supplement relating to each Series will contain more specific information regarding the Assets of the REMIC Pool or Pools for such Series.

Freddie Mac may, under certain circumstances, substitute other eligible Assets for those originally included in a REMIC Pool. Freddie Mac will make any such substitution in accordance with applicable laws and regulations in effect at the time of substitution and only upon receipt of an opinion of counsel that such substitution will not cause the REMIC Pool to fail to be classified as a REMIC for federal income tax purposes. The initial rate of principal payments on the related Securities may be faster or slower than if the applicable REMIC Pool had originally included the substitute Assets.

In the case of a Series backed by Gold PCs, some of the PCs may be "Converted Gold PCs." Converted Gold PCs are Gold PCs that are issued under an exchange program offered by Freddie Mac that allows investors to convert Original PCs and Original Giant PCs into Gold PCs. In their initial months after conversion, Converted Gold PCs may exhibit slightly different principal payment behavior than would be exhibited by otherwise identical Gold PCs that are originally issued as such.

Unless otherwise provided in the applicable Supplement, up to 10% of the PCs in or underlying any REMIC Pool may have pool numbers or legends denoting that the underlying Mortgages include any one of the following: "Relocation Mortgages," "Cooperative Share Mortgages," "Extended Buydown Mortgages," "Biweekly Mortgages" or "Newly-Originated Assumable Mortgages;" but such PCs, in the aggregate, may not constitute more than 15% of the PCs by principal amount. The applicable PC Offering Circulars describe these types of Mortgages and the characteristics that distinguish them from other Mortgages.

GNMA Certificates

GNMA Certificates are securities guaranteed by GNMA, a wholly-owned corporate instrumentality of the United States within HUD. Section 306(g) of Title III of the National Housing Act of 1934, as amended (the "Housing Act"), authorizes GNMA to guarantee the timely payment of principal of, and interest on, certificates that are based on and backed by pools of certain mortgages insured or guaranteed by the FHA, VA, RHS or HUD. The GNMA Certificates are known as "fully modified pass-through securities" because investors receive monthly payments of interest, plus scheduled principal, even if the borrowers of the underlying mortgages have not made their monthly payments.

Section 306(g) of the Housing Act provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection." To meet its obligations under such guaranties, GNMA is authorized, under Section 306(d) of the Housing Act, to borrow unlimited amounts from the United States Treasury. (By contrast, the Freddie Mac guarantees on Multiclass Securities and related MACR Certificates are Freddie Mac obligations only and are *not* subject to the "full faith and credit" of the United States.)

Each GNMA Certificate underlying the Multiclass Securities will be issued and serviced by a mortgage banking company or other financial concern approved by GNMA as a seller-servicer of loans insured or guaranteed by the FHA, VA, RHS or HUD. GNMA Certificates are issued under the GNMA I program ("GNMA I Certificates") and the GNMA II program ("GNMA II Certificates"). Holders of GNMA I Certificates and GNMA II Certificates have substantially similar rights, although certain differences do exist.

Under the GNMA I program, GNMA I Certificates are issued and marketed by a single GNMA issuer that has assembled a pool of current mortgages (within two years of issuance) to back those GNMA I Certificates. All mortgages underlying a particular GNMA I Certificate must be of the same type (for example, all single family level payment mortgages) and have the same fixed annual interest rate. The per annum pass-through rate on each GNMA I Certificate is 50 basis points less than the annual interest rate on the mortgages included in the pool backing the related GNMA I Certificates. Payments of principal and interest are made to holders of GNMA I Certificates on or about the 15th of each month.

Under the GNMA II program, mortgage pools may be formed by aggregating packages of mortgages submitted by more than one GNMA issuer for a particular issue date and pass-through rate. The resulting pool, which backs a single issue of GNMA II Certificates, is marketed and administered by each participating issuer to the extent of the mortgages contributed by it to the pool. Each GNMA II Certificate issued under a multiple issuer pool, however, is backed by a proportionate interest in the entire pool (and not just mortgages contributed to the pool by any one GNMA issuer). GNMA II Certificates may also be backed by a custom pool of fixed rate mortgages formed by a single issuer. Payments of principal and interest are made to holders of GNMA II Certificates on or about the 20th of each month by The Chase Manhattan Bank, the paying and transfer agent for such Certificates.

Each GNMA II Certificate pool consists entirely of fixed rate mortgages or entirely of adjustable rate mortgages. Fixed rate mortgages underlying any particular GNMA II Certificate must be of the same type, but may have annual interest rates that vary from each other by up to 100 basis points. The per annum pass-through rate on each such GNMA II Certificate will be between 50 and 150 basis points less than the highest annual interest rate on any mortgage included in the pool of mortgages backing such GNMA II Certificate.

Except as otherwise provided in the applicable Supplement, adjustable rate mortgages underlying any particular GNMA II Certificate will have interest rates that adjust annually based on the One-Year Treasury Index. GNMA pooling specifications require that all adjustable rate mortgages in a given pool have an identical first adjustment date, annual adjustment date, index reference date and means of adjustment. All of the mortgages must have interest rates that are at least 50 basis points but not more than 150 basis points above the interest rate of the related GNMA II Certificate. In addition, the mortgage margin for any given mortgage must be at least 50 basis points but not more than 150 basis points greater than the margin for the related GNMA II Certificate. The mortgages and GNMA II Certificates will be subject to an annual adjustment cap of $\pm 1\%$ and a lifetime cap of $\pm 5\%$ above or below the initial interest rate. Thirty days after each annual adjustment date, the payment amount of an adjustable rate mortgage will be reset so that the remaining principal balance of that mortgage would fully amortize in equal monthly payments over its remaining term to maturity, assuming its interest rate were to remain constant at the new rate.

Under its "Platinum" program, GNMA guarantees certificates that represent undivided ownership interests in certain pools of GNMA I Certificates or GNMA II Certificates that have been deposited in trust by the holders thereof. For purposes of this Offering Circular, "GNMA I Certificates" and "GNMA II Certificates" include certificates guaranteed under the Platinum program that are backed by GNMA I Certificates and GNMA II Certificates, respectively.

Class Factors

General

For each month, Freddie Mac will make available (including on its Internet Web-Site) the Class Factor for each Class of Securities having a principal amount. Unless otherwise provided in the related Supplement, Class Factors will be made available on or about (i) the first business day of each month in the case of Multiclass PCs and related MACR Certificates directly or indirectly backed by Gold PCs or Original PCs, (ii) the seventh business day of each month in the case of Multiclass PCs and related MACR Certificates directly or indirectly backed by ARM PCs or (iii) the tenth business day of each month in the case of Multiclass Securities and related MACR Certificates. The Class Factor for any Class for any month will be a truncated seven-digit decimal which, when multiplied by the original principal amount of a Security of that Class, will equal its remaining principal amount, after giving effect to any payment of (or addition to) principal to be made on the Payment Date in the same month or, in the case of a Class directly or indirectly backed by Original PCs or ARM PCs, in the following month. Freddie Mac will also make available a Class Factor for each Notional Class. Such a Class Factor will reflect the remaining notional principal amount of a Security of that Class in an analogous manner. The Class Factors for MACR Classes and the Classes of REMIC Certificates that are exchangeable for MACR Classes will be calculated assuming that the maximum possible amount of each such Class is outstanding at all times, regardless of any exchanges that may occur.

Multiclass Securities

Freddie Mac will calculate the amount of principal to be paid on, and the Class Factor for, each Class backed by GNMA-Related Securities in each month based in part on GNMA Certificate "factors" reported on or about the seventh business day of the same month. For each Series, Freddie Mac will determine the remaining principal balance to which each underlying GNMA Certificate would be reduced in that month on the basis of those reported factors.

Currently such reported factors are preliminary and subject to revision. In addition, there may not be reported factors for some GNMA Certificates. For any GNMA Certificate for which a factor has not been reported, Freddie Mac (or its agent) will calculate the remaining principal balance to which the applicable GNMA Certificate would be reduced on the basis of assumed Mortgage amortization schedules. Freddie Mac (or its agent) will create those schedules using available remaining term to maturity and interest rate information and adjusting such remaining term to maturity to the current month. Such calculations will reflect payment factor information previously reported to Freddie Mac and estimated subsequent scheduled amortization (but not prepayments) on the related Mortgages. In the event that GNMA makes available additional information that may be useful in determining assumed Mortgage amortization schedules, Freddie Mac (or its agent) may create such schedules using that information.

In the case of Giant Securities, Freddie Mac will determine the applicable remaining principal balances using the published factors for those securities.

Freddie Mac will then calculate the aggregate of the remaining principal balances described above (the "Aggregate Remaining Balance"). Principal payments on the Classes of a Series on any Payment Date will be based in part on the difference between (i) the Aggregate Remaining Balance of the underlying GNMA-Related Securities for the preceding month (or their aggregate principal balance at formation of the related REMIC Pool, in the case of the first Payment Date) and (ii) their Aggregate Remaining Balance for the current month. Such difference is called the "GNMA Principal Payment Amount." See "Payments of Principal" below.

Because the Aggregate Remaining Balance is based on factors that may be preliminary, or on Freddie Mac's (or its agent's) calculations when reported factors are not available, there may be variances between the principal payments actually received by Freddie Mac in any month and the GNMA Principal Payment Amount for that month. However, the GNMA Principal Payment Amount for any month will reconcile any variances that occurred in the preceding month. Freddie Mac's determination of the Class Factors and principal payments by the methodology described above will be final.

Payments of Interest

Unless otherwise provided in the related Supplement, interest will accrue on each Security during each applicable Accrual Period at the applicable Class Coupon, if any, specified in or determined as specified in that Supplement. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on a Class other than an Accrual Class or Partial Accrual Class will be paid on the Payment Dates specified in the related Supplement. Interest accrued on an Accrual Class or Partial Accrual Class will be payable only to the extent provided in the related Supplement, and the amount of any interest accrued and not paid will be added to the principal amount of that Class. Any accrued interest so added will also accrue interest.

Unless otherwise provided in the related Supplement, interest in respect of each Residual Class will be paid on each Payment Date either (i) at the applicable Class Coupon or (ii) in an amount equal to the amount received as interest payments on the Assets in the related REMIC Pool on that Payment Date, less the aggregate amount of interest payable on (or added to the principal amount of) the related Regular Classes on that Payment Date.

Unless otherwise provided in the applicable Supplement, the Accrual Period relating to any Payment Date will be:

- for Fixed Rate, Ascending Rate, Descending Rate and Delay Classes that are directly or indirectly backed by Gold PCs or GNMA-Related Securities, the calendar month preceding the month of the Payment Date.

- for Fixed Rate, Ascending Rate, Descending Rate and Delay Classes that are directly or indirectly backed by Original PCs or ARM PCs, the period from the 15th of the second month preceding the month of the Payment Date to the 15th of the month preceding the month of the Payment Date.

- for Floating Rate, Inverse Floating Rate and WAC Classes, other than Delay Classes, that are directly or indirectly backed by PCs, the period from the 15th of the month preceding the month of the Payment Date to the 15th of the month of the Payment Date.

- for Floating Rate, Inverse Floating Rate and WAC Classes, other than Delay Classes, that are directly or indirectly backed by GNMA-Related Securities, the period (i) from the 25th of the month preceding the month of the Payment Date to the 25th of the month of the Payment Date (for Classes maintained on the Fed System), (ii) from the 17th of the month preceding the month of the Payment Date to the 17th of the month of the Payment Date (for Classes directly or indirectly backed entirely by GNMA I Certificates and maintained on the PTC System) or (iii) from the 20th of the month preceding the month of the Payment Date to the 20th of the month of the Payment Date (for Classes directly or indirectly backed in whole or in part by GNMA II Certificates and maintained on the PTC System).

Interest Rate Indices

Unless otherwise provided in the related Supplement, each Floating Rate or Inverse Floating Rate Class will bear interest during each Accrual Period by reference to one of the following indices: (i) "LIBOR," the arithmetic mean of the London interbank offered quotations for Eurodollar deposits with a maturity of one month, three months, one year or some other maturity, as specified in the related Supplement; (ii) "COFI," the weighted average cost of funds for member savings institutions of the Eleventh Federal Home Loan Bank District; (iii) a "Treasury Index," the auction average (investment) yield on three-month or six-month U.S. Treasury bills or the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of one, three, five, seven, ten or thirty years or to some other constant maturity, in each case as specified in the related Supplement; or (iv) the "Prime Rate," the prime lending rate of major banks as published in *The Wall Street Journal.* Classes bearing interest by reference to these indices are called "LIBOR Classes," "COFI Classes," "Treasury Index Classes" and "Prime Rate Classes," respectively.

Absent manifest error, Freddie Mac's determination of the applicable index levels and its calculation of the Class Coupons of the Floating Rate and Inverse Floating Rate Classes for each Accrual Period will be final and binding. Investors can get the rates for the current and preceding Accrual Periods from Freddie Mac's Internet Web-Site or by contacting Freddie Mac's Investor Inquiry Department as shown under "Availability of Information and Incorporation by Reference."

Determination of LIBOR

Unless otherwise provided in the applicable Supplement, Freddie Mac will calculate the Class Coupons of LIBOR Classes for each Accrual Period (after the first) on the second business day before the Accrual

Period begins (a "Floating Rate Adjustment Date"). For purposes of these calculations, LIBOR with respect to a Floating Rate Adjustment Date will be either (i) the "Interest Settlement Rate" for U.S. dollar deposits of the applicable maturity set by the British Bankers' Association (the "BBA") as of 11:00 a.m. (London time) on the Floating Rate Adjustment Date (the "BBA Method") or (ii) determined by Freddie Mac on the basis of the offered quotations of the Reference Banks (as defined below), as such quotations are provided to Freddie Mac as of 11:00 a.m. (London time) on such Floating Rate Adjustment Date (the "LIBO Page Method"). The method for calculating LIBOR will be set forth in the applicable Supplement. For this purpose, "business day" means a day on which banks are open for dealing in foreign currency and exchange in London, New York City and Washington, D.C.

BBA Method. The BBA's Interest Settlement Rates are currently displayed on the Dow Jones Telerate Service page 3750 (such page, or such other page as may replace page 3750 on that service or such other service as may be nominated by the BBA as the information vendor for the purpose of displaying the BBA's Interest Settlement Rates for deposits in U.S. dollars, the "Designated Telerate Page"). Such Interest Settlement Rates are also currently available on Reuters Monitor Money Rates Service page "LIBOR01" and Bloomberg L.P. page "BBAM." The BBA's Interest Settlement Rates currently are rounded to five decimal places.

With respect to a Floating Rate Adjustment Date, if the BBA's Interest Settlement Rate does not appear on the Designated Telerate Page as of 11:00 a.m. (London time) on such date, or if the Designated Telerate Page is not available on such date, Freddie Mac will obtain such rate from Reuters' or Bloomberg's page. If such rate is not published for such Floating Rate Adjustment Date, LIBOR for such date will be the most recently published Interest Settlement Rate. In the event that the BBA no longer sets an Interest Settlement Rate, Freddie Mac will designate an alternative index that has performed, or that Freddie Mac expects to perform, in a manner substantially similar to the BBA's Interest Settlement Rate. Freddie Mac will select a particular index as the alternative index only if it receives an opinion of counsel that the selection of such index will not cause the related REMIC Pool or Pools to lose their classification as REMICs for federal income tax purposes.

LIBO Page Method. With respect to the LIBO Page Method, "Reference Banks" means four leading banks engaged in transactions in Eurodollar deposits in the international Eurocurrency market (i) with an established place of business in London, (ii) whose quotations appear on the Reuters Screen LIBO Page on the Floating Rate Adjustment Date in question and (iii) which have been designated as such by Freddie Mac and are able and willing to provide such quotations to Freddie Mac on each Floating Rate Adjustment Date; and "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace page "LIBO" on that service for the purpose of displaying London interbank offered quotations of major banks). If any Reference Bank designated by Freddie Mac should be removed from the Reuters Screen LIBO Page or in any other way fails to meet the qualifications of a Reference Bank, Freddie Mac may, in its sole discretion, designate an alternative Reference Bank. If the quotations of more than four banks appear on the Reuters Screen LIBO Page on a Floating Rate Adjustment Date, Freddie Mac will select the four Reference Banks by alternately excluding those banks whose quotations are highest and those whose quotations are lowest; for this purpose, Freddie Mac will exclude first the bank (or one of the banks) whose quotation is the highest, then the bank (or one of the banks) whose quotation is the lowest, and so forth, until only four banks remain.

On each Floating Rate Adjustment Date, Freddie Mac will determine LIBOR under the LIBO Page Method for the next Accrual Period as follows:

(i) If on any Floating Rate Adjustment Date two or more of the Reference Banks provide offered quotations of the applicable maturity, LIBOR for the next Accrual Period will be the arithmetic mean of such offered quotations (rounding such arithmetic mean upwards, if necessary, to the nearest whole multiple of 1/16%).

(ii) If on any Floating Rate Adjustment Date only one or none of the Reference Banks provides such offered quotations, LIBOR for the next Accrual Period will be whichever is the higher of (x) LIBOR as determined on the previous Floating Rate Adjustment Date or (y) the Reserve Interest Rate. The "Reserve Interest Rate" will be the rate per annum which Freddie Mac determines to be either

(A) the arithmetic mean (rounding such arithmetic mean upwards, if necessary, to the nearest whole multiple of 1/16%) of the Eurodollar lending rates of the applicable maturity that the New York City banks selected by Freddie Mac are quoting, on the relevant Floating Rate Adjustment Date, to the principal London offices of leading banks in the London interbank market or (B) in the event that Freddie Mac can determine no such arithmetic mean, the lowest Eurodollar lending rate of the applicable maturity that the New York City banks selected by Freddie Mac are quoting on such Floating Rate Adjustment Date to leading European banks.

(iii) If on any Floating Rate Adjustment Date Freddie Mac is required but is unable to determine the Reserve Interest Rate in the manner provided in paragraph (ii) above, LIBOR for the next Accrual Period will be LIBOR as determined on the previous Floating Rate Adjustment Date, or, in the case of the first Floating Rate Adjustment Date, the level of LIBOR used to calculate the initial Class Coupon of the particular LIBOR Class.

Determination of COFI

Unless otherwise provided in the applicable Supplement, Freddie Mac will calculate the Class Coupons of COFI Classes for each Accrual Period (after the first) on the related Floating Rate Adjustment Date (for Classes that are not also Delay Classes) or on the second business day of such Accrual Period (for Delay Classes), by reference to COFI as published most recently by the Federal Home Loan Bank of San Francisco (the "FHLB of San Francisco"). COFI is currently published by the FHLB of San Francisco on or about its last working day of each month and is designed to represent the monthly weighted average cost of funds for savings institutions in the Eleventh District (which consists of Arizona, California and Nevada) for the month prior to the month of publication. COFI is computed by the FHLB of San Francisco for each month by dividing the cost of funds (interest paid during the month by Eleventh District savings institutions on savings, advances and other borrowings) by the average of the total amount of these funds outstanding at the end of that month and the prior month and annualizing and adjusting the result to reflect the actual number of days in the particular month. If necessary, before these calculations are made, the FHLB of San Francisco adjusts the component figures to neutralize the effect of events such as member institutions leaving the Eleventh District or acquiring institutions outside the Eleventh District. COFI has been reported each month since August 1981.

COFI is intended to reflect the interest costs paid on all types of funds held by Eleventh District member savings associations and savings banks. COFI is weighted to reflect the relative amount of each type of funds held at the end of the relevant month. There are three major components of funds of Eleventh District member institutions: (i) savings deposits, (ii) Federal Home Loan Bank advances and (iii) all other borrowings, such as reverse repurchase agreements and mortgage-backed bonds. Unlike most other interest rate measures, COFI does not necessarily reflect current market rates, since the component funds represent a variety of terms to maturity whose costs may react in different ways to changing conditions. The FHLB of San Francisco periodically prepares percentage breakdowns of the types of funds held by Eleventh District member institutions. Such breakdowns can be obtained from the FHLB of San Francisco.

A number of factors affect the performance of COFI which may cause it to move in a manner different from indices tied to specific interest rates, such as LIBOR or any Treasury Index. Because of the various terms to maturity of the liabilities upon which COFI is based, COFI may not necessarily reflect the average prevailing market interest rates on new liabilities of similar maturities. Additionally, COFI may not necessarily move in the same direction as market interest rates at all times, since as longer term deposits or borrowings mature and are renewed at prevailing market interest rates, COFI is influenced by the differential between the prior and the new rates on those deposits or borrowings. Moreover, as stated above, COFI is designed to represent the average cost of funds for Eleventh District savings institutions for the month prior to the month in which COFI is published. Because COFI is based on a regional and not a national cost of funds, it may not behave as would a nationally based index. In addition, the movement of COFI, as compared to other indices tied to specific interest rates, may be affected by changes instituted by the FHLB of San Francisco in the method used to calculate COFI. Investors can order an informational brochure explaining COFI by writing or calling the FHLB of San Francisco's Marketing Department, P.O. Box 7948, San

Francisco, California 94120, phone 415/616-2610. The current level of COFI can be obtained by calling the FHLB of San Francisco at 415/616-2600.

The failure by the FHLB of San Francisco to publish COFI for a period of 65 calendar days will constitute an "Alternative Rate Event." Upon the occurrence of an Alternative Rate Event, Freddie Mac will calculate the Class Coupons of the COFI Classes for the subsequent Accrual Periods by using, in place of COFI, (i) the replacement index, if any, published or designated by the FHLB of San Francisco or (ii) if no replacement index is so published or designated, an alternative index selected by Freddie Mac that has performed, or that Freddie Mac expects to perform, in a manner substantially similar to COFI. At the time an alternative index is first selected by Freddie Mac, Freddie Mac will determine the average number of basis points, if any, by which the alternative index differed from COFI for such period as Freddie Mac, in its sole discretion, reasonably determines to reflect fairly the long-term difference between COFI and the alternative index, and will adjust the alternative index by such average. Freddie Mac will select a particular index as the alternative index only if it receives an opinion of counsel that the selection of such index will not cause the related REMIC Pool or Pools to lose their classification as REMICs for federal income tax purposes.

If at any time after the occurrence of an Alternative Rate Event, the FHLB of San Francisco resumes publication of COFI, the Class Coupons of the COFI Classes for each subsequent Accrual Period will be calculated by reference to COFI.

Determination of the Treasury Index

Unless otherwise provided in the applicable Supplement, Freddie Mac will calculate the Class Coupons of Treasury Index Classes for each Accrual Period (after the first) on the fourth business day before the Accrual Period begins (an "Index Adjustment Date"). On each Index Adjustment Date, Freddie Mac will determine the applicable Treasury Index, which will be either (i) 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 U.S. Department of the Treasury in the most recent edition of its Public Debt News that is available to Freddie Mac or (ii) 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) as published by the Federal Reserve Board in the most recent edition of Federal Reserve Statistical Release No. H.15 (519) that is available to Freddie Mac. The Public Debt News is made available by the U.S. Department of the Treasury on the day of the applicable auction. Investors can obtain it by contacting the U.S. Department of the Treasury's Bureau of Public Debt. Statistical Release No. H.15 (519) is published on Monday or Tuesday of each week. Investors can order it from the Publications Department at the Board of Governors of the Federal Reserve System, 21st and C Streets, N.W., M.S. 138, Washington, D.C. 20551. 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 in the Public Debt News 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.

Notwithstanding the preceding paragraph, the Class Coupons of Treasury Index Classes backed by adjustable rate GNMA Certificates will be adjusted by reference to the same value for the applicable Treasury Index as is used to adjust the interest rates of such GNMA Certificates, unless otherwise provided in the applicable Supplement.

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 Federal Reserve Bank of New York. This method permits estimation of the yield for a given maturity even if no security with that exact maturity is outstanding.

In the event that the applicable Treasury Index becomes unavailable, Freddie Mac will designate an alternative index based upon comparable information and methodology. At the time an alternative index is first selected by Freddie Mac, Freddie Mac will determine the average number of basis points, if any, by which the alternative index differed from the applicable Treasury Index for such period as Freddie Mac, in its sole discretion, reasonably determines to reflect fairly the long-term difference between the applicable Treasury Index and the alternative index, and will adjust the alternative index by such average. Freddie Mac will select a particular index as the alternative index only if it receives an opinion of counsel that the selection of such alternative index will not cause the related REMIC Pool or Pools to lose their classification as REMICs for federal income tax purposes.

If at any time after the applicable Treasury Index becomes unavailable, it again becomes available, the Class Coupons for the related Treasury Index Classes for each subsequent Accrual Period will be calculated by reference to the applicable Treasury Index.

Determination of the Prime Rate

Unless otherwise provided in the applicable Supplement, on each Floating Rate Adjustment Date, Freddie Mac will calculate the Class Coupons of Prime Rate Classes for the next Accrual Period by reference to the rate published as the "Prime Rate" in the "Money Rates" section or other comparable section of *The Wall Street Journal* on such Floating Rate Adjustment Date. The rate published in *The Wall Street Journal* currently represents the rate posted by 75% of the 30 largest commercial banks in the United States. In the event 75% of the largest banks do not post the same rate, and *The Wall Street Journal* publishes a prime rate range, then the average of that range, as determined by Freddie Mac, will be the Prime Rate. In the event *The Wall Street Journal* no longer publishes a "Prime Rate" entry, Freddie Mac will designate a new methodology for determining the Prime Rate based on comparable data. Freddie Mac will select a particular methodology as the alternative methodology only if it receives an opinion of counsel that the selection of such methodology will not cause the related REMIC Pool or Pools to lose their classification as REMICs for federal income tax purposes.

If at any time after the Prime Rate becomes unavailable in *The Wall Street Journal*, it again becomes available, the Class Coupons for the Prime Rate Classes for each subsequent Accrual Period will be calculated by reference to the Prime Rate published in *The Wall Street Journal*.

Historical Values of Selected Indices

Listed below are selected historical values for LIBOR, COFI and the Ten-Year Treasury Index. These values are presented for illustrative purposes only and do not purport to be representative of subsequent levels of any Index.

Year-Month	LIBOR (One Month) (1)	COFI (2)	Ten-Year Treasury (3)
1988-January	7.37500%	7.615%	8.39%
-July	7.81250	7.593	9.12
1989-January	9.18750	8.125	8.97
-July	9.37500	8.844	7.97
1990-January	8.50000	8.369	8.36
-July	8.31250	8.109	8.48
1991-January	7.62500	7.858	8.04
-July	6.06250	6.998	8.25
1992-January	4.31250	6.002	7.25
-July	3.93750	5.069	6.67
1993-January	3.31250	4.360	6.46
-July	3.18750	3.998	5.88
1994-January	3.25000	3.710	5.74
-July	4.62500	3.860	7.26
1995-January	6.00000	4.747	7.78
-July	6.12500	5.144	6.46
1996-January	5.71875	5.033	5.65
-July	5.50000	4.819	6.85
1997-January	5.31250	4.821	6.62
-July	5.71875	4.887	6.18
1998-January	5.71875	4.987	5.63

(1) Value reported in *The Wall Street Journal* on the first business day of the applicable month.
(2) Value reported for the applicable month by the FHLB of San Francisco.
(3) Value for the week ended on the last Friday of the applicable month, as published in Federal Reserve Statistical Release No. H.15 (519).

Payments of Principal

On each Payment Date for a Series, Freddie Mac will pay principal in the manner described in the related Supplement to the Holders of each Class on which principal is then due.

Unless otherwise provided in the related Supplement, the total amount of principal required to be paid on the Classes of any Series on a Payment Date will equal the sum of (i) the interest, if any, that has accrued on any Accrual Classes and Partial Accrual Classes of that Series during the applicable Accrual Period and that is not payable as interest on such Payment Date and (ii) the amount of principal payments required to be made on that Payment Date on the underlying Assets or, for Classes whose underlying Assets are GNMA-Related Securities, the GNMA Principal Payment Amount (as defined under "Class Factors — Multiclass Securities" above) for that Payment Date.

Subject to any allocation procedures that may apply in the case of a Retail Class, the Holders of Securities of any Class entitled to receive principal payments on any Payment Date will receive such payments on a pro rata basis.

Residual Classes

Holders of each Residual Class will be entitled to receive (i) on each Payment Date, any payments of principal and interest specified in the related Supplement and (ii) the proceeds of the remaining assets, if any, of the related REMIC Pool after all required principal and interest payments on all Classes issued from such REMIC Pool have been made.

Residual Classes will be subject to certain transfer restrictions, including certain restrictions on the ownership of such Classes by foreign persons. See "Certain Federal Income Tax Consequences — Transfers of Interests in a Residual Class."

Freddie Mac will furnish Holders of Residual Classes the information it deems necessary or appropriate to enable them to prepare any reports required under the Internal Revenue Code or applicable Treasury regulations. Freddie Mac does not intend to hold any Residual Class for its account, and applicable law may not permit Freddie Mac to perform tax administrative functions for the REMIC Pools. Accordingly, the Holders of a Residual Class may have certain tax administrative obligations (for which Freddie Mac will act as attorney-in-fact and agent). See "Certain Federal Income Tax Consequences."

Guarantees

Freddie Mac guarantees to each Holder of a Security (i) the timely payment of interest at the applicable Class Coupon or as otherwise described in the applicable Supplement and (ii) the payment of the principal amount of the Holder's Security, as described in the applicable Supplement.

Freddie Mac also guarantees the payment of interest and principal on all PCs, as described in the applicable PC Offering Circulars and in the Giant PC Offering Circular. In each case, Freddie Mac guarantees the timely payment of interest. For Gold PCs, Original PCs and ARM PCs, Freddie Mac guarantees the full payment of principal on the underlying Mortgages and, in the case of Gold PCs only, the timely payment of scheduled principal on such Mortgages, calculated as described in the applicable PC Offering Circular. For Gold Giant PCs, Original Giant PCs and ARM Giant PCs, Freddie Mac guarantees the payment of their principal amount as payments are made on the underlying PCs. See the discussions of Freddie Mac's guarantees in the applicable PC Offering Circulars and in the Giant PC Offering Circular.

Freddie Mac guarantees to each holder of a Giant Security the timely payment of interest at the applicable Giant Security interest rate and the payment of the principal amount of such holder's Giant Security as described in the Giant Securities Offering Circular.

GNMA guarantees the timely payment of principal and interest on the GNMA Certificates. The obligations of GNMA under its guarantees of the GNMA Certificates are backed by the full faith and credit of the United States.

The obligations of Freddie Mac under its guarantees are obligations of Freddie Mac only. Securities guaranteed by Freddie Mac, including any interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.

Optional Redemption

Unless otherwise provided in the applicable Supplement, Freddie Mac may at its option redeem the outstanding Classes of REMIC Certificates of any Series (or, in the case of a Double-Tier Series, the outstanding Lower-Tier Classes of any Lower-Tier REMIC Pool) in whole, but not in part, on any Payment Date when the aggregate outstanding principal amount of such Classes, after giving effect to principal payments to be made on such Payment Date, would be less than 1% of the aggregate original principal amount of such Classes. Freddie Mac will give notice of any optional redemption to the affected Holders not less than 30 or more than 60 days before the date of redemption. Any optional redemption will be at a redemption price equal to 100% of the unpaid principal amount of the Classes redeemed, plus accrued and unpaid interest for the Accrual Period relating to the applicable Payment Date.

In order to effect an optional redemption, Freddie Mac will adopt a plan of complete liquidation meeting the requirements of a "qualified liquidation" under Section 860F(a)(4) of the Internal Revenue Code. Pursuant to the plan, Freddie Mac will liquidate all of the Assets in the REMIC Pool (or, in the case of a Double-Tier Series, the applicable Lower-Tier REMIC Pool) at fair market value as determined by Freddie Mac, and apply the net proceeds of liquidation (together with funds contributed by Freddie Mac if the net proceeds are insufficient) to pay the redemption price. Upon any redemption of Lower-Tier Classes in a Double-Tier Series, the redemption price of the Lower-Tier Classes that constitute Mortgage Securities for the Upper-Tier REMIC Pool will be applied as principal and interest on the related Upper-Tier Classes, resulting in the retirement of those Classes. Following any redemption, any remaining proceeds from the liquidation of the Assets in the REMIC Pool (or, in the case of a Double-Tier Series, any Lower-Tier

REMIC Pool), net of liquidation expenses, will be distributed pro rata to the Holders of the related Residual Class upon surrender of their certificates to the Registrar. Upon any redemption, any outstanding MACR Classes will be retired from the proceeds of redemption of their related Classes of REMIC Certificates.

All decisions as to the making of an optional redemption, including the timing of any optional redemption, will be at Freddie Mac's sole discretion. Freddie Mac will be under no obligation to any Holder to make an optional redemption, even if redemption would be in the Holder's interest. PCs and Giant Securities are not subject to redemption by Freddie Mac.

Redemption of Callable Class Held by REMIC Pool

If the Assets of a REMIC Pool consist of a Callable Class from a CPC Series, Freddie Mac will adopt a plan of complete liquidation in the event of a redemption of such Callable Class. The plan will govern the transactions by which the REMIC Pool is liquidated pursuant to the redemption of the Callable Class. The plan will meet the requirements of a "qualified liquidation" under Section 860F(a)(4) of the Internal Revenue Code.

MACR CERTIFICATES

General

Certain Series will provide for the issuance of one or more Classes of MACR Certificates. In any such Series, the Holders of one or more specified Regular Classes of REMIC Certificates will be entitled, upon notice and payment of an exchange fee, to exchange all or a portion of such Classes for proportionate interests in one or more related MACR Classes, as provided in the applicable Supplement. Similarly, the Holders of MACR Classes will be entitled to exchange all or a portion of such MACR Classes for proportionate interests in the related Classes of REMIC Certificates and, if so provided, in other related MACR Classes. This process may be repeated again and again. For this purpose, "related" Classes are those within the same "Combination" shown in the applicable Supplement.

Each MACR Certificate will represent a proportionate beneficial ownership interest in, and will be entitled to receive a proportionate amount of the cash flow from, the related Class or Classes of REMIC Certificates, and the investors in a MACR Class will be treated as beneficial owners of proportionate interests in such REMIC Certificates.

In each Series that includes MACR Certificates, Freddie Mac initially will issue the Classes of REMIC Certificates shown on the cover page of the applicable Supplement. Certain of those Classes may be exchanged, in whole or in part, for MACR Classes at any time on or after their date of issuance, unless otherwise provided in the applicable Supplement. The maximum original principal or notional principal amount of each MACR Class within a Series represents the largest amount of that Class that could be supported by the related Class or Classes of REMIC Certificates as of the date of their original issuance.

Which Classes of REMIC Certificates and MACR Certificates of a Series are outstanding at any given time, and the outstanding principal or notional principal amounts of such Classes, will depend upon principal payments on such Classes as well as any exchanges that occur. Unless otherwise provided in the applicable Supplement, the aggregate outstanding principal amount of all the Classes of REMIC Certificates and MACR Classes that are backed by the same Assets, exclusive of any notional principal amount, will at all times equal the aggregate outstanding principal amount of those Assets.

Exchanges

Any exchange of related Classes within a Series will be permitted, so long as the following constraints are met:

- Such Classes must be exchanged in the applicable "exchange proportions," if any, shown in the applicable Supplement, which, as described below, are based at all times on the *original* principal amounts (or *original* notional principal amounts, if applicable) of such Classes.

- The aggregate principal amount (rounded to whole dollars) of the Securities received in the exchange, immediately after the exchange, must equal that of the Securities 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 Securities received in the exchange must equal that of the Securities surrendered for exchange (the "Annual Interest Amount" for any Security equals its outstanding principal or notional principal amount times its Class Coupon or, in the case of a Floating Rate, Inverse Floating Rate, Ascending Rate, Descending Rate or WAC Class, its current Class Coupon).

Where "exchange proportions" are shown for Classes that are exchangeable for other Classes, Freddie Mac follows the convention of basing such proportions on the *original*, rather than on the *outstanding*, principal or notional principal amounts of such Classes. If such Classes receive principal payments pro rata with each other, the exchange proportions also will apply to their *outstanding* principal amounts. If such Classes do not receive principal payments pro rata with each other, an investor can calculate current exchange proportions for such Classes, based on their *outstanding* principal amounts, by (i) multiplying the exchange proportion shown in the applicable Supplement for each such Class by its current Class Factor and (ii) 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, their current exchange proportions, based on their *outstanding* principal amounts, would be calculated as follows:

Step (i):
Class A: 50% × 0.6000000 = 30%
Class B: 50% × 1.0000000 = 50%

Step (ii):
Class A: 30%/(30% + 50%) = 37.5%
Class B: 50%/(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.

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

In some cases two or more Classes of REMIC Certificates may be exchangeable for a single Class of MACR Certificates, and vice versa. The following illustrates such a Combination:

REMIC Certificates				MACR Certificates			
Class	Original Principal Amount	Exchange Proportions	Class Coupon	Class	Maximum Original Principal Amount	Exchange Proportions	Class Coupon
A	$10,000,000	50%	10%	M	$20,000,000	100%	5%
PO	10,000,000	50	0				

In some cases a single Class of REMIC Certificates may be exchangeable for two or more Classes of MACR Certificates, and vice versa. The following illustrates such a Combination:

REMIC Certificates				MACR Certificates			
Class	Original Principal Amount	Exchange Proportions	Class Coupon	Class	Maximum Original Principal or Notional Principal Amount	Exchange Proportions	Class Coupon
A	$10,000,000	100%	10%	M	$10,000,000	100%	0%
				MI	10,000,000 (notional)	*	10

* Not applicable. Notional principal amount of MI Class being exchanged equals principal amount of M Class being exchanged.

Finally, in some cases a Class or Classes of REMIC Certificates may be exchangeable for various combinations of "ratio-stripping" MACR Classes, and such MACR Classes may be exchangeable for REMIC Certificates or for other MACR Classes. In such cases, subject to the constraints listed above, numerous subcombinations are permitted. The following illustrates a "ratio-stripping" Combination:

REMIC Certificates				MACR Certificates			
Class	Original Principal Amount	Exchange Proportions	Class Coupon	Class	Maximum Original Principal or Notional Principal Amount	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 a Holder could, for example, exchange any one of the first four subcombinations of Classes shown in the following table for any other such subcombination, or any one of the last three subcombinations shown for any other such subcombination. Numerous other subcombinations are possible.

Subcombinations

Subcombination	Class	Original Principal or Notional Principal Amount	Class Coupon	Annual Interest Amount
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
		$10,000,000		$700,000
3	MI	$ 1,428,571 (notional)	7.00%	$100,000
	MA	10,000,000	6.00	600,000
		$10,000,000		$700,000
4	MB	$ 1,600,000	6.25%	$100,000
	MH	7,500,000	8.00	600,000
	MP	900,000	0.00	0
		$10,000,000		$700,000
5	MF	$ 5,000,000	7.50%	$375,000
6	MH	$ 4,687,500	8.00%	$375,000
	MP	312,500	0.00	0
		$ 5,000,000		$375,000
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
		$ 5,000,000		$375,000

At any given time, a Holder's ability to exchange REMIC Certificates for MACR Certificates or to exchange MACR Certificates for REMIC Certificates or for different MACR Certificates will be limited by a number of factors. A Holder must, at the time of the proposed exchange, own the appropriate Class or Classes in the appropriate proportions in order to effect a desired exchange. A Holder that does not own the appropriate Class or Classes or the appropriate amounts of such Class or Classes may not be able to obtain the necessary Class or Classes of REMIC Certificates or MACR Certificates. The Holder of a needed Class may refuse or be unable to sell at a reasonable price or at any price, or certain Classes may have been purchased and placed into other financial structures. In addition, principal payments and prepayments will, over time, diminish the amounts available for exchange.

Procedures

A Holder proposing to effectuate an exchange must notify Freddie Mac's Structured Finance Department through a dealer who is a member of Freddie Mac's "REMIC Dealer Group." Such notice must be given in writing or by telefax not later than two Business Days before the proposed exchange date (which date, subject to Freddie Mac's approval, can be any Business Day other than the first or last Business Day of the month). The notice must include the outstanding principal or notional principal amount of both the Securities to be exchanged and the Securities to be received and the proposed exchange date. Promptly after the receipt of a Holder's notice, Freddie Mac will telephone the dealer to provide instructions for delivering the Securities and the exchange fee to Freddie Mac by wire transfer. A Holder's notice becomes irrevocable on the second Business Day before the proposed exchange date.

A fee will be payable to Freddie Mac in connection with each exchange as specified in the applicable Supplement. Any exchanges will be subject to the rules, regulations and procedures applicable to Freddie Mac's book-entry securities, in the case of MACR Classes issued 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 the month following the month of the exchange, unless otherwise provided in the related Supplement. Such payment will be made to the Holder of record as of the applicable Record Date.

THE AGREEMENT

The following summary describes certain provisions of the Agreement not otherwise summarized in this Offering Circular. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the more complete provisions of the Agreement and any applicable PC Agreement, Giant PC Agreement or Giant Security Agreement. The receipt and acceptance of a Security by or on behalf of a Holder, without any signature or further manifestation of assent, constitutes the unconditional acceptance by the Holder and all others having a beneficial interest in such Security of all the terms and provisions of the Agreement (including the related Terms Supplement), and the agreement of Freddie Mac, such Holder and such others that those terms and provisions will be binding, operative and effective among Freddie Mac, such Holder and such others. The sale of a Security by Freddie Mac pursuant to the Agreement constitutes the sale, transfer and assignment by Freddie Mac to the Holder of a beneficial ownership interest in the related REMIC Pool or MACR Pool.

Transfer of Assets to REMIC Pool

The Assets in each REMIC Pool will be identified to that Pool. Such Assets will be held by Freddie Mac or its custodian or other agent for the benefit of the Holders of each related Series pursuant to the Agreement. Freddie Mac has the limited right to substitute Assets for Assets of the same type originally placed in a REMIC Pool.

Certain Matters Regarding Freddie Mac

The Agreement provides that neither Freddie Mac nor any director, officer, employee or agent of Freddie Mac will be under any liability to the Holders for any action taken, or for refraining from the taking of any action, in good faith pursuant to the Agreement or for errors in judgment. However, neither Freddie Mac nor any such person will be protected against any liability imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties.

Freddie Mac is required to hold and administer, or supervise the administration of, the Assets of REMIC Pools and MACR Pools in a manner consistent with standards of prudence and in substantially the same manner as it holds and administers assets of the same or similar type held for its own account. In performing its responsibilities, Freddie Mac may employ agents or independent contractors. Except upon an Event of Default (as defined below), Freddie Mac will not be subject to the control of Holders in any manner in the discharge of its responsibilities pursuant to the Agreement. Except with regard to its guarantee obligations or other payment obligations, Freddie Mac will have no liability to any Holder other than for any direct damage resulting from Freddie Mac's failure to exercise that degree of ordinary care which it exercises in the conduct and management of its own affairs. Freddie Mac will have no liability of any nature for consequential damages.

In addition, the Agreement provides that Freddie Mac is not under any obligation to appear in, prosecute, or defend any legal action that is not incidental to its responsibilities under the Agreement and that in its opinion may involve it in any expense or liability. However, Freddie Mac may in its discretion undertake any such legal action that it may deem necessary or desirable in the interests of the Holders. In such event, the legal expenses and costs of such action will be expenses and costs of Freddie Mac.

Securities of any particular Class held or acquired by Freddie Mac from time to time will have an equal and proportionate benefit as Securities of the same Class held by other Holders, without preference, priority or distinction.

The Agreement will be binding upon and inure to the benefit of any successor to Freddie Mac.

Voting Under Any PC, Giant PC or Giant Security Agreement

To the extent set forth in each PC Agreement, Giant PC Agreement and Giant Security Agreement, the record holders of PCs or Giant Securities representing a specified percentage of the remaining unpaid principal balance of any affected PCs or Giant Securities may take certain actions, including termination of certain obligations and duties of Freddie Mac, if an "event of default" under the applicable PC, Giant PC or Giant Security Agreement has occurred and is continuing. The Agreement provides that Holders of Securities may, upon the occurrence of an event of default with respect to a PC or Giant Security directly or indirectly backing such Securities, take any such action rather than Freddie Mac. For this purpose, the Holders of Securities will be deemed the holders of the affected PC or Giant Security, in proportion to the outstanding principal amounts of their REMIC Certificates and MACR Certificates.

As set forth in each PC Agreement, Giant PC Agreement and Giant Security Agreement, the holders of PCs or Giant Securities owning a majority of the remaining unpaid principal balance of any affected PCs or Giant Securities may consent to certain amendments to the PC Agreement, Giant PC Agreement or Giant Security Agreement, as applicable. The Agreement provides that Freddie Mac may consent to such an amendment as to any PC or Giant Security directly or indirectly backing a Series, so long as such amendment would not adversely affect in any material respect the interests of the Holders of Classes of that Series. If the amendment would have such effect, Freddie Mac may consent to it only with the written consent of Holders of Securities of each Class so affected representing not less than 50% of the outstanding principal or notional principal amount of that Class. However, Freddie Mac may consent to any amendment to a PC Agreement or the Giant PC Agreement without the consent of such Holders if such amendment relates to the modification of Freddie Mac's procedures for calculating payments or passing full or partial prepayments through on PCs directly or indirectly backing REMIC Pools formed after September 1995; this amendment may affect PCs issued before, on or after October 1, 1995.

Events of Default

"Events of Default" under the Agreement will consist of (i) any failure by Freddie Mac to pay to Holders of any Class any required payment that continues unremedied for 30 days; (ii) any failure by Freddie Mac to perform in any material respect any other covenant or agreement in the Agreement, which failure continues unremedied for 60 days after the giving of notice of such failure to Freddie Mac by the Holders of any affected Class representing not less than 60% of the outstanding principal amount (or notional principal amount) of such Class; and (iii) certain events of bankruptcy, insolvency or similar proceedings involving Freddie Mac.

Rights Upon Event of Default

As long as an Event of Default under the Agreement remains unremedied, the Holders of any Class representing not less than 50% of the outstanding principal or notional principal amount of such Class may, in writing, remove Freddie Mac and nominate a successor to Freddie Mac. That nominee will be deemed appointed as successor to Freddie Mac (except as to its guarantee obligation) unless, within 10 days after such nomination, Freddie Mac objects, in which case Freddie Mac may petition any court of competent jurisdiction for the appointment of a successor or any Holder who has been a bona fide Holder for at least six months may, on behalf of such Holder and all others similarly situated, petition any such court for appointment of a successor to Freddie Mac. The court may, upon any prescribed notice, appoint a successor to Freddie Mac.

Amendment

Freddie Mac may amend the Agreement, without the consent of any Holder or Holders, (i) to cure any ambiguity, to correct or supplement any provision which may be inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the Agreement that are not inconsistent with the other provisions of the Agreement, provided that any such amendment will not adversely affect in any material respect the interest of any Holder; (ii) to permit Freddie Mac to take any necessary or helpful action to maintain the qualification of any REMIC Pool as a REMIC under the Internal Revenue Code (the "Code") or to avoid the imposition of any state or federal tax on a REMIC Pool; or (iii) to permit Freddie Mac to take any necessary or helpful action to maintain the qualification of any MACR Pool as a grantor trust under the Code or to avoid the imposition of any state or federal tax on a MACR Pool.

Freddie Mac may also amend the Agreement in any other respect with the consent of the Holders of each affected Class representing not less than 50% of the outstanding principal or notional principal amount of such Class. However, without the consent of a Holder, Freddie Mac may not amend the Agreement to impair or affect the right of such Holder to receive payment of principal and interest (including any payment under Freddie Mac's guarantee) due such Holder, on or after the due date of such payment, or to institute suit for the enforcement of any such payment on or after such date.

Year 2000

Disruptions may occur in businesses and processes resulting from the projected failure of some computer systems to accommodate changes associated with the year 2000. Interruptions in the delivery to Freddie Mac of accurate and timely reports from third parties could occur as a result. Although Freddie Mac cannot predict the magnitude or likelihood of any disruptions at this time, the process by which Freddie Mac receives information from third parties could be affected.

If Freddie Mac cannot process reports because of problems associated with the year 2000 or similar circumstances affecting the reporting or payment process, Freddie Mac has the right to estimate any information that directly or indirectly affects payments on the mortgage-related securities that it issues (including principal and interest payments, prepayments and interest rate adjustments) on the basis of whatever information and assumptions Freddie Mac determines to be reasonable under the circumstances. Freddie Mac may continue to make these estimates until such time as it believes it is again receiving reports that are accurate and timely and can be processed in a reliable manner. Until such time, Freddie Mac's estimates will be deemed conclusive for all purposes, including Freddie Mac's guarantees. When reports are again received and are capable of being processed reliably, Freddie Mac will reconcile the principal balances of any affected securities with the balances of the related mortgages by adjustments to subsequent securities factors and, to the extent it deems appropriate, will adjust subsequent interest rates, index values and other data as necessary to reflect the correct rates, values and data.

Governing Law

The Agreement will 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 the Agreement or the transactions governed thereby, the local laws of the State of New York will be deemed reflective of the laws of the United States.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following generally describes the anticipated material federal income tax consequences of purchasing, owning and disposing of the Securities. It does not address special rules which may apply to particular types of investors. The authorities on which this discussion is based are subject to change or differing interpretations, and any such change or interpretation could apply retroactively. Investors should consult their own tax advisors regarding the Securities.

REMIC Election

Freddie Mac will elect to treat each REMIC Pool as a REMIC under the Code. Assuming (i) such election, (ii) compliance with the Agreement and (iii) compliance with changes in the law, each REMIC Pool will qualify as a REMIC. In such 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.

Status of REMIC Certificates

REMIC Certificates will constitute assets described in Code Section 7701(a)(19)(C) and "real estate assets" under Code Section 856(c)(4)(A), to the extent the assets of the related REMIC Pool are so treated. 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 the same proportion that the income of the REMIC Pool is so treated. If at all times 95% or more of the assets or income of the related REMIC Pool qualifies for any of the foregoing treatments, the REMIC Certificates (and income thereon) will qualify for the corresponding status in their entirety. In determining the tax status of an Upper-Tier REMIC Pool, however, Freddie Mac will apply the 95% test assuming the Lower-Tier Classes have the same characteristics as the related Lower-Tier REMIC Pool. Freddie Mac anticipates that the REMIC Certificates will qualify for the foregoing treatments in their entirety. Regular Classes will be "qualified mortgages" under Code Section 860G(a)(3) for another REMIC and "permitted assets" under Code Section 860L(c)(1)(G) for a financial asset securitization investment trust.

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"). Each Owner of a Regular Class must account for interest income on the accrual method.

Original Issue Discount

The REMIC Pool may issue certain Regular Classes with "original issue discount." An Owner 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, Freddie Mac will report original issue discount, if any, to the Internal Revenue 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 the Owner excludes such amount from the issue price and treats 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 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 distributions of stated interest. 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, described below, applies. The portion included in the stated redemption price is equal to the difference between (i) the stated interest rate for subsequent periods and (ii) the effective rate of interest for the long first accrual period.

Freddie Mac intends 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 Prepayment Assumption (as defined below). As a result, such Classes would be issued with original issue discount. The Internal Revenue 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 Mortgages used in pricing the Regular Classes (the "Prepayment Assumption"), which will be set forth in the related Supplement. For purposes of applying the *de minimis* rule and for all other purposes, Freddie Mac will not adjust the Prepayment Assumption to take into account the possibility of the early retirement of a Regular Class that is a Callable Class.

The OID Regulations provide a special application of this *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 (i) the interest foregone during the first period or periods and (ii) 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 (i) the original yield to maturity of the Regular Class, (ii) events (including actual prepayments) that have occurred prior to the end of the period and (iii) the Prepayment Assumption. 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 such interest will be prepaid in all periods in accordance with the Prepayment Assumption. 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 Prepayment Assumption and decrease if prepayments are slower than the Prepayment Assumption (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, the Owner will be entitled to offset such amount only against future positive original issue discount accruing from such Class, and Freddie Mac intends to report income to the Internal Revenue Service in all cases in this manner. Although not entirely free from doubt, such an Owner may be entitled to deduct a loss to the extent that its remaining basis would exceed the maximum amount of future payments to which such Owner is entitled, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Prepayment Assumption). While the issue is not free from doubt, all or a portion of such loss may be treated as a capital loss if the Regular Class is a capital asset in the hands of the Owner.

An initial Owner of interests in two or more Regular Classes issued in respect of the same REMIC Pool 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 (i) such daily portion and (ii) 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 includible with respect to such interest and reduced by the amount of all previous distributions with respect to such interest included in such interest's stated redemption price at maturity.

Market Discount

The market discount rules may also apply to an Owner of an interest in a Regular Class. Market discount equals the excess of (a) either (i) the stated redemption price (less any prior distributions included in the stated redemption price) or (ii) in the case of a Regular Class having original issue discount, the adjusted issue price over (b) such Owner's basis in the Regular Class interest. Such Owner generally must recognize accrued market discount as ordinary income to the extent of any distributions includable in the stated redemption price.

The Conference Committee Report accompanying the Tax Reform Act of 1986 (the "Committee Report") provides that, until the Treasury Department issues regulations, market discount would accrue (a) on the basis of a constant interest rate (similar to the method described above for accruing original issue discount) or (b) alternatively, either (i) 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 Prepayment Assumption) or (ii) 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. Such Owner also 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 under one of the foregoing methods. Alternatively, an Owner may elect to include market discount in income currently as it accrues on all market discount instruments acquired by such Owner in that taxable year or thereafter. An Owner may revoke such an election only with the consent of the Internal Revenue Service.

In addition, the deduction for a portion of an Owner's interest expense on any indebtedness that the Owner incurs or maintains 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 such market discount is *de minimis* under a rule similar to that described above under "Original Issue Discount." Owners should consult their own 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 its stated redemption price, that is purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. The Owner may elect under Code Section 171 to amortize such premium under the constant interest method, using the Prepayment Assumption. 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 interest rate also will apply for purposes of amortizing bond premium on obligations such as Regular Classes. An election made by an Owner would generally apply to all its debt instruments, unless the election is revoked with the Internal Revenue Service's consent. If an Owner's election to amortize bond premium was effective as of October 22, 1986, however, such election will apply to obligations issued after September 27, 1985 only if the Owner so chooses.

Constant Yield Election

The OID Regulations allow an Owner 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. Owners should consult their own tax advisors regarding the advisability of making this election.

Retail Classes

For purposes of the original issue and market discount rules, a payment in full of an interest in a Retail Class that is subject to payment in Retail Class Units or other increments, rather than on a pro rata basis with other interests in such Retail Class, will be treated as a distribution with respect to such Class.

Floating Rate and Inverse Floating Rate Classes

Based on the OID Regulations and regulations relating to the amortization of premium, the rules relating to original issue discount and premium generally will apply to a Floating Rate or Inverse Floating Rate Class by assuming that the variable rate is a fixed rate that reflects the overall yield that is reasonably expected for such Class. Freddie Mac also intends to apply the rules of the Code relating to market discount based on this assumption. The rules will apply to certain Floating Rate or Inverse Floating Rate Classes, however, by assuming that the variable rate is a fixed rate equal to the value of the variable rate as of the date of the applicable Supplement. The Supplement will identify those Classes as to which the assumption described in the preceding sentence applies.

Callable Classes

Any amount received in redemption of a Regular Class that is a Callable Class will be treated under the original issue discount and market discount rules as a distribution with respect to such 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 and income from the amortization of any premium on the Regular Classes. In this regard, the REMIC Pool will elect to take all such items into account by accruing interest based on a constant yield. Deductions include interest and original issue discount expense on the Regular Classes, servicing fees on the REMIC Pool assets and other administrative expenses. An Owner of an interest in a Residual Class (a "Residual Owner") 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 a CPC Series, 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 will be described in Freddie Mac's offering document for the applicable CPC Series. 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.

If a REMIC Pool includes GNMA Certificates, the REMIC Pool may invest the payments it receives from the GNMA Certificates for a temporary period under a GIFC. Any income derived from such investment, to the extent not applied to interest and principal payments on the related Multiclass Securities, will be used to pay the fees and expenses of the REMIC Pool and will not be distributable to Residual Owners.

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 (i) the Residual Class were taxable as a debt instrument or (ii) 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 the Upper-Tier Residual Class in a Double-Tier Series or the Residual Class in a Single-Tier Series may exceed any payments received on that Class. This may occur because the yield of the Mortgage Securities in a Double-Tier Series, and the REMIC Pool 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." Investors should consult their tax advisors before purchasing an interest in a Residual Class.

Losses

A Residual Owner may recognize a net loss of 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 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 Freddie Mac intends 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 is uncertain; as a result, the timing of recognition of the related REMIC taxable income is also uncertain. Although not entirely free from doubt, 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 Prepayment Assumption).

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. The election to amortize premium under Code Section 171 will not be available for premium on Mortgages that are obligations of individuals originated on or prior to September 27, 1985. 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 interest rate 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 (i) 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 (ii) 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 Internal Revenue 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 Internal Revenue 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. The rule that formerly permitted thrift institutions to use net operating losses and other allowable deductions to offset their excess inclusion income from REMIC residual interests has been repealed, effective for taxable years beginning after December 31, 1995, except with respect to REMIC residual interests that are held at all times after October 31, 1995.

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. Moreover, for purposes of computing alternative minimum tax for taxpayers other than thrift institutions, 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, effective for all taxable years beginning after December 31, 1986, unless the Residual Owner elects application only to taxable years beginning after August 20, 1996.

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

An Owner generally will recognize gain or loss upon sale or exchange of a REMIC Certificate equal to the difference between the amount received and the Owner's 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). Such gain or loss will be ordinary income or loss (i) for a bank or thrift institution; and (ii) 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 the Owner 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).

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 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 (i) the present value of the total anticipated future excess inclusions with respect to such interest and (ii) 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 such 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, such 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 purposes of the tax described in this paragraph, all interests in an electing large partnership, as defined under Code Section 775, will be treated as held by disqualified organizations.

For these purposes, (i) "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 (ii) "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 Agreement provides that any attempted transfer of a beneficial or record interest in a Residual Class will be null and void unless (i) the proposed transferee provides to Freddie Mac (a) an affidavit that such 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 such Residual Class interest to be held by a disqualified organization; or (ii) Freddie Mac consents to such 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. A transferor will be presumed to lack such knowledge (or reason to know) if, after a reasonable investigation, 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, and the transferee represents to the transferor that (i) the transferee understands that it might incur tax liabilities in excess of any cash received with respect to the residual interest and (ii) the transferee intends to pay the taxes associated with owning the residual interest as they come due. The scope of due diligence required under this rule is uncertain. 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*, (i) 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 (ii) 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:

(i) 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

(ii) 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 percent and 200 percent of the Prepayment Assumption. 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, Freddie Mac (or its agent) will be entitled to withhold (and to pay to the Internal Revenue Service) any portion of any payment on such Residual Class that Freddie Mac reasonably determines is required to be withheld. If

Freddie Mac (or its agent) reasonably determines 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, it may hold such distribution in trust for the Owners of any such Residual Class, until it can make the more accurate determination.

Certain restrictions will be imposed on transfers of the interests in the 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 Freddie Mac's 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.

The term "non-U.S. person" means any person that is not a "U.S. person." A U.S. person is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any state (other than a partnership that is not treated as a U.S. person under any applicable Treasury regulations), an estate whose income is subject to United States federal income tax regardless of its source, or 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. Notwithstanding the preceding sentence, 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 continue to be treated as a U.S. persons, also will be U.S. persons.

Miscellaneous

If the equity interest in a non-U.S. person investor is held in whole or in part by a U.S. person, such 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 federal income tax consequences of any consideration paid to a transferee on a transfer of an interest in a Residual Class are unclear. The preamble to the REMIC Regulations indicates that the Internal Revenue Service is considering the tax treatment of these types of residual interests. A transferee of such an interest should consult its tax advisors.

Treatment of Servicing Compensation

An Owner that is an individual, estate or trust will be subject to limitation with respect to certain itemized deductions described in Code Section 67, to the extent that such deductions, in the aggregate, do not exceed 2% of the Owner's adjusted gross income, and such Owner may not be able to deduct such fees and expenses to any extent in computing such Owner's alternative minimum tax liability. Such deductions will include servicing, guarantee and administrative fees paid to the servicer of the Mortgages or, if applicable, to GNMA or to Freddie Mac. These deductions will be allocated entirely to the Residual Owners 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 Residual Owners in an amount equal to their allocable share of such deductions, and individuals, estates, or trusts holding an interest in such 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.

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 Freddie Mac 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 "real estate assets" within the meaning of Code Section 856(c)(4)(A) and assets described in Code Section 7701(a)(19)(C). Original issue discount and interest accruing on MACR Classes should be considered to represent "interest on obligations secured by mortgages on real property" within the meaning of Code Section 856(c)(3)(B). MACR Classes will be "qualified mortgages" under Code Section 860G(a)(3) for a REMIC and "permitted assets" under Code Section 860L(c)(1)(G) for a financial asset securitization investment trust.

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, a purchaser must allocate its 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, the Owner 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.

The Owner of a MACR Class 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, the Owner of the MACR Class 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 a Regular Class (a "Strip"), the Owner will be treated as owning, pursuant to Code Section 1286, "stripped bonds" to the extent of its share of principal payments and "stripped coupons" to the extent of its share of interest payments on such Regular Class. Although the tax treatment of a Strip is unclear, Freddie Mac intends to treat each Strip as a single debt instrument for purposes of information reporting. The Internal Revenue Service, however, could take a different position. For example, the Internal Revenue 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 thereof, and "stripped bonds" or "stripped coupons" with respect to the remainder. An investor should consult its tax advisor regarding this matter.

Freddie Mac intends 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. An Owner of a MACR Class 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 interest method that takes into account the compounding of interest. See "Taxation of Regular Classes — Original Issue Discount" above. The Owner should determine its yield to maturity based on its 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. With respect to a particular Owner, it is not clear whether the prepayment assumption used to calculate original issue discount would be determined at the time of purchase of the Strip or would be the original Prepayment Assumption with respect to the related Regular Class. Further, if the related Regular Class is subject to redemption as described in the applicable Supplement, it is not clear the extent to which such prepayment assumption should take into account the possibility of the retirement of the Strip concurrently with the redemption of the Regular Class. An investor should consult its tax advisor regarding these matters. For purposes of information reporting relating to original issue discount, Freddie Mac will use the original yield to maturity of the Strip determined as of the date of issuance of the Series, calculated based on the original Prepayment Assumption.

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

An Owner will realize gain or loss on the sale of a Strip in an amount equal to the difference between the amount realized and its adjusted basis in such Strip. The seller's adjusted basis generally is equal to the seller's 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 the Owner has held its 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 (i) for a bank or thrift institution or (ii) to the extent income recognized by the Owner 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 an investor exchanges a Regular Class for several MACR Classes and then sells one of such MACR Classes, the sale will subject the investor to the coupon stripping rules of Code Section 1286. The investor must allocate its 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. The investor is treated as purchasing the interest retained for the amount of basis allocated to such interest. The investor must calculate original issue discount with respect to the retained interest as described above.

Although the matter is not free from doubt, an investor that acquires in one transaction a combination of MACR Classes that may be exchanged for a Regular Class 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, the Owner will be treated as continuing to own the interests in the Regular Class or Classes that it owned immediately prior to the exchange.

Taxation of Certain Foreign Investors

Regular Classes and MACR Classes

Interest, including original issue discount, distributable to the Owner of a Regular Class or MACR Class interest 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 such non-U.S. person provides an appropriate statement, signed under penalties of perjury, identifying the Owner and stating, among other things, that the Owner of the Regular Class or MACR Class interest is a non-U.S. person. If such statement is not provided, 30% withholding 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 by a non-U.S. person, such non-U.S. person will be subject to United States federal income tax at regular rates. Owners of Regular Class or MACR Class interests that are non-U.S. persons should consult their own 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 (i) the conditions described in the preceding paragraph are met and (ii) the distribution does not constitute an "excess inclusion" (but only, in the case of a Single-Tier Series or a Lower-Tier REMIC Pool in a Double-Tier Series, to the extent the Mortgages were originated after July 18, 1984). 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 Department authority to issue regulations requiring withholding earlier if necessary to prevent avoidance of tax. The preamble to the REMIC Regulations indicates that the Internal Revenue Service is considering this issue. Residual Owners that are non-U.S. persons should consult their own tax advisors.

Backup Withholding

Distributions made on the Securities and proceeds from the sale of Securities to or through certain brokers may be subject to a "backup" withholding tax of 31% of "reportable payments" (including interest accruals, original issue discount, and, under certain circumstances, distributions in reduction of principal amount) unless, in general, the Owner of the Securities complies with certain procedures or is an exempt recipient. Any amounts so withheld from distributions on the Securities would be refunded by the Internal Revenue Service or allowed as a credit against the Owner's federal income tax.

New Withholding Regulations

The Treasury Department has issued new regulations which make certain modifications to the withholding and backup withholding rules. The new regulations generally are effective for payments made after December 31, 1999. Investors should consult their tax advisors regarding such regulations.

Reporting and Administrative Matters

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

Freddie Mac will prepare, sign and file federal income tax returns for each REMIC Pool. To the extent allowable, Freddie Mac will also act as the tax matters partner for each REMIC Pool. Each Residual Owner, by the acceptance of its interest in a Residual Class, agrees that Freddie Mac 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 tax matters partner.

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 Internal Revenue 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.

ERISA CONSIDERATIONS

A Department of Labor regulation provides that, if an employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), acquires a "guaranteed governmental mortgage pool certificate," then, for purposes of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code, the plan's assets include the certificate and all of its rights with respect to 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 interest and principal payable on the certificate are guaranteed by Freddie Mac. The effect of the regulation is to make clear that the sponsor (that is, the entity that organizes and services the pool, in this case Freddie Mac) and other persons, in providing services with respect to 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. At the time this Labor Department regulation was issued, certificates similar to the Securities were not in existence. However, Freddie Mac has been advised by its special counsel, Cadwalader, Wickersham & Taft, that the Securities should qualify as "guaranteed governmental mortgage pool certificates."

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."

LEGAL INVESTMENT CONSIDERATIONS

Investors should consult their own legal advisors in determining whether and to what extent the Securities constitute legal investments for such investors and whether and to what extent Securities can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisors or regulators in determining the appropriate treatment of Securities under any applicable risk-based capital or similar rules. Institutions whose investment activities are subject to legal investment laws and regulations or to review by regulatory authorities may be subject to restrictions on investments in certain Classes of Securities or in Securities generally. An institution under the jurisdiction of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Department of the Treasury or any other federal or state agency with similar authority should review any applicable regulations, policy statements and guidelines before purchasing or pledging the Securities of any Class.

PLAN OF DISTRIBUTION

In connection with the offering of each Series of Securities, Freddie Mac will enter into a Purchase Agreement with the related underwriter or underwriters, which will offer the Classes of such Series as described in the related Supplement. Such underwriters and certain affiliates engage in transactions with and perform services for Freddie Mac in the ordinary course of business. Freddie Mac, such underwriters or other parties may receive compensation, trading gain or other benefits in connection with such transactions. Freddie Mac typically receives a fee from the underwriter or underwriters for each offering. Freddie Mac may acquire Securities for its own account, either upon their original issuance or in the secondary market, and may retain or dispose of any Securities so acquired.

INCREASE IN SIZE OF OFFERING

Before the date of issuance of a particular Series of Securities, Freddie Mac and the related underwriter or underwriters may agree to increase the size of the offering by increasing all or some of the Assets of the related REMIC Pool(s). In that event, the REMIC Certificates and MACR Certificates receiving payments from such Assets will have the same characteristics as described in the related Supplement, except that (i) the original principal or notional principal amount of each such Class of REMIC Certificates and the maximum original principal or notional principal amount of each such Class of MACR Certificates and (ii) the dollar values of any applicable principal payment schedules or priority amounts, will increase by the same proportion. The related Terms Supplement will reflect any increase in size of the transaction.

ACCOUNTING CONSIDERATIONS

Investors should consult their accountants regarding the appropriate application of generally accepted accounting principles and regulatory accounting principles to their purchase of Securities and any exchange transactions pursuant to the procedures described in this Offering Circular.

Exhibit A

Index of Terms

The following is a list of certain defined terms used in this Offering Circular and the pages on which the definitions of those terms appear. Freddie Mac's standard definitions and abbreviations for various categories of Classes appear at pages 11 through 14 of this Offering Circular.