

OFFERING CIRCULAR

Freddie Mac

Multifamily Mortgage Participation Certificates (Guaranteed)

Freddie
Mac

A Multifamily Mortgage Participation Certificate ("Multifamily PC") is a mortgage passthrough security issued and guaranteed by the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Each Multifamily PC represents an undivided beneficial ownership interest in a discrete pool (a "Multifamily PC Pool") consisting of mortgages, or participations therein, secured by residential properties containing five or more dwelling units ("Mortgages"). Freddie Mac passes through payments by borrowers on the Mortgages in a Multifamily PC Pool to Holders of Multifamily PCs representing interests in that Multifamily PC Pool. Multifamily PCs may be Multifamily Gold PCs, Multifamily Original PCs or Multifamily ARM PCs.

The Mortgages will be fixed rate or adjustable rate, first lien, whole loans or participations therein and may be Fully Amortizing Mortgages, Amortizing Balloon Mortgages or Interest Only Balloon Mortgages as defined herein. A Mortgage may provide for the payment of a Prepayment Premium in connection with, or may contain a lockout provision prohibiting for a specified period, prepayments by the borrower. This and other information relating to the Mortgages in a Multifamily PC Pool will be set forth in an Offering Circular Supplement (the "Supplement").

Freddie Mac offers Multifamily Gold PCs, Multifamily Original PCs and Multifamily ARM PCs for sale continuously pursuant to this Offering Circular and a separate Supplement. Differences among these types of Multifamily PCs include the number of days between the date the Multifamily PC is issued and its first Payment Date (the "Payment Delay"), the method used to determine the interest rate on the Multifamily PC (the "PC Coupon") and the terms of Freddie Mac's guarantees. Each "Multifamily Gold PC" has a Payment Delay of 45 days and a fixed PC Coupon. Each "Multifamily Original PC" has a Payment Delay of 75 days and a fixed PC Coupon. Each "Multifamily ARM PC" has a Payment Delay of 75 days and a Multifamily PC Coupon that adjusts periodically.

Freddie Mac guarantees to each Holder of a Multifamily Gold PC (i) the timely payment of interest at the applicable PC Coupon, (ii) in the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, the timely payment of scheduled principal and (iii) the ultimate collection of all principal, without offset or deduction, no later than the Payment Date that occurs in the same month as the Multifamily Gold PC's Final Payment Date.

Freddie Mac guarantees to each Holder of a Multifamily Original PC and a Multifamily ARM PC (i) the timely payment of interest at the applicable PC Coupon and (ii) the ultimate collection of all principal, without offset or deduction, no later than the Payment Date that occurs in the month following the applicable Final Payment Date.

Multifamily PCs are not suitable for all investors. In particular, no investor should purchase Multifamily PCs unless the investor understands and is able to bear the associated prepayment, redemption, yield, liquidity and market risks. See "Certain Risk Considerations" and "Prepayments, Yields and Suitability" in this Offering Circular.

Investors should purchase Multifamily PCs only if they have read this Offering Circular, any applicable Supplement, Freddie Mac's current Information Statement and any subsequent Information Statement Supplements. This Offering Circular incorporates by reference the current Information Statement and any subsequent Information Statement Supplements. Prospective investors can obtain any of these documents from Freddie Mac by writing or calling Investor Inquiry at Freddie Mac, 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).

The obligations of Freddie Mac under its guarantees of the Multifamily PCs are obligations of Freddie Mac only. The Multifamily PCs, including the 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 Multifamily PCs has no exemption under federal law from federal, state or local taxation. The Multifamily PCs 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.

Freddie Mac issues and administers Multifamily PCs pursuant to the terms of the Multifamily Mortgage Participation Certificates Agreement (the "Multifamily PC Agreement") dated as of the date of this Offering Circular, which contains a complete description of the rights and obligations of each Holder and of Freddie Mac. *The sale of a Multifamily PC and the receipt and acceptance of a Multifamily PC 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 Multifamily PC of all the terms and provisions of the Multifamily PC Agreement (including any related 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.*

This Offering Circular may not be used to consummate sales of Multifamily PCs unless accompanied by the applicable Supplement.

Offering Circular dated December 1, 1997

This Offering Circular, together with any applicable Supplement, constitutes an offer to sell only the Multifamily PCs described in such documents. 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 described in this Offering Circular or the applicable 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 Multifamily PCs 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 documents will be correct at any time after the date of such document, even though delivery of the document and the sale of the Multifamily PCs take place on a later date.

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AVAILABILITY OF INFORMATION

Freddie Mac regularly makes available to investors information regarding Multifamily PCs and the Mortgages in the related Multifamily PC Pools. Information regarding Multifamily PCs is available from various sources, including several information vendors that provide both original and updated securities information. Investors can obtain the names of these vendors by writing or calling Freddie Mac's Investor Inquiry Department at the address or phone number on the cover page. Information regarding Multifamily PCs is also available from Freddie Mac's Investor Inquiry Department. Freddie Mac's Internet Web-Site (<http://www.freddiemac.com>) displays information regarding Multifamily PCs.

Freddie Mac provides information about Freddie Mac in an annual statement that describes its business and operations and contains its audited financial statements (an "Information Statement"). Supplements to the Information Statement are also prepared by Freddie Mac periodically and include unaudited financial data and/or other information concerning Freddie Mac's business and operations. Investors can obtain Information Statements and Supplements to the Information Statement by writing or calling Freddie Mac's Investor Inquiry Department at the address or phone number on the cover page.

DESCRIPTION OF MULTIFAMILY PCs

GENERAL

Freddie Mac forms Multifamily PC Pools and creates and sells Multifamily PCs under the terms of the Multifamily PC Agreement attached to this Offering Circular as Exhibit A. Holders and anyone having a beneficial ownership interest in Multifamily PCs should refer to the Multifamily PC Agreement for a complete description of their rights and obligations and the rights and obligations of Freddie Mac. Holders and beneficial owners of Multifamily PCs will acquire their securities subject to all applicable terms and conditions of the Multifamily PC Agreement.

MULTIFAMILY PC POOLS

Once Freddie Mac has identified a Mortgage to a Multifamily PC Pool, the Mortgage remains in that Multifamily PC Pool unless it is paid in full, foreclosed upon, repurchased or replaced by a substitute Mortgage. The rate of interest payable to Freddie Mac on the Mortgages in a Multifamily PC Pool will equal or exceed the PC Coupon of the related Multifamily PCs, with Freddie Mac retaining any difference as compensation for administering the Multifamily PC Pool and guaranteeing payments on the related Multifamily PCs. The excess of the interest payable by the borrower on a Mortgage above the interest remitted to Freddie Mac by the servicer of the Mortgage may be retained by the servicer as compensation for servicing the Mortgage or by the seller of the Mortgages as additional compensation.

Pooling Criteria

Freddie Mac may pool Mortgages into Multifamily Gold PC Pools, Multifamily Original PC Pools or Multifamily ARM PC Pools. The minimum original principal balance for a Multifamily PC Pool is \$1,000,000. In addition to pooling by fixed interest rate or variable interest rate, Freddie Mac generally pools Mortgages according to the criteria summarized below. The characteristics of certain Multifamily PC Pools and the related Multifamily PCs and Mortgages may differ from those described in this Offering Circular. Any differences will be described in the applicable Supplement.

The interest rate ("Mortgage Coupon") of each Mortgage in a Multifamily PC Pool must fall within the range from the PC Coupon (plus the minimum required servicing fee) through 250 basis points above the PC Coupon. The range between the lowest and highest interest rates at the time of origination of the Mortgages in a Multifamily ARM PC Pool may not exceed 200 basis points; however, the range between the lowest and highest interest rates as of Multifamily PC Pool formation may exceed 200 basis points.

Each Multifamily PC Pool will include only "Conventional Mortgages," which are not guaranteed or insured by the United States or any agency or instrumentality of the United States, or "FHA" Mortgages, which are fully insured by the Federal Housing Administration ("FHA"). Each Mortgage will be a first lien,

whole loan or participation therein secured by a residential property containing five or more dwelling units with an original term to maturity of up to 30 years (up to 40 years for FHA Mortgages). Each Multifamily PC Pool will include only Amortizing Balloon Mortgages, Fully Amortizing Mortgages or Interest Only Balloon Mortgages. An "Amortizing Balloon" Mortgage provides for level payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over a period of up to 30 years and a balloon payment at maturity. A "Fully Amortizing" Mortgage provides for level monthly payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over the original term to maturity. An "Interest Only Balloon" Mortgage provides for payments of interest only during its term and a balloon payment at maturity.

PAYMENTS

Freddie Mac makes payments on a Multifamily PC on each Payment Date beginning in (i) the month after issuance for a Multifamily Gold PC or (ii) the second month after issuance for a Multifamily Original PC or a Multifamily ARM PC. A "Payment Date" is the 15th of each month, unless the 15th is not a Business Day, in which case the Payment Date is the next succeeding Business Day. For purposes of making payments to Holders, a "Business Day" is a day other than (i) a Saturday or a Sunday, (ii) 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, (iii) as to any Holder, 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, (iv) a day on which the offices of the federal government located in the District of Columbia generally are closed for business or (v) a day on which the principal offices of Freddie Mac are closed. A "Holder" is the entity whose name appears on the books and records of a Federal Reserve Bank as the entity for whose account a Multifamily PC has been deposited. See "Form of Multifamily PCs, Holders, Minimum Principal Amounts and Transfers."

Pool Factors

Freddie Mac makes payments to Holders using the "Pool Factor Method," which is described below. A "Pool Factor" is a truncated seven-digit number which, when multiplied by the original principal amount of its associated Multifamily PC Pool, equals the remaining principal amount of the Multifamily PC Pool after giving effect to the principal payment made in the same month for Multifamily Gold PCs and the principal payment made in the following month for Multifamily Original PCs and Multifamily ARM PCs. The Pool Factor for a Multifamily PC Pool in its month of formation is always 1.0000000 and is not published. Thereafter, Freddie Mac makes Pool Factors available for each Multifamily PC Pool every month on or about (i) the first business day for Multifamily Gold PCs and (ii) the seventh business day for Multifamily Original PCs and Multifamily ARM PCs. Freddie Mac reserves the right, however, to make its Pool Factors available at other times and by whatever means it deems appropriate.

The reduction in the Pool Factor for a given month (as compared with the Pool Factor published in the previous month) reflects the amount of principal to be paid to Holders of that Multifamily PC Pool on the Payment Date (i) in the same month for Multifamily Gold PCs or (ii) in the following month for Multifamily Original PCs and Multifamily ARM PCs.

To determine the amount of principal a Multifamily PC Holder will receive on its Multifamily PC on any Payment Date, the Multifamily PC Holder uses the Pool Factors to first determine the aggregate amount of principal that will be paid on the entire Multifamily PC Pool by comparing the two relevant Pool Factors and then determines its pro rata share of that aggregate principal payment by multiplying the difference between the Pool Factors by the original principal amount of its Multifamily PC. For example, for Multifamily Gold PCs, the Holder subtracts the current month's Pool Factor from the prior month's Pool Factor (which reflects the aggregate amount of the principal reduction of the Multifamily PC Pool) and multiplies that difference by the original principal amount of its Multifamily PC to determine its principal payment. For Multifamily Original PCs and Multifamily ARM PCs, the Holder calculates the difference between the preceding month's Pool Factor and the second preceding month's Pool Factor, and multiplies that difference by the original principal amount of its Multifamily PC.

A Holder can calculate the amount of interest to be paid on its Multifamily PC on any Payment Date by computing one month's interest at the applicable PC Coupon on its proportionate share of the Multifamily PC Pool balance before giving effect to the payment to be made on the applicable Payment Date. For example, for a given Payment Date, a Holder will receive an interest payment on its Multifamily PC equal to (a) 1/12th of the PC Coupon multiplied by (b) an amount determined by multiplying the original principal amount of its Multifamily PC by (i) the Pool Factor for its Multifamily PC Pool published in the preceding month (for Multifamily Gold PCs) or (ii) the Pool Factor published in the second preceding month (for Multifamily Original PCs and Multifamily ARM PCs). The interest payment on a Payment Date for a Multifamily PC Pool with an adjustable PC Coupon will be one month's interest at the applicable PC Coupon determined in the second month preceding the Payment Date on the unpaid principal balance of the Multifamily PC Pool as reflected by the Pool Factor published in the second month preceding the Payment Date.

Freddie Mac relies on servicers' reports of mortgage activity to prepare its Pool Factors. Major interruption in the delivery to Freddie Mac of sellers' and servicers' reports could occur as a result of computer failure upon the turn of the century. In the event Freddie Mac fails to receive (or believes it will not receive) on a sustained basis what it deems to be accurate or timely servicer reports of Mortgage activity (such as Mortgage Coupon adjustments, principal and interest payments, curtailments or payoffs on the underlying Mortgages) or cannot process servicers' reports as received, Freddie Mac reserves the right, in its sole discretion, to estimate such payments or anticipate the likelihood of the occurrence of such events based on such information and by such methodology as it deems necessary or appropriate until servicers' reports are timely and accurately received, or until servicers' reports can be processed. Freddie Mac's estimations will be deemed conclusive for purposes of the payment of interest and principal pursuant to Freddie Mac's guarantees. Once servicers' reports can be accurately received and processed, Freddie Mac will reconcile the actual principal balance of the Mortgages underlying each Multifamily PC Pool by adjustments to subsequent Pool Factors and, where appropriate, by adjusting PC Coupons prospectively to reflect the underlying Mortgage Coupons in the related Multifamily PC Pools.

Servicers report Mortgage payments to Freddie Mac on a Monthly Reporting Period that starts on the 16th of a month and ends on the 15th of the next month. Freddie Mac retains the right, in its discretion, to modify its procedures for passing through full or partial prepayments to Holders of Multifamily PCs by including, as part of the aggregate principal payment for each month, prepayments reported to Freddie Mac after the end of the related Monthly Reporting Period and before the publication of the applicable Pool Factor as permitted pursuant to the Multifamily PC Agreement. Any such Prepayments would be reflected in the applicable Pool Factor. The timing and manner of any notification of such modification, as well as any other modifications to the Pool Factor Method, will be determined by Freddie Mac, in its discretion. See "Multifamily PC Agreement — Section 6.05, Amendment."

Calculation of Payments for Multifamily Gold PCs. The aggregate principal payment in any month on a Multifamily Gold PC Pool reflects (i) the scheduled principal payments due on the Fully Amortizing Mortgages or Amortizing Balloon Mortgages in the Multifamily PC Pool for the Monthly Reporting Period ending in the current month, (ii) Prepayments on the related Mortgages for the Monthly Reporting Period ending in the previous month, and (iii) any adjustments necessary to reconcile the principal balance of a Multifamily PC Pool with the aggregate balance of the related Mortgages as reported to Freddie Mac by servicers in the prior month in accordance with Freddie Mac's servicing procedures. (The principal balance of a Multifamily PC Pool may not reflect exactly the aggregate principal balance of the underlying Mortgages due to delays inherent in processing mortgage information.) A "Prepayment" with respect to any Mortgage in a Multifamily PC Pool is any event that causes an unscheduled principal payment to be passed through on the related Multifamily PCs, including a full or partial prepayment of principal on the Mortgage by the borrower; a liquidation resulting from default, casualty or condemnation; the payment of principal on an insurance claim by the FHA or other Mortgage insurer; the payment of principal on a guarantee claim by any Mortgage guarantor; and the repurchase of the Mortgage from the Multifamily PC Pool by the seller, the servicer or Freddie Mac, including any repurchase pursuant to Freddie Mac's guarantee of ultimate collection of principal.

Freddie Mac calculates the scheduled principal due on the related Mortgages in any month based upon (i) the principal balance of each Mortgage in the Multifamily Gold PC Pool (adjusted for any Prepayments

and any principal amounts previously passed through pursuant to Freddie Mac's guarantee) and (ii) the Mortgage Coupon of each Mortgage and the scheduled monthly principal and interest payment applicable to that Mortgage at the time of formation of the Multifamily Gold PC Pool.

To the extent Freddie Mac's calculation of scheduled principal does not reflect actual payments on the Mortgages, any differences (other than any difference resulting from defaults or measures taken to resolve such defaults) will be accounted for as soon as practicable by adjusting subsequent Pool Factors. If a servicer fails to file an accurate or timely report of its collections of principal or the report cannot be processed, the principal payment on the Multifamily Gold PCs reflects Freddie Mac's usual calculation of scheduled principal during the applicable Monthly Reporting Period, with any difference between actual payments on the Mortgages and the principal payments on the Multifamily Gold PCs being reconciled in subsequent periods.

Calculation of Principal Payments for Multifamily Original PCs and Multifamily ARM PCs. The aggregate principal payment in any month on the Multifamily Original PCs or the Multifamily ARM PCs reflects any principal payments on the related Mortgages, including scheduled principal payments and Prepayments, reported by servicers for the Monthly Reporting Period that ended in the second preceding month. Freddie Mac may elect not to calculate principal payments for Multifamily Original PCs and Multifamily ARM PCs in the absence of reports from servicers in which event the Pool Factors for the affected Multifamily PC Pools will remain unchanged.

Calculation of Multifamily ARM PC Coupons. The PC Coupon on a Multifamily ARM PC reflects the weighted average of the underlying Mortgage Coupons, less the servicing fee paid to the servicer, the management and guarantee fee retained by Freddie Mac and any amounts retained by the seller or servicer as additional compensation. The PC Coupon is recalculated monthly to reflect changes in the unpaid principal balance of the related Mortgages and adjustments to the Mortgage Coupons of the related Mortgages, unless otherwise provided in the applicable Supplement. The PC Coupon of a Multifamily ARM PC is expressed as an exact decimal truncated to three places. There is no limit on the amount of permissible periodic adjustments to the PC Coupons on Multifamily ARM PCs although there may be an adjustment cap applicable to each Mortgage in the related Multifamily PC Pool. An "Adjustment Cap" limits the permissible amount of the periodic adjustment in the Mortgage Coupon of the related Mortgage. There is no minimum or maximum PC Coupon, although there may be a ceiling and/or floor on the permissible Mortgage Coupons on the underlying Mortgages. The Mortgage Coupons of each of the Mortgages in a Multifamily PC Pool may adjust in different months and, accordingly, some, all or none of the Mortgages in a Multifamily PC Pool may adjust on a given date. Any applicable Adjustment Caps, ceilings and/or floors on the Mortgages comprising a Multifamily ARM PC Pool will be specified in the applicable Supplement.

Mortgages with adjustable interest rates normally adjust to a rate equal to the value of a specified interest rate index plus a Mortgage Margin. The "Mortgage Margin" is a fixed amount that is added to the specified interest rate index to calculate a new Mortgage Coupon. The Mortgage Margins on the Mortgages in a Multifamily ARM PC Pool are likely to vary. The interest rate indices used to calculate the Mortgage Coupons in Multifamily ARM PCs are specified below. On any date a Mortgage Coupon is scheduled to adjust, the interest rate index used to calculate the new Mortgage Coupon is the interest rate index value available 45 days prior to the date the adjustment of the Mortgage Coupon is effective, unless otherwise specified in the applicable Supplement. Freddie Mac considers a new Index to be available as of the date it is released by the entity officially releasing such information.

The indices most frequently used to adjust Mortgages with adjustable Mortgage Coupons (each, an "Index") are: (i) "LIBOR," the arithmetic mean of the London interbank offered quotations for Eurodollar deposits with a maturity of one month, three months, six months, one year or some other maturity, in each case as specified in the applicable Supplement; (ii) "COFI," the weighted average cost of funds for member savings institutions of the Eleventh District of the Federal Home Loan Bank; (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 applicable Supplement; or (iv) the "Prime Rate," the prime lending rate of major banks as specified in the applicable Supplement. The Index applicable

to a Multifamily PC Pool will be identified in the applicable Supplement. Additional information about the various Indices, as well as sources for obtaining current and historical values for those Indices, are attached hereto as Exhibit B.

Absent manifest error, Freddie Mac's determination of the applicable Index levels and its calculation of the PC Coupons of the related Multifamily ARM PCs for each month will be final and binding. Investors can obtain the rates for the current and preceding month by writing or calling Freddie Mac's Investor Inquiry Department at the address or phone numbers shown on the cover page of this Offering Circular.

In the event an Index becomes unavailable, a new Index, based upon comparable information and methodology and approved by Freddie Mac, will be employed.

GUARANTEES

Freddie Mac guarantees to each Holder of a Multifamily Gold PC (i) the timely payment of interest at the applicable PC Coupon on the principal balance of the Holder's Multifamily Gold PC, as calculated by Freddie Mac under the Pool Factor Method, (ii) in the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, the timely payment of the Holder's proportionate share of scheduled principal and (iii) the ultimate collection of the Holder's proportionate share of all principal of the related Mortgages, without offset or deduction, no later than the Payment Date that occurs in the same month as the Multifamily Gold PC's Final Payment Date.

Freddie Mac guarantees to each Holder of a Multifamily Original PC and Multifamily ARM PC (i) the timely payment of interest at the applicable PC Coupon on the principal balance of the Holder's Multifamily Original PC or Multifamily ARM PC, as the case may be, as calculated by Freddie Mac under the Pool Factor Method and (ii) the ultimate collection of the Holder's proportionate share of all principal of the related Mortgages, without offset or deduction, no later than the Payment Date that occurs in the month following the Multifamily Original PC's or Multifamily ARM PC's Final Payment Date.

OPTIONAL REDEMPTION

Freddie Mac may, at its option, redeem the Multifamily PCs issued on or after December 1, 1997 in respect of any Multifamily PC Pool in whole, but not in part, on any Payment Date when, after giving effect to the principal payment to be made on such Payment Date, the aggregate outstanding principal balance of such Multifamily PCs would be less than two percent of their original principal balance. Any optional redemption will be at a redemption price equal to 100% of the aggregate outstanding principal balance of the Multifamily PCs redeemed, plus accrued and unpaid interest.

FINAL PAYMENT DATE

The Final Payment Date on a Multifamily PC Pool reflects the date on which the last monthly payment on the latest maturing Mortgage in the related Multifamily PC Pool is scheduled to be made, as determined at the time of Multifamily PC Pool formation. By convention, the Final Payment Date of a Multifamily PC is always designated as the first day of a month, even though all Payment Dates occur on the 15th day of each month. A Holder may receive the final payment of interest and principal on a Multifamily PC before the month of its Final Payment Date because of Prepayments, including any repurchases of Mortgages that are in default or danger of default.

A Holder of a Multifamily Gold PC will receive the final payment of interest and principal on such Multifamily PC not later than the Payment Date in the month of its Final Payment Date. A Holder of a Multifamily Original PC or a Multifamily ARM PC will receive final payment of interest and principal on such Multifamily PC not later than the Payment Date in the month following the month of its Final Payment Date.

FORM OF MULTIFAMILY PCs, HOLDERS, MINIMUM PRINCIPAL AMOUNTS AND TRANSFERS

Multifamily PCs will be issued and may be held of record and transferred only on the book-entry system of the Federal Reserve Banks by entities eligible to maintain book-entry accounts with a Federal Reserve

Bank (“Fed Participants”). A security in “book-entry form” is issued by means of an entry on the books and records of the Federal Reserve Bank of New York or other Federal Reserve Banks that maintain PCs in book entry form (“Federal Reserve Banks”); it is evidenced only by such entry and not by a certificated security. A Federal Reserve Bank’s book-entry records will reflect a Fed Participant’s aggregate holdings of a Multifamily PC.

Freddie Mac’s fiscal agent for Multifamily PCs held on the Federal Reserve Banks’ book-entry system is 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 Multifamily PCs (i) the Department of Housing and Urban Development regulations applicable to Freddie Mac’s book-entry securities and (ii) such procedures as may be agreed upon from time to time by Freddie Mac and a Federal Reserve Bank. These regulations and procedures relate primarily to the issuance and recordation of, and transfers of interests (including security interests) in, Freddie Mac’s securities maintained on the Federal Reserve Banks’ book-entry system and apply to all such book-entry securities, regardless of when issued. The accounts of Fed Participants are governed by applicable operating circulars and letters of the Federal Reserve Banks. Each Multifamily PC is assigned a unique nine-character designation (a “CUSIP Number”) used, among other things, to identify such Multifamily PC on the books and records of the Federal Reserve Banks.

Multifamily PCs will be issued and must be maintained and transferred in minimum original principal amounts of \$1,000 and additional increments of \$1. A Multifamily PC may not be transferred if, as a result of the transfer, the transferor or the transferee would have on deposit in its account Multifamily PCs having an original principal amount of less than \$1,000. Transfers of Multifamily PCs maintained on the Federal Reserve Banks’ book-entry system will also be subject to any applicable Federal Reserve Bank minimum wire transfer requirements.

A Holder of a Multifamily PC is not necessarily the beneficial owner of such Multifamily PC. Beneficial owners ordinarily will hold Multifamily PCs 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 Multifamily PC through a brokerage firm which, in turn, holds such interest through an entity eligible to maintain book-entry accounts with a Federal Reserve Bank. In that case, the beneficial owner of such interest would be the investor and the entity that appears as the holder on the records of a Federal Reserve Bank would be the Holder. A Holder that is not also the beneficial owner of a Multifamily PC, 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 Multifamily PC with respect to Freddie Mac and a Federal Reserve Bank may be exercised only through the Holder of the Multifamily PC. Neither Freddie Mac nor any Federal Reserve Bank will have a direct obligation to a beneficial owner of a Multifamily PC that is not also the Holder of the Multifamily PC. A Federal Reserve Bank will act only upon the instructions of the Holder in recording transfers of a Multifamily PC maintained on the Federal Reserve Banks’ book-entry system.

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

A Federal Reserve Bank will credit payments to Holders of Multifamily PCs maintained on the Federal Reserve Banks’ book-entry system on each applicable Payment Date. Holders of a Multifamily PC on the books and records of a Federal Reserve Bank on the applicable Record Date will be entitled to any payments on the Multifamily PC made on the related Payment Date.

RECORD DATES

The “Record Date” is the close of business on the last day of (i) the preceding month in the case of Multifamily Gold PCs or (ii) the second preceding month in the case of Multifamily Original PCs or Multifamily ARM PCs. Freddie Mac will pass through payments on Multifamily PCs on each applicable Payment Date.

THE MORTGAGES

GENERAL CHARACTERISTICS

The Mortgages are fixed rate or variable rate, first lien whole loans or participations therein secured by properties containing five or more dwelling units and designed primarily for residential use. The Mortgages may be secured by any type of multifamily dwelling acceptable to Freddie Mac, including high-rise buildings, garden apartments and townhouse apartments. Under certain circumstances, the Mortgages may be secured by dwellings subject to ground or similar leases or to subordinate liens. Borrowers may be individuals, partnerships, limited liability companies, corporations, trusts or other entities, including cooperative corporations or associations.

The Mortgages may be Conventional Mortgages or FHA Mortgages, but will not include mortgages insured by the FHA under Sections 232 (nursing homes and intermediate care facilities) or 234 (condominiums) of the National Housing Act.

Conventional Mortgages may or may not contain “due-on-transfer” clauses that give the lender the ability to accelerate the remaining principal balance upon transfer of the property, or an interest therein, or upon transfer of a material interest in the borrower. Conventional Mortgages containing such clauses also allow the lender to approve assumptions if certain conditions are met. Freddie Mac may permit assumption of a Conventional Mortgage containing a “due-on-transfer” clause at the existing Mortgage Coupon for the remaining Mortgage term if it determines that the creditworthiness and management ability of the transferee and the physical and financial condition of the mortgaged property meet any standards set forth in the “due-on-transfer” clause or, in the absence of such standards, are otherwise reasonably satisfactory. Conventional Mortgages that do not contain “due-on-transfer” clauses are assumable without limitation.

FHA Mortgages contain “due-on-transfer” clauses that allow assumptions with the consent of the FHA. If a borrower requests approval for assumption of an FHA Mortgage, Freddie Mac will instruct the servicer to seek the FHA’s consent and will allow the assumption if such consent is received.

For additional information concerning Freddie Mac’s policies on assumptions, see “ — Mortgage Purchase and Servicing Standards — Mortgage Servicing — Assumption and Due-on-Transfer Policies.” Any fees collected in connection with assumptions will be retained by Freddie Mac and/or the servicer as compensation for services and will not be passed through to Holders. See “ — Mortgage Purchase and Servicing Standards — Mortgage Servicing — Fees.”

Unless otherwise provided in the applicable Supplement, Conventional Mortgages purchased by Freddie Mac allow prepayment at any time and may require the payment of an additional amount (a “Prepayment Premium”) in connection with such prepayments. Prepayment Premiums may vary significantly among the Mortgages in a Multifamily PC Pool. Information regarding the Prepayment Premiums, if any, on the Mortgages in a Multifamily PC Pool will be provided in the applicable Supplement. Unless otherwise provided in the applicable Supplement, any Prepayment Premiums collected from borrowers will be retained by Freddie Mac and/or the servicer as compensation for services and will not be passed through to Holders. If so described in the applicable Supplement, Conventional Mortgages purchased by Freddie Mac may contain lockout provisions prohibiting prepayments by borrowers during a portion or all of the term of the Mortgages. There can be no assurance that either a Prepayment Premium or a lockout provision contained in a Mortgage will have the effect of preventing the prepayment of the Mortgage under circumstances in which the Prepayment Premium or lockout provision was intended to be applicable. For information concerning the circumstances under which Freddie Mac will require servicers to enforce Prepayment Premiums and lockout provisions, see “ — Mortgage Purchase and Servicing Standards — Mortgage Servicing — Prepayments.”

FHA Mortgages purchased by Freddie Mac are prepayable in accordance with applicable FHA regulations and the Mortgage documents. The pertinent terms of such regulations and documents will be described in the applicable Supplement.

To the extent the Mortgages in a Multifamily PC Pool differ materially from the description of the Mortgages contained in this Offering Circular, such differences will be set forth in the applicable Supplement.

MORTGAGE PURCHASE AND SERVICING STANDARDS

All mortgages purchased by Freddie Mac must meet certain standards established by Title III of the Emergency Home Finance Act of 1970, as amended, 12 USC. §§ 1451-1459 (the “Freddie Mac Act”). The Freddie Mac Act establishes limits on the maximum original per unit mortgage amount Freddie Mac may purchase. The Freddie Mac Act also confines Freddie Mac to purchasing mortgages of such quality, type and class as to meet generally the purchase standards imposed by private institutional investors; in effect, the mortgages purchased must be readily marketable to institutional mortgage investors.

In addition, Freddie Mac has established its own set of mortgage purchase standards, including credit, appraisal and underwriting guidelines, which are contained in the *Multifamily Seller/Servicer Guide* and other mortgage purchase documents. Copies of the *Multifamily Seller/Servicer Guide* and other materials may be purchased from Freddie Mac’s Investor Inquiry Department.

From time to time, Freddie Mac modifies its non-statutory mortgage purchase standards. Accordingly, Freddie Mac’s mortgage purchase standards in the future may not conform to those described below. Freddie Mac also frequently grants requests from mortgage sellers to waive or modify specific aspects of its mortgage purchase standards in connection with the purchase of specific mortgages. If Freddie Mac determines that a waiver or modification of its mortgage purchase standards is likely to alter materially the payment behavior of the Mortgages in a Multifamily PC Pool, information concerning the waiver or modification will be provided in the applicable Supplement. Freddie Mac makes no representation that all or any portion of the Mortgages in any particular Multifamily PC Pool will conform to all of the purchase standards set forth in the *Multifamily Seller/Servicer Guide*, other mortgage purchase documents or this Offering Circular.

The following summary of Freddie Mac’s mortgage purchase standards is not intended to be complete and is qualified in its entirety by the *Multifamily Seller/Servicer Guide* and any other applicable mortgage purchase documents.

Credit, Appraisal and Underwriting Guidelines

Freddie Mac’s credit, appraisal and underwriting guidelines are designed to determine the value of the real property securing a Mortgage and the creditworthiness of the borrower. These guidelines focus on such factors as (i) the strength of the market in which the mortgaged property is located (including the economic base, employment diversification, the balance of housing supply and demand, vacancy rates and the extent of rental concessions); (ii) the strength of the mortgaged property’s operations (including the vacancy rate, rent levels and operating and maintenance expenses); (iii) the physical condition of the mortgaged property; (iv) the financial strength of the borrower and its principals (including their net worth, liquidity and credit history); and (v) the management experience and ability of the borrower and its principals or the property manager, as applicable. Freddie Mac’s administration of its guidelines may vary based on Freddie Mac’s evaluation of and experience with the seller of the Mortgages, the loan-to-value and debt coverage ratios and age of the Mortgages, and other factors. In addition to the guidelines established by Freddie Mac, any FHA Mortgages purchased by Freddie Mac must conform to the guidelines established by the FHA for the programs pursuant to which the Mortgages are insured.

Mortgage Amount

The Freddie Mac Act establishes limits on the maximum original per unit mortgage amount of any first lien Conventional Mortgage that Freddie Mac may purchase. These limits are equal to 125% of the limits set forth in Section 207(c)(3) of the National Housing Act for particular types of multifamily structures. Currently, the maximum original principal amount of a multifamily mortgage purchased by Freddie Mac is, for a non-elevator structure, \$38,025 per unit without separate bedroom, \$42,120 per 1-bedroom unit, \$50,310 per 2-bedroom unit, \$62,010 per 3-bedroom unit and \$70,200 per 4-bedroom unit, and, for an elevator structure, \$43,875 per unit without separate bedroom, \$49,140 per 1-bedroom unit, \$60,255 per 2-bedroom unit, \$75,465 per 3-bedroom unit and \$85,328 per 4-bedroom unit. The applicable limits are 50% higher for properties located in Alaska, Guam, Hawaii and the Virgin Islands. In any area that is determined to be a high cost area by the Secretary of the Department of Housing and Urban Development, the applicable limits are

240% of the limits set forth in Section 207(c)(3) of the National Housing Act (including any such area located in Alaska, Guam, Hawaii or the Virgin Islands).

FHA Mortgages purchased by Freddie Mac have maximum original principal amounts as determined under the National Housing Act.

Eligible Sellers, Servicers and Warranties

Freddie Mac approves the institutions that may sell and service Mortgages on an individual basis after consideration of factors such as financial condition, operational capability and mortgage origination and/or servicing experience. Most sellers and servicers are mortgagees, approved by the United States Department of Housing and Urban Development (“HUD”) or financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”). The seller of a Mortgage to Freddie Mac need not be the originator of that Mortgage. Any seller or servicer of an FHA Mortgage must also be approved by the FHA to originate and/or service such Mortgage.

Sellers are required to give warranties to Freddie Mac that are customary in secondary mortgage market purchases. These warranties cover such matters as proper execution of the Mortgage documents; the fact that payments on the Mortgage are current at the time of delivery to Freddie Mac; the physical condition of the mortgaged property; the existence of insurance coverage; and the accuracy of rent schedules. Sellers also warrant that they know of no inaccuracy in information provided by the borrower and of no impediment to enforceability of the Mortgage documents. If the seller has provided Freddie Mac with reports relating to the mortgaged property prepared by a third party, the seller will warrant that the seller has examined each such report, that to the best of the seller’s knowledge each such report was prepared by a professional qualified to give it and that the report is complete and accurate. If the seller has not provided such reports, the seller will warrant that it knows of nothing affecting the mortgaged property that violates environmental or public health laws or presents life safety risks.

Mortgage Servicing

The *Multifamily Seller/Servicer Guide* contains Freddie Mac’s servicing policies and procedures, which were developed to support the efficient and uniform servicing of Mortgages. From time to time, Freddie Mac modifies its mortgage servicing standards. Accordingly, Freddie Mac’s mortgage servicing standards in the future may not conform to those described below. Freddie Mac also occasionally negotiates with mortgage sellers to modify specific aspects of its mortgage servicing standards in connection with the purchase and servicing of specific mortgages. If Freddie Mac determines that a modification of its mortgage servicing standards is likely to alter materially the payment behavior of the Mortgages in a Multifamily PC Pool, information concerning the modification will be provided in the applicable Supplement.

Each servicer must perform diligently all services and duties customary to the servicing of Conventional Mortgages or required by any applicable FHA or other federal regulations in a manner consistent with prudent servicing standards. The duties performed by a servicer include collection and remittance of principal and interest; administration of escrow accounts, if any; collection of insurance or guaranty claims; and property inspections. A servicer retains a servicing fee in an amount that Freddie Mac believes sufficient to provide the servicer with an incentive to service the Mortgage properly. Subject to Freddie Mac’s approval, servicers may transfer their servicing rights to other servicers acceptable to Freddie Mac. Freddie Mac receives remittances of Mortgage payments from servicers under various arrangements, which have no effect on the timing or the amount of monthly payments made to Holders. Pending payment to Holders, Freddie Mac may invest funds received from servicers at its own risk and for its own benefit. Freddie Mac monitors servicers’ performance through periodic and special reports and inspections. A brief description of certain aspects of Freddie Mac’s current servicing policies and procedures concerning prepayments, defaults, assumptions and fees follows.

Prepayments. A Prepayment may occur upon a sale of the real property securing a Mortgage, a refinancing of the Mortgage or a repurchase of the Mortgage from the Multifamily PC Pool. Unless otherwise provided in the applicable Supplement, Conventional Mortgages allow borrowers to make only prepayments in full at any time during the life of the Mortgage. The Mortgages in a Multifamily PC Pool may require the payment of a Prepayment Premium in connection with a prepayment, if so described in the applicable

Supplement. In addition, the Mortgages in a Multifamily PC Pool may contain lockout provisions prohibiting prepayments by borrowers, if so described in the applicable Supplement. Freddie Mac will require the servicer to enforce any Prepayment Premiums and lockout provisions only to the extent that Freddie Mac would, at that time, seek to enforce similar Prepayment Premiums and lockout provisions for comparable mortgages it has purchased but not resold. For example, Freddie Mac may waive Prepayment Premiums and lockout provisions in connection with efforts to resolve existing or impending defaults or litigation, or when the benefits resulting from prepayment protection are likely to be substantially offset by the cost or result of enforcement. Unless otherwise provided in the applicable Supplement, any Prepayment Premiums collected from borrowers will be retained by Freddie Mac and/or the servicers and will not be passed through to Holders. FHA Mortgages purchased by Freddie Mac are prepayable in accordance with applicable FHA regulations and the Mortgage documents. The pertinent terms of such regulations and documents will be described in the applicable Supplement.

A Mortgage repurchase can result from a material breach of a warranty, representation or agreement by the seller or servicer or from a defect in documentation; a right of recourse to the seller or servicer; certain measures to resolve an existing or impending delinquency or other default; by virtue of Freddie Mac's guarantee of the ultimate collection of principal; actions taken to maintain proper servicing of the Mortgage or to minimize loss; actions taken to maintain the fixed investment trust status of the Multifamily PC Pool and certain other circumstances. In determining whether a Mortgage should be repurchased, Freddie Mac considers a variety of factors, including whether the repurchase will reduce Freddie Mac's administrative costs or Freddie Mac's possible exposure under its guarantees. Under certain circumstances, Freddie Mac may require a seller or servicer to repurchase all or substantially all of the Mortgages in a Multifamily PC Pool. The proceeds of any Mortgage repurchase will be passed through to Holders as if the Mortgage had been prepaid. A Mortgage repurchase will not trigger payment by the borrower of any Prepayment Premium nor will it be restricted by the existence of lockout provisions in the Mortgage.

Defaults, Delinquencies and Foreclosures. Freddie Mac may resolve an existing or impending delinquency or other default on a Mortgage through a variety of measures. In determining which measures to pursue with respect to a given Mortgage and when to initiate such measures, Freddie Mac seeks to minimize the costs that may be incurred in servicing the Mortgage, as well as Freddie Mac's possible exposure under its guarantees.

Among the measures that Freddie Mac may pursue, Freddie Mac may approve an assumption of the Mortgage by a new borrower, may allow a repayment plan or period of forbearance during which regular Mortgage payments may be reduced or suspended, may approve a modification of certain of the terms of the Mortgage if the circumstances indicate that the borrower would be able to make all payments under the modified Mortgage terms or may pursue a refinancing of the Mortgage, a preforeclosure sale of the mortgaged property, a deed in lieu of foreclosure or a charge off of the unpaid principal balance of the Mortgage or initiate a foreclosure proceeding.

In pursuing such measures, Freddie Mac will determine, in its sole discretion, whether or not to remove the Mortgage from the Multifamily PC Pool. Removal of the Mortgage from the Multifamily PC Pool will result in Prepayment of the Mortgage to Holders. If Freddie Mac determines not to remove the Mortgage from the Multifamily PC Pool, the measures Freddie Mac has chosen to pursue to resolve the existing or impending delinquency or other default will not affect Freddie Mac's guarantees, but may have different effects on Multifamily Gold PCs, Multifamily Original PCs and Multifamily ARM PCs. In the case of Multifamily Gold PCs, Freddie Mac will continue to make payments in respect of the Mortgage as if such measures were not in effect. In the case of Multifamily Original PCs and Multifamily ARM PCs, such measures may affect the timing of the pass-through of principal to Holders.

Freddie Mac generally demands accelerated payment of principal and initiates foreclosure proceedings when a Mortgage has become 30 days' delinquent, but also continues to pursue alternative steps to resolve the delinquency before the foreclosure proceedings are concluded where such steps appear likely to mitigate Freddie Mac's potential losses.

If, after demand for accelerated payment of principal, a borrower pays all delinquent amounts or an acceptable arrangement for reinstatement of the Mortgage is agreed upon, foreclosure proceedings may be

terminated and the demand may be withdrawn. If the borrower again becomes delinquent, a new demand for accelerated payment of principal generally must be made and new foreclosure proceedings commenced.

The length of the foreclosure process varies significantly from state to state. Some state laws provide borrowers with a right to redeem after foreclosure, and the foreclosure process typically is not final until the expiration of this right. If the Mortgage has not previously been removed from the Multifamily PC Pool in connection with measures to resolve the delinquency or otherwise, payment is made pursuant to Freddie Mac's guarantee of ultimate collection of principal no later than one year following demand on the borrower for accelerated payment of principal (unless foreclosure proceedings are terminated prior to the expiration of the one-year period).

Applicable FHA regulations govern a servicer's actions to resolve a delinquency on an FHA Mortgage. Each servicer warrants that it will comply with these regulations and that it will take all necessary steps to ensure that Freddie Mac's rights under the insurance provisions are protected. FHA regulations and procedures encourage a servicer to enter into arrangements with delinquent borrowers to assist them in bringing defaulted mortgages current. Subject to FHA approval, such workout arrangements may include periods of forbearance or repayment plans. If such arrangements are not pursued or are unsuccessful in bringing the Mortgage current, the Mortgage is removed from the Multifamily PC Pool and assigned to the FHA prior to commencement of foreclosure proceedings.

The bankruptcy of a borrower on a multifamily mortgage may differ in significant respects from the bankruptcy of a borrower on a home mortgage. The mortgaged multifamily property is often the sole asset of a borrower other than an individual. A bankruptcy proceeding involving a multifamily property may be commenced by a borrower, for example, when the property value decreases or when the revenues from the property become insufficient to pay debt service and operating expenses.

Freddie Mac's servicing discretion in connection with a borrower's bankruptcy may be limited by bankruptcy law, orders of the court in which the bankruptcy is proceeding or by state legislation prohibiting or delaying acceleration. If Freddie Mac is precluded by bankruptcy law or by order of a bankruptcy court from making demand for acceleration, for purposes of Freddie Mac's guarantee of ultimate collection of principal, demand for acceleration is deemed to have been made on the later of the date on which the borrower's bankruptcy petition was filed, the date an order for relief is entered in an involuntary bankruptcy petition filed against the borrower or the due date of the last payment made on the Mortgage.

In certain bankruptcy cases where the unpaid principal balance of a Mortgage exceeds the current value of the property securing the Mortgage, some bankruptcy courts have approved a borrower's plans reducing such borrower's obligation under the Mortgage to the current value of the property and treated the remaining amount of the original Mortgage indebtedness as an unsecured obligation. In such cases, Freddie Mac may treat the unsecured portion of the Mortgage as a partial Prepayment and pass through such amount as early as the date of such court action.

Neither receipt of proceeds from a condemnation or an insured casualty loss of a mortgaged property, Freddie Mac's decision to treat the unsecured portion of a Mortgage as a partial Prepayment, nor Freddie Mac's decision to remove a Mortgage from the Multifamily PC Pool will trigger payment by the borrower of any Prepayment Premium or be restricted by the existence of lockout provisions in the Mortgage.

Information regarding Freddie Mac's delinquency, default and foreclosure experience for multifamily mortgages purchased by Freddie Mac is included in the Information Statement and Information Statement Supplements.

Assumption and Due-on-Transfer Policies. A "due-on-transfer" clause is a provision in a security instrument that gives the lender the ability to accelerate the remaining principal balance of the Mortgage upon transfer of the property or an interest therein, or upon transfer of a material interest in the borrower. Conventional Mortgages purchased by Freddie Mac may or may not contain such clauses. Conventional Mortgages containing such clauses also allow the lender to approve assumptions if certain conditions are met. Freddie Mac may permit assumption of a Conventional Mortgage containing a "due-on-transfer" clause if it determines that the creditworthiness and management ability of the transferee and the physical and financial condition of the mortgaged property meet any standards set forth in the "due-on-transfer" clause or, in the

absence of such standards, are otherwise reasonably satisfactory. In certain cases, Freddie Mac may require that the transferee make repairs or improvements to the mortgaged property or accept personal liability for some percentage of the Mortgage.

Conventional Mortgages that do not contain “due-on-transfer” clauses are assumable whether or not the transferee or the condition of the mortgaged property is satisfactory to Freddie Mac, and without any other limitations or conditions on the assumption.

FHA Mortgages contain “due-on-transfer” clauses that allow assumptions with the consent of the FHA. If a borrower requests approval for an assumption of an FHA Mortgage, Freddie Mac will instruct the servicer to seek the FHA’s consent and will allow the assumption if such consent is received.

The result of allowing an assumption of a Mortgage is that the Mortgage remains in the Multifamily PC Pool, while enforcing a “due-on-transfer” clause leads to removal of the Mortgage from the Multifamily PC Pool and a Prepayment of the Mortgage to Holders and may trigger the payment by the borrower of any applicable Prepayment Premium.

Fees. Late payment fees, if any, are retained by the servicer and/or Freddie Mac and are not passed through to Holders. Unless otherwise provided in the applicable Supplement, Prepayment Premiums, if any, collected on the Mortgages are also retained by the servicer and/or Freddie Mac and are not passed through to Holders. Freddie Mac may require servicers to charge review and transfer fees in connection with any assumption. Any such review and transfer fees are shared by the servicer and Freddie Mac and are not passed through to Holders. All fees retained by the servicer and/or Freddie Mac and not passed through to Holders constitute additional compensation for services provided by the servicer and/or Freddie Mac.

PREPAYMENTS, YIELDS AND SUITABILITY

PREPAYMENTS

The rate of principal payments on Multifamily PCs depends primarily on the rate of principal payments on the underlying Mortgages. Unless otherwise provided in the applicable Supplement, each borrower has the option, at any time during the term of a Mortgage, to prepay the entire principal balance of the Mortgage. Any given Multifamily PC Pool may experience payment behavior that is similar to or different from that experienced by other Multifamily PC Pools consisting of similar Mortgages.

The rate of payments on any given Multifamily PC Pool may fluctuate significantly from month to month. Prepayments generally are affected by a variety of economic, tax, geographic, demographic, legal and other factors. The factors affecting the prepayment behavior of multifamily mortgages differ in certain respects from those affecting the prepayment behavior of home mortgages purchased by Freddie Mac. A multifamily property typically is viewed by the borrower solely as an investment, and the prepayment behavior of multifamily mortgages therefore is affected primarily by economic rather than personal considerations.

Among the factors that may affect the prepayment behavior of the Mortgages in a Multifamily PC Pool are: the age, geographic distribution and payment terms of the Mortgages; the remaining depreciable lives of the underlying properties; the physical condition of the underlying properties, including the presence of any hazardous substances or other environmental problems; applicable tax laws (including depreciation benefits) as they may be changed from time to time; characteristics of the borrowers and their equity positions in the properties; the presence of borrower recourse, if any; changes in local industry and population migration as they affect vacancy rates; prevailing rent levels (as limited by any applicable rent control or stabilization laws) as they affect cash flows from the properties; levels of current mortgage interest rates and borrower refinancing activities; activity of lenders in soliciting refinancing; the attractiveness of other investment alternatives; and lockout provisions or Prepayment Premiums, if any. Freddie Mac makes no representation concerning the particular effect that any of these factors may have on the prepayment behavior of the Mortgages in any particular Multifamily PC Pool. In particular, although Mortgages with higher Prepayment Premiums may be expected to prepay less frequently than Mortgages with lower or no Prepayment Premiums, there is no assurance that any requirement for a borrower to pay such a Prepayment Premium will effectively deter

Prepayment. Similarly, there is no assurance that a lockout provision contained in a Mortgage will prevent Prepayment of such Mortgage.

The number of defaults on Mortgages in a Multifamily PC Pool and the number of repurchases of Mortgages also may affect prepayment behavior. Declining property values or revenues from the mortgaged properties, as well as the extent of any borrower recourse, are likely to affect the frequency of defaults. In addition, servicing decisions regarding Mortgages that are in default or in danger of default, including determination of the measures to be pursued to reduce loss and when to initiate such measures, also may have an impact upon the prepayment behavior of the Mortgages in particular Multifamily PC Pools. See “Mortgage Purchase and Servicing Standards — Mortgage Servicing — Prepayments” and “— Defaults, Delinquencies and Foreclosures.”

The prepayment behavior of a Multifamily PC Pool containing only one or a small number of Mortgages is likely to be more volatile than that of a Multifamily PC Pool containing a larger number of Mortgages, because a Prepayment on a single Mortgage may result in the pass-through to Holders of all or a substantial portion of the principal amount of the Multifamily PC Pool.

YIELDS

The yield of a Multifamily PC will depend upon its purchase price, its PC Coupon and the rate of principal payments on the Multifamily PC. Freddie Mac makes no representation regarding Mortgage Prepayment rates or the yield of any Multifamily PC.

Prepayments — Effect on Yields

The yields to investors will be sensitive to the rate of Mortgage principal payments. In the case of Multifamily PCs purchased at a discount, slower than anticipated rates of principal payments on the Mortgages are likely to result in actual yields to investors that are lower than the anticipated yields. In the case of Multifamily PCs purchased at a premium, faster than anticipated rates of principal payments are likely to result in actual yields to investors that are lower than the anticipated yields. Rapid rates of Prepayments on the Mortgages are likely to coincide with periods of low prevailing interest rates; during such periods, the yields at which an investor may be able to reinvest principal payments on the Multifamily PCs may be lower than the interest payable at the PC Coupon. Conversely, slow rates of Prepayments on the Mortgages are likely to coincide with periods of high prevailing interest rates; during such periods, the amount of principal payments on the Multifamily PCs available to an investor for reinvestment at such high rates may be relatively low.

The timing of Prepayments may also affect the actual yield to an investor, even if the average rate of Prepayments is consistent with the investor’s expectation. In general, the earlier a Prepayment occurs, the greater the effect on an investor’s yield. As a result, the effect on an investor’s yield of Prepayment rates that are higher (or lower) than the rates anticipated by the investor during earlier periods is not likely to be offset by a later equivalent decrease (or increase) in such rates.

Multifamily ARM PC Coupon Adjustments — Effect on Yields

Investors in Multifamily ARM PCs should consider the risk that lower than anticipated values of the applicable Index could result in actual yields that are lower than the anticipated yields. Investors in Multifamily ARM PCs should understand that their PC Coupons may be subject to adjustment caps and ceilings and/or floors on the permissible Mortgage Coupons on the underlying Mortgages. The Mortgage Coupons, as well as the PC Coupons of Multifamily ARM PCs, may be adjusted at monthly, semiannual, annual or less frequent intervals. They may not be adjusted on the basis of the most current Index value. Thus, the Mortgage Coupons and the related PC Coupons do not necessarily reflect current values of the applicable Index. In addition, there may be a significant delay from the date an applicable Index value becomes available to the date it is reflected in payments made to investors. Changes in the values of any Index may not correlate with changes in prevailing mortgage interest rates. It is possible that lower prevailing mortgage interest rates could occur concurrently with a higher level of any Index. Conversely, higher prevailing mortgage interest rates could occur concurrently with a lower value of any Index. None of the Indices will remain constant at any value. The timing of changes in the value of the applicable Index may affect the actual yield to an

investor, even if the average value is consistent with the investor's expectation. In general, the earlier a change in the value of the applicable Index, the greater the effect on an investor's yield. As a result, the effect on an investor's yield of an Index value that is higher (or lower) than the rate anticipated by the investor during earlier periods is not likely to be offset by a later equivalent reduction (or increase). The values of Indices that generally reflect current market rates, such as the Treasury Indices and the LIBOR Indices, may be more volatile than the values of Indices that reflect averages of rates in effect over longer periods of time, such as COFI.

SUITABILITY

Multifamily PCs are not suitable investments for all investors. Multifamily PCs are not appropriate investments for any investor that requires a single lump sum payment on a predetermined date or an otherwise certain payment stream. In addition, although certain securities dealers may make a market for the purchase and sale of Multifamily PCs after their initial issuance, there is no assurance that such a secondary market will develop for all types of Multifamily PCs, that any secondary market will continue, or that the price at which an investor can sell an investment in Multifamily PCs will enable the investor to realize a desired yield on that investment. The market values of Multifamily PCs are likely to fluctuate; such fluctuations may be significant and could result in significant losses to investors. The secondary markets for mortgage-related securities have experienced periods of illiquidity and can be expected to do so in the future. Multifamily PCs can be complex securities and it is important that each investor possess, either alone or together with an investment adviser, the expertise necessary to evaluate the information contained and incorporated in this Offering Circular and in the applicable Supplement in the context of that investor's financial situation and his or her views as to both possible and likely interest rate and economic scenarios. This Offering Circular does not describe all of the risks and ramifications of an investment in Multifamily PCs resulting from each investor's particular circumstances, nor does it project the manner in which the Multifamily PCs will perform under all possible interest rate and economic scenarios. No investor should purchase Multifamily PCs unless the investor understands and is able to bear the prepayment, redemption, yield, liquidity and market risks associated with that investment under a variety of interest rate and economic scenarios.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary is intended to provide general tax information relating to Multifamily PCs. The summary is based upon laws, regulations and decisions now in effect, all of which are subject to change or different interpretations. Potential investors, Holders and the entities or individuals that beneficially own a Multifamily PC (the "Beneficial Owners") should consult their own tax advisors regarding the federal tax treatment of the Multifamily PCs as well as the consequences of state, local and foreign tax laws and the applicability of the generalized summary that follows.

Neither the Multifamily PCs nor the income derived therefrom are exempt from federal income, estate or gift taxes under the Internal Revenue Code of 1986, as amended (the "Code") by virtue of the status of Freddie Mac as a government-sponsored enterprise. Further, neither the Code nor the Freddie Mac Act contains an exemption from taxation of the Multifamily PCs or the income derived therefrom by any state, any possession of the United States or any local taxing authority.

Freddie Mac will furnish or make available, within a reasonable time after the end of each calendar year, to each Holder of a Multifamily PC, such information as Freddie Mac deems necessary or desirable to assist Holders in preparing their federal income tax returns, or to enable Holders to make such information available to Beneficial Owners or other financial intermediaries for which such Holders hold such Multifamily PCs as nominees.

GENERAL TAX CHARACTERISTICS

Multifamily PCs have the following characteristics for federal income tax purposes:

A Multifamily PC Pool will be classified as a grantor trust and not as an association taxable as a corporation. Each Beneficial Owner will be treated as the owner of a pro rata undivided interest in the ordinary

income and the corpus of the grantor trust for that particular Multifamily PC Pool, and will be considered the owner of a pro rata undivided interest in each of the Mortgages included therein. Accordingly, subject to the application of the “stripped bond” rules (discussed below), each Beneficial Owner must report its pro rata share of the entire income from the Mortgages, including gross interest income and incidental fees, if any, in accordance with its method of accounting. Each Beneficial Owner will be entitled to deduct, under Section 162 or 212 of the Code, in accordance with its method of accounting, its pro rata share of servicers’ fees and Freddie Mac’s management and guarantee fees, including incidental fees paid by the borrowers and retained by the servicers or Freddie Mac. The Code limits the deductions for miscellaneous itemized deductions for certain Beneficial Owners.

Multifamily PCs may not constitute “loans . . . secured by an interest in real property which is . . . residential real property” within the meaning of Section 7701(a)(19)(C)(v) of the Internal Revenue Code for purposes of determining whether an institution qualifies as a “domestic building and loan association.” Multifamily PCs qualify for such treatment in their entirety only if the planned residential use with respect to the property securing the Mortgage exceeds 80 percent of the property’s planned use (determined as of the time the Mortgage was created). According to the legislative history to this provision, Congress intended that this determination be based on the usable space in the building. Even if the property securing the Mortgage does not meet this test, counsel is of the opinion that, based on authority addressing analogous circumstances, the Multifamily PCs will be treated as “obligations of a corporation which is an instrumentality of the United States” within the meaning of Code Section 7701(a)(19)(C)(ii). Thus, the Multifamily PCs will be a qualifying asset for a domestic building and loan association.

Interest income on Multifamily PCs is “interest on obligations secured by mortgages on real property” as that phrase is used in Section 856(c)(3)(B) of the Code; ownership of a Multifamily PC by a real estate investment trust is ownership of “real estate assets” as that phrase is used in Section 856(c)(5)(A) of the Code.

DISCOUNT AND PREMIUM

A Beneficial Owner purchases an interest in each of the Mortgages in the related Multifamily PC Pool and must allocate the purchase price paid for the Multifamily PC among the Mortgages in proportion to their fair market values. To the extent that the portion of the purchase price allocated to a Mortgage is less than or greater than the portion of the principal balance of the Mortgage allocated to the Multifamily PC, the interest in the Mortgage will be deemed to have been acquired with discount or premium, respectively. The treatment of any discount will depend on whether the discount represents original issue discount or market discount.

If a Beneficial Owner has acquired an interest in a Mortgage at a discount and such discount is original issue discount, such Beneficial Owner will, except as described below, be required to report such discount as ordinary income accruing under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. For example, original issue discount may arise as a result of initial incentive interest rates or points charged at origination. A Beneficial Owner will be required to accrue such original issue discount into income currently only if it exceeds a *de minimis* amount. The Mortgages would also be subject to the original issue discount rules if, as discussed below, the “stripped bond” provisions of the Code were determined to be applicable.

The market discount rules of Sections 1276-1278 of the Code will apply, upon disposition of a Multifamily PC, to treat market discount (in excess of a *de minimis* amount) as ordinary income to the extent of the portion of such discount that is considered to have accrued during the period a Beneficial Owner held the Multifamily PC. Market discount will be considered to accrue under a straight-line method unless a Beneficial Owner elects to calculate accrued market discount under a constant interest method. Principal payments will be included in income to the extent such payments do not exceed the accrued market discount. Interest paid or accrued by a Beneficial Owner on indebtedness incurred or continued to purchase or carry Mortgages acquired at a market discount will be allowed as a deduction only to the extent such interest (reduced by the interest on the Mortgages includable in income) exceeds the market discount that accrued during the taxable year such interest was paid or accrued. Any such deferred interest expense will, in general, be allowed as a deduction when the related market discount income is recognized. As an alternative, a

Beneficial Owner may elect to include market discount in income currently, under either a straight-line method or a constant interest method, on all market discount obligations held by such Beneficial Owner (other than market discount obligations acquired in taxable years prior to the year of election), in which event the foregoing ordinary income on disposition and interest deferral rules will not apply. The precise application of the market discount rules of Sections 1276-1278 to the Mortgages is not clear.

In the event a Beneficial Owner is considered to have purchased its interest in any Mortgage at a premium, such premium may be amortizable under a constant interest method at the election of the taxpayer under Section 171 of the Code. Such premium is treated as an offset to interest income includable with respect to the Multifamily PC.

A Beneficial Owner may elect to include in gross income all interest that accrues on a Mortgage by using the constant yield method. For purposes of this election, interest would include stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium.

A Beneficial Owner should consult its own tax advisor concerning the advisability of making any of the above-described elections.

A Beneficial Owner should consult its own tax advisor regarding the tax treatment of Prepayment Premiums.

A Beneficial Owner who sells a Multifamily PC will recognize gain or loss equal to the difference between its adjusted tax basis and the amount realized on the sale (exclusive of amounts attributable to accrued and unpaid interest, which will be treated as ordinary interest income). In general, such adjusted tax basis will equal the Beneficial Owner's cost for the Multifamily PC, increased by the amount of any discount previously reported and decreased by the amount of any premium previously amortized and the amount of any distributions of principal. Subject to the market discount rules, any such gain or loss would be capital gain or loss if the Multifamily PC is held as a capital asset.

In the case of a Beneficial Owner other than the seller of a Mortgage under Freddie Mac's Multifamily Guarantor Program, any difference between interest at the underlying interest rate on the Beneficial Owner's undivided interest in each Mortgage in the Multifamily PC Pool (the Beneficial Owner's gross income) and the sum of the interest at the PC Coupon on the Multifamily PC, Freddie Mac's management and guarantee fees, and servicer's fees with respect to such undivided interest is, except as described below, to be accounted for as premium expense, as described in Revenue Ruling 71-399, 1971-2 C.B. 433. In Revenue Ruling 71-399, the Internal Revenue Service ruled that any such premium expense may be deductible in accordance with applicable rules.

The Internal Revenue Service may contend that, by reason of the enactment of the stripped bond rules of Section 1286 of the Code (or its predecessor, Section 1232B), Revenue Ruling 71-399 is no longer applicable in characterizing such excess. The Internal Revenue Service has issued guidance taking the position that, when mortgages are sold and the contract entitles the seller to receive amounts that exceed reasonable compensation for the mortgage servicing to be performed, the mortgages are treated as stripped bonds within the meaning of Section 1286 of the Code. If this is the case, a Beneficial Owner of a Multifamily PC would not be treated as having a pro rata undivided interest in the interest payments on the related Mortgages, but rather an ownership interest in such payments to the extent of the PC Coupon plus reasonable servicing fees. Under the rules of Section 1286, the Beneficial Owner would be treated as if the payments to be received in respect of the ownership interest in the Mortgages were purchased at an original issue discount equal to the difference between the price at which such Beneficial Owner is considered to have purchased such payments and the aggregate amount of such payments. The Beneficial Owner would include in income such original issue discount in accordance with the normal Code provisions governing original issue discount. This would have the effect of requiring both interest and discount on the Mortgages to be reported as ordinary income as such income accrues under a constant interest method pursuant to Sections 1271-1273 and 1275 of the Code. It is unclear whether the position taken by the Internal Revenue Service in such guidance would be upheld if challenged.

The Internal Revenue Service also has issued regulations providing that a purchaser of a particular mortgage that is a stripped bond must treat such bond as a market discount bond if the amount of original issue discount with respect to such stripped bond is considered to be zero after application of the *de minimis* rule of Section 1273(a)(3) of the Code or if the annual stated rate of interest payable on the stripped bond is no more than 100 basis points lower than the annual stated rate of interest payable on the mortgage. These conditions are based on the premise that the interest payments which remain associated with the stripped bond are treated, for purposes of the original issue and market discount provisions of the Code, as stated interest payable with respect to the stripped bond. If such conditions are met, a Beneficial Owner would be required to account for any market discount in accordance with the rules for market discount described above.

The Taxpayer Relief Act of 1997 (the "Act") expands Section 1272(a)(6) of the Code to apply to "any pool of debt instruments the yield on which may be affected by reason of prepayments," effective for tax years beginning after August 5, 1997. In addition, the Act repeals the exception to Section 1271 for (i) obligations issued by natural persons after June 8, 1997, and (ii) obligations purchased after June 8, 1997. Investors should consult their tax advisors regarding the effect of such legislation on the taxation of Multifamily PCs.

BACKUP WITHHOLDING AND FOREIGN WITHHOLDING

A Beneficial Owner who is a U.S. Person may be subject to backup withholding tax under Section 3406 of the Code on payments made with respect to a Multifamily PC unless, in general, the Beneficial Owner complies with certain information reporting procedures or is an exempt recipient. Any such amounts withheld would be allowed as a credit against such Beneficial Owner's United States federal income tax. A "U.S. Person" is a citizen or resident of the United States for federal income tax purposes; a corporation, partnership or other type of entity organized in or under the laws of the United States or any political subdivision thereof; an estate whose income is subject to U.S. 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 United States persons have the authority to control all substantial decisions of the trust.

Under temporary Treasury regulations, payments made to a Beneficial Owner who is not a U.S. Person with respect to a Multifamily PC that represents an undivided interest in a pool of Mortgages all of which were originated after July 18, 1984 generally will not be subject to United States federal income tax, including withholding tax, if (i) such Multifamily PC is not held by such Beneficial Owner in connection with a trade or business in the United States, (ii) such Beneficial Owner is not with respect to the United States a personal holding company or corporation that accumulates earnings in order to avoid United States federal income tax and (iii) such Beneficial Owner provides a statement signed under penalties of perjury that includes its name and address and certifies that it is not a U.S. Person in accordance with applicable requirements. To the extent amounts paid with respect to a Multifamily PC to a Beneficial Owner who is not a U.S. Person represent interest on mortgages originated before July 19, 1984, such amounts will be subject to withholding of United States federal income tax at the rate of 30% or such lower rate as may be provided by applicable tax treaty.

The Treasury Department has issued new regulations which make certain modifications to the withholding, backup withholding and information reporting rules. The new regulations generally are effective for payments made after December 31, 1998. Investors should consult their tax advisors regarding such regulations.

LEGAL INVESTMENT CONSIDERATIONS

Investors should consult their own legal advisors in determining whether and to what extent Multifamily PCs constitute legal investments for such investors and whether and to what extent Multifamily PCs 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 Multifamily PCs 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 types of Multifamily PCs or in Multifamily PCs generally. An institution under the jurisdiction of the Comptroller of the Currency, the

Board of Governors of the Federal Reserve System, the FDIC, the Office of Thrift Supervision, the National Credit Union Administration, 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 Multifamily PCs.

APPLICATION OF PROCEEDS

The net proceeds received by Freddie Mac from the sale of Multifamily PCs will provide funds to Freddie Mac for general corporate purposes, including the purchase and financing of additional mortgages.

DISTRIBUTION ARRANGEMENTS

Freddie Mac purchases Mortgages from eligible sellers under various purchase programs. Under the PC One Program, Freddie Mac purchases Mortgages for cash and periodically forms Multifamily PC Pools consisting normally of only a single such Mortgage. Freddie Mac may offer such Multifamily PCs by competitive bid offering or placement directly with securities dealers or investors. Under Freddie Mac's Guarantor Program, Freddie Mac purchases Mortgages from a seller and, in exchange, delivers to the seller Multifamily PCs representing interests in the same Mortgages. Freddie Mac accepts offers for delivery of Mortgages under this program for a variety of periods on a daily basis in accordance with terms contained in the *Multifamily Seller/Service Guide*. Freddie Mac's issuance of Multifamily PCs in exchange for Mortgages under this program is conditioned on the seller's full compliance with the applicable terms and conditions of the *Multifamily Seller/Service Guide* and other mortgage purchase documents, including the seller's timely delivery of acceptable Mortgages in an amount specified by Freddie Mac and delivery of any required offering documents to purchasers of the Multifamily PCs.

SECONDARY MARKETS AND MARKET SUPPORT ACTIVITIES

Certain securities dealers, as well as Freddie Mac through Freddie Mac's Securities Sales and Trading Group ("SS&TG"), may buy, sell and make a market in Multifamily PCs. There is no assurance, however, that a secondary market will develop for all types of Multifamily PCs or, if it develops, that it will continue. Prospective purchasers, Holders and Beneficial Owners wishing to obtain prices for Multifamily PCs may contact the securities dealers selling and making any market in such Multifamily PCs or Freddie Mac's SS&TG (outside the Washington, D.C. metropolitan area, phone 800/424-5401; within the Washington, D.C. metropolitan area, phone 703/903-3300). A list of such dealers may be obtained by writing or calling Freddie Mac's Investor Inquiry Department.

In addition to its activities through SS&TG, Freddie Mac may, from time to time, purchase Multifamily PCs for market support reasons, for its portfolio and for various other corporate purposes. Freddie Mac's acquisitions of Multifamily PCs may, among other things, increase the market prices and reduce the yields of Multifamily PCs and, indirectly, reduce mortgage interest rates. Freddie Mac may increase, reduce or eliminate its purchases of Multifamily PCs at any time.

Federal Home Loan Mortgage Corporation
MULTIFAMILY MORTGAGE PARTICIPATION CERTIFICATE AGREEMENT

(Guaranteed)

AGREEMENT dated as of December 1, 1997, among Freddie Mac and Holders of undivided interests in certain Mortgages that are identified in the records maintained by Freddie Mac and that are represented by Multifamily PCs. Capitalized terms used in this Multifamily Mortgage Participation Certificate Agreement (“Multifamily PC Agreement”) have the respective meanings set forth herein.

WHEREAS:

(a) Freddie Mac is a corporation duly organized and existing under and by virtue of the Freddie Mac Act and has full corporate power and authority to enter into this Multifamily PC Agreement and to undertake the obligations undertaken by it herein; and

(b) Pursuant to Section 305 of the Freddie Mac Act, Freddie Mac from time to time purchases certain residential Mortgages, all of which are identified in the records maintained by Freddie Mac; and

(c) Pursuant to Section 305 of the Freddie Mac Act, Freddie Mac from time to time creates undivided interests in the Mortgages acquired as set forth above, sells and transfers such undivided interests to Holders by the sale of Multifamily PCs and guarantees the payment of interest and principal of such Multifamily PCs for the benefit of such Holders.

Definitions

Amortizing Balloon Mortgage: A Mortgage which provides for level payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over a period of up to 30 years and a balloon payment at maturity.

Beneficial Owner: The entity or individual that beneficially owns a Multifamily PC.

Book-Entry Form: The form of a security which (i) is issued by means of an entry on the books and records of a Federal Reserve Bank and (ii) is evidenced only by such entry and not by a certificated security.

Book-Entry Rules: The provisions from time to time in effect, currently contained in the Department of Housing and Urban Development regulations applicable to Freddie Mac’s book-entry securities, setting forth the terms and conditions under which Freddie Mac may issue securities in Book-Entry Form and authoring the Federal Reserve Banks to act as Freddie Mac’s agent in connection with securities issued in Book-Entry Form.

Business Day: A day other than (i) a Saturday or Sunday, (ii) 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, (iii) as to any Holder, 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, (iv) a day on which the offices of the federal government located in the District of Columbia generally are closed for business, or (v) a day on which the principal offices of Freddie Mac are closed.

Conventional Mortgage: A Mortgage that is not guaranteed or insured by the United States or any agency or instrumentality of the United States.

CUSIP Number: A unique nine-character designation, created by the CUSIP Service Bureau and assigned by Freddie Mac to each Multifamily PC Pool, that is used to identify the Multifamily PC Pool and the related Multifamily PCs on the books and records of the Federal Reserve Banks.

Federal Reserve Bank: Each Federal Reserve Bank that maintains Multifamily PCs in Book-Entry Form.

FHA: Federal Housing Administration.

FHA Mortgage: A Mortgage fully insured by the FHA.

Final Payment Date: The first day of the month in which the last scheduled payment is due on the latest maturing Mortgage in the Multifamily PC Pool as of the date of pool formation.

Freddie Mac: The Federal Home Loan Mortgage Corporation, a stockholder-owned government-sponsored enterprise created pursuant to the Freddie Mac Act for the purpose of establishing and supporting a secondary market in residential mortgages.

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

Fully Amortizing Mortgage: A Mortgage with an original term to maturity of up to 30 years (up to 40 years for FHA Mortgages), which provides for level monthly payments of principal and interest based upon an amortization schedule calculated to pay the original balance of the Mortgage in full over the original term to maturity.

Holder: The entity whose name appears on the books and records of a Federal Reserve Bank as the entity for whose account a Multifamily PC has been deposited in accordance with the Book-Entry Rules.

Monthly Reporting Period: The period from the 16th of a month through the 15th of the next month, for which period servicers report Mortgage payments to Freddie Mac.

Mortgage: A mortgage loan or participation therein secured by a lien on a residential property containing five or more dwelling units, purchased by Freddie Mac and identified in the records maintained by Freddie Mac as included in a Multifamily PC Pool.

Mortgage Coupon: The annual interest rate of a Mortgage.

Multifamily ARM PC: A Multifamily PC with a Payment Delay of 75 days that bears an adjustable rate of interest.

Multifamily ARM PC Pool: A Multifamily PC Pool in which the undivided interests are represented by Multifamily ARM PCs.

Multifamily Gold PC: A Multifamily PC with a Payment Delay of 45 days and a guarantee of timely payment of scheduled principal.

Multifamily Gold PC Pool: A Multifamily PC Pool in which the undivided interests are represented by Multifamily Gold PCs.

Multifamily Original PC: A Multifamily PC with a Payment Delay of 75 days that does not carry a guarantee of timely payment of scheduled principal.

Multifamily Original PC Pool: A Multifamily PC Pool in which the undivided interests are represented by Multifamily Original PCs.

Multifamily PC: A multifamily mortgage participation certificate issued pursuant to the Multifamily PC Agreement, representing an undivided interest in a Multifamily PC Pool. The term "Multifamily PC" includes a Multifamily Gold PC, Multifamily Original PC or Multifamily ARM PC, unless the context requires otherwise.

Multifamily PC Pool: A discrete pool of Mortgages identified in the records maintained by Freddie Mac by a unique PC Pool Number and a CUSIP Number. The term "Multifamily PC Pool" includes a Multifamily Gold PC Pool, Multifamily Original PC Pool or Multifamily ARM PC Pool, unless the context requires otherwise.

Multifamily Seller/Servicer Guide: A Freddie Mac publication, as supplemented and amended from time to time, in which Freddie Mac sets forth its multifamily mortgage purchase standards, including its credit, appraisal and underwriting guidelines, and its servicing policies and procedures.

Payment Date: The day of the month on which Freddie Mac passes through payments of principal and/or interest to Holders. The 15th of each month is a Payment Date unless the 15th is not a Business Day, in which case the next succeeding Business Day is the Payment Date.

Payment Delay: The number of days between the first day of the month in which a Multifamily PC is issued and the date a Holder receives the initial payment in respect of such Multifamily PCs.

PC Coupon: The rate at which interest is passed through to a Holder of a Multifamily PC. Interest at the PC Coupon is computed on the basis of a 360-day year, with each month being assumed to have 30 days, unless otherwise provided in the Supplement.

PC Pool Number: A unique six-character numeric or alpha-numeric designation assigned to each Multifamily PC Pool by Freddie Mac and used to identify the Multifamily PC Pool and the related Multifamily PCs.

Pool Factor: A truncated seven-digit decimal calculated by Freddie Mac for each month for each Multifamily PC Pool that, when multiplied by the original principal balance of the related Multifamily PCs, equals their remaining principal balance after giving effect to the principal payment to be made in the same month, for Multifamily Gold PCs, or in the following month, for Multifamily Original PCs and Multifamily ARM PCs.

Pool Factor Method: The method used by Freddie Mac to determine the monthly principal and interest payments to be made on a Multifamily PC on each Payment Date, which method involves the monthly calculation of a Pool Factor for, and application of such Pool Factor to, each Multifamily PC Pool.

Prepayment: As to any Mortgage in a Multifamily PC Pool, any event that causes an unscheduled principal payment to be passed through on the related Multifamily PCs, including a full or partial prepayment of principal on the Mortgage by the borrower; a liquidation resulting from default, casualty or condemnation; the payment of principal on a insurance claim by the FHA or other Mortgage insurer; the payment of principal on a guaranty claims by any Mortgage guarantor; and the repurchase of the Mortgage from the Multifamily PC Pool by the seller, the servicer or Freddie Mac, including any repurchase pursuant to Freddie Mac's guarantee of ultimate collection of principal.

Record Date: As to each Payment Date, the close of business on the last day of the preceding month in the case of Multifamily Gold PCs, or the second preceding month in the case of Multifamily Original PCs and Multifamily ARM PCs.

Supplement: A document that amends or supplements Freddie Mac's Multifamily Mortgage Participation Certificates Offering Circular or this Multifamily PC Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, it is hereby agreed that the following terms and conditions of this Multifamily PC Agreement shall govern the creation by Freddie Mac of undivided interests in the Mortgages, the transfer, sale and assignment of undivided interests therein represented by Multifamily PCs and the rights and obligations of Freddie Mac and Holders with respect to the Multifamily PCs.

ARTICLE I

Conveyance of Undivided Interests in Mortgages

Section 1.01. Sale of Multifamily PCs. Sale of a Multifamily PC by Freddie Mac pursuant to this Multifamily PC Agreement shall be deemed to occur upon the date of settlement and payment for such Multifamily PC and shall constitute a sale, assignment, transfer and conveyance by Freddie Mac to the Holder of a pro rata undivided interest in the Mortgages constituting the related Multifamily PC Pool. Such pro rata undivided interest of a Holder shall be determined in accordance with Section 3.02. Freddie Mac shall be bound by all of the terms and conditions of this Multifamily PC Agreement at such time as a Multifamily PC is sold by Freddie Mac to a Holder. Upon settlement of and payment for a Multifamily PC, a Holder shall, by virtue thereof, acknowledge, accept and agree to be bound by all of the terms and conditions of this Multifamily PC Agreement. Payment for a Multifamily PC shall be deemed to occur on the settlement date on which such Multifamily PC is sold to the initial Holder thereof.

Section 1.02. Identity of the Mortgages; Substitution and Repurchase. A Multifamily PC Pool shall consist only of those Mortgages acquired by Freddie Mac from a single seller in exchange for Multifamily PCs representing undivided interests in the same Mortgages. The original unpaid principal balance of the Multifamily PC Pool established on Freddie Mac's books and records shall be the aggregate unpaid principal balance of the related Mortgages purchased by Freddie Mac, as reported by the seller at delivery. Except as provided in Section 1.03, once the identity of the Mortgages has been determined, such identity shall not thereafter be changed; *provided, however*, that (i) Freddie Mac may repurchase a Mortgage in connection with a guarantee payment under Section 3.09(b) or an optional redemption under Section 4.04, or may, in connection with its performance of servicing responsibilities pursuant to Section 2.02, repurchase any Mortgage if such repurchase is necessary to maintain proper servicing of the Mortgages or to minimize loss, or shall repurchase a Mortgage in order to maintain the status of the Multifamily PC Pool as a fixed investment trust for federal income tax purposes; (ii) a seller or servicer of a Mortgage may repurchase such Mortgage pursuant to such seller's or servicer's obligation to Freddie Mac to do so in the event such Mortgage is in default; (iii) Freddie Mac may, in connection with the performance of its servicing responsibilities pursuant to Section 2.02, agree to the repurchase by the seller or servicer of any Mortgage if such repurchase is necessary in order to maintain proper servicing of the Mortgages or to minimize loss; (iv) if, in the event of the bankruptcy of a mortgagor, a bankruptcy court approves a plan that materially affects the terms of a Mortgage or provides for substitution of collateral, Freddie Mac may repurchase such Mortgage; (v) in the case of a material breach of warranty by a seller or servicer of any Mortgage, or a material defect in documentation as to any Mortgage, or a failure by a seller or servicer to comply with any requirements or terms set forth in the *Multifamily Seller/Servicer Guide* and other Mortgage purchase documents as to any Mortgage, Freddie Mac may require the seller or servicer to repurchase such Mortgage or may, within six months of the purchase of such Mortgage, require or permit the seller or servicer to substitute for such Mortgage a Mortgage of comparable type, unpaid principal balance, remaining term and yield; and (vi) in the event that the purchase of any Mortgage by Freddie Mac is determined by a court of competent jurisdiction, or a United States government agency duly authorized to oversee or regulate Freddie Mac's mortgage purchase business, to have been unauthorized, Freddie Mac may effectuate a cure by such means as Freddie Mac determines to be necessary and appropriate or, if Freddie Mac determines that a cure is not practicable without unreasonable effort or expense, or if such court or government agency so requires, Freddie Mac will repurchase such Mortgage or will, within two years of the purchase of such Mortgage, substitute for such Mortgage a Mortgage of comparable type, unpaid principal balance, remaining term and yield. Any repurchase of a Mortgage by a seller or servicer from a Multifamily PC Pool shall be at its then unpaid principal balance, less any principal advanced by the seller or servicer to Freddie Mac. Any repurchase of a Mortgage by Freddie Mac shall be at its then unpaid principal balance, less any outstanding advances of principal attributable to such Mortgage that

were paid to Holders by Freddie Mac. In determining whether a Mortgage shall be repurchased from a Multifamily PC Pool as described in this Section 1.02, Freddie Mac may consider such factors as it deems appropriate, including whether a repurchase will reduce Freddie Mac's administrative costs or will reduce Freddie Mac's possible exposure under its guarantees.

Section 1.03. Post-Settlement Purchase Corrections. With respect to each Multifamily PC Pool, Freddie Mac shall make such post-settlement purchase corrections with respect to the related Mortgages as may be necessary to reflect the actual aggregate unpaid principal balance of such Mortgages or other Mortgage characteristics as of the date of their purchase by Freddie Mac. Freddie Mac shall also make such post-settlement purchase corrections with respect to a Multifamily PC Pool as may be necessary to reflect the difference between such Multifamily PC Pool and the actual aggregate unpaid principal balance or other Mortgage characteristics of the related Mortgages as of delivery to Freddie Mac. The foregoing corrections or adjustments may be made in such manner as Freddie Mac determines to be appropriate, but shall not affect the Holder's entitlement to interest at the PC Coupon and to receipt of the Holder's pro rata share of principal payments made with respect to the related Mortgages or Freddie Mac's guarantees as set forth in Section 3.09. An amount equal to any correction or adjustment that results in the reduction of the aggregate unpaid principal balance of the Mortgages will be passed through on a pro rata basis to Holders.

Section 1.04. Custody of Mortgage Documents. Freddie Mac may adopt and modify its policies and procedures for the custody of Mortgage documents at any time, provided that such policies and procedures shall be prudent and shall not materially and adversely affect the interests of Holders. Freddie Mac may hold Mortgage notes and/or other Mortgage documents; Mortgage notes and documents also may be held by a custodian acting as Freddie Mac's agent (which may be either a third party or a trust department of the seller or servicer) or by the originator or seller of the Mortgage.

Section 1.05. Interests Held or Acquired by Freddie Mac. Multifamily PCs held or acquired by Freddie Mac from time to time shall have an equal and proportionate benefit to Multifamily PCs held by other Holders, without preference, priority or distinction. In the event that Freddie Mac retains any undivided interest in the Mortgages not represented by a Multifamily PC, Freddie Mac and Holders shall share pro rata, without preference, priority or distinction. No Holder shall have any priority over any other Holder.

ARTICLE II

Administration and Servicing of the Mortgages

Section 2.01. Freddie Mac to Act as Principal Servicer. Freddie Mac shall service or supervise servicing of the Mortgages in accordance with the provisions of the *Multifamily Seller/Servicer Guide*, including management of any property acquired through foreclosure or otherwise, for the benefit of Holders and shall have full power and authority to do or cause to be done any and all things in connection with such servicing that it deems necessary or desirable. Freddie Mac shall act as the representative of Holders in the control, management, and servicing of the Mortgages or property acquired in realization or liquidation of the Mortgages.

Section 2.02. Servicing Responsibilities. Freddie Mac shall service or supervise servicing of the Mortgages in a manner consistent with and to the extent required by prudent servicing standards and applicable FHA or other federal regulations and in substantially the same manner as it services or supervises the servicing of unsold Mortgages of the same type in its own portfolio. In performing its servicing responsibilities hereunder, Freddie Mac may employ servicing agents or independent contractors. Freddie Mac shall be entitled to discharge its responsibility to supervise servicing of the Mortgages by monitoring servicers' performance on a reporting and exception basis. Except as provided in Article V of this Multifamily PC Agreement, Freddie Mac shall not be subject to the control of Holders in any manner whatsoever in the discharge of its responsibilities pursuant to this Article II. Except with regard to its guarantee obligations pursuant to Section 3.09, Freddie Mac shall 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 that it exercises in the conduct and management of its own affairs. Freddie Mac shall have no liability of whatever nature for consequential damages.

Section 2.03. Realization Upon Defaulted Mortgages. Freddie Mac shall foreclose upon or otherwise comparably convert, or cause to be foreclosed upon or comparably converted, the ownership of any real property securing a Mortgage that comes into and continues in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. In connection with such foreclosure or conversion, Freddie Mac shall cause to be followed such practices or procedures as it shall deem necessary or advisable and as shall be normal and usual in general mortgage servicing activities. In the case of FHA Mortgages, Freddie Mac shall cause to be followed such practices or procedures as may be required or permitted by applicable FHA regulations effective at the time of foreclosure or conversion of any such FHA Mortgage and as shall be normal and usual in servicing FHA Mortgages.

Section 2.04. Assumptions.

(a) With respect to a Conventional Mortgage, if the terms of the security instrument taken as a whole permit the mortgagee to demand full payment of the unpaid principal balance of the Mortgage upon sale or transfer of an interest in the property securing the Mortgage or upon transfer of a significant interest in the borrower, Freddie Mac may allow assumption of the Mortgage if the transferee and the property are found by Freddie Mac to meet any standards set forth in the Mortgage or, in the absence of such standards, to be otherwise reasonably satisfactory. If the terms of the security instrument do not permit the mortgagee to demand full payment of the unpaid principal balance of the Mortgage upon sale or transfer of an interest in the property securing the Mortgage or upon transfer of a significant interest in the borrower, Freddie Mac will allow assumption of the Mortgage without conditions. Any fees charged by Freddie Mac or servicers in connection with the assumption of a Mortgage are retained by Freddie Mac or the servicers as additional compensation for services and are not passed through to Holders. Freddie Mac requires, in connection with any such Mortgage assumption, that no change be made in the Mortgage Coupon or the remaining term of the Mortgage.

(b) With respect to an FHA Mortgage, Freddie Mac will allow assumption of the Mortgage upon transfer of an interest in the property securing the Mortgage or upon transfer of a significant interest in the borrower if, and only if, the FHA consents to the assumption.

Section 2.05. Fees. Unless otherwise provided in the applicable Supplement, any fees, including without limitation late payment, prepayment and assumption fees, collected with respect to a Mortgage shall be retained by the servicer and/or Freddie Mac as additional compensation for services and shall not be passed through to Holders.

Section 2.06. Insurance and Guarantees. Each FHA Mortgage shall have in full force and effect such evidence of FHA insurance as may be issued by the FHA from time to time. The FHA and any other insurer or guarantor with respect to any Mortgage shall have no obligation to recognize or deal with any person other than Freddie Mac with respect to such Mortgage with regard to the rights, benefits and obligations of the mortgagee under the contract of insurance or guaranty relating to such Mortgage.

ARTICLE III

Payments to Holders and Guarantees

Section 3.01. Monthly Reporting Period. For purposes of this Multifamily PC Agreement, the payments of principal, interest or any other sums, including, but not limited to, insurance proceeds, liquidation proceeds and repurchase proceeds, with respect to any Mortgage, and the occurrence of any event with respect to any Mortgage, including, but not limited to, foreclosure sale, payment of insurance claims by the FHA, payment of insurance claims by any other insurer or of guaranty claims by any guarantor, and expiration of any redemption period, reported to Freddie Mac by servicers as having been made within a Monthly Reporting Period, shall be deemed to be received or to occur within the calendar month within which such Monthly Reporting Period ends, and the last day of such Monthly Reporting Period shall be deemed to correspond to the last day of such calendar month.

Section 3.02. Holder's Undivided Interest. An entity recognized as a Holder of a Multifamily PC on the Record Date shall be the owner of record of a pro rata undivided interest in the remaining principal balance of

the related Multifamily PC Pool as of such date, as calculated pursuant to this Multifamily PC Agreement, and shall be entitled to interest at the PC Coupon on such pro rata undivided interest on the related Payment Date. Such pro rata undivided interest will change if any Mortgage is added to or removed from the Multifamily PC Pool in accordance with Section 1.02. For purposes of determining a Holder's pro rata undivided interest in the Multifamily PC Pool evidenced by a Multifamily PC, the original unpaid principal balance of the Multifamily PC shall be divided by the original unpaid principal balance of the related Multifamily PC Pool.

Section 3.03. Pass-through of Principal. Freddie Mac shall pass through to each Holder such Holder's pro rata share of principal payments made in respect of the Mortgages (including any scheduled principal guaranteed pursuant to Section 3.09(c)), any net income, net profits or proceeds of the Mortgages and net proceeds realized from any property of whatever character received or acquired in substitution for or upon realization on the Mortgages, whether through insurance, guaranty payment, condemnation, foreclosure, or otherwise; *provided, however*, that Freddie Mac's obligations herein shall be subject to Freddie Mac's rights pursuant to Section 3.10 with respect to payments made pursuant to Freddie Mac's guarantees. Freddie Mac may retain from any Prepayment or payment of delinquent principal in respect of any Mortgage any amounts of principal, not previously received by Freddie Mac, that it paid to Holders in respect of such Mortgage pursuant to its guarantees. Insurance proceeds, the proceeds of any liquidation of a Mortgage, including proceeds resulting from acquisition by Freddie Mac of the real property securing a Mortgage, and the proceeds of any repurchase of a Mortgage described in Section 1.02 shall be treated in the same manner as a Prepayment and shall be passed through to Holders in accordance with this Article III.

Section 3.04. Pass-through of Interest. Freddie Mac shall pass through to each Holder such Holder's pro rata share of the interest paid by mortgagors with respect to each Mortgage in an amount sufficient to produce the PC Coupon. Freddie Mac may retain from any Prepayment in respect of any Mortgage any amounts of interest, not previously received by Freddie Mac, that it paid to Holders in respect of such Mortgage pursuant to its guarantees. A partial month's interest retained by Freddie Mac or remitted to each Holder with respect to Prepayments shall constitute an adjustment to Freddie Mac's management and guarantee fee.

Section 3.05. Payments. Freddie Mac will cause payments of principal, interest or any other sum due to Holders to be made by directing the Federal Reserve Banks to credit the Holders' accounts at the Federal Reserve Banks. Freddie Mac will have met its payment obligations upon transmittal of its payment order to the Federal Reserve Banks. The Federal Reserve Bank will make payment of principal and interest to each Holder with respect to a Multifamily PC on each Payment Date as to which such Holder was a Holder on the related Record Date.

Freddie Mac shall make payment to each Holder of a Multifamily PC such Holder's pro rata share of principal, interest at the applicable PC Coupon, and any other sums due to Holders under this Multifamily PC Agreement, at the time or times provided for in this Article III. In the event that Freddie Mac is unable to obtain from sellers, servicers or others complete or accurate data that Freddie Mac deems necessary to perform its obligations under this Multifamily PC Agreement, as a result of computer failure upon the turn of the century or any other reason, Freddie Mac shall estimate such data for such period and in such manner as it, in its sole discretion, deems reasonable or appropriate in the circumstances, including without limitation estimation of any principal or interest payments on the Mortgages, occurrences of Prepayment, interest indices, or Mortgage Coupons. When complete or accurate data are again available, Freddie Mac will reconcile any differences between actual and estimated Mortgage data as soon as practicable by adjustment in subsequent periods of Pool Factors, PC Coupons or other material Mortgage information. Freddie Mac shall 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 that it exercises in the conduct and management of its own affairs with respect to such payments and/or estimations. Freddie Mac shall have no liability of whatever nature for consequential damages.

Freddie Mac reserves the right to change the period during which a servicer may hold funds prior to payment to Freddie Mac; *provided, however*, that any such change shall not delay the time of payments to Holders as otherwise provided in this Section 3.05. Pending payment to Holders of funds received by Freddie Mac from servicers, Freddie Mac shall be entitled to invest and reinvest such funds for Freddie Mac's sole risk

and benefit. Freddie Mac's guarantees as set forth in Section 3.09 shall continue to be effective or shall be reinstated in the event that any payment of principal or interest with respect to the Mortgages paid under this Multifamily PC Agreement to a Holder is, for any reason, returned by the Holder pursuant to an order, decree or judgment of any court of competent jurisdiction that the Holder was not entitled to retain such payment pursuant to this Multifamily PC Agreement.

Section 3.06. Pool Factors.

(a) Freddie Mac shall calculate and make payments to Holders pursuant to the Pool Factor Method, as described in the Multifamily PC Offering Circular, until such time as Freddie Mac shall determine that there is a more accurate and practicable method for calculating such payments, in which event Freddie Mac shall calculate and make payments to Holders pursuant to the more accurate method. Pursuant to Section 6.05(e), Freddie Mac may make such modifications to the Pool Factor Method, including its determinations of Pool Factors, without the consent of Holders.

(i) Freddie Mac will publish or cause to be published for each month a Pool Factor with respect to each Multifamily PC Pool. Pool Factors will be published on or about the first business day of the month for Multifamily Gold PCs and on or about the seventh business day of the month for Multifamily Original PCs and Multifamily ARM PCs, beginning in the month after PC Pool formation; however, Freddie Mac may, in its discretion, publish Pool Factors on business days that are later than on or about the first business day of the month in the case of Multifamily Gold PCs, and on or about the seventh business day of the month in the case of Multifamily Original PCs and Multifamily ARM PCs. The Pool Factor for the month of PC Pool formation is 1.0000000 and will not be published.

(ii) Interest at the applicable PC Coupon shall be paid by Freddie Mac each month in arrears on the Holder's pro rata share of the remaining principal balance of the Multifamily PC Pool as determined by the Pool Factor for the (y) first month preceding the month in which payment to the Holder is made, in the case of Multifamily Gold PCs, and (z) second month preceding the month in which payment to the Holder is made, in the case of Multifamily Original PCs and Multifamily ARM PCs.

(iii) Principal payments shall be made to a Holder of Multifamily Gold PCs by Freddie Mac each month in an amount equal to the Holder's pro rata share of the difference between (y) the remaining principal balance of the Multifamily PC Pool as determined by the Pool Factor for the first month preceding the month in which payment to the Holder is made and (z) the remaining principal balance of the PC Pool as determined by the Pool Factor for the month in which payment to the Holder is made.

(iv) Principal payments shall be made to a Holder of Multifamily Original PCs and Multifamily ARM PCs by Freddie Mac each month in an amount equal to the Holder's pro rata share of the difference between (y) the remaining principal balance of the Multifamily PC Pool as determined by the Pool Factor for the second month preceding the month in which payment to the Holder is made and (z) the remaining principal balance of the Multifamily PC Pool as determined by the Pool Factor for the month preceding the month in which payment to the Holder is made.

(b) Freddie Mac shall make payments on a Multifamily PC on each Payment Date beginning in (i) the month after issuance for a Multifamily Gold PC or (ii) the second month after issuance for a Multifamily Original PC or Multifamily ARM PC.

(c) Each Pool Factor applicable to a Multifamily PC Pool will be based upon (i) in the case of all Multifamily Gold PCs, an adjustment of the remaining principal balance of the Multifamily PC Pool resulting from Prepayments for the Monthly Reporting Period that ended in the month prior to the month in which the Pool Factor is published and (ii) in the case of Multifamily Gold PCs backed by Fully Amortizing Mortgages or Amortizing Balloon Mortgages, a calculation of scheduled principal with respect to the Mortgages constituting the related Multifamily PC Pool under such procedure for calculating scheduled principal as Freddie Mac may adopt. Freddie Mac may also, in its discretion, include as part of the aggregate principal payment in any month on Multifamily Gold PCs any Prepayments received after the Monthly Reporting Period that ended in the prior month and before calculation of the Pool Factor, but is under no obligation to do so. To the extent a given Pool Factor (adjusted as necessary for payments made pursuant to Freddie Mac's guarantee of timely payment of scheduled principal) does not reflect the actual unpaid principal balance of the

Mortgages, any difference (other than any difference resulting from Mortgage defaults or measures taken to resolve such defaults) will be accounted for as soon as practicable by adjusting subsequent Pool Factors.

(d) In the case of Multifamily Original PCs and Multifamily ARM PCs, each Pool Factor applicable to a Multifamily PC Pool will be based upon the unpaid principal balance of the related Mortgages as reported to Freddie Mac by servicers for the Monthly Reporting Period that ended in the second month preceding the month in which the Pool Factor is published. Freddie Mac may also, in its discretion, include as part of the aggregate principal payment in any month on Multifamily Original PCs and Multifamily ARM PCs any Prepayments received after the Monthly Reporting Period that ended in the second preceding month and before calculation of the Pool Factor, but is under no obligation to do so. To the extent a given Pool Factor does not reflect the unpaid principal balance of the Mortgages, any difference will be accounted for as soon as practicable by adjusting subsequent Pool Factors.

(e) The Pool Factor Method of determining payments will affect the timing of receipt of payments by Holders but will not affect Freddie Mac's guarantees as set forth in Section 3.09. Freddie Mac's guarantees will not be affected by the implementation of any different method for calculating and paying principal and interest as permitted by this Section 3.06.

Section 3.07. Amounts Retained by Servicers or Sellers. Pursuant to its contractual arrangement with Freddie Mac, the servicer of each Mortgage shall be entitled to retain each month as a servicing fee an amount normally equal to the excess, if any, of interest at the Mortgage Coupon on the Mortgage over interest at the rate that the servicer is obligated by contract to remit monthly to Freddie Mac. The servicer is required to pay all expenses incurred by it in connection with its servicing activities and shall not be entitled to reimbursement therefor, except as provided in Section 3.08. If a servicer advances to Freddie Mac any principal and/or interest on a Mortgage prior to the receipt of such funds from the borrower, the servicer may retain (i) from Prepayments, or collections of delinquent principal, any payments of principal so advanced, or (ii) from collections of delinquent interest, any payments of interest so advanced. The servicer is entitled to retain as additional compensation for services certain incidental fees with respect to a Mortgage as provided in Section 2.05. A seller may retain each month a fixed amount of interest on a Mortgage, which constitutes extra compensation to the seller. In such event, the servicer retains a servicing fee equal to interest at the Mortgage Coupon less the seller's retained interest amount and less the interest rate that the servicer is obligated by contract to remit monthly to Freddie Mac.

Section 3.08. Amounts Retained by Freddie Mac. Subject to any adjustments required by Section 3.04, Freddie Mac shall retain from monthly interest payments on each Mortgage received by Freddie Mac from the servicer a management and guarantee fee, which is an amount equal to the excess, if any, of interest payments received by Freddie Mac from the servicer over the amount of such interest paid to Holders at the applicable PC Coupon; *provided, however,* that the amount retained by Freddie Mac hereunder shall be adjusted automatically to the extent a Pool Factor does not reflect the unpaid principal balance of the Mortgages. Any such adjustment shall be equal to the difference between (i) interest at the applicable PC Coupon computed on the aggregate unpaid principal balance of the Mortgages for such month based on monthly principal payments actually received by Freddie Mac and (ii) interest at the applicable PC Coupon computed on the remaining principal balance of the PC Pool derived from the Pool Factor. Freddie Mac shall pay all expenses incurred by it in connection with administration of a PC Pool and the related Mortgages; *provided, however,* that any amounts expended by Freddie Mac or on Freddie Mac's behalf by servicers for the protection, preservation or maintenance of the Mortgages, or the real property that secures the Mortgages, or property received in liquidation of or realization upon the Mortgages, shall be deemed expenses to be borne pro rata by Freddie Mac and the Holders in accordance with their interests in each Mortgage. A servicer shall be entitled to reimbursement from Freddie Mac for any amount expended by the servicer, on Freddie Mac's behalf and with Freddie Mac's approval, for the protection, preservation or maintenance of the Mortgages, or of the real property that secures the Mortgages, or of property received in liquidation of or realization upon the Mortgages. Such expenses shall be approved, and reimbursement therefor shall be made, by Freddie Mac in accordance with the provisions of the *Multifamily Seller/Servicer Guide*. Expenses borne pro rata by Holders as described above may be paid by Freddie Mac from payments otherwise due to Holders and therefore will affect the timing of receipt of payments by Holders, but in no event shall Freddie Mac's guarantees as set forth in Section 3.09 be affected by fees deducted by Freddie Mac or servicers or by amounts expended by Freddie

Mac or servicers for the protection, preservation or maintenance of the real property securing the Mortgages. Freddie Mac is entitled to retain as additional compensation for services certain incidental fees with respect to a Mortgage as provided in Section 2.05.

Section 3.09. Freddie Mac Guarantees. Freddie Mac hereby guarantees to each Holder of a Multifamily PC:

(a) Timely payment of interest at the applicable PC Coupon on the Holder's pro rata share of the remaining principal balance of the PC Pool as determined pursuant to this Multifamily PC Agreement.

(b) Ultimate collection of principal, without offset or deduction, no later than the Payment Date that occurs in the month after the Final Payment Date of a Multifamily Original PC or Multifamily ARM PC, and no later than the Payment Date that occurs in the same month as the Final Payment Date of a Multifamily Gold PC.

(c) In the case of Multifamily Gold PCs, timely payment of scheduled principal due to be paid on the Multifamily PC, whether or not received by Freddie Mac. Freddie Mac's guarantee of timely payment of scheduled principal on any Multifamily Gold PC shall be computed in accordance with such procedure as may be adopted by Freddie Mac and shall be subject to any applicable adjustments. Any payment made by Freddie Mac to Holders on account of Freddie Mac's guarantee of timely payment of scheduled principal shall be considered to be a payment of principal for purposes of calculating (i) the Pool Factor with respect to the related Multifamily PC Pool and (ii) the Holder's pro rata share of the unpaid principal balance of the Mortgages pursuant to Section 3.09(b).

Section 3.10. Freddie Mac Subrogation. Freddie Mac shall be subrogated to all the rights, interests, remedies, powers and privileges of each Holder in respect of any Mortgage on which guarantee payments of principal and/or interest have been made by Freddie Mac to the extent of such payments.

Section 3.11. Termination Upon Final Payment. Except as provided in Section 3.05, the obligations and responsibilities of Freddie Mac under this Multifamily PC Agreement to a Holder in respect of any Multifamily PC shall terminate upon: (i) the payment to the Holder of all principal and interest due the Holder in respect of such Multifamily PC pursuant to the Pool Factor Method or by reason of Freddie Mac's guarantees set forth in Section 3.09 or (ii) the payment to the Holder of all amounts held by Freddie Mac and required to be paid hereunder.

Section 3.12. Modification of Final Payment Date. The final payment in respect of a Multifamily PC may occur prior to the month in which the Final Payment Date occurs by virtue of prepayments of principal, including, but not limited to, Prepayments made in connection with the repurchase of any Mortgage in accordance with Section 1.02.

ARTICLE IV

The Multifamily PCs

Section 4.01. Book-Entry Form; Minimum Principal Amounts. Multifamily PCs shall be sold in Book-Entry Form only in minimum original principal amounts of \$1,000, per Multifamily PC Pool, and additional increments of \$1 and shall at all times remain on deposit with a Federal Reserve Bank in accordance with the provisions of the Book-Entry Rules. A Federal Reserve Bank shall maintain a book-entry recordkeeping system for all transactions in Multifamily PCs with respect to Holders.

Section 4.02. Transfer of Multifamily PCs. Multifamily PCs may be transferred only in minimum original principal amounts of \$1,000, per Multifamily PC Pool, and additional increments of \$1. Multifamily PCs may not be transferred if, as a result of the transfer, the transferor or the new Holder would have on deposit in its account Multifamily PCs having an original principal amount of less than \$1,000 in respect of the related Multifamily PC Pool. The transfer, exchange or pledge of Multifamily PCs shall be governed by the Book-Entry Rules and such procedures, insofar as applicable, as may from time to time be established by regulations of the Treasury governing obligations of the United States, and such other procedures as shall be agreed upon from time to time by Freddie Mac and a Federal Reserve Bank. A Federal Reserve Bank will act

only upon the instructions of the Holder in recording transfers of a Multifamily PC. A charge may be made for any transfer of a Multifamily PC, and will be made for any tax or other governmental charge imposed in connection with a transfer of a Multifamily PC.

Section 4.03. Record Date. The Record Date for each month shall be the last day of the month. A Holder of a Multifamily PC on the books and records of a Federal Reserve Bank as of the close of business on the Record Date shall be entitled to payment of principal and interest on the Payment Date in the second subsequent month, in the case of Multifamily Original PCs and Multifamily ARM PCs, or on the Payment Date in the next month, in the case of Multifamily Gold PCs. A transfer of a Multifamily PC made on or before the close of business on the Record Date for a month shall be recognized as effective as of the first day of the month of such transfer.

Section 4.04. Optional Redemption. Unless otherwise provided in the applicable Supplement, Freddie Mac may at its option redeem the Multifamily PCs issued in respect of any Multifamily PC Pool in whole, but not in part, on any Payment Date when, after giving effect to the principal payment to be made on such Payment Date, the aggregate outstanding principal balance of such Multifamily PCs would be less than 2% of their original principal balance. Any optional redemption shall be at a redemption price equal to 100% of the aggregate outstanding principal balance of the Multifamily PCs redeemed, plus accrued and unpaid interest.

ARTICLE V

Remedies

Section 5.01. Events of Default. “Events of Default” wherever used herein means any one of the following events:

(a) Default in the payment to Holders of interest at the applicable PC Coupon as and when the same shall become due and payable as herein provided, and continuance of such default for a period of 30 days; or

(b) Default in the payment to Holders of principal as and when the same shall become due and payable as herein provided, and continuance of such default for a period of 30 days; or

(c) Failure on the part of Freddie Mac to observe or perform any other of the covenants of this Multifamily PC Agreement, continued for a period of 60 days after the date on which written notice of such failure, requiring Freddie Mac to remedy the same, shall have been given to Freddie Mac by the Holders of not less than 65 percent of the remaining principal balance of any affected Multifamily PC Pool; or

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

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

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

Section 5.02. Remedies. If an Event of Default occurs and is continuing, then and in each and every such case, the Holders of a majority of the remaining principal balance of any affected Multifamily PC Pool

may, by written notice to Freddie Mac, remove Freddie Mac and nominate a successor to Freddie Mac under this Multifamily PC Agreement with respect to such PC Pool, which nominee shall be deemed appointed as successor to Freddie Mac unless within 10 days after such nomination Freddie Mac objects thereto, 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. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor to Freddie Mac. Upon the appointment of any successor pursuant to this Section 5.02, Freddie Mac shall submit to its successor a complete written report and accounting of the Mortgages relating to any such affected Multifamily PC Pool and shall take all other steps necessary or desirable to transfer its interest in and administration of this Multifamily PC Agreement with respect to such Multifamily PC Pool to the successor. Subject to the Freddie Mac Act, such successor may take such action with respect to such Mortgages as may be reasonable and appropriate in the circumstances. Prior to any such designation of a successor, the Holders of a majority of the remaining principal balance of any affected Multifamily PC Pool may waive any past default or Event of Default. Appointment of a successor will not relieve Freddie Mac of its guarantee obligations as set forth in this Multifamily PC Agreement.

Section 5.03. Limitation on Suits by Holders. Except as provided in Section 5.02, no Holder shall have any right to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, upon, under or with respect to this Multifamily PC Agreement, the Multifamily PCs or the Mortgages, or for the appointment of a receiver or trustee, or for any other remedy whatsoever, unless such Holder previously shall have given to Freddie Mac written notice of an Event of Default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of a majority of the remaining principal balance of any affected Multifamily PC Pool shall have made written request upon Freddie Mac to institute such action or proceeding in its own name and shall have offered to Freddie Mac such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and Freddie Mac for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceeding, and no direction inconsistent with such written request shall have been given to Freddie Mac during such 60-day period by the Holders of a majority of the remaining principal balance of any affected Multifamily PC Pool. It is understood and intended, and expressly covenanted by each Holder of a Multifamily PC representing an interest in any affected Multifamily PC Pool with every other Holder of a Multifamily PC representing an interest in such Multifamily PC Pool and with Freddie Mac, that no one or more Holders shall have any right in any manner whatsoever by virtue of or by availing themselves of any provision of this Multifamily PC Agreement to affect, disturb or prejudice the rights of any other Holder, or to obtain or seek to obtain preference or priority over any other Holder or to enforce any right under this Multifamily PC Agreement, except in the manner herein provided and for the ratable and common benefit of all Holders of Multifamily PCs in any affected Multifamily PC Pool. For the protection and enforcement of the provisions of this Section 5.03, each and every Holder and Freddie Mac shall be entitled to such relief as can be given either at law or in equity. Notwithstanding the foregoing or any other provision of this Multifamily PC Agreement, the right of any Holder to receive payment of principal and interest as herein provided, on or after the respective due date of such payment, or to institute suit for enforcement of any such payment on or after such date, shall not be impaired or affected without the consent of such Holder.

ARTICLE VI

Miscellaneous Provisions

Section 6.01. Annual Statements. Freddie Mac and/or its designated agent shall furnish, within a reasonable time after the end of each calendar year, to each entity the name of which appears as a Holder on the books and records of a Federal Reserve Bank on any Record Date during such year, such customary information as Freddie Mac deems necessary or desirable to enable Holders and Beneficial Owners of Multifamily PCs to prepare their United States federal income tax returns, if applicable.

Section 6.02. Limitations on Liability of Freddie Mac and Others. Neither Freddie Mac nor any of its directors, officers, employees or agents shall be under any liability to Holders for any action taken by them or

by a servicer or for their or any servicer's refraining from the taking of any action in good faith pursuant to this Multifamily PC Agreement, or for errors in judgment; *provided, however*, that this provision shall not protect Freddie Mac or any such person against any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Freddie Mac and any director, officer, employee or agent of Freddie Mac may rely in good faith on any document of any kind properly executed and submitted by any person with respect to any matter arising hereunder. Holders shall jointly and severally indemnify and hold Freddie Mac and any director, officer, employee or agent of Freddie Mac harmless against any loss, liability or expense incurred in connection with any legal action brought by any person other than a Holder relating to this Multifamily PC Agreement or the Multifamily PCs, other than any loss, liability or expense relating to any Mortgage (except as permitted in this Multifamily PC Agreement), or incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of their duties or by reason of reckless disregard of obligations and duties hereunder. Freddie Mac shall not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its duties to service the Mortgages in accordance with this Multifamily PC Agreement and that in its opinion may involve it in any expense or liability; provided, however, that Freddie Mac may in its discretion undertake any such action that it may deem necessary or desirable with respect to any Mortgage, this Multifamily PC Agreement, the Multifamily PCs or the rights and duties of the parties hereto and the interests of the Holders hereunder. In such event, the legal expenses and costs of such action and any liability resulting therefrom shall be expenses for the protection, preservation, and maintenance of the Mortgages borne pro rata by Freddie Mac and Holders as provided in Section 3.08.

Section 6.03. Limitation on Rights of Holders. The death or incapacity of any person having an interest, beneficial or otherwise, in a Multifamily PC shall not operate to terminate this Multifamily PC Agreement or any Multifamily PC Pool, nor entitle the legal representatives or heirs of such person, or any Holder for such person, to claim an accounting, take any action or bring any proceeding in any court for a partition or winding up of any Multifamily PC Pool, nor otherwise affect the rights, obligations and liabilities of the parties hereto or any of them.

Section 6.04. Control by Holders. Except as otherwise provided in Article V, no Holder shall have any right to vote or to otherwise control in any manner the operation and management of the Mortgages or any Multifamily PC Pool, or the obligations of the parties hereto, nor shall anything herein set forth, or contained in the terms of the Multifamily PCs, be construed so as to constitute the Holders from time to time as partners or members of an association; nor shall a Holder be under any liability to any third person by reason of any action taken by the parties to this Multifamily PC Agreement pursuant to any provision hereof.

Section 6.05. Amendment.

(a) This Multifamily PC Agreement may be amended from time to time by Freddie Mac, without the consent of any Holder or Holders, to cure any ambiguity, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Multifamily PC Agreement that shall not be inconsistent with the other provisions of this Multifamily PC Agreement, provided that any such amendment shall not adversely affect in any material respect the interest of any Holder.

(b) Except as provided in Section 6.05(c), with respect to any Multifamily PC Pool formed pursuant to the terms hereof, any provision of this Multifamily PC Agreement may be amended by Freddie Mac with the consent of the Holders of not less than a majority of the remaining principal balance of such Multifamily PC Pool.

(c) Without the consent of a Holder, this Multifamily PC Agreement may not be amended to impair or affect the right of such Holder to receive payment of principal and interest as herein provided, on or after the respective due date of such payment, or to institute suit for the enforcement of any such payment on or after such date.

(d) To the extent that any provisions of this Multifamily PC Agreement differ from the provisions of any Multifamily Mortgage Participation Certificate Agreement of Freddie Mac dated prior to the date of this Multifamily PC Agreement, this Multifamily PC Agreement shall be deemed to amend such provisions of the

prior Multifamily Mortgage Participation Certificate Agreement, but only if Freddie Mac, under the terms of such prior Agreement, could have effected such change as an amendment of such prior Agreement without the consent of holders of Multifamily PCs thereunder.

(e) Notwithstanding any other provision of this Section 6.05, Freddie Mac, in its discretion and in its own interest, may amend this Multifamily PC Agreement to reflect any modification in its methodology of calculating payments to Holders, including modifications to the Pool Factor Method described in Section 3.06 hereof and the manner in which it passes through Prepayments.

Section 6.06. Persons Deemed Owners. Freddie Mac and a Federal Reserve Bank, or any agent of Freddie Mac or a Federal Reserve Bank, may deem and treat the Holder as the absolute owner of a Multifamily PC and the undivided interests in the Mortgages represented by such Multifamily PC for the purpose of receiving payment of principal or interest and for all other purposes, and neither Freddie Mac or a Federal Reserve Bank, nor any agent of Freddie Mac or a Federal Reserve Bank, shall be affected by any notice to the contrary. All such payments so made to any such Holder, or upon such Holder's order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the duty for monies payable by Freddie Mac upon the Holder's Multifamily PC. A Holder is not necessarily the Beneficial Owner of a Multifamily PC. The rights of a Beneficial Owner with respect to Freddie Mac and a Federal Reserve Bank may be exercised only through a Holder. Freddie Mac and a Federal Reserve Bank will have no direct obligation to a Beneficial Owner that is not also the Holder of a Multifamily PC.

Section 6.07. Governing Law. This Multifamily PC Agreement and the Holders' and Freddie Mac's rights and obligations with respect to Multifamily PCs shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Freddie Mac Act or any provision of this Multifamily PC Agreement or the transactions governed thereby, the local laws of the State of New York shall be deemed reflective of the laws of the United States.

Section 6.08. Fixed Investment Trust Status. No provision in this Multifamily PC Agreement shall be construed to grant Freddie Mac, any seller or servicer, or Holder power or authority to act in any manner which would cause the Multifamily PC Pool not to be treated as a Fixed Investment Trust for Federal income tax purposes as defined in *Classification of Organizations for Tax Purposes-Trusts*, 26 CFR § 301.7701-4 (1997).

Section 6.09. Payments Due on Non-Business Days. If the date fixed for any payment on any Multifamily PC shall be a day that is not a Business Day, then such payment need not be made on such date, but may be made on the next succeeding day that is a Business Day, with the same force and effect as though made on the date fixed for such payment, and no interest shall accrue for the period after such date.

Section 6.10. Successors. This Multifamily PC Agreement shall be binding upon and shall inure to the benefit of any successor to Freddie Mac, including any successor by operation of law.

Section 6.11. Headings. The Article and Section headings herein are for convenience only and shall not affect the construction of this Multifamily PC Agreement.

Section 6.12. Notice and Demand. Any notice, demand or other communication that by any provision of this Multifamily PC Agreement is required or permitted to be given to or served upon any Holder may be given or served in writing by deposit thereof, postage prepaid, in the United States mail, addressed to such Holder as such Holder's name and address may appear on the books and records of a Federal Reserve Bank, or by transmission to such Holder through the communication system linking the Federal Reserve Banks. Such notice, demand or other communication to or upon a Holder shall be deemed to have been sufficiently given or made, for all purposes, upon mailing or transmission.

Any notice, demand or other communication that by any provision of this Multifamily PC Agreement is required or permitted to be given to or served upon Freddie Mac shall be given in writing addressed (until another address is published by Freddie Mac) as follows: Federal Home Loan Mortgage Corporation, 8200 Jones Branch Drive, McLean, Virginia 22102, Attention: Senior Vice President — General Counsel and

Secretary. Such notice, demand or other communication to or upon Freddie Mac shall be deemed to have been sufficiently given or made only upon actual receipt of the writing by Freddie Mac.

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

FEDERAL HOME LOAN MORTGAGE CORPORATION

Illustrative Table of Indices

<u>Indices</u>	<u>Source</u>
One Year (Weekly) Treasury	Federal Reserve Board H.15 Release
One Year (Monthly) Treasury	Federal Reserve Board H.15 Release
Three Year Treasury	Federal Reserve Board H.15 Release
Five Year Treasury	Federal Reserve Board H.15 Release
Semiannual Auction Average (Discount) Treasury	Federal Reserve Board H.15 Release
Semiannual Auction Average (Investment) Treasury	Dept. of Treasury
Semiannual Secondary Market Treasury	Federal Reserve Board H.15 Release
11th District COF	Federal Home Loan Bank of San Francisco
National COF	Office of Thrift Supervision
CD	Federal Reserve Board H.15 Release
Contract Rate	Federal Housing Finance Board
LIBOR (six month)	<i>Wall Street Journal</i>

For illustrative purposes only, listed below are selected historical values for the One Year (Weekly) Treasury Index, the 11th District COF Index and LIBOR (Six Month), which are three frequently used ARM Indices. Other services for LIBOR (Six Month) may be used. Investors should refer to the applicable Supplement for the specific source used to determine LIBOR for their Multifamily ARM PCs. Current values may also be obtained from Freddie AnswersSM. Historical Index values do not necessarily reflect the values used to adjust particular Mortgage Coupons or PC Coupons.

<u>Year-Month</u>	<u>One-Year (Weekly) Treasury (1)</u>	<u>11th District COF (2)</u>	<u>LIBOR (Six Month) (3)</u>
1987-January	5.97	7.396	6.375
-June	6.95	7.274	7.625
1988-January	7.15	7.615	7.500
-June	7.59	7.618	8.000
1989-January	9.07	8.125	9.437
-June	8.80	8.923	9.500
1990-January	7.80	8.369	8.312
-June	8.18	8.086	8.500
1991-January	6.78	7.858	7.562
-June	6.13	7.155	6.187
1992-January	4.14	6.002	4.187
-June	4.27	5.258	4.187
1993-January	3.62	4.360	3.625
-June	3.55	4.050	3.500
1994-January	3.61	3.710	3.500
-June	5.31	3.804	5.000
1995-January	7.21	4.747	7.000
-June	5.71	5.179	6.000
1996-January	5.21	5.033	5.531
-June	5.70	4.809	5.656
1997-January	5.55	4.821	5.625
-February	5.62	4.759	5.719
-March	5.60	4.780	5.688
-April	5.99	4.822	6.000
-May	5.93	4.864	6.000
-June	5.86	4.853	6.000
-July	5.63	4.887	5.938
-August	5.48	4.904	5.813
-September	5.59	4.941	5.844
-October	5.45	4.957	5.844
-November	5.35	—	5.813
-December	5.50	—	5.914

(1) Value reported in the first H.15 Release of that month.

(2) Value reported for that month by the Federal Home Loan Bank of San Francisco.

(3) Value reported in *The Wall Street Journal* on the first business day of that month.



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