

Freddie Mac



Multifamily Mortgage Participation Certificates

Multifamily Mortgage Participation Certificates

Freddie Mac issues and guarantees Multifamily Mortgage Participation Certificates, or “PCs.” PCs are securities that represent undivided beneficial ownership interests in, and derive payments from, individual or pools of multifamily residential mortgages that are held in trust for investors.

Freddie Mac’s Guarantee

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

Tax Status and Securities Law Exemptions

The PCs are not tax-exempt. The PCs are exempt from registration under the Securities Act of 1933, as amended, and are “exempt securities” under the Securities Exchange Act of 1934, as amended. We have not registered the PCs with any federal or state securities commission and no securities commission has reviewed this Offering Circular.

The PCs may not be suitable investments for you. You should not purchase PCs unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield and market risks of investing in them. The *Risk Factors* section beginning on page 12 highlights some of these risks.

Offering Circular dated July 1, 2014

If you intend to purchase PCs, you should rely on the information in this Offering Circular, in the disclosure documents that we incorporate by reference in this Offering Circular as stated under *Additional Information* and in the related pool supplement (each, a “**Pool Supplement**”) that we will make available on our internet website as to each PC Pool upon its formation.

You can find additional and updated information about our PCs on our internet website at www.freddiemac.com/mbs. We have not authorized anyone to provide you with different information. Any information that may be furnished to you by a third party may not be reliable.

This Offering Circular, any related Pool Supplement and any incorporated documents may not be correct after their dates.

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

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>	<u>Description</u>	<u>Page</u>
Freddie Mac	3	Collection and Other Servicing	
Additional Information	7	Procedures	40
Summary	8	Certain Matters Regarding Our Duties	
Risk Factors	12	as Trustee	40
Application of Proceeds	20	Events of Default	41
Description of the Mortgages	21	Rights Upon Event of Default	41
General	21	Control by Holders and Voting	
Mortgage Purchase and Servicing		Rights	42
Standards	23	Amendment	42
Description of the PCs	28	Tax Information	42
General	28	Termination	43
Pooling Criteria for PC Pools	28	Various Matters Regarding Freddie	
Pool Factors and Monthly Reporting		Mac	43
Periods	29	Governing Law	43
Payment Dates	30	Certain Federal Income Tax	
Payments of Principal	30	Consequences	44
Payments of Interest	31	General	44
Record Dates	32	Tax Status	44
Final Payment Date	32	Application of the Stripped Bond	
Guarantees	32	Rules	46
PC Pool Expenses	32	Backup Withholding, Foreign	
Compensation of Servicers and Freddie		Withholding and Information	
Mac	33	Reporting	47
Pool Supplements	33	Foreign Account Tax Compliance	
Form of PCs, Holders and Payment		Act	48
Procedures	33	ERISA Considerations	49
Prepayment, Yield and Suitability		Legal Investment Considerations	49
Considerations	34	Accounting Considerations	50
Prepayments	34	Distribution Arrangements	50
Yields	36	Secondary Markets, Mortgage Security	
Suitability	38	Performance and Market Support	
The Trust Agreement	39	Activities	50
Transfer of Mortgages to PC Pool	39	Certain Relationships and	
Repurchase and Substitution of		Transactions	51
Mortgages	39	Appendix I — Index of Terms	I-1
		Appendix II — Interest Rate Indices	II-1

FREDDIE MAC

General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”) to stabilize the nation’s residential mortgage markets and expand opportunities for homeownership and affordable rental housing.

Our statutory mission is to provide liquidity, stability and affordability to the U.S. housing market. We fulfill our mission by purchasing residential mortgages and mortgage-related securities in the secondary mortgage market and securitizing them into mortgage-related securities that can be sold to investors. We purchase single-family and multifamily mortgage assets for our mortgage-related investments portfolio. We also purchase multifamily residential mortgages in the secondary mortgage market and hold those loans for investment or sale. We finance purchases of our mortgage assets and manage our interest-rate and other market risks, primarily by issuing a variety of debt instruments and entering into derivative contracts in the capital markets.

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

Our mission, as defined in our charter, is to:

- To provide stability in the secondary market for residential mortgages;
- To respond appropriately to the private capital market;
- To provide ongoing assistance to the secondary market for residential mortgages (including activities related to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return received on other activities); and
- To promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas).

Conservatorship

The Federal Housing Finance Regulatory Reform Act of 2008 (the “**Reform Act**”) became law on July 30, 2008 and was effective immediately. The Reform Act established the Federal Housing Finance Agency (“**FHFA**”) as an independent agency with general supervisory and regulatory authority over Freddie Mac. FHFA assumed the duties of our former regulators, the Office of Federal Housing Enterprise Oversight and the U.S. Department of Housing and Urban Development (“**HUD**”), with respect to safety, soundness and mission oversight of Freddie Mac. HUD remains our regulator with respect to fair lending matters.

We continue to operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of FHFA as our conservator (the “**Conservator**”). Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers and privileges of Freddie Mac and of any stockholder, officer or director of Freddie Mac with respect to us and our assets. The Conservator has directed and will continue to direct certain of our business activities and strategies. The Conservator has delegated certain authority to our Board of Directors to oversee, and to management to conduct, day-to-day operations. The directors serve on behalf of, and exercise authority as directed by, the Conservator. There is significant uncertainty as to whether or

when we will emerge from conservatorship, as it has no specified termination date, and as to what changes may occur to our business structure during or following our conservatorship, including whether we will continue to exist. We are not aware of any current plans of our Conservator to significantly change our business model or capital structure in the near-term. Our future structure and role will be determined by the Administration and Congress, and there are likely to be significant changes beyond the near-term. We have no ability to predict the outcome of these deliberations.

On February 11, 2011, the Administration delivered a report to Congress that lays out the Administration's plan to reform the U.S. housing finance market, including options for structuring the government's long-term role in a housing finance system in which the private sector is the dominant provider of mortgage credit. The report recommends winding down Freddie Mac and the Federal National Mortgage Association ("**Fannie Mae**"), stating that the Administration will work with FHFA to determine the best way to responsibly reduce the role of Freddie Mac and Fannie Mae in the market and ultimately wind down both institutions. The report states that these efforts must be undertaken at a deliberate pace, which takes into account the impact that these changes will have on borrowers and the housing market.

The report states that the government is committed to ensuring that Freddie Mac and Fannie Mae have sufficient capital to perform under any guarantees issued now or in the future and the ability to meet any of their debt obligations, and further states that the Administration will not pursue policies or reforms in a way that would impair the ability of Freddie Mac and Fannie Mae to honor their obligations. The report states the Administration's belief that, under the companies' senior preferred stock purchase agreements (with respect to the agreement, as amended, with Freddie Mac, the "**Purchase Agreement**") with the U.S. Department of the Treasury ("**Treasury**"), there is sufficient funding to ensure the orderly and deliberate wind down of Freddie Mac and Fannie Mae, as described in the Administration's plan.

On February 21, 2012, FHFA sent to Congress a strategic plan for the next phase of the conservatorships of Freddie Mac and Fannie Mae. The plan sets forth objectives and steps FHFA is taking or will take to meet FHFA's obligations as Conservator. FHFA states that the steps envisioned in the plan are consistent with each of the housing finance reform frameworks set forth in the report delivered by the Administration to Congress on February 11, 2011, as well as with the leading congressional proposals introduced to date. FHFA indicates that the plan leaves open all options for Congress and the Administration regarding the resolution of the conservatorships and the degree of government involvement in supporting the secondary mortgage market in the future.

FHFA's plan provides lawmakers and the public with an outline of how FHFA as Conservator intends to guide Freddie Mac and Fannie Mae over the next few years, and identifies three strategic goals:

- *Build.* Build a new infrastructure for the secondary mortgage market;
- *Contract.* Gradually contract Freddie Mac and Fannie Mae's dominant presence in the marketplace while simplifying and shrinking their operations; and
- *Maintain.* Maintain foreclosure prevention activities and credit availability for new and refinanced mortgages.

See the Incorporated Documents for additional information concerning FHFA's strategic plan.

We are focused on the following primary business objectives: (a) providing credit availability for mortgages and maintaining foreclosure prevention activities; (b) minimizing our credit losses; (c) developing mortgage market enhancements in support of a new infrastructure for the secondary mortgage market; (d) maintaining sound credit quality of the loans we purchase or guarantee; (e) contracting the dominant presence of the government sponsored enterprises in the marketplace; and (f) strengthening our infrastructure and improving overall efficiency while also focusing on retention of key employees.

Our business objectives reflect direction we have received from the Conservator. On March 4, 2013, FHFA instituted a scorecard for use by both us and Fannie Mae that established objectives, performance targets and measures for 2012, and provides the implementation roadmap for FHFA's strategic plan for Freddie Mac and Fannie Mae. See the Incorporated Documents for additional information on the scorecard.

Purchase Agreement

On September 7, 2008, Treasury entered into the Purchase Agreement with our Conservator, acting on our behalf, and made a commitment to provide up to \$100 billion in funding (subsequently increased to \$200 billion), under certain conditions, to eliminate deficits in our net worth. The Purchase Agreement provides that the \$200 billion cap on Treasury's funding commitment will increase as necessary to accommodate any cumulative reduction in our net worth during 2010, 2011 and 2012. If we do not have a capital surplus (*i.e.*, positive net worth) at the end of 2012, then the amount of funding available after 2012 will be \$149.3 billion (\$200 billion funding commitment reduced by cumulative draws for net worth deficits through December 31, 2009). In the event we have a capital surplus at the end of 2012, then the amount of funding available after 2012 will depend on the size of that surplus relative to cumulative draws needed for deficits during 2010 to 2012, as follows:

- If the year-end 2012 surplus is lower than the cumulative draws needed for 2010 to 2012, then the amount of available funding is \$149.3 billion less the surplus.
- If the year-end 2012 surplus exceeds the cumulative draws for 2010 to 2012, then the amount of available funding is \$149.3 billion less the amount of those draws.

As of September 30, 2012, our aggregate funding received from Treasury under the Purchase Agreement was \$71.3 billion. This aggregate funding amount does not include the initial \$1.0 billion liquidation preference of senior preferred stock that we issued to Treasury in September 2008 as an initial commitment fee and for which no cash was received.

The Purchase Agreement also provides for Treasury, upon the request of the Conservator, to provide funds to us if the Conservator determines, at any time, that it will be mandated by law to appoint a receiver for us unless we receive funds from Treasury under its commitment. PC Holders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guarantee and if Treasury fails to perform its obligations under its funding commitment. For a description of PC Holders' rights to proceed against Freddie Mac and Treasury, see *The Trust Agreement — Rights Upon Event of Default*. The Purchase Agreement contains covenants that significantly restrict our operations.

On August 17, 2012, Freddie Mac, acting through FHFA, as Conservator, and Treasury entered into an amendment to the Purchase Agreement. The principal changes, which are consistent with FHFA's strategic plan for the conservatorship, are as follows:

- *Replacement of the fixed dividend rate with a net worth sweep dividend.* For each quarter from January 1, 2013 through and including December 31, 2017, the dividend payment will be the amount, if any, by which our net worth at the end of the immediately preceding fiscal quarter, less the applicable capital reserve amount, exceeds zero. The applicable capital reserve amount will be \$3 billion for 2013 and will be reduced by \$600 million each year thereafter until it reaches zero on January 1, 2018. For each quarter beginning January 1, 2018, the dividend payment will be the amount, if any, by which our net worth at the end of the immediately preceding fiscal quarter exceeds zero. If the calculation of the dividend payment for a quarter does not exceed zero, then no dividend will accrue or be payable for that quarter. This amendment to the Purchase Agreement effectively ends the circular practice of Treasury advancing funds to us simply to pay dividends back to Treasury.
- *Accelerated wind-down of the mortgage-related investments portfolio.* The unpaid principal balance of our mortgage-related investments portfolio will not be allowed to exceed: (a) \$650 billion on December 31, 2012; or (b) on December 31 of each year thereafter, 85% of the aggregate amount of the unpaid principal balance we were permitted to own as of December 31 of the immediately preceding calendar year, until the portfolio reaches \$250 billion.
- *Submission of annual risk management plan to Treasury.* Not later than December 15, 2012, and not later than December 15 of each year thereafter during conservatorship, we are required to deliver a risk management plan to Treasury setting out our strategy for reducing our enterprise-wide risk profile and the actions we will take to reduce the financial and operational risk associated with each of our reportable business segments.
- *Suspension of periodic commitment fee.* For each quarter commencing January 1, 2013, and for as long as the revised dividend provisions under the amendment remain in form and content substantially the same, no periodic commitment fee under the Purchase Agreement will be set, accrue or be payable.
- *Allowance of non-ordinary course asset and property sales with less than \$250 million in fair market value.* We will no longer be required to obtain prior written consent from Treasury for the disposition of assets and properties having a fair market value less than \$250 million outside the normal course of business.

We are dependent upon the continued support of Treasury and FHFA in order to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent and avoiding appointment of a receiver by FHFA under statutory mandatory receivership provisions.

ADDITIONAL INFORMATION

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

As described below, we incorporate certain documents by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents rather than by providing you with separate copies. We incorporate by reference in this Offering Circular all documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after July 18, 2008 and prior to the completion of the offering of the related PCs, excluding any information that we may “furnish” to the SEC but that is not deemed to be “filed.” We also incorporate by reference our Registration Statement on Form 10, in the form declared effective by the SEC on July 18, 2008. These documents are collectively referred to as the “**Incorporated Documents**” and are considered part of this Offering Circular. You should read this Offering Circular and any applicable Pool Supplement, in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Offering Circular. Therefore, you should rely only on the most current information provided or incorporated by reference in this Offering Circular and any applicable Pool Supplement.

You may read and copy any document we file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at <http://www.sec.gov> that contains reports, proxy and other information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents, the Multifamily PC Master Trust Agreement dated as of July 1, 2014 (as amended from time to time, the “**Trust Agreement**”) and the applicable Pool Supplement under which PCs are issued from:

Freddie Mac — Investor Inquiry
1551 Park Run Drive Mailstop D50
McLean, Virginia 22102-3110
Telephone: 1-800-336-3672
(571-382-4000 within the Washington, D.C. area)
E-mail: Investor_Inquiry@freddiemac.com

We also make these documents available on our internet website at this address:

<http://www.freddiemac.com>*

This Offering Circular relates to PCs issued on and after July 1, 2014. For information about PCs issued before that date, see the related Offering Circular (available on our internet website) that was in effect at the time of issuance of those PCs. Under the Trust Agreement, Freddie Mac has agreed to act as Trustee for and, as Administrator, to administer all existing PCs substantially in accordance with the Trust Agreement, as described in this Offering Circular.

* We are providing this internet address solely for the information of investors. We do not intend this internet address to be an active link and we are not using reference to this address to incorporate additional information into this Offering Circular or any Pool Supplement, except as specifically stated in this Offering Circular.

SUMMARY

This summary highlights selected information about the PCs. Before buying PCs, you should read this Offering Circular and the other disclosure documents referred to in *Additional Information* . You should rely on the information in an applicable Pool Supplement as to the PC Pool it describes if it is different from the information in this Offering Circular.

Appendix I shows the page numbers where definitions of capitalized terms appear.

Trustee, Depositor, Administrator and Guarantor

Federal Home Loan Mortgage Corporation, or “**Freddie Mac**,” a shareholder-owned government-sponsored enterprise.

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

PC Pools

As Depositor, we transfer and deposit Mortgages that we have acquired into various trust funds established pursuant to the Trust Agreement and applicable Pool Supplements. As Trustee for these trust funds, we create and issue under the Trust Agreement and related Pool Supplements PCs representing undivided beneficial ownership interests in individual Mortgages or pools of Mortgages and related assets held by those trust funds (“**PC Pools**”). Investors in PCs own beneficially their pro rata shares of the Mortgage or Mortgages in the related PC Pool.

Types of Mortgages

The assets in each PC Pool include mortgages or participation interests in mortgages that we have acquired (“**Mortgages**”), all proceeds of those Mortgages, amounts on deposit in a custodial account of Mortgage collections from servicers of those Mortgages and the right to receive payments pursuant to our guarantee. Unless it is later defeased, the Mortgages are secured by first or second liens on multifamily residential rental properties and may be either fixed-rate Mortgages or adjustable-rate Mortgages (“**ARMs**”).

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 “**Amortizing Balloon Mortgage**” provides for level monthly payments of principal and interest for a term of less than 30 years, 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.

An “**Interest Only Balloon Mortgage**” provides for payments of interest only during its term and a balloon payment at maturity.

A “**Fixed to Float Mortgage**” provides for a fixed interest rate for a set term and is adjustable during an extension term of one year at the end of the term of the Mortgage.

Types of PCs

Each “**Fixed-Rate PC**” represents an interest in a PC Pool which may contain fixed-rate Amortizing Balloon Mortgages, Fully Amortizing Mortgages, Interest Only Balloon Mortgages or Fixed to Float Mortgages or ARMs. Each “**ARM PC**” represents an interest in a PC Pool containing ARMs. Generally, we will pool fixed-rate Mortgages separately from ARMs.

Pool Characteristics

Each Mortgage in a PC Pool must meet the eligibility standards we have established. The Pool Supplement for each PC Pool will describe on a pool-level basis the types and various characteristics of the Mortgages in the PC Pool. Mortgages may be repurchased from PC Pools or substituted for other Mortgages in certain limited situations described in this Offering Circular.

Payments

As Administrator, we pay principal and interest monthly on each Payment Date beginning in the month after issuance. Payment Dates fall on or about the 25th of each month. Except as provided in the applicable Pool Supplement, our payments on PCs do not include the amounts of any fees, charges or interest in excess of the applicable PC Coupon that may be paid on the underlying Mortgages. These amounts generally are retained by servicers as servicing compensation or retained by us as part of our management and guarantee fees for our services as Administrator and Guarantor.

• **Interest**

We pay interest on each PC at its applicable per annum interest rate (“**PC Coupon**”). Interest payable on a Payment Date accrues during the preceding calendar month.

• **Principal**

We pass through all principal payments made on the Mortgages in a PC Pool. We base the amount of payments on servicers’ reports of principal received on the Mortgages

and, for Fixed-Rate PCs, our calculation of scheduled monthly principal payments. Principal payments include full and partial prepayments of principal of Mortgages by borrowers and the principal amount of any Mortgages that are repurchased from PC Pools. The Holders of PCs issued from the same PC Pool receive principal payments on a pro rata basis.

Pool Factors

In any month, you can determine the amount of the principal payment on a PC by reference to the Pool Factor for the related PC Pool. A Pool Factor is an exact decimal truncated to eight places which, when multiplied by the original principal balance of the related PC, equals the remaining principal balance of the PC after giving effect to the principal payment to be made in the same month. As Administrator, we publish Pool Factors on or about the fifth Business Day of each month.

Guarantee

For Fixed-Rate PCs, as Guarantor, we guarantee timely payment of interest at the applicable PC Coupon and the timely payment of scheduled principal, whether or not we receive these payments from the servicers of the underlying Mortgages.

For ARM PCs, as Guarantor, we guarantee timely payment of interest at the applicable PC Coupon, whether or not we receive these payments from the servicers of the underlying Mortgages, and the full and final payment of any principal no later than the month following the Final Payment Date. We do not guarantee the timely payment of scheduled principal on ARM PCs.

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

Servicing

As Administrator, we are responsible for supervising the servicing of the Mortgages. We contract with mortgage servicers that perform most servicing functions for each PC Pool on Freddie Mac's behalf and in accordance with standards that we have established and that we may waive or change from time to time.

Trust Agreement	As Trustee, we issue PCs from each PC Pool according to the Trust Agreement, which we summarize in this Offering Circular. You should refer to the Trust Agreement for a complete description of your rights and obligations and those of Freddie Mac as Trustee, Depositor, Administrator and Guarantor.
Proceeds	PCs may be issued in exchange for Mortgages, in which case we would not receive cash proceeds. We may also issue PCs backed by pools of Mortgages we already own, in which case we receive cash proceeds that are generally used for general corporate purposes, including the purchase of additional Mortgages.
Form of PCs	PCs are issued, held and transferable only on the book-entry system of the Federal Reserve Banks. The Holder of a PC is the entity that appears as such on the records of a Federal Reserve Bank. Only institutions that are members of the Federal Reserve System may be Holders of PCs.
PC Denominations	The PCs are issued, held and transferable in minimum denominations of \$1,000 and in \$1 increments above that minimum.
Method of Payment	A Federal Reserve Bank credits payments on each Payment Date to the accounts of Holders on the Federal Reserve Banks' book-entry system. Each Holder, and each financial intermediary in the chain to the beneficial owners of the PCs, will be responsible for remitting payments to their customers.
No "Clean-up Call"	We have no "clean-up call" option to redeem or terminate a PC based on its unpaid principal balance falling below a prescribed level.
Tax Status	We will classify each PC Pool as a grantor trust. As an investor in PCs, you will be treated as the owner of a pro rata undivided interest in the ordinary income and the principal of the related grantor trust, and will be considered the owner of a pro rata undivided interest in each of the underlying Mortgages.

RISK FACTORS

Although we guarantee certain payments on PCs and so bear the associated credit risk of the underlying Mortgages, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. Investors should carefully consider the risks described below and elsewhere in this Offering Circular, the applicable Pool Supplement and the other documents referred to in *Additional Information* before deciding to purchase PCs. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in PCs that may result from your particular circumstances, nor do they project how PCs will perform under all possible interest rate and economic scenarios.

Investment Factors:

PCs may not be suitable investments for you. PCs are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment, and you need to be able to analyze the information in this Offering Circular, the applicable Pool Supplement and the documents referred to in *Additional Information*, as well as the economic and other factors that may affect your investment. If you require a definite payment stream, or a single payment on a specific date, PCs are not suitable investments for you. If you purchase PCs, you need to have enough financial resources to bear all of the risks related to your investment.

PCs are subject to liquidity risks. Illiquidity can have a severely negative impact on the prices of PCs, especially those that are particularly sensitive to prepayment or interest rate risk. PCs are not traded on any exchange and the market price of a particular issuance of PCs or a benchmark price may not be readily available. A secondary market for some types of PCs may not develop. Even if a market develops, it may not continue. As a result, you may not be able to sell your PCs easily or at prices that will allow you to realize your desired yield. The secondary markets for some PCs have experienced periods of illiquidity in the past, and can be expected to do so again in the future. Our financial condition, the conservatorship, our future structure and organization, including whether we will continue to exist, the level of governmental support for Freddie Mac and market perceptions or speculation concerning such factors could materially affect the liquidity and pricing of your PCs. Moreover, continuing weak economic conditions in the U.S. and in foreign countries, including those countries that own and trade our PCs and other mortgage-backed securities, and weak demand for housing in the U.S. may materially affect the liquidity and pricing of your PCs. See *Credit Factors: Weak economic conditions persist and could adversely affect your PCs*.

Reductions in our mortgage-related investments portfolio may affect the liquidity of your PCs. Under the terms of the Purchase Agreement and FHFA regulation, our mortgage-related investments portfolio will not be allowed to exceed: (a) \$650 billion on December 31, 2012; or (b) on December 31 of each year thereafter, 85% of the aggregate amount of the unpaid principal balance we were permitted to own as of December 31 of the immediately preceding calendar year, until the portfolio reaches \$250 billion. The Purchase Agreement also limits the amount of indebtedness we can incur. From time to time, we seek to support the liquidity of the market for our PCs and the relative price performance of our PCs to comparable Fannie Mae securities through a variety of activities. These activities can include the purchase and sale of Freddie Mac securities, purchases of loans, and dollar roll transactions, as well as the issuance of securities backed by our PCs. Dollar roll transactions are transactions in which we enter into an agreement to purchase and subsequently resell (or sell and subsequently repurchase) PCs. In the first half of 2012, we curtailed mortgage-related investments

portfolio purchase and retention activities that were undertaken for the primary purpose of supporting the price performance of our PCs. However, during the third quarter of 2012, we began certain activities, as noted above, intended to improve the price performance of our PCs while minimizing market disruption. We may increase, reduce, or discontinue these or other related activities at any time. This could affect the liquidity and price performance of our PCs and other mortgage-related securities. See *Secondary Markets, Mortgage Security Performance and Market Support Activities*.

PCs are subject to market risk. The market values of your PCs will vary over time in response to, among other factors: the level of, and changes in, prevailing interest rates; the age and other characteristics of Mortgages backing a PC; the number of and outstanding principal balance of other PCs with similar characteristics; and the availability of comparable securities. Financial, regulatory and legislative developments concerning Freddie Mac generally, including whether we are in conservatorship or receivership, could affect prices for your PCs. In addition, any adverse change in the market perception of our level of governmental support or credit standing could reduce the market price of PCs. If you sell your PCs when their market values are low, you may experience significant losses.

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

If you own PCs backed by Mortgages that you transferred to us, your voting and consent rights may be limited. Under certain circumstances, if you transferred Mortgages to us in exchange for cash or PCs, when determining whether Holders of PCs have given any request, demand, authorization, direction, notice, consent or waiver, any PCs beneficially held by you may be disregarded and deemed not to be outstanding or may be otherwise limited in voting rights. In addition, your rights may be limited as a result of our conservatorship. See *Governance Factors*.

All of the Mortgages Are Secured by Multifamily Rental Properties, Thereby Materially Exposing Investors to Risks Associated with the Performance of Multifamily Rental Properties.

All of the mortgaged properties are primarily used for multifamily rental purposes which may present more risk than a single family mortgage. A number of factors may adversely affect the value and successful operation of a multifamily rental property. Some of these factors include:

- the number of competing residential developments in the local market, including apartment buildings,
- manufactured housing communities and site-built single family homes;
- the physical condition and amenities, including access to transportation, of the subject property in relation to competing properties;
- the subject property's reputation;
- applicable state and local regulations designed to protect tenants in connection with evictions and rent
- increases, including rent control and rent stabilization regulations;

- the tenant mix, such as the tenant population being predominantly students or being heavily dependent on
- workers from a particular business or personnel from a local military base;
- restrictions on the age of tenants who may reside at the subject property;
- local factory or other large employer closings;
- the location of the property, for example, a change in the neighborhood over time;
- the level of mortgage interest rates to the extent it encourages tenants to purchase housing;
- the ability of the management team to effectively manage the subject property;
- the ability of the management team to provide adequate maintenance and insurance;
- compliance and continuance of any government housing rental subsidy programs from which the subject
- property receives benefits and whether such subsidies or vouchers may be used at other properties;
- distance from employment centers and shopping areas;
- adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payment or a reduction in occupancy level;
- the financial condition of the owner of the subject property and the absence of borrower recourse; and
- government agency rights to approve the conveyance of such mortgaged properties could potentially interfere with the foreclosure or execution of a deed-in-lieu of foreclosure of such properties.

Because units in a multifamily rental property are primarily leased to individuals, usually for no more than a year, the ability of the property to generate net operating income is likely to change relatively quickly where a downturn in the local economy or the closing of a major employer in the area occurs. For instance, a significant number of units at a mortgaged property may be leased to military tenants. Base closings and the transient nature of military service may adversely affect the income stream at such mortgaged property. In addition, some units in a multifamily rental property may be leased to corporate entities. Expiration or nonrenewals of corporate leases and vacancies related to corporate tenants may adversely affect the income stream at the mortgaged property.

Particular factors that may adversely affect the ability of a multifamily property to generate net operating income include:

- an increase in interest rates, real estate taxes and other operating expenses;
- an increase in the capital expenditures needed to maintain the property or make renovations or improvements;
- an increase in vacancy rates;

- a decline in rental rates as leases are renewed or replaced; and
- natural disasters and civil disturbances such as earthquakes, hurricanes, floods, eruptions or riots.

The volatility of net operating income generated by a multifamily property over time will be influenced by many of the foregoing factors, as well as by:

- the length of tenant leases;
- the creditworthiness of tenants;
- the rental rates at which leases are renewed or replaced;
- the percentage of total property expenses in relation to revenue;
- the ratio of fixed operating expenses to those that vary with revenues; and
- the level of capital expenditures required to maintain the property and to maintain or replace tenants.

Therefore, multifamily properties with short-term or less creditworthy sources of revenue and/or relatively high operating costs can be expected to have more volatile cash flows than multifamily properties with medium- to long-term leases from creditworthy tenants and/or relatively low operating costs. A decline in the real estate market will tend to have a more immediate effect on the net operating income of multifamily properties with short-term revenue sources and may lead to higher rates of delinquency or defaults on the underlying mortgage loans secured by those properties.

In addition, some states regulate the relationship of an owner and its tenants at a multifamily rental property. Among other things, these states may:

- require written leases;
- require good cause for eviction;
- require disclosure of fees;
- prohibit unreasonable rules;
- prohibit retaliatory evictions;
- prohibit restrictions on a resident's choice of unit vendors;
- limit the bases on which a landlord may increase rent; or
- prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building.

Apartment building owners have been the subject of suits under state "Unfair and Deceptive Practices Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices.

Some counties and municipalities also impose rent control regulations on apartment buildings. These regulations may limit rent increases to:

- fixed percentages;
- percentages of increases in the consumer price index;

- increases set or approved by a governmental agency; or
- increases determined through mediation or binding arbitration.

In many cases, the rent control laws do not provide for decontrol of rental rates upon vacancy of individual units. Any limitations on a landlord's ability to raise rents at a multifamily rental property may impair the landlord's ability to repay a mortgage loan secured by the property or to meet operating costs.

In addition, multifamily rental properties are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular multifamily rental property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time.

Because units in a multifamily rental property are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative multifamily rental properties with more desirable amenities or locations or to single family housing.

Certain of the multifamily rental properties that secure the Mortgages may be subject to certain restrictions imposed pursuant to restrictive covenants, reciprocal easement agreements and operating agreements or historical landmark designations. Such use restrictions could include, for example, limitations on the use of the properties, the character of improvements on the properties, the borrowers' right to operate certain types of facilities within a prescribed radius of the properties and limitations affecting noise and parking requirements, among other things. In addition, certain of the multifamily rental properties that secure the Mortgages may have access to certain amenities and facilities at other local properties pursuant to shared use agreements, and we cannot assure you that such use agreements will remain in place indefinitely, or that any amenities and facilities at other properties will remain available to the tenants of any multifamily rental property securing a Mortgage. These limitations could adversely affect the ability of the related borrower to lease the mortgaged property on favorable terms, thus adversely affecting the borrower's ability to fulfill its obligations under the related Mortgage.

Some of the multifamily rental properties that secure the Mortgages may be subject to land use restrictive covenants or contractual covenants in favor of federal or state housing agencies. The obligations of the related borrowers to comply with such restrictive covenants and contractual covenants, in most cases, constitute encumbrances on the related mortgaged property that are superior to the lien of the related Mortgage. In circumstances where the mortgaged property is encumbered by a regulatory agreement in favor of a federal or state housing agency, the borrower is generally required by the Mortgage documents to comply with any such regulatory agreement. The covenants in a regulatory agreement may require, among other things, that a minimum number or percentage of units be rented to tenants who have incomes that are substantially lower than median incomes in the applicable area or region or impose restrictions on the type of tenants who may rent units, such as imposing minimum age restrictions. These covenants may limit the potential rental rates that may govern rentals at any of those properties, the potential tenant base for any of those properties or both. An owner may subject a multifamily rental property to these covenants in exchange for tax credits or rent subsidies. When the credits or subsidies cease, net operating income will decline. We cannot assure you that the foregoing requirements will not cause a reduction in rental income. If rents are reduced, we cannot assure you that the related property will be able to generate sufficient cash flow to satisfy debt service payments and operating expenses. In addition, restrictive covenants and contractual

covenants contained in regulatory agreements may require a borrower, among other conditions, (i) to submit periodic compliance reports and/or permit regulatory authorities to conduct periodic inspections of the related mortgaged property, (ii) to meet certain requirements as to the condition of affordable units or (iii) to seek the consent of a regulatory authority in connection with the transfer or sale of the mortgaged property or in connection with a change in the property management. In some cases, regulatory agreements may provide for remedies other than specific performance of restrictive covenants. Such other remedies may include, but are not limited to, providing for the ability of a regulatory authority to replace the property manager. In addition, in some cases, regulatory agreements may impose restrictions on transfers of the mortgaged property in connection with a foreclosure, including, but not limited to, requiring regulatory authority consent and limiting the type of entities that are permissible transferees of the mortgaged property. We cannot assure you that the foregoing circumstances will not adversely impact operations at or the value of the mortgaged property, that such consent will be obtained in the event a federal or state housing agency has the right to consent to any change in the property management or ownership of the mortgaged property or that the failure to obtain such consent will not adversely impact the lender's ability to exercise its remedies upon default of a Mortgage.

A PC Pool may consist of only a single Mortgage and Mortgages underlying PCs may be riskier than single family Mortgages. PCs backed by a single Mortgage present more risk than PCs backed by multiple Mortgages because you may receive early repayment of your entire investment on the PC.

Since the individual Mortgage amounts often are large, one Mortgage is likely to comprise a larger portion of the PC Pool than would one single family mortgage and, therefore, principal prepayments may significantly affect the yield on your PC. This is especially the case if your PC is backed by a single Mortgage.

Governance Factors:

The Conservator may repudiate our contracts, including our guarantee. As Conservator, FHFA may disaffirm or repudiate contracts (subject to certain limitations for qualified financial contracts) that we entered into prior to its appointment as Conservator if it determines, in its sole discretion, that performance of the contract is burdensome and that disaffirmation or repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires FHFA to exercise its right to disaffirm or repudiate most contracts within a reasonable period of time after its appointment as Conservator. In a final rule published in June 2011, FHFA defines a reasonable period of time following appointment of a conservator or receiver to be 18 months.

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

If our guarantee obligations were repudiated, payments of principal and/or interest to PC Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from Mortgage payments prior to distributions to PC Holders. Any actual direct compensatory

damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by PC Holders.

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

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

FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of PC Holders. Under the Reform Act, FHFA must place us into receivership if the Director of FHFA makes a determination that our assets are, and for a period of 60 days have been, less than our obligations. FHFA has also advised us that, if, during that 60-day period, we receive funds from Treasury in an amount at least equal to the deficiency amount under the Purchase Agreement, the Director of FHFA will not make a mandatory receivership determination.

In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for other reasons, including conditions that FHFA has already asserted existed at the time the then Director of FHFA placed us into conservatorship. These include: a substantial dissipation of assets or earnings due to unsafe or unsound practices; the existence of an unsafe or unsound condition to transact business; an inability to meet our obligations in the ordinary course of business; a weakening of our condition due to unsafe or unsound practices or conditions; critical undercapitalization; the likelihood of losses that will deplete substantially all of our capital; or by consent. A receivership would terminate the current conservatorship.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect PC Holders. As receiver, FHFA could repudiate any contract entered into by us prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. FHFA has defined such a reasonable period to be 18 months.

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

Moreover, if our guarantee obligations were repudiated, payments of principal and/or interest to PC Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from Mortgage payments prior to distributions to PC Holders. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by PC Holders.

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

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

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

If we are placed into receivership and do not or cannot fulfill our guarantee obligation to PC Holders, PC Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee. For a description of certain rights of PC Holders to proceed against the Treasury if we fail to pay under our guarantee, see *The Trust Agreement — Rights Upon Event of Default*.

Prepayment and Yield Factors:

Principal payment rates are uncertain. Principal payment rates on PCs will depend on the rates of principal payments on the underlying Mortgages. Mortgage principal payments include scheduled payments and full or partial prepayments. Prepayment rates fluctuate continuously and (in some market conditions) substantially.

We cannot predict the rate of prepayments on the Mortgages, which is influenced by a variety of economic, social and other factors, including local and regional economic conditions, the existence and enforceability of lockout periods and prepayment premiums and the availability of alternative financing. Prepayments are also affected by servicing decisions and policies, such as decisions to pursue alternatives to foreclosure.

Principal payment behavior varies over time and among PC Pools. The rate of principal payments on a PC Pool may vary significantly from month to month as a result of fluctuations in the principal payment rates of its underlying Mortgages. A PC Pool may experience payment behavior that is similar to or different from that experienced by other PC Pools consisting of similar Mortgages. Any PC Pool could experience payment behavior that is significantly different from other PC Pools, particularly if it contains a relatively small number of Mortgages, contains Mortgages from only one seller or has been formed specifically to emphasize one or more loan characteristics, such as property location or loan size. Changes in payment behavior could also result from changes in or waivers of our Mortgage purchasing or servicing requirements or standards.

Prepayments can reduce your yield. Your yield on a PC will depend on its price, the interest rate payable on the PC, the payment delay on the PC, the rate of prepayments on its underlying

Mortgages, and other characteristics of those Mortgages. Certain Mortgages may be voluntarily prepaid at any time, subject to any applicable lockout period and to the payment of any applicable prepayment premiums. The Mortgages with lockout periods may be voluntarily prepaid at any time outside of the lockout period. The Mortgages also may be prepaid due to defaults, casualties, condemnations and repurchases. The yield on your PC could be lower than you expect if either:

- You buy your PC at a discount to its principal amount and principal payments are slower than you expect.
- You buy your PC at a premium over its principal amount and principal payments are faster than you expect.
- In general, the rate of Mortgage prepayments early in your investment has the greatest effect on your yield to maturity. A negative effect on your yield produced by principal prepayments at a higher (or lower) rate than you expect in the period immediately following your purchase of a PC is not likely to be fully offset by an equivalent reduction (or increase) in that rate in later periods.

The yield on your PCs may be less than the PC Coupon. The effective yield on any PC will be less than the yield that its PC Coupon and purchase price would otherwise produce, because:

- On its first Payment Date, 30 days' interest will be payable on the PC even though interest began to accrue approximately 55 days earlier.
- On each Payment Date after the first Payment Date, the interest payable on the PC will accrue during its Accrual Period, which will end approximately 25 days before that Payment Date.

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

Index levels will affect yields of ARM PCs. If you invest in ARM PCs, and the index level used to adjust the interest rates on the underlying Mortgages is lower than you expect, the yield on your investment could be lower than you expect, especially if prepayments are slow. Even if the index level is high but prepayments are fast, your yield could be lower than you expect. ARM interest rate adjustments typically occur less frequently than monthly, and all adjustments have "lookback" periods. As a result, interest rates on the ARMs and the related ARM PCs may not reflect current index levels.

APPLICATION OF PROCEEDS

Some PCs may be issued in exchange for Mortgages, in which case we would not receive cash proceeds. We may also issue PCs backed by pools of Mortgages we already own, in which case we receive cash proceeds that are generally used for general corporate purposes, including the purchase of additional Mortgages.

DESCRIPTION OF THE MORTGAGES

General

Mortgages typically are evidenced by mortgage notes secured by mortgages or deeds of trust or other similar security instruments creating first or second liens on multifamily properties containing five or more dwelling units and designed in whole or in part for residential use. They may have been originated for the purpose of purchasing, refinancing or rehabilitating the mortgaged properties. The mortgaged properties may include high-rise buildings, garden apartments, townhouse apartments and assisted living or skilled nursing properties. Under certain circumstances, the Mortgages may be secured by properties subject to ground leases or similar leases or to subordinate liens. Borrowers may be individuals, partnerships, limited liability companies, special purpose entities, corporations, trusts or other entities, including cooperative corporations or associations.

Mortgages bear interest at either a fixed or an adjustable interest rate. Most of the Mortgages we purchase are fixed-rate Mortgages with level monthly payments. Mortgages have payments that are due monthly. We acquire Mortgages with various original or modified terms to maturity. The actual period from origination to maturity of a Mortgage may be slightly longer than the stated term set out in the applicable Pool Supplement because the first payment on a Mortgage frequently is not due until the second month after origination.

Interest on the Mortgages may be payable on the basis of a 360-day year and the actual number of days elapsed in the month for which interest is being calculated (“**Actual/360 Basis**”) or on the basis of a 360-day year, with each month being assumed to have 30 days (“**30/360 Basis**”).

A description of the specific types of Mortgages in a Pool will be described in the applicable Pool Supplement and may include Amortizing Balloon Mortgages, Fully Amortizing Mortgages, Interest Only Balloon Mortgages or Fixed to Floating Mortgages.

Transfer and Assumption Policies

The Mortgage documents may permit the transfer of the related mortgaged property, or any interest therein, or the transfer of any interest in the borrower, if certain conditions are met, or in some instances, without lender approval. In the event the Mortgages allow certain transfers only upon our consent, we consider various factors in determining whether to permit an assumption or transfer of the related Mortgage and may specify conditions for such consent. Upon any such transfer, the related Mortgage may be assumed at the existing interest rate (the “**Mortgage Coupon**”) for the remaining Mortgage term. For additional information concerning our policies on assumptions, see — *Mortgage Purchase and Servicing Standards — Transfer and Assumption Policies*.

We or the servicer will retain any fees collected in connection with assumptions as compensation for services and will not distribute those fees to Holders. See — *Mortgage Purchase and Servicing Standards — Fees*.

We will provide information regarding any permissible transfers and assumptions in the applicable Pool Supplement.

Prepayment Premium and Lockout Provisions

The Mortgage documents may allow voluntary prepayment in full at any time, subject to the payment of a prepayment fee (a “**Prepayment Premium**”). The Mortgages also generally require the

payment of a Prepayment Premium upon certain default prepayments. Prepayment Premiums and the formula used to calculate the prepayment premium may vary significantly among the Mortgages in a PC Pool.

We may waive the borrower's requirement to pay a Prepayment Premium. Prepayment Premiums actually collected from borrowers will be passed through to Holders only to the extent specified in the related Pool Supplement.

Certain Mortgages may contain lockout provisions prohibiting prepayments by borrowers during a portion or all of the Mortgage term. The related Pool Supplement will identify the period of time the lockout applies.

Prepayment Premium and lockout provisions will not apply to:

- The receipt of proceeds from a condemnation or an insured casualty loss of a mortgaged property.
- Our decision to treat, in certain bankruptcy cases, the unsecured portion of a Mortgage as a partial prepayment; see — *Mortgage Purchase and Servicing Standards — Defaults and Delinquencies*.
- Our decision to repurchase and remove a Mortgage from a PC Pool as permitted under Section 1.02 of the Trust Agreement; see — *Mortgage Purchase and Servicing Standards — Prepayments*.

A Prepayment Premium or lockout provision may or may not prevent the borrower from making a Mortgage prepayment. For information concerning how we require servicers to enforce Prepayment Premiums and lockout provisions, see — *Mortgage Purchase and Servicing Standards — Prepayments*.

We will provide information regarding any other permissible Prepayment Premium and lockout provisions in the applicable Pool Supplement.

Defeasance Provision

The Mortgage documents may require or permit the borrowers to defease the Mortgages, if certain conditions are met. “**Defeasance**” is the release of a mortgaged property from the lien of a Mortgage in exchange for the pledge of securities as replacement collateral. The securities typically consist of direct, non-callable and non-prepayable obligations of the United States or non-callable and non-prepayable obligations of a government-sponsored enterprise or a federal agency or instrumentality (“**Eligible Securities**”).

We will provide additional information regarding any defeasance option in the applicable Pool Supplement.

Subordinate Financing Provision

The Mortgage documents may permit the borrowers to obtain subordinate financing and use the related mortgaged properties to secure liens junior to the Mortgages, upon our consent or if certain pre-established conditions are met. See — *Mortgage Purchase and Servicing Standards — Second Mortgages*.

We will provide information regarding any other permissible subordinate financing in the applicable Pool Supplement.

Substitution Provision

The Mortgage documents may permit the borrowers to substitute all or a portion of the related mortgaged properties with one or more comparable multifamily properties, if certain conditions are met. Certain Mortgages also permit the borrowers to substitute all or a portion of the related mortgaged properties with Eligible Securities or other non-real estate instruments under limited circumstances.

We will provide additional information regarding any substitution option in the applicable Pool Supplement.

Mortgage Purchase and Servicing Standards

General

Any Mortgages that we purchase must satisfy the mortgage purchase standards that are contained in the Freddie Mac Act. These standards require us to purchase Mortgages of a quality, type and class that meet generally the purchase standards imposed by private institutional mortgage investors. This means the Mortgages must be readily marketable to institutional mortgage investors.

The Guide

In addition to the standards in the Freddie Mac Act, which we cannot change, we have established our own multifamily mortgage purchase standards, credit, appraisal and underwriting guidelines and servicing policies and procedures. These are in our Multifamily Seller/Service Guide (the “**Guide**”). The Guide also contains certain forms related to our mortgage purchases.

We may waive or modify our mortgage purchase standards and guidelines and servicing policies and procedures when we purchase any particular Mortgages. We will describe those changes in the applicable Pool Supplement if we think they will materially change the prepayment behavior of the Mortgages. We also reserve the right to change our own mortgage purchase standards, credit, appraisal, underwriting guidelines and servicing policies and procedures at any time. This means that the Mortgages in any PC Pool may not conform at any particular time to all of the provisions of the Guide, our mortgage purchase documents or this Offering Circular.

We summarize below certain aspects of our Mortgage purchase and servicing guidelines. This summary, however, is qualified in its entirety by the Guide, any applicable mortgage purchase documents, any applicable servicing agreement and any applicable supplemental disclosure. You may obtain copies of the Guide from us by contacting:

Multifamily Customer Compliance Management
Freddie Mac
8100 Jones Branch Drive
M/S B4A
McLean, Virginia 22102

Mortgage Purchase Standards

We use mortgage information available to us to determine which Mortgages we will purchase, the prices we will pay for Mortgages, how to pool the Mortgages we purchase and which Mortgages we will retain in our own portfolio. The information we use varies over time, and may include, among other things:

- The loan-to-value and debt service coverage ratios of the Mortgage.
- The strength of the market in which the mortgaged property is located.
- The strength of the mortgaged property's operations.
- The physical condition of the mortgaged property.
- The financial strength of the borrower and its principals.
- The management experience and ability of the borrower and its principals or the property manager, as applicable.
- Our evaluation of and experience with the Mortgage Seller.

To the extent allowed by the Freddie Mac Act, we have discretion to determine our mortgage purchase standards and whether the Mortgages we purchase will be securitized or held in our portfolio.

Eligible Sellers, Servicers and Warranties

We acquire Mortgages only from sellers we approve. As Administrator, we are responsible for supervising the servicing of the Mortgages in PC Pools. We contract with mortgage servicers we have approved to perform most servicing functions on our behalf and in accordance with standards that we have established and that we may change from time to time. We approve sellers and servicers of Mortgages based on a number of factors, including their financial condition, operational capability and mortgage origination and servicing experience. The seller or servicer of a Mortgage need not be the originator of that Mortgage.

When we purchase a Mortgage, we rely on the representations and warranties of the seller with respect to certain matters, as is customary in the secondary mortgage market. These representations and warranties cover such matters as:

- The accuracy of the information provided by the borrower.
- The accuracy and completeness of any third party reports prepared by a qualified professional, such as property appraisals, engineering reports and environmental report.
- The validity of each Mortgage as a first or second lien, as applicable.
- The fact that payments on each Mortgage are current at the time of delivery to us.
- The physical condition of the mortgaged property.
- The accuracy of rent schedules.
- The originator's compliance with applicable state and federal laws.

Mortgage Servicing Policies and Procedures

As Administrator, we generally supervise servicing of the Mortgages according to the policies and procedures in the Guide and in accordance with the Trust Agreement. Each servicer is required to perform all services and duties customary to the servicing of multifamily mortgages either directly or through approved subservicers. These responsibilities include:

- Collecting and posting payments on the Mortgages.
- Investigating delinquencies and defaults.
- Analyzing and recommending any special borrower requests, such as requests for assumptions, subordinate financing and partial release.
- Submitting monthly electronic remittance reports and periodic financial statements obtained from borrowers.
- Administering escrow accounts.
- Inspecting properties.
- Responding to inquiries of mortgagors or government authorities.
- Administering insurance claims.

Servicers service the Mortgages, either directly or through approved subservicers, and receive fees for their services. We monitor a servicer's performance through periodic and special reports and inspections to ensure it complies with its obligations. A servicer may remit payments to us under various arrangements but these arrangements do not affect the timing of payments to Holders of PCs.

Prepayments

Unless we waive a borrower's requirement to pay a Prepayment Premium, we generally require the servicer to enforce any lockout provisions and to collect any Prepayment Premiums on each Mortgage in the same manner as we enforce lockout periods and collect Prepayment Premiums on comparable multifamily mortgages in our own portfolio. However, certain states limit the amounts that a lender may collect from a borrower as an additional charge if a mortgage is prepaid, and the enforceability of prepayment premium provisions upon a prepayment is unclear under the laws of many states. In addition, we may waive the collection of Prepayment Premiums or the enforcement of lockout provisions for various reasons, including:

- Efforts to resolve existing or impending defaults or litigation.
- When the benefits resulting from prepayment protection are likely to be substantially offset by the cost or result of enforcement or the loss of a favorable business opportunity.

Second Mortgages

We may purchase second lien mortgages on the same properties on which we have purchased first lien Mortgages that we have securitized. A second mortgage will be cross-defaulted with the corresponding first lien Mortgage. Therefore, an event of default under the second mortgage would also be an event of default under the corresponding first lien Mortgage, and as Administrator we may accelerate and foreclose upon such Mortgage. We will resolve any existing or impending delinquency or other default on a second mortgage in the same manner as we would resolve it on the corresponding first lien Mortgage.

Mortgage Repurchases

As Administrator, we will repurchase a Mortgage from a PC Pool, if:

- The Mortgage has been delinquent for 24 months.
- A foreclosure sale occurs.
- The Mortgage has been converted to an REO (real estate owned) property.

As Administrator, we also will repurchase a Mortgage from a PC Pool or (within two years of the issuance of the related PCs) substitute for any Mortgage in a PC Pool a Mortgage of comparable type, unpaid principal balance, remaining term and yield, if:

- A court of competent jurisdiction or a federal government agency duly authorized to oversee or regulate Freddie Mac's mortgage purchase business determines that Freddie Mac's purchase of such Mortgage was unauthorized and Freddie Mac determines that a cure is not practicable without unreasonable effort or expense.
- Such court or government agency requires repurchase of such Mortgage to comply with applicable law.

As Administrator, we may repurchase a Mortgage, or require or permit a seller or servicer to repurchase a Mortgage from a PC Pool, if a repurchase is necessary or desirable to:

- Modify the rate, maturity date, amortization or other term of the Mortgage or to refinance the Mortgage.
- Maintain servicing of the Mortgage in accordance with the provisions of the Guide.
- Maintain the status of the PC Pool as a grantor trust for federal income tax purposes.

As Administrator, we may require or permit the seller or servicer of a Mortgage to repurchase the Mortgage from a PC Pool or (within six months of the issuance of the related PCs) substitute for the Mortgage a Mortgage of comparable type, unpaid principal balance, remaining term and yield, if there is:

- A material breach of warranty by the Mortgage seller or servicer.
- A material defect in documentation as to such Mortgage.
- A failure by a seller or servicer to comply with any requirements or terms set forth in the Guide and, if applicable, other purchase documents.

As Guarantor, we may repurchase a Mortgage from a PC Pool in connection with a payment, or anticipated payment, on our guarantee, including if we make payments under our guarantee of full and final payment of principal.

As Guarantor, we may repurchase a Mortgage from a PC Pool, or require or permit the seller or servicer to repurchase a Mortgage from a PC Pool, if:

- The Mortgage is in default or imminent default by the borrower.
- A bankruptcy court approves a plan that materially affects the terms of the Mortgage or authorizes a transfer or substitution of the underlying property.
- The property is condemned or suffers an insured casualty loss.

In determining whether a Mortgage should be repurchased, we consider various factors, including whether the repurchase will reduce our administrative costs (in the case of the Administrator) or our possible exposure under our guarantee (in the case of the Guarantor) and our statutory and other legal obligations.

We will treat the proceeds of any repurchase in the same manner as if a prepayment of the Mortgage had occurred. However, no Prepayment Premium will be payable in the event of such prepayment.

Defaults and Delinquencies

In attempting to resolve an existing or impending delinquency or other Mortgage default, as Administrator, we may take any one of the following measures:

- Approve an assumption of a Mortgage by a new borrower.
- Allow a repayment plan or a forbearance period during which regular Mortgage payments may be reduced or suspended.
- Approve a modification of certain terms of the Mortgage if we determine that the borrower would be able to make all payments under the modified Mortgage terms.
- Pursue a refinancing of the Mortgage or a pre-foreclosure contract for sale of the underlying property.
- Initiate a foreclosure proceeding.

When considering our options under the particular circumstances, we determine, in accordance with the terms of the Trust Agreement, whether to repurchase a Mortgage from a PC Pool under our guarantees. Repurchasing a Mortgage from its PC Pool has the same effect on Holders as a prepayment. If we determine not to repurchase the Mortgage from its PC Pool, the measures we take may affect the timing of payments of principal to Holders of ARM PCs.

As Administrator, we generally demand accelerated payment of principal and initiate foreclosure proceedings with respect to a Mortgage. However, we also continue to pursue alternative measures to resolve the delinquency before the conclusion of the foreclosure proceedings, if such measures appear likely to mitigate our potential losses. If, after demand for acceleration, a borrower repays all delinquent amounts or agrees with us to accept an arrangement for reinstatement of the Mortgage, we may terminate the foreclosure proceedings and withdraw our demand. If the borrower again becomes delinquent, we generally will make a new demand for acceleration and commence new foreclosure proceedings.

The bankruptcy of a borrower on a Mortgage may differ significantly from the bankruptcy of a borrower on a single family mortgage. The underlying multifamily property may be the sole asset of the borrower, if other than an individual. A borrower may commence bankruptcy proceedings involving a multifamily property, for example, when the property value decreases or when the revenues from the property become insufficient to pay debt service and operating expenses.

In certain bankruptcy cases where the borrower owes more on a Mortgage than the current value of the property, some bankruptcy courts have approved a borrower's plan reducing the 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. We may treat the unsecured portion of

the Mortgage as a partial prepayment and pass through that amount as a guarantee payment as early as the date of the court action.

Prepayment Premium and lockout provisions in a Mortgage will not apply to our decision to treat the unsecured portion of a Mortgage as a partial prepayment.

The Incorporated Documents provide information regarding our overall delinquency, default and foreclosure experience.

Transfer and Assumption Policies

The Mortgage documents may allow a new borrower to assume a Mortgage if there is a transfer of the related property, or any interest therein, or a transfer of any material interest in the borrower. The Mortgages, however, may allow certain transfers and assumptions only upon our consent. In this case, as Administrator, we will consider factors such as the creditworthiness and management ability of the new borrower and the physical and financial condition of the property in determining whether a Mortgage can be assumed.

The Mortgage may remain in its PC Pool if it is assumed. If we remove the Mortgage from its PC Pool, it will result in a prepayment to Holders.

Fees

We or servicers generally retain fees paid by borrowers, such as late payment fees and review and transfer charges on assumptions. These fees are not passed through to Holders and are treated as additional compensation for services that we and the servicer provide. However, any Prepayment Premiums collected on the Mortgages will be passed through to Holders, if so provided in the related Pool Supplement.

DESCRIPTION OF THE PCs

General

We issue two types of PCs — Fixed-Rate PCs and ARM PCs. Both Fixed-Rate PCs and ARM PCs have a payment delay (the delay between the time interest begins to accrue and the time the investor receives an interest payment) of approximately 55 days.

Each PC represents an undivided beneficial ownership interest in the Mortgage or Mortgages contained in its related PC Pool. Once we have deposited an identified Mortgage into a PC Pool, the Mortgage remains in that PC Pool unless it is paid in full, foreclosed upon, repurchased or replaced by a substitute Mortgage. The rate of interest payable to us on the Mortgages in a PC Pool will equal or exceed the PC Coupon of the related PCs, and we retain any difference as compensation for administering the PC Pool and guaranteeing payments on the related PCs. The excess of the interest payable by the borrower on a Mortgage above the interest the servicer remits to us may be retained by the servicer as compensation for servicing the Mortgage or by the seller of the Mortgages as additional compensation.

Pooling Criteria for PC Pools

Some of our general pooling practices for Fixed-Rate PC Pools or ARM PC Pools are summarized below. Our pooling practices are subject to change. We may also grant exceptions in our

sole discretion. If we apply any other criteria to a specific PC Pool, we will describe those differences in a Pool Supplement.

Generally, we pool fixed-rate Mortgages separately from ARMs. If we pool fixed-rate Mortgages and ARMs in a specific PC Pool, we will provide additional information in the related Pool Supplement. We pool first lien Mortgages separately from second lien Mortgages.

We also limit the range of Mortgage Coupons in a PC Pool. At the time we form a PC Pool:

- In the case of a Fixed-Rate PC Pool, the Mortgage Coupon of each Mortgage must be within a range from (a) the related PC Coupon plus any minimum required servicing fee through (b) 250 basis points above the related PC Coupon.
- In the case of an ARM PC Pool, the lowest and highest fixed margin must be within a range not exceeding 200 basis points.

The minimum PC Pool size is \$1,000,000 at the time the PC Pool is formed. We may change these minimum PC Pool sizes at any time.

Pool Factors and Monthly Reporting Periods

Pool Factors

As Administrator, we calculate and make available each month, including on our internet website and through approved vendors, the Pool Factor for each PC Pool. The **“Pool Factor”** is an exact decimal truncated to eight places which, when multiplied by the original principal amount of the related PC Pool, will equal the remaining principal amount of the PC. The Pool Factor for any month reflects the remaining principal amount after the payment to be made on the Payment Date in the same month.

Currently, we make Pool Factors available on or about the fifth Business Day of each month.

The Pool Factor for a PC Pool for the month of formation is always 1.00000000 and is not published. We have the right to change when the Pool Factors will be available and how we calculate them. We make payments on all PCs based on their applicable Pool Factors.

Use of Factors

For any Payment Date, you can calculate the principal payment on a PC by multiplying its original principal amount by the difference between its Pool Factors for the preceding and current months.

We have the right to make payments on any PC based on its applicable Pool Factors.

Monthly Reporting Periods

Each month, servicers report to us payments, including all prepayments, on the Mortgages in a PC Pool for the applicable one-month reporting period (a **“Monthly Reporting Period”**). For any Payment Date, the applicable Monthly Reporting Period generally is the calendar month preceding that Payment Date.

As Administrator, we have the right to change the Monthly Reporting Period for any PCs as provided in the Trust Agreement. We also have the right to modify our procedures for passing through full or partial prepayments to Holders. For example, we may include, as part of the aggregate principal

payment for each month, prepayments reported to us after the end of the related Monthly Reporting Period and before the publication of the applicable Pool Factor. In that case, the applicable Pool Factor would reflect any of these prepayments.

Payment Dates

As Administrator, we make payments to the Holders of PCs on each Payment Date beginning in the month after issuance.

The **“Payment Date”** is the 25th of each month or, if the 25th is not a Business Day, the next Business Day. For this purpose, **“Business Day”** means a day other than:

- A Saturday or Sunday.
- A day when the Federal Reserve Bank of New York (or other agent acting as our fiscal agent) is closed or, as to any Holder, a day when the Federal Reserve Bank that maintains the Holder’s account is closed.

Payments of Principal

General

We pay principal, if any, to the Holders of PCs on each applicable Payment Date. The principal balance of a PC Pool sometimes varies from the aggregate principal balance of the underlying Mortgages due to delays or errors in processing mortgage information, such as a servicer’s failure to file an accurate or timely report of its collections of principal or its having filed a report that cannot be processed. We will account for any differences as soon as practicable by adjusting subsequent Pool Factors. We have the right to modify our procedures for passing through full or partial prepayments of principal to Holders.

Calculation of Principal Payments for Fixed-Rate PCs

The aggregate principal payment in any month on any Fixed-Rate PC reflects:

- The scheduled principal payments due on the Mortgages in the related PC Pool for the current calendar month.
- Prepayments on those Mortgages as reported by servicers for the preceding Monthly Reporting Period and the principal amount of any Mortgage repurchased during the preceding Monthly Reporting Period, as well as any such prepayments and principal reported on the first Business Day of the calendar month following such Monthly Reporting Period.
- Any adjustments necessary to reconcile the principal balance of the PC Pool with the aggregate balance of the related Mortgages reported to us by servicers.

We calculate the scheduled principal due on the related Mortgages based upon:

- The principal balance of each Mortgage in the PC Pool (adjusted for any prepayments and any principal amounts previously passed through pursuant to our guarantee).
- 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 PC Pool.

Our calculation of scheduled principal may not reflect actual payments on the Mortgages. We will account for any differences as soon as practicable by adjusting subsequent Pool Factors.

Calculation of Principal Payments for ARM PCs

The principal payment in any month on an ARM PC 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 preceding month. We do not calculate principal payments for ARM PCs in the absence of reports from servicers, nor do we adjust the related Pool Factor. Rather, we reconcile any differences between actual payments on the Mortgages and principal payments on the ARM PCs as soon as practicable by adjusting subsequent Pool Factors.

Payments of Interest

General

Interest will accrue on each PC during each Accrual Period at the applicable PC Coupon. In the case of a Fixed-Rate PC, the PC Coupon is set at the time of issuance and does not change. In the case of an ARM PC, the PC Coupon adjusts periodically based on the weighted average of the interest rates of the underlying ARMs.

Unless otherwise stated in the related Pool Supplement, we compute interest on a 30/360 Basis, whether or not interest on the underlying Mortgages is payable on a 30/360 Basis. If interest on the underlying Mortgages is payable on an Actual/360 Basis, we will adjust the interest allocation for each monthly Mortgage payment in order to conform the interest allocation on the Mortgages as closely as practicable to interest payments on the PCs. Any difference resulting from this adjustment will be minimal. Absent clear error, our adjustment to the interest allocation will be final and binding.

Interest accrues on the principal amount of a PC as determined by its Pool Factor for the month preceding the month of the Payment Date.

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

Calculation of ARM PC Coupon

The PC Coupon of an ARM PC adjusts as of the first day of each Accrual Period and equals the weighted average of the underlying Mortgage Coupons, less the servicing fee, the management and guarantee fee and any amounts retained by the seller or servicer as additional compensation, as such, there is no minimum or maximum PC Coupon, although each related Mortgage may have a minimum or maximum Mortgage Coupon. The PC Coupon of an ARM PC is an exact decimal truncated to three places. It 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 Pool Supplement. *Appendix II* shows the Indices most often used to adjust ARMs and ARM PCs.

There is no limit on the amount of permissible monthly adjustments to the PC Coupons on ARM PCs, although the related Mortgages may have an adjustment cap that limits the permissible amount that the Mortgage Coupon may adjust on its regular adjustment date. The Mortgage Coupons of each of the Mortgages in a PC Pool may have regular adjustment dates, each in a different month, and

accordingly some, all or none of the Mortgages in a PC Pool may adjust on a given date. As a result, the PC Coupon of an ARM PC may not fully reflect recent changes in the value of a specified index (“**Index**”). In addition, disproportionate principal payments on the underlying Mortgages will affect the PC Coupon of an ARM PC. The applicable Pool Supplement will specify any applicable limits on the permissible adjustments to the Mortgage Coupons on the Mortgages comprising an ARM PC Pool.

You can obtain the PC Coupons for ARM PCs for the current Accrual Period on our internet website or from our Investor Inquiry Department as shown on page 7. Absent clear error, our determination of the applicable Index levels and our calculation of the PC Coupon for each Accrual Period will be final and binding.

Record Dates

As Administrator, we pass through payments on each Payment Date to Holders as of the related Record Date. The “**Record Date**” for any Payment Date is the close of business on the last day of the preceding month.

Final Payment Date

The “**Final Payment Date**” of a PC is the first day of the latest month in which we will reduce the related Pool Factor to zero. The actual final payment on any PC will be made on a regular Payment Date, not on the first day of a month. The final payment on any PC could occur significantly earlier than the month of its Final Payment Date.

Guarantees

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

- The timely payment of interest at the applicable PC Coupon.
- In the case of Fixed-Rate PCs only, the timely payment of scheduled principal on the underlying Mortgages.
- The full and final payment of principal on the underlying Mortgages by the Payment Date that falls in the month of its Final Payment Date.

We do not guarantee the payment of any Prepayment Premiums on the Mortgages.

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

PC Pool Expenses

Generally, as Administrator, we do not seek reimbursement from a PC Pool for any expenses we may incur in connection with that PC Pool. However, certain amounts expended by us, as Administrator, or a servicer for the protection or maintenance of Mortgages or related property may be borne on a pro rata basis by us and the Holders of the related PCs. As Administrator, we may pay such expenses from amounts otherwise due to the Holders, which may affect the timing of receipt of payments by the Holders. However, these expenses will not affect our guarantee or the Holders’ right to receive all principal and interest due on their PCs.

Compensation of Servicers and Freddie Mac

We or our servicers generally retain payments of interest on Mortgages in a PC Pool that exceed the PC Coupon for that PC Pool, as well as certain fees and charges paid by borrowers, such as late payment fees and review and transfer charges on assumptions. These amounts are not passed through to Holders. The amounts we retain are treated as management and guarantee fees for our services as Administrator and Guarantor under the Trust Agreement and related Pool Supplement, and the amounts retained by servicers are treated as servicing fees.

Pool Supplements

As Administrator, we make available on our internet website a Pool Supplement for each PC Pool when it is formed. The Pool Supplement identifies on a pool-level basis the features of the Mortgages in the related PC Pool and sets forth data concerning that PC Pool.

If information in a Pool Supplement is inconsistent with information in this Offering Circular, you should rely on the information in the Pool Supplement as to the PC Pool it describes. We may change our practices relating to Pool Supplements at any time.

Form of PCs, Holders and Payment Procedures

Form

PCs are issued, held and transferable only on the book-entry system of the Federal Reserve Banks. This means PCs are not represented by certificates. The Department of Housing and Urban Development's regulations governing our book-entry securities (24 C.F.R. Part 81, Subpart H) and any procedures that we and a Federal Reserve Bank may adopt apply to the issuance and recordation of, and transfers of interests (including security interests) in, the PCs. Holders' individual accounts are governed by operating circulars and letters of the Federal Reserve Banks.

Each issue of PCs is identified by a unique nine-character designation, known as a "**CUSIP Number.**" The CUSIP Number is used to identify each issue of PCs on the books and records of the Federal Reserve Banks' book-entry system.

Holders

The term "**Holder**" means any entity that appears on the records of a Federal Reserve Bank as a holder of particular PCs. Only banks and other entities eligible to maintain book-entry accounts with a Federal Reserve Bank may be Holders of PCs. Investors who beneficially own PCs typically are not the Holders of those PCs. Investors ordinarily will hold PCs through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. For example, as an investor, you may hold a PC through a brokerage firm which, in turn, holds through an entity eligible to maintain accounts with a Federal Reserve Bank. In that case, you would be the beneficial owner and that eligible entity would be the Holder.

A Holder that is not also the beneficial owner of a 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. Neither we nor any Federal Reserve Bank will have a direct obligation to a beneficial owner of a PC that is not also the Holder.

The Federal Reserve Banks and we may treat the Holder as the absolute owner of a PC for the purpose of receiving payments and for all other purposes, regardless of any notice to the contrary. If you are not a Holder yourself, you may exercise your rights only through the Holder of your PCs.

Denominations

Holders must hold and transfer their PCs in minimum original principal amounts of \$1,000 and additional increments of \$1. A Holder may not transfer a PC if, as a result of the transfer, the Holder would have remaining in its account PCs of the same issue having an original principal amount of less than \$1,000. A Holder of PCs will also have to comply with any Federal Reserve Bank minimum wire transfer requirements.

Payment Procedures

Federal Reserve Banks credit payments on PCs to the appropriate Holders' accounts. Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of the PCs that it represents. If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on future Payment Dates or in any other manner we consider appropriate.

PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS

Prepayments

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

- Prepayments by the borrower.
- Liquidations resulting from default, casualty or condemnation.
- Payments we make, as Guarantor, under our guarantee of principal, other than payments of scheduled principal.
- Prepayments resulting from the repurchase of Mortgages from a PC Pool.

Unless otherwise specified in the applicable Pool Supplement, the Mortgages may be voluntarily prepaid in full at any time, subject to any applicable Prepayment Premiums, lockout periods or Defeasance provisions. See *Risk Factors — Prepayment and Yield Factors*.

Mortgage prepayment rates are likely to fluctuate significantly over time. Prepayment rates are influenced by many factors, which may exist in multiple combinations, including:

- The age, principal amount, 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).
- Any applicable tax laws (including depreciation benefits) in effect from time to time.

- Characteristics of the borrowers (such as credit status and management ability) and their equity positions in the underlying properties.
- Any partial or full guarantees by borrower affiliates.
- Changes in local industry and population migration and relocation as they affect the supply and demand for rental units and rent levels.
- Prevailing rent levels (as may be limited by any applicable rent control or stabilization laws) affecting cash flows from the underlying properties.
- Levels of current mortgage interest rates and borrower refinancing activities.
- Activity of lenders in soliciting refinancing, including refinancing without significant transaction costs by the borrower.
- Attractiveness of other investment alternatives.
- The existence of Prepayment Premiums or lockout provisions.
- Certain state laws limiting the enforceability of lockout periods and the collection of Prepayment Premiums.
- In the case of ARMs, fluctuations in the reference Index values and the extent of periodic adjustments to the Mortgage Coupon.
- Repurchases of Mortgages from PC Pools due to breaches of representations and warranties by sellers of the Mortgages.
- Repurchases of Mortgages from PC Pools when the terms of those Mortgages are modified as a result of default or imminent default by the borrower.
- The size of the PC Pool; the prepayment behavior of relatively small PC Pools is likely to be less consistent and less predictable than the prepayment behavior of larger PC Pools.
- The rate of defaults and resulting repurchases of the Mortgages in a PC Pool. Defaults may increase during periods of economic recession, mortgage credit contraction, stricter underwriting standards that may inhibit refinancings, natural disasters, declining property values or increased use of secondary financing or as a result of other factors that decrease borrowers' equity. Such adverse developments could also have a greater impact on certain states or geographical regions. Depending on how long a Mortgage has been in default and the likelihood the borrower will resume making payments, we may repurchase a defaulted Mortgage from its PC Pool, which would have the same effect on the Holder as a prepayment of the Mortgage. See *Risk Factors — Credit Factors*.

The characteristics of particular Mortgages may also influence their prepayment rates. For example, ARMs tend to have higher default rates than fixed-rate Mortgages. Also, different types of Mortgages may be affected differently by the same factor, and some factors may affect prepayment behavior on only some types of Mortgages. For example, second lien mortgages may be more sensitive than first lien Mortgages to the general cost of credit to borrowers.

The rate of defaults and resulting repurchases of the Mortgages in a PC Pool will also affect the prepayment behavior of that PC Pool. Defaults may increase if the Mortgages in a PC Pool are cross-collateralized and cross-defaulted, during periods of declining property values or as a result of other factors that decrease borrowers' equity.

In addition, mortgage servicing decisions, including seeking alternatives to foreclosure, may impact the prepayment behavior of particular PC Pools. In approving alternatives to foreclosure and in determining whether or when Mortgages will be repurchased from a PC Pool, we consider a variety of factors. See *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Defaults and Delinquencies*.

The factors affecting the prepayment behavior of the Mortgages differ in certain respects from those affecting the prepayment behavior of single family mortgages. A borrower typically views multifamily properties solely as an investment and, therefore, economic rather than personal considerations primarily will affect the prepayment behavior of the Mortgages. Also, individual Mortgage amounts often are large and one Mortgage is likely to comprise a larger portion of the PC Pool than would be the case with a pool of single family mortgages. Therefore, principal prepayments may significantly affect the yield on the PCs. Similarly, the prepayment behavior of a PC Pool containing only one or a small number of Mortgages is likely to be more volatile than the prepayment behavior of a PC Pool containing a large number of Mortgages, because a prepayment on a single Mortgage may result in the payment to Holders of all or a substantial portion of the principal amount of the PC Pool.

We make no representation regarding the likely prepayment experience of the Mortgages underlying any PC, the particular effect that any factor may have on Mortgage prepayment behavior or the prepayment rates for any type of Mortgage as compared to other kinds of Mortgages. For example, although we may expect Mortgages with higher Prepayment Premiums to prepay less frequently than Mortgages with lower or no Prepayment Premiums. Prepayment Premium provisions may or may not effectively deter prepayments. Similarly, lockout provisions may or may not prevent prepayments.

Yields

General

In general, your yield on any PCs will depend on several variables, including:

- The price you paid for the PCs.
- The PC Coupon for your PCs.
- The rate of principal prepayments on the underlying Mortgages.
- The actual characteristics of the underlying Mortgages.
- The payment delay of your PCs.
- In the case of ARM PCs, the values of the applicable Index.
- In the case of ARM PCs, the effect of any periodic interest rate and payment adjustments (and any minimum or maximum Mortgage Coupons) on the underlying ARMs.
- Whether Prepayment Premiums are passed through to investors.

You should carefully consider the yield risks associated with PCs, including these:

- If you purchase a PC at a discount to its principal amount and the rate of principal payments on the underlying Mortgages is slower than you expect, you will receive payments over a longer period than you expect, so the yield on your investment will be lower than you expect.

- If you purchase a PC at a premium over its principal amount and the rate of principal payments on the underlying Mortgages is faster than you expect, you will receive payments over a shorter period than you expect, so the yield on your investment will be lower than you expect.
- In general, the rate of Mortgage prepayments early in your investment has the greatest effect on your yield to maturity. As a result, a negative effect on your yield produced by principal prepayments at a higher (or lower) rate than you expect in the period immediately following your purchase of a PC is not likely to be offset by an equivalent reduction (or increase) in that rate in later periods.
- Mortgages tend to prepay fastest when prevailing interest rates are low. When this happens, you may not be able to reinvest your principal payments in comparable securities at as high a yield.
- In a high interest rate environment, Mortgages tend to prepay more slowly. When this happens, you may not receive principal payments, which could otherwise be reinvested in comparable securities at a higher yield, as quickly as you expect.

Yields of ARM PCs

If you invest in ARM PCs, you should consider the following additional risks:

- If the Index levels used to adjust the interest rates of underlying ARMs are lower than you expect, the yield on your investment could be lower than you expect.
- PC Coupons for ARM PCs generally adjust monthly based on a weighted average of the interest rates on the underlying Mortgages. Several factors will affect these PC Coupons:
 - Disproportionate principal payments, including prepayments, on the underlying Mortgages that have relatively low and high interest rates compared to the other Mortgages in the same pool will affect the level of the PC Coupon for the related ARM PCs, even if the interest rates on the remaining Mortgages do not change.
 - The PC Coupon on your ARM PCs may not fully reflect current interest rates or Index values because the underlying Mortgage interest rates may adjust on various dates and at various intervals and typically adjust less frequently than monthly. Moreover, the interest rates of the underlying Mortgages typically adjust based on the Index value published some time before such adjustment (the lookback period), and there may be a gap of several months from the publication of an applicable Index value until the PC Coupon reflects the adjusted value.
 - Although there are generally no limits on the monthly PC Coupon adjustments for ARM PCs, interest rates on the underlying ARMs may be subject to adjustment caps and lifetime floors or caps. As a result of these limitations, the PC Coupon on an ARM PC at any time may not reflect the applicable Index value or changes in that value from period to period.
- When mortgage interest rates are generally low, which usually results in faster prepayments, the applicable Index value may be relatively high. On the other hand, when mortgage interest rates are generally high, which usually results in slower prepayments, the applicable Index value could be relatively low. Either of these scenarios could result in

a lower than expected yield on the ARM PCs. In addition, depending on how frequently the underlying ARMs adjust and the existence of any adjustment caps, in an increasing interest rate environment, the rate of default could increase, which could reduce the yield on your ARM PCs.

- The value of an Index will generally change from time to time. Even if the average value of an Index is consistent with your expectations, the timing of any changes in that value may affect your actual yield. In general, the earlier a change in the value of the applicable Index, the greater the effect on your yield. As a result, a negative effect on your yield produced by an Index value that is higher (or lower) than you expect early in your investment is not likely to be fully offset by an equivalent reduction (or increase) in that value in later periods.
- If the Index values used to adjust the interest rates of underlying ARMs are lower than you expect, the yield on your investment could be lower than you expect, especially if prepayments are slow. Even if the Index value is higher than you expect, but prepayments are fast, your yield could be lower than you expect.
- The CMT Index and LIBOR tend to reflect current market rates, and their values may be more volatile than the value of Eleventh District COFI or other Indices which reflect averages of rates in effect over longer periods of time.

Payment Delay

The effective yield on any PC will be less than the yield that its PC Coupon and purchase price would otherwise produce, because:

- On its first Payment Date, 30 days' interest will be payable on the PC even though interest began to accrue approximately 55 days earlier.
- On each Payment Date after the first Payment Date, the interest payable on the PC will accrue during its Accrual Period, which will end approximately 25 days before that Payment Date.

Suitability

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

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

on the prices of PCs, especially those that are particularly sensitive to prepayment or interest rate risk.

- PCs are complex securities. Before investing in a PC, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in any related Pool Supplement. You should evaluate the information in the context of your personal financial situation and your views on possible and likely interest rate and economic scenarios.

This Offering Circular does not describe all the possible risks of an investment in PCs that may result from your particular circumstances, nor does it project how PCs will perform under all possible interest rate and economic scenarios. You should purchase PCs only if you, alone or together with your financial advisor, understand the prepayment, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios and you have sufficient financial resources to bear all the risks related to your PCs.

THE TRUST AGREEMENT

Under the Multifamily PC Master Trust Agreement dated as of July 1, 2014, as amended from time to time, as Depositor, we will transfer and deposit Mortgages that we have acquired into various trust funds. As Trustee, we create and issue PCs under the Trust Agreement and related Pool Supplements. The following summary describes various provisions of the Trust Agreement. This summary is not complete. You should refer to the Trust Agreement for a complete description of your rights and obligations and our rights and obligations. You can obtain copies of the Trust Agreement from our internet website or by contacting our Investor Inquiry Department as shown on page 7. Your receipt and acceptance of a PC, without any signature or further manifestation of assent, constitutes your unconditional acceptance of all the terms of the Trust Agreement.

Transfer of Mortgages to PC Pool

The Mortgage or Mortgages deposited in each PC Pool will be identified to that PC Pool in our corporate records. As Administrator, we will hold the Mortgages, directly or through a custodian acting as our agent or through the seller or servicer of Mortgages, for the benefit of each PC Pool and the Holders of the related PCs, subject to policies and procedures that we may adopt, modify and waive from time to time.

Repurchase and Substitution of Mortgages

Once we have deposited identified Mortgages in a PC Pool, Mortgages will not be removed from or added to that PC Pool unless there is a repurchase or substitution in one of the situations described below. We will make any repurchase or substitution in accordance with applicable laws in effect at the time of repurchase or substitution. Each repurchase will be treated as a prepayment in full of the Mortgage being repurchased and the entire principal amount of that Mortgage will be passed through to Holders of the related PCs on the appropriate Payment Date. Substitutions of Mortgages rarely occur.

Repurchases or substitutions may occur under the situation set forth under *Description of the Mortgages — Mortgage Purchase and Servicing Standards — Mortgage Repurchases*.

Any repurchase of a Mortgage by a seller or servicer will be at its then unpaid principal balance, less any principal on the Mortgage that the seller or servicer has advanced to the Administrator. The Administrator's or the Guarantor's repurchase of any Mortgage will be at its then unpaid principal balance, less any outstanding advances of principal on the Mortgage that the Administrator, on behalf of the Trustee, has paid to Holders.

Collection and Other Servicing Procedures

We are responsible as the Administrator under the Trust Agreement for certain duties. Our duties include entering into contracts with servicers to service the Mortgages, supervising and monitoring the servicers, ensuring the performance of certain functions if the servicer fails to do so, establishing certain procedures and records for each PC Pool, and taking additional actions as set forth in the Trust Agreement. The servicers collect payments from borrowers, make servicing advances, foreclose upon defaulted mortgage loans, and take other actions as set forth in the Trust Agreement. Our servicers may contract with subservicers to perform some or all of the servicing activities.

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

Certain Matters Regarding Our Duties as Trustee

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

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

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

The Trust Agreement provides that the Trustee may, but is not obligated to, undertake any legal action that it deems necessary or desirable in the interests of Holders. We may be reimbursed for the

legal expenses and costs of the action from the assets of the PC Pool. Any such reimbursement will not affect our guarantee obligations.

Events of Default

“**Events of Default**” under the Trust Agreement are:

- Our failure, as Guarantor or Administrator, to pay principal or interest that lasts for 30 days.
- Our failure to perform, as Guarantor or Administrator, in any material way any other obligation under the Trust Agreement, if the failure lasts for 60 days after we receive notice from the Holders of at least 65% of the outstanding principal amount of any affected PC Pool.
- Specified events of bankruptcy, insolvency or similar proceedings involving us, including the appointment of a receiver, liquidator, assignee, custodian or sequestrator (or similar official) for us (but not including the appointment of a conservator or similar official for us).

Rights upon Event of Default

If an Event of Default under the Trust Agreement is not remedied, the Holders of a majority of the outstanding principal amount of any affected PC Pool may remove us as Administrator and nominate a successor as to that PC Pool. That nominee will replace us as Administrator unless we object within ten days after the nomination. In that event, either we or anyone who has been a bona fide Holder of an affected PC for at least six months may ask a court to appoint a successor. The court may then appoint our successor as Administrator. Any such removal will not affect our guarantee obligations.

In addition, we may be removed as Trustee if an Event of Default has occurred with respect to a PC Pool. In that case, we can be removed and replaced by a successor trustee as to an affected PC Pool by Holders owning a majority of the voting rights of that PC Pool.

For these purposes, PCs held by Freddie Mac will be disregarded.

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

Under the Purchase Agreement between Treasury and us, PC Holders are given certain limited rights against Treasury under the following circumstances: (i) we default on our guarantee payments, (ii) Treasury fails to perform its obligations under its funding commitment, and (iii) we and/or the Conservator are not diligently pursuing remedies in respect of that failure. In that case, the Holders of

the affected PCs may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund up to the lesser of (1) the amount necessary to cure the payment default and (2) the lesser of (a) the amount by which our total liabilities exceed our total assets, as reflected on our balance sheet prepared in accordance with generally accepted accounting principles, and (b) the maximum amount of Treasury's funding Commitment under the Purchase Agreement less the aggregate amount of funding previously provided under the Commitment with Treasury. The enforceability of such rights has been confirmed by the Office of Legal Counsel of the U.S. Department of Justice in an opinion dated September 26, 2008.

Control by Holders and Voting Rights

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

Amendment

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

- Cure any ambiguity or correct or add to any provision in the Trust Agreement or any Pool Supplement, if the amendment does not adversely affect Holders in any material way.
- Maintain the classification of any PC Pool as a grantor trust for federal income tax purposes.
- Avoid the imposition of any state or federal tax on a PC Pool.
- Modify our procedures for calculating payments to Holders or passing through prepayments as set forth in the Trust Agreement.

With the consent of the Holders of a majority of the outstanding principal amount of any affected issue of PCs, Freddie Mac and the Trustee also may amend the Trust Agreement or any Pool Supplement in any other way. However, unless each affected Holder consents, Freddie Mac and the Trustee may not amend the Trust Agreement or any Pool Supplement to impair the rights of a Holder to receive payments (including guarantee payments) when due or to sue for any payment that is overdue.

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

Tax Information

Within a reasonable time after the end of each calendar year, as Administrator, we or our agent will furnish to each investor who was a Holder on any record date during such year information we deem necessary or desirable to enable Holders and beneficial owners of PCs to prepare their federal income tax returns, if applicable.

Termination

Our obligations and responsibilities under the Trust Agreement and applicable Pool Supplement to a Holder of a PC will terminate upon (1) the full payment to the Holder of all principal and interest due the Holder based on the applicable Pool Factor or by reason of our guarantees or (2) the payment to the Holder of all amounts held by Freddie Mac and required to be paid under the Trust Agreement. However, our guarantee will be reinstated in the event that any principal or interest payment made to a Holder is for any reason returned by the Holder pursuant to an order, decree or judgment of a court of competent jurisdiction to the effect that the Holder was not entitled to retain such payment pursuant to the Trust Agreement. In addition, we will furnish information we deem necessary to enable Holders to prepare their federal income tax returns for the year in which the termination occurs.

We have no “clean-up” call option to redeem or terminate a PC based on its unpaid principal balance falling below a prescribed level.

Various Matters Regarding Freddie Mac

Neither Freddie Mac, in its corporate capacity, nor any of our directors, officers, employees and agents will be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, neither we nor they will be protected against any liability that results from our or their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations. As Administrator, we are required to hold and administer Mortgages in a PC Pool using the same standards as we use for similar mortgages that we own.

Except for our guarantee obligations or other payment obligations, Freddie Mac will not be liable for any Holder’s direct damages unless we fail to exercise the same degree of ordinary care that we exercise in the conduct of our own affairs. Freddie Mac will not be liable for any Holder’s consequential damages.

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

Freddie Mac may acquire PCs. Except as described under *Rights Upon Event of Default and Control by Holders and Voting Rights* above, PCs we hold will be treated the same as PCs held by other Holders.

The Trust Agreement and any Pool Supplement will be binding upon any successors to Freddie Mac.

Governing Law

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

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

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

Although we are a government-sponsored enterprise, neither the PCs nor the income received from them is exempt from federal income, estate or gift taxes under the Internal Revenue Code of 1986, as amended (the “Code”). Further, neither the Code nor the Freddie Mac Act exempts the PCs or income on them from taxation by any state, any United States possession or any local taxing authority.

Tax Status

Each PC Pool will be classified as a grantor trust under subpart E, part I of subchapter J of the Code and not as an association taxable as a corporation. As an investor in a PC, you will be treated for federal income tax purposes as the owner of a pro rata undivided interest in the underlying Mortgages.

If you own PCs, you must report on your federal income tax return your pro rata share of the entire income from the Mortgages in the related PC Pool, in accordance with your method of accounting. Income will include gross interest income at the interest rates on the Mortgages and incidental fees, if any.

You generally will be able to deduct, under Section 162 or 212 of the Code, your pro rata share of servicers’ fees or any of our management and guarantee fees, including incidental fees paid by the borrowers and retained by the servicer or us and all administrative and other expenses of the PC Pool, in accordance with your method of accounting. The Code limits the deductions for these miscellaneous itemized deductions for some investors.

Unless otherwise disclosed in the applicable Pool Supplement, PCs generally will be considered to represent “real estate assets” within the meaning of Section 856(c)(5)(B) of the Code. Interest income from the PCs will be considered to represent “interest on obligations secured by mortgages on real property” within the meaning of Section 856(c)(3)(B) of the Code.

Unless otherwise disclosed in the applicable Pool Supplement, 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 Code for purposes of determining whether an institution qualifies as a “domestic building and loan association.” 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 PCs will be treated as “obligations of a corporation which is an instrumentality of the United States” within the meaning of Section 7701(a)(19)(C)(ii) of the Code. Thus, the PCs will be a qualifying asset for a domestic building and loan association.

Discount and Premium

If you purchase a PC, you will be treated as purchasing an interest in each of the underlying Mortgages at a price determined by allocating the purchase price paid for that PC among the Mortgages in proportion to their fair market values at the time of purchase. 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 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.

You should consult your own tax advisors to determine whether Section 1272(a)(6) of the Code, as expanded by the Taxpayer Reform Act of 1997, could affect the accrual of discount or amortization of premium on your PCs or otherwise affect the tax accounting for your PCs.

If you recognize gain or loss attributable to discount or premium that is not characterized as original issue discount, market discount or amortizable bond premium (described below), your gain or loss will be treated as capital gain or loss if the PC is held as a capital asset.

Original Issue Discount

You will be required to report as ordinary income your pro rata share of any original issue discount related to the Mortgages underlying the PC pursuant to Sections 1271-1273 and 1275 of the Code. Original issue discount may arise as a result of initial incentive or “teaser” interest rates on ARMs or points charged at origination. You will be required to accrue original issue discount into current income only if it exceeds a *de minimis* amount. The Mortgages also would be subject to the original issue discount rules if, as discussed below, the “stripped bond” provisions of the Code were determined to be applicable.

Market Discount

The market discount rules of Sections 1276-1278 of the Code will apply to treat market discount in excess of a *de minimis* amount as ordinary income. You must recognize accrued market discount to the extent of gain realized on disposition or to the extent of principal payments that you receive. The market discount rules provide that:

- Market discount will be considered to accrue under a straight-line method unless you elect to calculate it under a constant interest method.
- Interest that you paid or that accrues on indebtedness that you incurred or continued to purchase or carry Mortgages acquired at a market discount will be allowed as a deduction only to the extent that such interest, reduced by the interest on the Mortgages includable in income, including original issue discount, is greater than the market discount that accrued but was not taken into account during the taxable year such interest was paid or accrued. Any such interest expense that is deferred will, in general, be allowed as a deduction when the related market discount income is recognized.
- Alternatively, you 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 you hold except those acquired in taxable years before the year of the election. An election to include market discount as income currently can be revoked only with the consent of the

Internal Revenue Service (the “Service”). In this event, the rules about ordinary income on disposition and interest deferral discussed above will not apply.

The exact application of the market discount rules is not clear.

Premium

If you have purchased your interest in any Mortgage at a premium, the premium may be amortizable under a constant interest method at your election under Section 171 of the Code. The premium is treated as an offset to interest income includable with respect to the Mortgage. An election to amortize premium will apply to all debt instruments you hold at the beginning of the tax year for which you make the election and to all such instruments acquired after the election. An election to amortize premium can be revoked only with the Service’s consent.

Constant Yield Method

You 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. You should consider the relationship between this election and the elections described above under *Market Discount* and *Premium*.

Prepayment Premiums

You should consult your own tax advisors regarding the tax treatment of Prepayment Premiums.

Sale or Exchange of a PC

If you sell a PC, you will recognize gain or loss equal to the difference between your adjusted tax basis in the PC and the amount you realized on the sale (not including amounts attributable to accrued and unpaid interest, which will be treated as ordinary interest income).

In general, your adjusted tax basis in the PC will equal what you paid for the PC, plus the amount of any discount income you previously reported on the PC, less the amount of any premium you previously offset against interest income on the PC and the amount of any principal payments you received on the PC.

You must report accrued but unrecognized market discount as ordinary income, but your gain or loss otherwise will be a capital gain or loss if you held the PC as a capital asset. The capital gain or loss will be long-term or short-term, depending on whether you owned the PC for the long-term capital gain holding period (currently more than one year). Capital gains of individuals with respect to capital assets held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Application of the Stripped Bond Rules

When we issue a PC, Revenue Ruling 71-399, 1971-2 C.B. 433, issued to us by the Service, indicates that any difference between interest payable at the mortgage interest rate and the sum of (a) interest payable at the class coupon plus (b) fees applicable to the Mortgages (servicers’ fees or any of our management or guarantee fees) should be accounted for as discount income or premium expense. If such sum exceeds the mortgage interest rate, the difference is characterized as “discount”

and considered additional gross income. If such sum is less than the mortgage interest rate, the net difference is characterized as “premium expense.”

In Revenue Ruling 71-399, the Service ruled that discount income is to be included as ordinary income in accordance with the beneficial owner’s method of accounting, and that premium expense may be deductible in accordance with applicable rules. The Service, however, may contend that by reason of 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 difference.

The Service has issued guidance taking the position that, when Mortgages are sold and the servicer is entitled 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 treatment applies, for tax purposes, you would not be treated as having a pro rata undivided interest in the underlying Mortgages, but rather you would be treated as owning “stripped bonds” to the extent of your share of principal payments and “stripped coupons” to the extent of the class coupon plus reasonable servicing fees and guarantee fees. Under Section 1286, you would be treated as if the payments to be received in respect of your ownership interest in the Mortgages were purchased at an original issue discount equal to the difference between the price at which you are considered to have paid for such payments and the total amount of such payments. You would include in income such original issue discount in accordance with the rules for original issue discount under the Code. Effectively, you would report both interest and discount on the Mortgages as ordinary income as income accrues under a constant yield method under Sections 1271-1273 and 1275 of the Code.

The Service has also issued guidance providing that a purchaser of a Mortgage that is a stripped bond must treat it as a market discount bond if the amount of original issue discount on the 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 100 basis points or less below the annual stated rate of interest payable on the Mortgage. These conditions apparently 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 these conditions are met, you would be required to account for any market discount in accordance with the rules for market discount as described above under *Discount and Premium*.

It is unclear whether the position taken by the Service in the guidance would be upheld if challenged.

Backup Withholding, Foreign Withholding and Information Reporting

If you are a U.S. Person, you may be subject to federal backup withholding tax under Section 3406 of the Code on payments on your PCs, unless you comply with applicable information reporting procedures or are an exempt recipient. Any such amounts withheld would be allowed as a credit against your federal income tax liability.

Payments made to an investor who is an individual, a corporation, an estate or a trust that is not a U.S. Person, or to a Holder on behalf of such an investor, generally will not be subject to federal income or withholding tax if:

- The Mortgages underlying the investor’s PCs all were originated after July 18, 1984.

- The PC is not held by the investor in connection with a trade or business in the United States (or, if an income tax treaty applies, is not attributable to a U.S. permanent establishment or fixed base).
- The investor is not, with respect to the United States, a corporation that accumulates earnings in order to avoid federal income tax.
- The investor is not a U.S. expatriate or former U.S. resident who is taxable in the manner provided in Section 877(b) of the Code.
- The investor provides a statement (on Internal Revenue Service Form W-8BEN or W-8BEN-E (or similar substitute forms)) 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.

Regardless of the date of origination of the Mortgages, federal backup withholding tax will not apply to payments on a PC made to an investor who is not a U.S. Person if the investor furnishes an appropriate statement of non-U.S. status.

We will make available to each Holder of a PC, within a reasonable time after the end of each calendar year, information to assist Holders and investors in preparing their federal income tax returns. The information made available to you may not be correct for your particular circumstances.

For these purposes, the term “**U.S. Person**” means any one of the following:

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

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

Foreign Account Tax Compliance Act

Investors should be aware that under legislation enacted in 2010 and related administrative guidance (commonly known as “**FATCA**”), certain payments in respect of the underlying Mortgages after June 30, 2014 and payments of the gross proceeds from the sale or other disposition of a PC or an underlying Mortgage after December 31, 2016 received by a non-U.S. entity may be subject to

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

ERISA CONSIDERATIONS

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

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

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

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

LEGAL INVESTMENT CONSIDERATIONS

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

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

should review applicable regulations, policy statements and guidelines before purchasing or pledging PCs.

ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment applicable to an investor's acquisition and holding of mortgage-related securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Before making an investment in the PCs, investors are encouraged to consult their own accountant for advice on the appropriate accounting treatment for their PCs.

DISTRIBUTION ARRANGEMENTS

Freddie Mac purchases Mortgages from eligible sellers under various purchase programs and, as Depositor, deposits such Mortgages in PC Pools under the Trust Agreement and applicable Pool Supplement. As Trustee, we create and issue, under the Trust Agreement and that Pool Supplement, on behalf of the related PC Pool, PCs representing undivided interests in those same Mortgages. As Depositor, we deliver those PCs to the seller as consideration for the Mortgages. We may retain or repurchase PCs for our own portfolio, and may offer or re-offer such PCs from time to time. These transactions may affect the market prices and yields of PCs.

SECONDARY MARKETS, MORTGAGE SECURITY PERFORMANCE AND MARKET SUPPORT ACTIVITIES

Certain dealers may buy, sell and make a market in PCs. The secondary market for PCs may be limited. If a dealer sells a PC, currently the dealer is required to confirm the sale; notify the purchaser of the settlement date, purchase price, concessions and fees; and make available to the purchaser, by electronic means or otherwise, a copy of this Offering Circular and the applicable Pool Supplement.

You can obtain prices for PCs by contacting the securities dealers selling and making a market in those PCs. You can obtain a list of PC dealers by contacting Investor Inquiry as shown under *Additional Information*.

We may attempt to affect the liquidity and depth of the market for PCs through various activities, including:

- Educating dealers and investors about the relative merits of trading and investing in PCs;
- Purchasing and selling PCs, agency securities and other mortgage-related securities through our retained portfolio; and
- Introducing new mortgage-related securities products and initiatives.

We may increase, reduce or discontinue these or other related activities at any time, which could affect the liquidity and depth of the market for PCs.

We seek to support the price performance of our PCs through a variety of strategies, including those discussed above and the creation of larger PC Pools or Giant PCs with a larger and more diverse population of Mortgages, as well as through the issuance of mortgage securities that are backed by our PCs. Our purchases and sales of mortgage-related securities influence the relative supply and demand for these securities, and the issuance of mortgage securities that are backed by our PCs helps support

the price performance of our PCs. Depending upon market conditions, including the relative prices, supply of and demand for PCs and comparable Fannie Mae securities, as well as other factors, there may be substantial variability in any period in the total amount of securities we purchase or sell, and in the success of our efforts to support the liquidity and price performance of our PCs. In the first half of 2012, we curtailed mortgage-related investments portfolio purchase and retention activities that were undertaken for the primary purpose of supporting the price performance of our PCs. However, during the third quarter of 2012, we began certain activities, as noted above, intended to improve the price performance of our PCs while minimizing market disruption. We may increase, reduce or discontinue these or other related activities at any time. This could affect the liquidity and price performance of our PCs. See also “*Risk Factors — Investment Factors — Reductions in our mortgage-related investments portfolio may affect the liquidity of your PCs.*” The Incorporated Documents contain additional information about our security performance and market support activities.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

We may have various business relationships with dealers that deal in PCs, originators, sellers or servicers of Mortgages, and affiliates of those firms. For example, they may from time to time underwrite, invest in or make markets in PCs or other securities we issue, provide financial advice to us, provide money management, consulting or investment banking services to us, purchase Mortgages or other financial products from us, sell Mortgages or other financial products to us, engage in swap, forward, dollar roll, repurchase, reverse repurchase and other financial transactions with us, resecuritize PCs or other securities we have issued, or enter into licensing or other commercial agreements with us.

INDEX OF TERMS

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

30/360 Basis	17	Guide	19
Accrual Period	27	Holder	29
Actual/360 Basis	17	HUD	3
Administrator	8	Incorporated Documents	7
Amortizing Balloon Mortgage	9	Index	28
ARMs	8	Interest Only Balloon Mortgage	9
ARM PC	9	LIBOR	II-1
Business Day	26	Monthly Reporting Period	26
Code	40	Mortgage Coupon	18
Conservator	3	Mortgages	8
CUSIP Number	29	Payment Date	26
Defeasance	19	PC Coupon	9
Depositor	8	PC Pools	8
Eleventh District COFI	II-1	PCs	1
Eligible Securities	19	Pool Factor	25
ERISA	45	Pool Supplement	2
Events of Default	37	Prepayment Premium	18
Exchange Act	7	Purchase Agreement	4
Fannie Mae	4	Record Date	28
FATCA	45	Reform Act	3
FHFA	3	SEC	7
Final Payment Date	28	Service	42
Fixed-Rate PC	9	Trust Agreement	7
Fixed to Float Mortgage	9	Trustee	8
Freddie Mac	8	Treasury	4
Freddie Mac Act	3	Treasury Index	II-1
Fully Amortizing Mortgage	8	U.S. Person	44
Guarantor	8		

INTEREST RATE INDICES

The following are the Indices most often used in the ARMs we acquire and pool. The CMT Index, LIBOR and Eleventh District COFI are the Indices used most frequently. We make no representation as to the continuing availability of any Index or source of Index values.

An Index will adjust based on the most recent Index value available as of a specified date (for example, 45 days) before the effective date of the adjustment of the related ARM. The period of time between the Index adjustment date and the ARM adjustment date is sometimes referred to as the “lookback period.” For adjustment purposes, an Index value is available as of the date the information is released or publicly available.

If an Index becomes unavailable, we will designate a new one based upon comparable information and methodology.

- **Eleventh District COFI:** The weighted average cost of funds for member savings institutions of the Eleventh District of the Federal Home Loan Bank.
- **LIBOR:** The arithmetic mean of the London interbank offered quotations for U.S. dollar denominated deposits with a maturity of one month, three months, six months, one year or some other maturity, as reported in the *Wall Street Journal*, in each case as specified in the applicable Pool Supplement.
- **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 Pool Supplement.



[THIS PAGE INTENTIONALLY LEFT BLANK]

