



Freddie Mac

Giant and Other Pass-Through Certificates

Change in Prepayment Reporting

Effective July 1, 2001, Freddie Mac is changing its prepayment accounting cycle for Gold PCs and ARM PCs issued on or after September 1, 1995. Our Mortgage Participation Certificates Offering Circular Supplement dated May 9, 2001 describes this change in more detail.

To implement this change in our prepayment accounting cycle, in July 2001 we will pass through approximately 45 days of Mortgage prepayments on affected Gold PCs, and in August 2001 we will pass through approximately 45 days of Mortgage prepayments on affected ARM PCs. In all other months and for all other PCs, we will pass through approximately 30 days of prepayments each month. The pass-through of prepayments on Giant and other Pass-Through Certificates will reflect payments made on their underlying PCs.

As a result of the change to the prepayment accounting cycle and effective in July 2001, we will make monthly factors available on or about the 5th business day of each month for both Gold PCs and ARM PCs. Consequently and effective in July 2001, we will also make available Class Factors for Giant and other Pass-Through Certificates that are backed by Gold PCs or ARM PCs on or about the 5th business day of each month.

Change to Appendix IV — Redemption and Exchange Procedures for CPCs

Effective for any Redemption Date occurring in July 2001 and after, the Final Call Payment that a Call Class Holder must make will equal 95% of the principal amount of the Callable Class being redeemed, based on its Class Factor that was published in the month preceding the Redemption Date. This will apply whether the underlying asset is a Giant PC or a Giant Security.

Capitalized terms used in this Supplement have the meanings given to them in the Offering Circular.