

Freddie Mac



Taxable Multifamily ML Certificates

The Certificates

Freddie Mac issues Taxable Multifamily ML Certificates (“**Certificates**”). The Certificates are securities that represent undivided beneficial ownership interests with specified rights in pools of taxable multifamily residential mortgages, secured by multifamily affordable housing projects, that are held in trust for investors.

Freddie Mac’s Guarantee

We guarantee the payment of interest and principal on the senior Certificates (“**Guaranteed Certificates**”) as described in this Offering Circular. **Principal and interest payments on the Guaranteed Certificates 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 payment on our guarantee and for paying for Guaranteed Certificates tendered to us for purchase.

Freddie Mac Will Provide More Information for Each Offering

This Offering Circular describes the general characteristics of the Guaranteed Certificates. For each offering, we prepare an offering circular supplement (“**Supplement**”). The Supplement will describe more specifically the particular Guaranteed Certificates included in that offering.

Tax Status and Securities Law Exemptions

These securities are not tax-exempt. Because of applicable securities law exemptions, we have not registered the Guaranteed Certificates with any federal or state securities commission. No securities commission has reviewed this Offering Circular.

The Guaranteed Certificates may not be suitable investments for you. You should not purchase the Guaranteed Certificates unless you have carefully considered the risks of investing in them. The *Risk Factors* section beginning on page 10 highlights some of these risks.

Offering Circular dated June 2, 2017

If you intend to purchase Guaranteed Certificates, 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 Supplement. We have not authorized anyone to provide you with different information.

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

We are not offering the Guaranteed Certificates in any jurisdiction that prohibits their offer. Notwithstanding anything to the contrary herein or in the applicable Supplement, each prospective investor (and its representatives, agents and employees) may disclose to any person, without limitation of any kind, the federal income tax treatment and federal income tax structure of the transactions contemplated hereby, and all materials (including opinions and other tax analyses) that are provided relating to such treatment or structure, except to the extent that nondisclosure is reasonably necessary in order to comply with applicable securities laws.

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FREDDIE MAC

General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”). Our statutory mission is to provide liquidity, stability and affordability to the U.S. housing market. We do this primarily by purchasing residential mortgages originated by lenders. In most instances, we package these mortgages into mortgage-related securities, which are guaranteed by us and sold in the global capital markets. We also invest in mortgage and mortgage-related securities. We do not originate mortgage loans or lend money directly to borrowers.

Although we are chartered by Congress, we alone are responsible for making payments on our securities. Payments on our Guaranteed Certificates 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 statutory mission, as defined in our charter, is to:

- Provide stability in the secondary market for residential mortgages;
- Respond appropriately to the private capital market;
- 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) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- Promote access to mortgage credit throughout the U.S. (including central cities, rural areas and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

Conservatorship

We continue to operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of the Federal Housing Finance Agency (“**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 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. The Conservator retains the authority to withdraw or revise its delegations of authority at any time. The Conservator also retains certain significant authorities for itself, and has not delegated them to the Board. The Conservator continues to provide strategic direction for Freddie Mac and directs the efforts of the Board and management to implement its strategy. Despite the delegations of authority to management, many management decisions are subject to review and/or approval by FHFA and management frequently receives direction from FHFA on various matters involving day-to-day operations.

It is possible and perhaps likely that future legislative or regulatory action will materially affect our role, business model, structure, and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company, or at all. Several bills were introduced in Congress in the last several years concerning the future status of Freddie Mac, the Federal National Mortgage Association (“**Fannie Mae,**” together with Freddie Mac, the “**Enterprises**”), and the mortgage finance system, including bills which provided for the wind down of the Enterprises or modification of the terms of the Purchase Agreement. None of these bills were enacted.

The conservatorship is indefinite in duration. The timing, likelihood, and circumstances under which we might emerge from conservatorship are uncertain. Under the Purchase Agreement, Treasury would be required to consent to the termination of the conservatorship, other than in connection with receivership, and there can be no assurance it would do so. Even if the conservatorship is terminated, we would remain subject to the Purchase Agreement and the terms of the senior preferred stock. It is possible that the conservatorship could end with our being placed into receivership. Because Treasury holds a warrant to acquire nearly 80% of our common stock for nominal consideration, we could effectively remain under the control of the U.S. government even if the conservatorship is ended and the voting rights of common stockholders are restored.

FHFA’s Strategic Plan for Freddie Mac and Fannie Mae Conservatorships. In May 2014, FHFA issued its 2014 Strategic Plan. FHFA issued the 2016 and 2017 Conservatorship Scorecards in December 2015 and December 2016, respectively. The 2014 Strategic Plan updated FHFA’s vision for implementing its obligations as Conservator of the Enterprises. The Conservatorship Scorecards established annual objectives and performance targets and measures for the Enterprises related to the strategic goals set forth in the 2014 Strategic Plan.

The 2014 Strategic Plan established three reformulated strategic goals for the conservatorships of Freddie Mac and Fannie Mae:

- *Maintain*, in a safe and sound manner, foreclosure prevention activities and credit availability for new and refinanced mortgages to foster liquid, efficient, competitive and resilient national housing finance markets.
- *Reduce* taxpayer risk through increasing the role of private capital in the mortgage market.
- *Build* a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future.

As part of the first goal, the 2014 Strategic Plan describes various steps related to increasing access to mortgage credit for credit-worthy borrowers.

The second goal focuses on ways to transfer risk to private market participants and away from the Enterprises in a responsible way that does not reduce liquidity or adversely impact the availability of mortgage credit. The second goal provides for us to increase the use of single-family credit risk transfer transactions, continue using credit risk transfer transactions in the multifamily business and continue shrinking our mortgage-related investments portfolio consistent with the requirements in the Purchase Agreement, with a focus on selling less liquid assets.

The third goal includes the continued development of the Common Securitization Platform (“**CSP**”). FHFA refined the scope of this project to focus on making the new shared system operational for Freddie Mac’s and Fannie Mae’s existing single-family securitization activities. The

third goal also provides for the Enterprises to work towards the development of a single (common) security.

We continue to align our resources and internal business plans to meet the goals and objectives provided to us by FHFA.

See the Incorporated Documents (as defined under *Additional Information*) for additional information concerning FHFA's strategic plan, Conservatorship Scorecards and legislative developments.

Purchase Agreement

On September 7, 2008, the U.S. Department of the Treasury ("**Treasury**") entered into a senior preferred stock purchase agreement (as amended, the "**Purchase Agreement**") with our Conservator, acting on our behalf. The amount of available funding remaining under the Purchase Agreement was \$140.5 billion as of December 31, 2016. This amount will be reduced by any future draws.

The Purchase Agreement requires Treasury, upon request of the Conservator, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles). 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 these funds from Treasury. Holders of Certificates 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 Holders' rights to proceed against Freddie Mac and Treasury, see *The Agreement — Rights Upon Event of Default*. The Purchase Agreement contains covenants that significantly restrict our operations.

We pay dividends on the senior preferred stock. For each quarter from January 1, 2013 through and including December 31, 2017, the dividend payment on the senior preferred stock was or will be the amount, if any, by which our Net Worth Amount (as defined below) at the end of the immediately preceding fiscal quarter, less the applicable capital reserve amount, exceeds zero. The applicable capital reserve amount was \$1.2 billion for 2016, is \$600 million for 2017 and will decline to 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 Amount 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. The term "**Net Worth Amount**" is defined as: (a) our total assets (excluding Treasury's commitment and any unfunded amounts thereof), less (b) our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles.

Under the Purchase Agreement, the unpaid principal balance of our mortgage-related investments portfolio is subject to a cap that decreases by 15% each year until the cap reaches \$250 billion. As a result, the unpaid principal balance of our mortgage-related investments portfolio could not exceed \$339.3 billion as of December 31, 2016 (and was \$298.4 billion on that date) and may not exceed approximately \$288 billion as of December 31, 2017. In addition, in 2014 we adopted a plan under which we will manage the unpaid principal balance of the mortgage-related investments portfolio so that it does not exceed 90% of the annual cap established by the Purchase Agreement, subject to certain exceptions.

We receive substantial support from Treasury and are dependent upon its continued support 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. See the Incorporated Documents for additional information concerning the Purchase Agreement.

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 (1) our most recent Annual Report on Form 10-K, filed with the SEC; (2) all other reports we have filed with the SEC pursuant to Section 13(a) of the Exchange Act since the end of the year covered by that Form 10-K report, excluding any information we “furnish” to the SEC on Form 8-K; and (3) all documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Offering Circular and prior to the termination of the offering of the related Certificates, excluding any information we “furnish” to the SEC on Form 8-K.

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 the related 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 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 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 and the related Supplement under which Certificates 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: InvestorInquiry@freddiemac.com

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

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

This Offering Circular relates to Certificates issued on and after June 2, 2017.

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

SUMMARY

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

Capitalized Terms that are not in **bold type** and defined on their first use are defined in the Supplement.

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 Federal Housing Finance Regulatory Reform Act of 2008 (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*.

As Depositor, we transfer and deposit Mortgages that we have acquired into various trust funds as described in the applicable Supplements. As Guarantor, we guarantee the timely payment of interest and the payment of principal on the Guaranteed Certificates as described in the applicable Supplement. **Principal and interest payments on the Guaranteed Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.**

Certificates The Certificates represent undivided beneficial ownership interests with specified rights in specific pools of assets that we form (each, a “**Certificate Pool**”). Certificates are issued in series (“**Series**”), each consisting of one or more classes of Guaranteed Certificates and one or more classes of non-guaranteed Certificates (“**Non-Guaranteed**”). Only Guaranteed Certificates will be offered pursuant to this Offering Circular and the related Supplement.

Non-Guaranteed Certificates will be issued simultaneously with Guaranteed Certificates of the same Series, but will not be offered pursuant to this Offering Circular or the related Supplement.

Assets and Mortgages The “**Assets**” of each Series include multifamily affordable housing mortgage loans (“**Mortgages**”) secured by multifamily affordable housing projects. Interest on the Assets is not tax-exempt.

Trustee The Trustee for each Series of Guaranteed Certificates will administer such Series pursuant to the terms of the Agreement for that Series.

Payments The Trustee makes payments on the Guaranteed Certificates on each Payment Date. A **“Payment Date”** is the 25th of each month, or if the 25th is not a Business Day, the next Business Day, beginning the month after issuance.

- **Interest** The Trustee pays interest on each class of Guaranteed Certificates at its class coupon. Interest payable on a Payment Date accrues during the accrual period specified in the applicable Supplement.
- **Principal** On each Payment Date, the Trustee pays principal on the Guaranteed Certificates entitled to principal, if any.

Holders As an investor in Guaranteed Certificates, you are not necessarily the Holder of those Certificates. You ordinarily must hold your Guaranteed Certificates through one or more financial intermediaries. You may exercise your rights as an investor only through the Holder of your Guaranteed Certificates, and we may treat the Holder as the absolute owner of your certificates. For Guaranteed Certificates, the term **“Holder”** usually means the Depository Trust Company (**“DTC”**) or its nominee.

Tax Status If you own Guaranteed Certificates, you will be treated for federal income tax purposes as owning a regular interest in a real estate mortgage investment conduit (**“REMIC”**). A portion of the interest payments on Guaranteed Certificates may represent a payment pursuant to the Guarantee in the event interest payments based on the level of an applicable interest rate index are in excess of interest available on the Mortgages (**“Additional Amounts”**). Such amount will be treated as received in respect of a notional principal contract for federal income tax purposes and not as a payment in respect of the REMIC regular interest you own. See *Certain Federal Income Tax Consequences*.

RISK FACTORS

Although we guarantee certain payments on the Guaranteed Certificates and so bear the associated credit risk, 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 related Supplement and the Incorporated Documents before deciding to purchase Guaranteed Certificates. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in the Guaranteed Certificates that may result from your particular circumstances, nor do they project how the Guaranteed Certificates will perform under all possible interest rate and economic scenarios.

PREPAYMENT AND YIELD FACTORS:

Principal payment rates are uncertain. Principal payment rates on Guaranteed Certificates entitled to principal will depend on the rates of principal payments on the underlying Assets. Principal payment rates on the underlying Assets will depend upon principal payments from the related multifamily affordable housing properties. Principal payments on the Assets may include scheduled payments and prepayments. Prepayment rates fluctuate continuously and in some market conditions, substantially. We cannot predict the rate of prepayments on the Assets, 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.

Prepayments can reduce your yield if you purchase your Guaranteed Certificates at a premium. Your yield on a Guaranteed Certificate will depend on the price you pay for your Guaranteed Certificate, the rate of prepayments on the underlying Assets and the actual characteristics of those Assets.

Reinvestment of principal payments may produce lower returns. The Assets 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 return as your Guaranteed Certificates.

INVESTMENT FACTORS:

The Guaranteed Certificates may not be suitable investments for you. The Guaranteed Certificates are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment. You need to be able to analyze the information in the related offering documents and the Incorporated Documents, as well as the economic, interest rate and other factors that may affect your investment. You also need to understand the terms of the Certificates and any investment restrictions that may apply to you. Because each investor has different investment needs and different risk tolerances, you should consult your own financial, legal, accounting and tax advisors to determine if the Certificates are suitable investments for you. If you require a definite payment stream, or a single payment on a specific date, the Guaranteed Certificates are not suitable investments for you. If you purchase Guaranteed Certificates, you need to have enough financial resources to bear all of the risks related to your Guaranteed Certificates.

You may not be allowed to buy Guaranteed Certificates. If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may not be allowed to invest in Guaranteed Certificates. If you purchase Guaranteed Certificates in violation of such laws or regulations, you may be compelled to divest such Guaranteed Certificates. See *Legal Investment Considerations*.

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 the Guaranteed Certificates, 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 the Guaranteed Certificates, and cannot be used to satisfy our general creditors.

If our guarantee obligations were repudiated, payments of principal and/or interest to Holders would be paid solely from payments on the TELs and other assets. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by 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, 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.

FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of Holders. Under the Reform Act, FHFA must place us into receivership if the Director of FHFA makes a determination in writing that our assets are, and for a period of 60 days have been, less than our obligations. FHFA has notified us that the measurement period for any mandatory receivership determination with respect to our assets and obligations would commence no earlier than the SEC public filing deadline for our quarterly or annual financial statements and would continue for 60 calendar days after that date. 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 a number of reasons as set forth under the Reform Act. Several bills considered by Congress in the past several years provided for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury were unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth. Treasury might not be

able to provide the requested funding if, for example, the U.S. government were not fully operational because Congress had failed to approve funding or if the U.S. government reached its borrowing limit and, as a result, Treasury was unable to obtain funds sufficient to cover the request.

Being placed into a receivership would terminate the current conservatorship. The appointment of FHFA as our receiver would terminate all rights and claims that our stockholders and creditors may have against our assets or under our charter arising as a result of their status as stockholders or creditors, other than the potential ability to be paid upon our liquidation. Unlike conservatorship, the purpose of which is to conserve our assets and return us to a sound and solvent condition, the purpose of receivership is to liquidate our assets and resolve claims against us.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect 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 Holders would be paid solely from payments on the TELs and other assets. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders. Holders would experience delays in receiving payments on their Guaranteed Certificates because the relevant systems are not designed to make partial payments.

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 of any party. If FHFA, as receiver, were to transfer our guarantee obligation to another party, 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 Holders of Guaranteed Certificates may not be enforceable against FHFA, or enforcement of such rights may be delayed.

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 Holders of Guaranteed Certificates, Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee.

See the Incorporated Documents for additional information regarding the possible implications of a receivership.

THE CERTIFICATES

As depositor, we create each Series of Certificates. We sell and guarantee certain payments of principal and interest on the Guaranteed Certificates. One or more classes of Guaranteed Certificates are offered pursuant to this Offering Circular and the related Supplement. One or more classes of Non-Guaranteed Certificates are issued simultaneously with the Guaranteed Certificates of the same Series, but will not be offered pursuant to this Offering Circular or the related Supplement.

REMIC POOL STRUCTURES

Each Series may be either a “**Single-Tier Series**” or a “**Double-Tier Series**.”

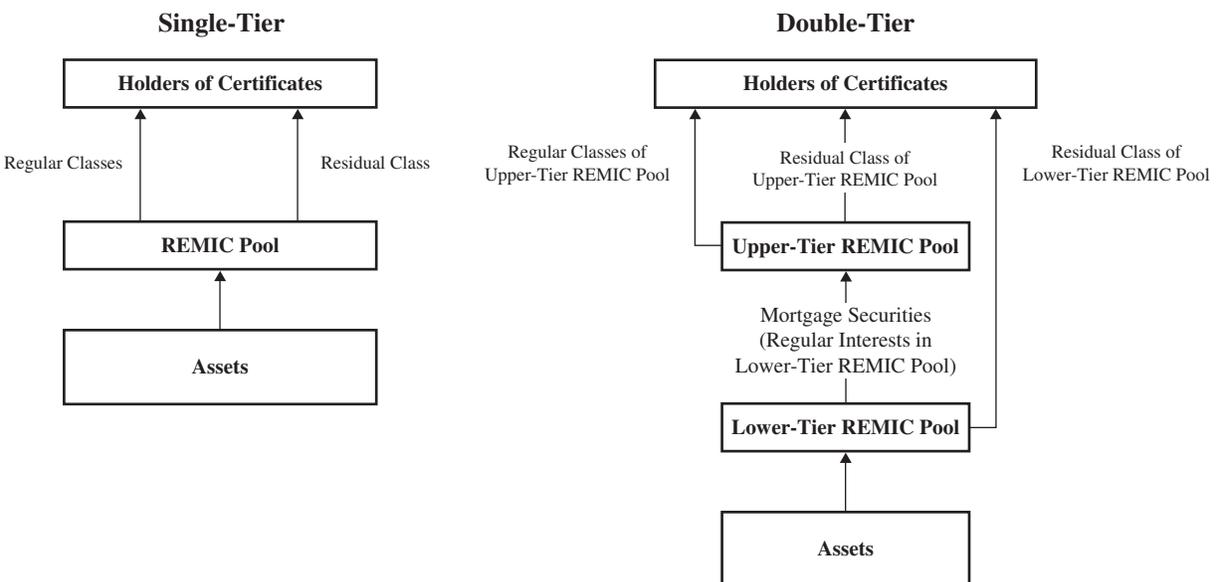
The Certificates of a Single-Tier Series represent beneficial ownership interests in a single Certificate Pool within the related trust fund. The Certificates of a Double-Tier Series represent beneficial ownership interests in an “**Upper-Tier REMIC Pool**” and one or more “**Lower-Tier REMIC Pools**” within the related trust fund.

In a Double-Tier Series:

- The Classes issued from each Lower-Tier REMIC Pool (the “**Lower-Tier Classes**”) represent beneficial ownership interests in that Pool.
- One or more Lower-Tier Classes are included in the Upper-Tier REMIC Pool, where they will constitute the “**Mortgage Securities**” of that Pool.
- The Classes issued from the Upper-Tier REMIC Pool (the “**Upper-Tier Classes**”) represent beneficial ownership interests in that Pool.

The Certificates offered in a Double-Tier Series usually include all of the Upper-Tier Classes plus the Residual Class of each Lower-Tier REMIC Pool.

The following diagrams illustrate the structures for typical Single-Tier and Double-Tier Series. Any particular Series may have a different structure, as described in the related Supplement.



ASSETS

Each Certificate represents an undivided ownership interest with specified rights in the pool of Assets that back such Series.

The Mortgages are secured by subordinate liens on multifamily residential properties. The general terms of the specific Assets for each Series of Certificates will be described in the applicable Supplement.

Each underlying Mortgage is a fixed or floating rate, fully amortizing or balloon mortgage with an original term to maturity of 7 to 30 years. The Mortgages usually either prohibit voluntary prepayment or provide for voluntary prepayment at a premium for some period, after which the Mortgage may be prepaid at par.

The applicable servicer will transfer principal and interest on each Mortgage, and deduct and pay fees due with respect to that Mortgage. If the borrower fails to pay the Mortgage, the servicer will notify the Master Servicer. The Special Servicer may pursue remedies, if any. Freddie Mac will be the Master Servicer for the Assets in each Series.

PAYMENTS

Class Factors

For each month, the Trustee calculates and makes available the Class Factor for Guaranteed Certificates of each Series.

The “**Class Factor**” for any Guaranteed Certificates for any month is an exact decimal rounded to eight places, which, when multiplied by the original principal amount of the Guaranteed Certificates of that Series, will equal its remaining principal amount. The Class Factor for any month reflects payments of principal to be made on the Payment Date in the same month.

Class Factors will be available not later than the second Business Day prior to the Payment Date for that month.

The Class Factor for each Guaranteed Certificate for the month of its issuance is 1.00000000.

Payment Dates

The Trustee makes payment to Holders of Guaranteed Certificates on each applicable Payment Date. A “**Payment Date**” is the 25th of each month or, if the 25th is not a Business Day, the next Business Day.

For this purpose, a “**Business Day**” means a day other than:

- A Saturday or a Sunday.
- A day when Freddie Mac is closed.
- A day when the Federal Reserve Bank of New York is closed.
- A day when DTC is closed.

Distribution Account

The Trustee establishes a Distribution Account for each Series. For each Payment Date, the Trustee deposits into the Distribution Account each of the following amounts related to that Payment Date:

- all Asset Payments received.
- all amounts Freddie Mac pays under its Guarantee.

The Distribution Account will relate solely to the Certificates of the related Series, and funds in the Distribution Account will not be commingled with any other funds.

Interest Distributions

For each Payment Date other than the first Payment Date, holders of Guaranteed Certificates will be paid interest equal to the aggregate of the interest accrued each day in the calendar month preceding each Payment Date (the “**Accrual Period**”) or as specified in the Supplement. For the first Payment Date, the Accrual Period will run from the date specified in the Supplement to the last day of the month preceding the first Payment Date.

Principal Distributions

Principal will be paid on each Payment Date. For any Payment Date, the total amount of principal payments available for distribution to Holders of Guaranteed Certificates entitled to principal will equal the sum of the amount of principal payments scheduled and made on the underlying Assets plus any unscheduled prepayments of principal received during the collection period for that Payment Date (“**Available Principal**”). The collection period for each Payment Date will be the period from the second Business Day of the prior calendar month through the first Business Day of the month of that Payment Date.

The Supplement for each Series will describe the specific allocation of principal payments for that Series.

Reports to Holders

Each month, not later than the second Business Day prior to the Payment Date for that month, the Trustee will make available on its internet website the related Payment Date and the Class Factor for that Payment Date.

Record Dates

The Trustee makes payments on each Payment Date to Holders of record as of the close of business on the last day of the preceding month (the “**Record Date**”).

Final Payment Dates

The “**Final Payment Date**” for each Class of Certificates is the latest date by which it will be paid in full and will retire. We calculate Final Payment Dates using conservative assumptions. The actual retirement of the Guaranteed Certificates of any Series could occur significantly earlier than its Final Payment Date.

GUARANTEES

We guarantee the timely payment of interest and the payment of principal in full by the applicable Final Payment Date, as described in the applicable Supplement.

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

FORM, HOLDERS AND PAYMENT PROCEDURES

Form of Certificates

DTC is a New York-chartered limited purpose trust company that performs services for its participants (“**DTC Participants**”), mostly brokerage firms and other financial institutions. Guaranteed Certificates are registered in the name of DTC or its nominee. Therefore, DTC or its nominee is the holder of Guaranteed Certificates held on the DTC System.

CUSIP Number

Each class of Certificates for each Series will carry a unique nine-character designation (“**CUSIP Number**”) used to identify that class.

Denominations

Guaranteed Certificates are issued, held, transferred and tendered in minimum original principal balances of \$5,000 and additional increments of \$5,000.

Holders of Guaranteed Certificates

A Holder of a Guaranteed Certificate is not necessarily its beneficial owner. Beneficial owners ordinarily will hold Guaranteed Certificates through one or more financial intermediaries, such as banks, brokerage firms and securities clearing organizations. Your ownership of Guaranteed Certificates will be recorded on the records of the brokerage firm, bank or other financial intermediary where you maintain an account for that purpose. In turn, the financial intermediary’s interest in the Guaranteed Certificate will be recorded on the records of DTC (or of a DTC Participant that acts as agent for the financial intermediary, if the intermediary is not itself a DTC Participant).

A Holder that is not also the beneficial owner of a Guaranteed Certificate, 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. Freddie Mac will not have a direct obligation to a beneficial owner of a Guaranteed Certificate that is not also the Holder. DTC will act only upon the instructions of the applicable DTC Participant in recording transfers of Guaranteed Certificates.

Freddie Mac, the Registrar and DTC may treat the Holder as the absolute owner of a Guaranteed Certificate for the purpose of receiving payments and for all other purposes, regardless of any notice to the contrary. Your rights as a beneficial owner of a Guaranteed Certificates may be exercised only through the Holder.

Payment Procedures

The Trustee makes payments on Guaranteed Certificates held on the DTC System in immediately available funds to DTC. DTC is responsible for crediting the payment to the accounts of the appropriate DTC Participants in accordance with its normal procedures. Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of Guaranteed Certificates that it represents.

If a principal or interest payment error occurs, we may correct it by adjusting payments to be made on later Payment Dates or in any other manner we consider appropriate.

PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS

PREPAYMENTS

The rates of principal payments on the Guaranteed Certificates, if any, will depend on the rates of principal payments on the underlying Assets. Principal payments may be in the form of scheduled amortization or partial or full prepayments.

Unless otherwise specified in the applicable Supplement, the Mortgages may be voluntarily prepaid in whole or in part at any time, subject to any applicable prepayment premiums or lockout periods.

Mortgage prepayment rates may fluctuate significantly over time. Prepayment rates are influenced by a variety of economic, social and other 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.
- 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.

The characteristics of particular Mortgages may also influence their prepayment rates. 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.

The rate of defaults of the Mortgages will also affect the prepayment behavior of the related Series. Defaults may increase 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 Assets.

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 assets of a Series than would be the case with a pool of single family mortgages. Therefore, principal prepayments may significantly affect the yield on the Guaranteed Certificates if you purchased your certificates at a premium or discount. Similarly, the prepayment behavior of a Series containing only one or a small number of Mortgages is likely to be more volatile than the prepayment behavior of a Series backed by a large number of Mortgages, because a prepayment on a single Mortgage may result in the payment to Holders of a substantial portion of the principal amount of a Series. We cannot make any representation regarding the likely prepayment experience of the Mortgages or the particular effect that any factor may have on Mortgage prepayment behavior. 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 Guaranteed Certificates will depend on several variables, including:

- The price you paid for the Guaranteed Certificates.
- The interest rate on your Guaranteed Certificates.
- The rate of principal prepayments on the underlying Mortgages.
- The payment delay of your Guaranteed Certificates.

Payment Delay

The effective yield on any Guaranteed Certificates will be less than the yield that its interest rate and purchase price would otherwise produce, because the interest payable on the Guaranteed Certificates will accrue during its Accrual Period, which will end approximately 5 days before each Payment Date.

SUITABILITY

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

- Guaranteed Certificates are not appropriate investments if you require a single lump sum payment on a specific date.
- Guaranteed Certificates are complex securities. Before investing in Guaranteed Certificates, you should be able, either alone or with a financial advisor, to evaluate the information contained and incorporated in this Offering Circular and in the related 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 Guaranteed Certificates that may result from your particular circumstances, nor does it project how Guaranteed Certificates will perform under all possible interest rate and economic scenarios. You should purchase Guaranteed Certificates only if you understand and can bear the prepayment, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios. If you purchase Guaranteed Certificates, you need to have enough financial resources to bear all the risks related to your Guaranteed Certificates.

THE AGREEMENT

GENERAL

We create each Series of Certificates under the Freddie Mac Taxable Multifamily ML Certificates Pooling and Servicing Agreement dated as of the closing date of such Series (the “**Agreement**”).

The Trustee will administer each Series in accordance with the terms of the Agreement.

TRANSFER OF ASSETS TO CERTIFICATE POOL

The Assets deposited in each Certificate Pool will be identified as assets of that Certificate Pool in our corporate records. The Trustee will hold legal title to the Assets for the benefit of each Certificate Pool and the Holders of related Certificates.

VARIOUS MATTERS REGARDING FREDDIE MAC

Freddie Mac in its Corporate Capacity

Freddie Mac, in its corporate capacity, and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, they will not be protected against any liability that results from their willful misfeasance, bad faith, gross negligence or reckless disregard of their obligations.

Except with regard to its guarantee obligations or other payment obligations, Freddie Mac will not be liable for any Holder’s direct damages unless Freddie Mac has failed to exercise the same degree of ordinary care that it exercises in the conduct of its own affairs. Freddie Mac will not be liable for any Holder’s consequential damages.

In addition, Freddie Mac need not appear in any legal action that we believe may result in any expense or liability for which repayment of such expenses or indemnity for such liability is not

adequately assured. However, Freddie Mac may undertake any legal action that we believe is necessary or desirable in the interests of the Holders.

Freddie Mac may acquire all or part of the Certificates of any Series of Guaranteed Certificates. The Certificates we hold will be treated the same as Certificates of the same Class held by other Holders.

The Agreement will be binding upon any successor to Freddie Mac.

EVENTS OF DEFAULT

“Events of Default” under the Agreement are:

- Any failure by the Trustee to pay principal or interest that lasts for 30 days.
- Any failure by Freddie Mac or the Trustee to perform any other obligation under the Agreement, if the failure lasts for 60 days after Freddie Mac receives notice from the Holders of at least 60% of the outstanding principal amount of affected Guaranteed Certificates or Non-Guaranteed Certificates, as applicable.
- Specified events of bankruptcy, insolvency or similar proceedings involving Freddie Mac, including the appointment of a receiver, liquidator, assignee, custodian or sequestrator or similar official for Freddie Mac (but not including the appointment of a conservator or similar official for Freddie Mac).

RIGHTS UPON EVENT OF DEFAULT

If an Event of Default under the Agreement is not remedied, the Holders of a majority of the outstanding balance of any affected class of Certificates may remove the Trustee and nominate a successor to the Trustee. That nominee will replace the Trustee unless the Trustee objects within ten days after the nomination. In that event, either the Trustee or anyone who has been a bona fide Holder of an affected class for at least six months may ask a court to appoint a successor. The court may then appoint a successor to the Trustee.

Holders of a majority of the outstanding principal amount of any affected class of Certificates may waive any Event of Default under the Agreement. When any Event of Default under the Agreement is waived, the Event of Default will cease to exist and be deemed cured and not to have occurred for every purpose of the Agreement, but a waiver of an Event of Default will not extend to any subsequent or other Event of Default.

For these purposes any Certificates held by Freddie Mac will be disregarded.

The rights provided to Holders of any affected class of Certificates under the 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 Agreement provides that upon the occurrence of an Event of Default, which includes the appointment of a receiver, Holders have the right to replace the Trustee if the requisite percentage of Holders of an affected class of Certificates consent. The Reform Act 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, Holders of Certificates 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 an affected class of Certificates may file a claim in the U.S. Court of Federal Claims for relief requiring Treasury to fund to us 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 this commitment. 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.

AMENDMENT

Freddie Mac and the Trustee may amend the Agreement without the consent of any Holder or Holders to cure any ambiguity or to correct or add to any provision in the Agreement, if the amendment does not adversely affect Holders in any material way. In other cases, Holders may have the right to consent to amendments to the Agreement. The Agreement provides that, as Guarantor, our consent to an amendment may also be required.

Other Amendments

Freddie Mac and the Trustee also may amend the Agreement in any other way upon receipt of the following:

- Consent of the Holders of 51% of the outstanding current certificate balance of any affected class of Certificates.
- An opinion of Tax Counsel satisfactory to Freddie Mac to the effect that the amendment does not adversely affect any of the prior opinions relating to federal income taxation pertaining to the Certificates.
- Each applicable Rating Agency confirms its rating on the Guaranteed Certificates.

Amendment Procedures

Freddie Mac will provide notice of any proposed amendment of the Agreement to Holders at least 20 days prior to the effective date of the amendment.

GOVERNING LAW

The 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 Agreement or any transaction under the Agreement, then New York law will be deemed to reflect federal law.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

GENERAL

Any discussion of the Federal tax issues set forth in this Offering Circular was written to support the promotion and marketing of the transactions described herein. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

The following discussion is a general summary of certain federal income tax consequences of the purchase, ownership and disposition of Guaranteed Certificates issued as part of a Series. This summary is based on the Code, as well as final, temporary and proposed Regulations, administrative pronouncements of the Internal Revenue Service (the “**Service**”) and judicial decisions, all as in effect on the date hereof, and all of which are subject to change or possible differing interpretation. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, affecting the accuracy of the statements and conclusions set forth herein. No rulings will be sought or obtained from the Service regarding the federal income tax consequences described herein, and there can be no assurance that the Service will agree with the conclusions expressed herein. This summary is directed solely to Holders that are “U.S. persons,” within the meaning of the Code, that purchase Guaranteed Certificates at their initial issuance for cash and that will hold the Guaranteed Certificates as capital assets (generally, property held for investment). This summary does not purport to address all federal income tax matters that may be relevant to the particular circumstances of Holders, or to Holders that may be subject to special federal income tax rules (including financial institutions, regulated investment companies, broker/dealers and partnerships and other pass-through entities, persons holding Guaranteed Certificates as a hedge or as a position in a “straddle,” “constructive sale” or other integrated transaction for federal income tax purposes and persons subject to the alternative minimum tax). For purposes of this summary, references to “Holders” are to the beneficial owners of the Guaranteed Certificates.

Prospective investors in Guaranteed Certificates should consult their own tax advisors concerning the tax consequences to them of the purchase, ownership and disposition of Guaranteed Certificates under federal tax law, as well as under the tax law of any relevant state, local or foreign jurisdiction.

REMIC ELECTION

We will elect to treat each Certificate Pool as a REMIC under the Code. Assuming (1) such election, (2) compliance with the Agreement and (3) compliance with changes in the law, each Certificate Pool will qualify as a REMIC. In that case, the Certificate Pool generally will not be subject to tax, the related Guaranteed Certificates will be “regular interests” in a REMIC and the related Residual Class will be the “residual interest” in a REMIC.

A portion of the interest payments on Guaranteed Certificates may represent a payment of Additional Amounts. Such portion will be treated as received in respect of a notional principal contract for federal income tax purposes and not a payment in respect of the REMIC regular interest you own. Holders of Guaranteed Certificates that possess such a right to receive Additional Amounts will be treated as owning, for federal income tax purposes, both (i) a REMIC regular interest and (ii) a right to receive Additional Amounts. See *Taxation of Guaranteed Certificates — Taxation of Rights to Receive Additional Amounts* below.

STATUS OF GUARANTEED CERTIFICATES

Except as provided below, Guaranteed Certificates will constitute assets described in Code Sections 7701(a)(19)(C) and 856(c)(4)(A). Interest on the Guaranteed Certificates will be “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) in its entirety if at all times 95% or more of the assets of the related Certificate Pool are treated as “real estate assets” within the meaning of Code Section 856(c)(5)(B). In determining the tax status of an Upper-Tier Certificate Pool, however, we will apply the 95% test assuming the Lower-Tier Classes have the same characteristics as the related Lower-Tier Certificate Pool. We anticipate that the Guaranteed Certificates will qualify for the foregoing treatments unless a Certificate Pool is backed by “high-LTV Mortgages” (*i.e.*, Mortgages with an LTV ratio at origination higher than 105% but not in excess of 125%). Where a Certificate Pool is backed by high-LTV Mortgages, a pro rata portion of the interest income on the related Guaranteed Certificates may not be treated as “interest on obligations secured by mortgages on real property or on interests in real property” within the meaning of Code Section 856(c)(3)(B) if less than 95% of the underlying assets are treated as “real estate assets.” In this circumstance, we will report certain information, pursuant to regulations under Code Section 6049, on such Guaranteed Certificates. The applicable Supplement will identify whether Guaranteed Certificates are backed by high-LTV Mortgages. Guaranteed Certificates will be “qualified mortgages” under Code Section 860G(a)(3) for another REMIC.

The foregoing treatments will not apply to the extent of the portion of the basis of the holder of a Guaranteed Certificate that is allocable to a right to receive Additional Amounts. In addition, because such Guaranteed Certificates also represent the right to receive Additional Amounts, they may not be suitable for inclusion in another REMIC.

TAXATION OF GUARANTEED CERTIFICATES

General

To the extent that the Guaranteed Certificates represent ownership of regular interests in a REMIC, the Guaranteed Certificates will be taxed as newly originated debt instruments for federal income tax purposes. Interest, original issue discount and market discount accrued on a Guaranteed Certificate will constitute ordinary income to the beneficial owner (the “**Owner**”). As an investor in a Guaranteed Certificate, you must account for interest income on the accrual method.

As discussed under *REMIC Election* above, certain Guaranteed Certificates will represent ownership in both a REMIC regular interest and a right to receive Additional Amounts. Except as provided below under *Taxation of Rights to Receive Additional Amounts*, the following discussion relates to the portion of the Guaranteed Certificates that represent REMIC regular interests for federal tax purposes.

Original Issue Discount

The Certificate Pool may issue certain Guaranteed Certificates with “original issue discount.” You must include original issue discount in income as it accrues, without regard to the timing of payments. In the absence of guidance which applies specifically to REMIC regular interests, we will report original issue discount, if any, to the Internal Revenue Service (the “**Service**”) and the Holders of the Guaranteed Certificates based on regulations under Code Sections 1271 through 1275 (the “**OID Regulations**”).

The total amount of original issue discount on a Guaranteed Certificate is the excess of its “stated redemption price” over its “issue price.” The issue price is the price at which a substantial portion of the Guaranteed Certificate is first sold to the public. The issue price generally includes any pre-issuance accrued interest unless you exclude such amount from the issue price and treat a portion of the stated interest payable on the first Payment Date as a return of that accrued interest rather than as an amount payable under the instrument. In general, the stated redemption price is the sum of all payments except for stated interest actually payable at least annually based on a single fixed rate, certain variable rates, or certain combinations of fixed and variable rates. In the case of an interest only class, as described below, however, the stated redemption price will include all payments.

Interest based on certain variable rates or certain combinations of fixed and variable rates which would otherwise be excluded from the stated redemption price will be included in the stated redemption price if the excess, if any, of the issue price of the Guaranteed Certificate over the principal amount of the Guaranteed Certificate is more than 0.015 multiplied by the product of the principal amount and the weighted average maturity (as defined below) or, if the weighted average maturity of the Guaranteed Certificate is more than ten years, 15% of the principal amount.

If the interval between the issue date and the first Payment Date exceeds the interval between subsequent Payment Dates, a portion of the interest payments in all periods is included in the stated redemption price, unless a special rule relating to debt instruments with increasing rates of interest, described below, applies. The portion included in the stated redemption price is equal to the difference between (1) the stated interest rate for subsequent periods and (2) the effective rate of interest for the long first accrual period.

We intend to report income from interest only classes based on the assumption that the stated redemption price is the sum of all payments determined under the Pricing Speed (as defined below). As a result, such Guaranteed Certificates would be issued with original issue discount. The Service might contend, however, that in the case of certain fixed rate interest only classes with a nominal principal amount, the stated redemption price is the principal amount. If such a position prevailed, the rules described below under “Premium” would apply.

Under a *de minimis* rule, original issue discount on a Guaranteed Certificate will be considered zero and all interest payments will be excluded from the stated redemption price if the amount of the original issue discount is less than 0.25% of the Certificate’s stated redemption price multiplied by the Certificate’s weighted average maturity. The weighted average maturity of a Guaranteed Certificate is computed based on the number of full years (*i.e.*, rounding down partial years) each distribution of principal is scheduled to be outstanding. The schedule of such distributions likely should be determined in accordance with the assumed rate of prepayment of the related Mortgages used in pricing the Guaranteed Certificates (the “**Pricing Speed**”), which will be set forth in the related Supplement.

The OID Regulations provide a special application of the *de minimis* rule for certain debt instruments where the interest payable for the first period or periods is at a rate less than that which applies in all other periods. In such cases, the OID Regulations provide that the stated redemption price is equal to the issue price of the Guaranteed Certificate plus the greater of (1) the interest foregone during the first period or periods and (2) the excess, if any, of the debt instrument’s stated principal amount over its issue price.

The Owner of an interest in a Guaranteed Certificate generally must include in income the original issue discount accrued for each day on which the Owner holds such interest, including the date

of purchase, but excluding the date of disposition. The original issue discount accruing on an interest in a Guaranteed Certificate in any period equals:

$$\text{PV End} + \text{Dist} - \text{PV Beg}$$

Where:

PV End = present value of all remaining distributions to be made as of the end of the accrual period;

Dist = distributions made during the accrual period includable in stated redemption price; and

PV Beg = present value of all remaining distributions as of the beginning of the accrual period.

The present value of the remaining distributions is calculated based on (1) the original yield to maturity of the Guaranteed Certificate, (2) events (including actual prepayments) that have occurred prior to the end of the period and (3) the Pricing Speed. For these purposes, the original yield to maturity of an interest in a Guaranteed Certificate will be calculated based on its issue price and assuming that it will be prepaid in all periods in accordance with the Pricing Speed. The original issue discount accruing during any accrual period will then be divided by the number of days in the period to determine the daily portion of original issue discount for each day.

The daily portions of original issue discount generally will increase if prepayments on the underlying Mortgages exceed the Pricing Speed and decrease if prepayments are slower than the Pricing Speed (changes in the rate of prepayments having the opposite effect in the case of an interest only class). If the relative principal payment priorities of the Guaranteed Certificates of a Series change, any increase or decrease in the present value of the remaining payments will affect the computation of original issue discount for the period in which the change in payment priority occurs.

If original issue discount accruing during any accrual period, computed as described above, is negative for any such period, you will be entitled to offset such amount only against future positive original issue discount accruing from your Guaranteed Certificate, and we intend to report income to the Service in all cases in this manner. The treatment of such negative amounts is not entirely clear, however, particularly in the case of an interest only class. For example, you may be entitled to deduct a loss to the extent that your remaining basis would exceed the maximum amount of future payments to which you are entitled, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed). While the issue is not clear, all or a portion of such loss may be treated as a capital loss if you treat the Guaranteed Certificate as a capital asset. You should consult your tax advisors regarding a Guaranteed Certificate that has a negative amount of original issue discount during any accrual period.

If you are the initial purchaser of interests in two or more Guaranteed Certificates issued from the same Certificate Pool, you should be aware that the OID Regulations may treat such interests as a single debt instrument for purposes of the original issue discount provisions.

If a subsequent Owner of an interest in a Guaranteed Certificate acquires such interest for a price greater than its "adjusted issue price," but less than its remaining stated redemption price, the daily portion for any day is reduced by an amount equal to the product of (1) such daily portion and (2) a fraction, the numerator of which is the amount by which the price exceeds the adjusted issue price and the denominator of which is the sum of the daily portions for such Guaranteed Certificate interest for all days on and after the date of purchase. The adjusted issue price of an interest in a Guaranteed Certificate on any given day is equal to its issue price, increased by all original issue discount

previously includable with respect to that interest and reduced by the amount of all previous distributions with respect to that interest included in its stated redemption price at maturity.

Market Discount

The market discount rules may also apply to you. Market discount equals the excess of (a) either (1) the stated redemption price (less any prior distributions included in the stated redemption price) or (2) in the case of a Guaranteed Certificate having original issue discount, the adjusted issue price over (b) your initial basis in the Guaranteed Certificate.

The Conference Committee Report accompanying the Tax Reform Act of 1986 (the “**Committee Report**”) provides that, until the Treasury issues regulations, market discount would accrue (a) on the basis of a constant yield (similar to the method described above for accruing original issue discount) or (b) alternatively, either (1) in the case of a Guaranteed Certificate issued without original issue discount, in the ratio of stated interest distributable in the relevant period to the total stated interest remaining to be distributed from the beginning of such period (computed taking into account the Pricing Speed) or (2) in the case of a Guaranteed Certificate issued with original issue discount, in the ratio of original issue discount accrued for the relevant period to the total remaining original issue discount at the beginning of such period.

You generally must recognize accrued market discount as ordinary income to the extent of any distributions includable in the stated redemption price. Moreover, you generally must treat a portion of any gain on a sale or exchange as ordinary income to the extent of the accrued, but unrecognized, market discount to the date of disposition. Alternatively, you may elect to include market discount in income currently as it accrues on all market discount instruments that you acquire in that taxable year or after. You may revoke such an election only with the consent of the Service.

In addition, the deduction for a portion of interest expense on any indebtedness that you incur or maintain in order to purchase or carry an interest in a Guaranteed Certificate purchased with market discount may be required to be deferred. The deferred portion would not exceed the portion of market discount that accrues but is not taken into income currently. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized.

Market discount with respect to a Guaranteed Certificate will be considered to be zero if it is *de minimis* under a rule similar to that described above under “Original Issue Discount.” You should consult your tax advisors regarding the application of the market discount rules as well as the advisability of making any election with respect to market discount.

Premium

An interest in a Guaranteed Certificate, other than an interest only class that is purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. You may elect under Code Section 171 to amortize such premium under the constant yield method, using the Pricing Speed. Such premium is an offset to interest income from an interest in a Guaranteed Certificate, rather than a separate interest deduction. In addition, the Committee Report indicates Congress intended that the methods for determining the accrual of market discount described above which are alternatives to accrual on the basis of a constant yield also will apply for purposes of amortizing bond premium on obligations such as Guaranteed Certificates. An election made by you generally would apply to all your debt instruments, unless the election is revoked with the Service’s

consent. If your election to amortize bond premium was effective as of October 22, 1986, you may choose to have such election apply to obligations issued after September 27, 1985.

Constant Yield Election

The OID Regulations allow you to elect to include in gross income all interest that accrues on a debt instrument by using the constant yield method. For purposes of this election, interest includes stated interest, *de minimis* original issue discount, original issue discount, *de minimis* market discount and market discount, as adjusted by any premium. You should consult your tax advisors regarding the advisability of making this election.

Taxation of Rights to Receive Additional Amounts

The Agreement will provide whether Holders of Guaranteed Certificates are to be treated for federal income tax purposes as having entered into a notional principal contract separate from the REMIC by virtue of the potential to receive Additional Amounts. In such event, the Freddie Mac Guarantee will be treated as having two separate components for federal income tax purposes. Each Holder of a Guaranteed Certificate will be deemed to have agreed to this characterization and to treat the notional principal contract and any payments received pursuant to this aspect of the Guarantee as provided under Treasury regulations applicable generally to notional principal contracts.

Holders of Certificates must allocate the price they pay for their Certificates between their REMIC regular interest and, if applicable, the notional principal contract. The portion, if any, allocated to the notional principal contract will be treated as cap premium. Holders will be required to amortize any cap premium under a level payment method as if the cap premium represented the present value of a series of equal payments made over the life of the notional principal contract (adjusted to take into account decreases in the notional principal amount), discounted at a rate equal to the rate used to determine the amount of cap premium (or some other reasonable rate).

Under applicable Treasury regulations, (i) all taxpayers must recognize income with respect to a notional principal contract under the accrual method of accounting, and (ii) any periodic payments received must be netted against any amortized portion of the cap premium. Net income or deduction with respect to the notional principal contract, if any, should constitute ordinary income or deduction. Individuals, trusts and estates may be limited in their ability to deduct any such net deduction.

Prospective purchasers of Certificates should consult their own tax advisors regarding the appropriate method of amortizing any cap premium and the character of net income or loss with respect a notional principal contract, if applicable to a Series.

CERTAIN STATE AND LOCAL TAXATION MATTERS

Prospective Holders of Guaranteed Certificates should consider, in addition to the federal income tax consequences described above, the potential state and local tax considerations that may be relevant to an investment in the Series.

State and local laws often differ from federal income tax laws with respect to the treatment of specific items of taxable income, gain, loss, deduction and other tax items. There can be no assurance that the treatment of any particular tax item for state or local tax purposes will not differ from the reported federal income tax treatment.

THE FOREGOING DISCUSSION OF FEDERAL, STATE AND LOCAL INCOME TAX CONSIDERATIONS IS INTENDED AS GENERAL INFORMATION ONLY, AND SHOULD NOT BE REGARDED AS TAX ADVICE OR AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. ACCORDINGLY, EACH PERSON CONTEMPLATING AN INVESTMENT IN THE SERIES SHOULD CONSULT SUCH PERSON'S TAX COUNSEL OR OTHER ADVISORS WITH SPECIFIC REFERENCE TO SUCH PERSON'S OWN TAX SITUATION.

LEGAL INVESTMENT CONSIDERATIONS

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