



\$500,000,000

Freddie Mac

**STRUCTURED AGENCY CREDIT RISK (STACR) DEBT NOTES,
Series 2013-DN1 Due July 2023**

Offered Notes: The Classes of Notes shown below

Offering Terms: The dealers (each, a “**Dealer**”) named below are offering the Notes

Closing Date: July 26, 2013

| <u>Note Classes</u> | <u>Original Principal Balance</u> | <u>Class Coupon</u> | <u>CUSIP Number</u> | <u>Maturity Date</u> | <u>Price to Public</u> |
|---------------------|---------------------------------------|-------------------------|-------------------------|--------------------------|----------------------------|
| M-1 | \$250,000,000 | (1) | 3137G0AA7 | July 2023 | 100% |
| M-2 | 250,000,000 | (1) | 3137G0AB5 | July 2023 | 100% |

(1) See “*Summary of Terms — Interest*” herein.

You should read this Offering Circular together with all documents that are incorporated by reference in this Offering Circular. See “*Additional Information*” herein.

The Structured Agency Credit Risk (STACR) Debt Notes (the “Notes”) are complex financial instruments and may not be suitable investments for you. You should consider carefully the risk factors described beginning on page 14 of this Offering Circular and on page 49 of our Annual Report on Form 10-K for the year ended December 31, 2012. You should not purchase Notes unless you understand and are able to bear these and any other applicable risks. You should purchase Notes only if you understand the information contained in this Offering Circular and the documents that we incorporate by reference in this Offering Circular.

Because of applicable U.S. securities law exemptions, we have not registered the Notes with any U.S. federal or state securities commission. No U.S. securities commission has reviewed this Offering Circular.

The Notes are obligations of Freddie Mac only. The Notes, including any interest or return of discount on the Notes, are not guaranteed by, and are not debts or obligations of, the United States or any agency or instrumentality of the United States other than Freddie Mac.

This Offering Circular may only be used for the purposes for which it has been published.

The Index of Significant Definitions beginning on page 103 of this Offering Circular shows where definitions of certain defined terms appear in this Offering Circular.

The Class M-1 and Class M-2 Notes are expected to be made eligible for trading in book-entry form through the Same-Day Funds Settlement System of The Depository Trust Company (“**DTC**”), which may include delivery through Clearstream Banking, société anonyme and the Euroclear System, against payment therefor in immediately available funds.

Credit Suisse

Co-Lead Manager and Sole Bookrunner

Barclays

Co-Lead Manager

Citigroup
Co-Manager

Morgan Stanley
Co-Manager

CastleOak Securities, L.P.
Co-Manager

July 23, 2013

THE NOTES HAVE NOT BEEN REGISTERED WITH, OR RECOMMENDED BY, ANY FEDERAL, STATE OR NON-U.S. SECURITIES COMMISSION, SECURITIES REGULATORY AUTHORITY OR INSURANCE OR OTHER REGULATORY BODY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT REVIEWED THIS DOCUMENT NOR CONFIRMED OR DETERMINED THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AS DESCRIBED IN THIS OFFERING CIRCULAR, THE NOTES ARE LINKED TO THE CREDIT AND PRINCIPAL PAYMENT RISK OF A CERTAIN POOL OF RESIDENTIAL MORTGAGE LOANS BUT ARE NOT BACKED OR SECURED BY SUCH MORTGAGE LOANS. THE OCCURRENCE OF 180-DAY OR MORE DELINQUENCIES ON THESE MORTGAGE LOANS AS WELL AS THE OCCURRENCE OF OTHER CREDIT EVENTS THEREON AS DESCRIBED IN THIS OFFERING CIRCULAR, COULD RESULT IN WRITE-DOWNS OF THE CLASS PRINCIPAL BALANCES OF THE NOTES. INTEREST AND PRINCIPAL PAYABLE ON THE NOTES WILL BE SOLELY THE UNSECURED OBLIGATION OF FREDDIE MAC.

THIS OFFERING CIRCULAR CONTAINS SUBSTANTIAL INFORMATION ABOUT THE NOTES AND THE OBLIGATIONS OF THE ISSUER AND THE GLOBAL AGENT WITH RESPECT TO THE NOTES. POTENTIAL INVESTORS ARE URGED TO REVIEW THIS OFFERING CIRCULAR IN ITS ENTIRETY.

PROSPECTIVE PURCHASERS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING CIRCULAR OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM FREDDIE MAC, THE GLOBAL AGENT OR A DEALER OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING OR TAX ADVICE. PRIOR TO INVESTING IN THE NOTES A PROSPECTIVE PURCHASER SHOULD CONSULT WITH ITS ATTORNEY AND ITS INVESTMENT, ACCOUNTING, REGULATORY AND TAX ADVISORS TO DETERMINE THE CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND ARRIVE AT AN INDEPENDENT EVALUATION OF SUCH INVESTMENT, INCLUDING THE RISKS RELATED THERETO.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE NOTES. THIS OFFERING CIRCULAR SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE NOTES, IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH STATE OR OTHER JURISDICTION. THE DELIVERY OF THIS OFFERING CIRCULAR AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS OFFERING CIRCULAR OR THE EARLIER DATES REFERENCED HEREIN.

THIS OFFERING CIRCULAR HAS BEEN PREPARED BY FREDDIE MAC SOLELY FOR USE IN CONNECTION WITH THE SALE OF THE NOTES.

FREDDIE MAC IS IN CONSERVATORSHIP; POTENTIAL RECEIVERSHIP

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 OUR BUSINESS AND OUR ASSETS. THE CONSERVATOR HAS DIRECTED AND WILL CONTINUE TO DIRECT CERTAIN OF OUR BUSINESS ACTIVITIES AND STRATEGIES. UNDER THE FEDERAL HOUSING FINANCE REGULATORY REFORM ACT OF 2008, FHFA MUST PLACE FREDDIE MAC INTO RECEIVERSHIP IF THE DIRECTOR

OF FHFA MAKES A DETERMINATION IN WRITING THAT ITS ASSETS ARE, AND FOR A PERIOD OF 60 DAYS HAVE BEEN, LESS THAN ITS OBLIGATIONS. FHFA HAS NOTIFIED FREDDIE MAC THAT THE MEASUREMENT PERIOD FOR ANY MANDATORY RECEIVERSHIP DETERMINATION WITH RESPECT TO ITS ASSETS AND OBLIGATIONS WOULD COMMENCE NO EARLIER THAN THE SEC PUBLIC FILING DEADLINE FOR ITS QUARTERLY OR ANNUAL FINANCIAL STATEMENTS AND WOULD CONTINUE FOR 60 CALENDAR DAYS AFTER THAT DATE. FHFA HAS ALSO ADVISED FREDDIE MAC THAT, IF, DURING THAT 60-DAY PERIOD, FREDDIE MAC RECEIVES 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, FREDDIE MAC 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 FREDDIE MAC 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 FREDDIE MAC'S RECEIVER, IT COULD EXERCISE CERTAIN POWERS THAT COULD ADVERSELY AFFECT THE NOTES.

IN ITS CAPACITY AS RECEIVER, FHFA WOULD HAVE THE RIGHT TO TRANSFER OR SELL ANY ASSET OR LIABILITY OF FREDDIE MAC, INCLUDING ITS OBLIGATION TO MAKE PAYMENTS ON THE NOTES, WITHOUT ANY APPROVAL, ASSIGNMENT OR CONSENT OF ANY PARTY. IF FHFA, AS RECEIVER, WERE TO TRANSFER SUCH OBLIGATION TO ANOTHER PARTY, HOLDERS OF THE NOTES WOULD HAVE TO RELY ON THAT PARTY FOR SATISFACTION OF THE OBLIGATION AND WOULD BE EXPOSED TO THE CREDIT RISK OF THAT PARTY.

DURING A RECEIVERSHIP, CERTAIN RIGHTS OF HOLDERS OF THE NOTES 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.

IMPORTANT NOTICE REGARDING THE NOTES

The Notes referred to in this Offering Circular are subject to modification or revision (including the possibility that one or both Classes of Notes may be split, combined or eliminated at any time prior to issuance or availability of a final Offering Circular), and the Notes are offered on a "when, as and if issued" basis. Each prospective investor understands that, when considering the purchase of the Notes, a contract of sale will come into being no sooner than the date on which the relevant Class of Notes has been priced and a confirmation of the allocation of Notes has been made to such prospective investor; any "indications of interest" expressed by a prospective investor, and any "soft circles" generated, will not create binding contractual obligations for a prospective investor or Freddie Mac.

Because the Notes are being offered on a "when, as and if issued" basis, any such contract will terminate, by its terms, without any further obligation or liability between us, if the Notes themselves, or the particular Class of Notes to which the contract relates, are not issued. Because the Notes are subject to modification or revision, any

such contract also is conditioned upon the understanding that no material change will occur with respect to the relevant Class of Notes prior to the Closing Date. If a material change does occur with respect to a Class of Notes being purchased, then that change will cause the termination of the contract, by its terms, with a prospective investor to purchase the related Notes without any further obligation or liability between the prospective investor and Freddie Mac (an “**Automatic Termination**”). If an Automatic Termination occurs, we will provide a prospective investor with revised offering materials reflecting the material change and give the prospective investor an opportunity to purchase the related Class of Notes. In order for a prospective investor to indicate its interest in purchasing such Class, such prospective investor must communicate to us its desire to do so within such timeframe as may be designated in connection with such prospective investor’s receipt of the revised offering materials.

The information contained in these materials may be based on assumptions regarding market conditions and other matters as reflected herein. No representation is made regarding the reasonableness of such assumptions or the likelihood that any such assumptions will coincide with actual market conditions or events, and these materials should not be relied upon for such purposes. The Dealers and their respective affiliates, officers, directors, partners and employees, including persons involved in the preparation or issuance of this Offering Circular, may from time to time have long or short positions in, and buy and sell, the securities mentioned herein or derivatives thereof (including options). In addition, the Dealers and their respective affiliates, officers, directors, partners and employees, including persons involved in the preparation or issuance of this Offering Circular, may have an investment or commercial banking relationship with us. See “*Risk Factors — The Interests of Freddie Mac, the Dealers and Others May Conflict With and be Adverse to the Interests of the Noteholders — Potential Conflicts of Interest of the Dealers and Their Affiliates*”. Information in this Offering Circular is current as of the date appearing on the material only. Information in this Offering Circular regarding any Notes supersedes all prior information regarding such Notes. The Notes may not be suitable for all prospective investors.

FORWARD LOOKING STATEMENTS

This Offering Circular contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “**Securities Act**”). Specifically, forward looking statements, together with related qualifying language and assumptions, are found in the material (including the tables) under the headings “*Risk Factors*” and “*Prepayment and Yield Considerations*” and in the appendices. Forward looking statements are also found in other places throughout this Offering Circular, and may be identified by, among other things, accompanying language such as “expects,” “intends,” “anticipates,” “estimates” or analogous expressions, or by qualifying language or assumptions. These statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results or performance to differ materially from that described in or implied by the forward looking statements. These risks, uncertainties and other factors include, among others, general economic and business conditions, competition, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, customer preference and various other matters, many of which are beyond Freddie Mac’s control. These forward looking statements speak only as of the date of this Offering Circular. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward looking statements to reflect changes in our expectations with regard to those statements or any change in events, conditions or circumstances on which any forward looking statement is based.

FREDDIE MAC

General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”) with a public mission 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 are involved in the U.S. housing market by participating in the secondary mortgage market. We do not participate directly in the primary mortgage market. Our participation in the secondary mortgage market includes providing our credit guarantee for mortgages originated by mortgage lenders in the primary mortgage market and investing in mortgage loans and mortgage-related securities.

Although we are chartered by Congress, we alone are responsible for making payments on our securities. Neither the U.S. government nor any agency or instrumentality of the U.S. government, other than Freddie Mac, guarantees our securities and other obligations.

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

- 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) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- To 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 and Related Matters

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 FHFA as an independent agency with general supervisory and regulatory authority over Freddie Mac. FHFA assumed the duties of Freddie Mac’s 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 Freddie Mac’s 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. 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 our business 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 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 of the United States President 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. See “*Risk-Factors — Governance and Regulation — Risks Relating to Freddie Mac*”.

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 previously introduced. 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.

On March 4, 2013, FHFA instituted a scorecard for use by both Freddie Mac and Fannie Mae that details specific priorities for Freddie Mac and Fannie Mae in 2013 that builds upon the three strategic goals announced in FHFA's Strategic Plan for enterprise conservatorship in 2012. 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 on the loans we purchase or guarantee; (e) contracting the dominant presence of Freddie Mac 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, including FHFA's 2013 Conservatorship Scorecard. Among the objectives listed in the scorecard is the requirement that we enter into credit risk sharing arrangements. We continue to align our resources and internal business plans to meet the goals and objectives provided to us by FHFA.

For information on the 2013 Conservatorship Scorecard and the Strategic Plan, see our current report on Form 8-K dated March 8, 2013 and "BUSINESS — Regulation and Supervision — Legislative and Regulatory Developments — *FHFA's Strategic Plan for Freddie Mac and Fannie Mae Conservatorships*" in our 2012 Annual Report.

Purchase Agreement

On September 7, 2008, we, through FHFA, in its capacity as Conservator, and Treasury entered into the Purchase Agreement. The Purchase Agreement was subsequently amended and restated on September 26, 2008, and further amended on May 6, 2009, December 24, 2009, and August 17, 2012. Pursuant to the Purchase Agreement, on September 8, 2008 we issued to Treasury: (a) one million shares of variable liquidation preference senior preferred stock (with an initial liquidation preference of \$1 billion), which we refer to as the senior preferred stock; and (b) a warrant to purchase, for a nominal price, shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding on a fully diluted basis at the time the warrant is exercised, which we refer to as the warrant. We did not receive any cash proceeds from Treasury as a

result of issuing the senior preferred stock or the warrant. However, deficits in our net worth have made it necessary for us to make substantial draws on Treasury's funding commitment under the Purchase Agreement. As a result, the aggregate liquidation preference of the senior preferred stock has increased from \$1.0 billion as of September 8, 2008 to \$72.3 billion as of March 31, 2013. Under the Purchase Agreement, our ability to repay the liquidation preference of the senior preferred stock is limited and we will not be able to do so for the foreseeable future, if at all.

Beginning January 1, 2013, the amount of available funding remaining under the Purchase Agreement is \$140.5 billion. This amount will be reduced by any future draws. The provisions of the Purchase Agreement whereby Treasury's funding commitment would increase as necessary to accommodate any cumulative reduction in our net worth during 2010, 2011, and 2012 no longer apply.

In addition to the issuance of the senior preferred stock and warrant, we are required under the Purchase Agreement to pay a quarterly commitment fee to Treasury. Under the Purchase Agreement, the fee is to be determined in an amount mutually agreed to by us and Treasury with reference to the market value of Treasury's funding commitment as then in effect. However, for each quarter commencing January 1, 2013, by agreement with Treasury no periodic commitment fee under the Purchase Agreement will be set, accrue or be payable. Treasury had waived the fee for all applicable quarters prior to that date.

The Purchase Agreement provides that, on a quarterly basis, we generally may draw funds up to the amount, if any, by which our total liabilities exceed our total assets, as reflected on our GAAP balance sheet for the applicable fiscal quarter (referred to as the deficiency amount), provided that the aggregate amount funded under the Purchase Agreement may not exceed Treasury's commitment. The Purchase Agreement provides that the deficiency amount will be calculated differently if we become subject to receivership or other liquidation process. The deficiency amount may be increased above the otherwise applicable amount upon our mutual written agreement with Treasury. In addition, if the Director of FHFA determines that the Director will be mandated by law to appoint a receiver for us unless our capital is increased by receiving funds under the commitment in an amount up to the deficiency amount (subject to the maximum amount that may be funded under the Purchase Agreement), then FHFA, in its capacity as our Conservator, may request that Treasury provide funds to us in such amount. The Purchase Agreement also provides that, if we have a deficiency amount as of the date of completion of the liquidation of our assets, we may request funds from Treasury in an amount up to the deficiency amount (subject to the maximum amount that may be funded under the agreement). Any amounts that we draw under the Purchase Agreement will be added to the liquidation preference of the senior preferred stock. No additional shares of senior preferred stock are required to be issued under the Purchase Agreement.

The Purchase Agreement provides that Treasury's funding commitment will terminate under any of the following circumstances: (a) the completion of our liquidation and fulfillment of Treasury's obligations under its funding commitment at that time; (b) the payment in full of, or reasonable provision for, all of our liabilities (whether or not contingent, including mortgage guarantee obligations); and (c) the funding by Treasury of the maximum amount of the commitment under the Purchase Agreement. In addition, Treasury may terminate its funding commitment and declare the Purchase Agreement null and void if a court vacates, modifies, amends, conditions, enjoins, stays or otherwise affects the appointment of the Conservator or otherwise curtails the Conservator's powers. Treasury may not terminate its funding commitment under the Purchase Agreement solely by reason of our being in conservatorship, receivership or other insolvency proceeding, or due to our financial condition or any adverse change in our financial condition.

The Purchase Agreement provides that most provisions of the agreement may be waived or amended by mutual written agreement of the parties; however, no waiver or amendment of the agreement is permitted that would decrease Treasury's aggregate funding commitment or add conditions to Treasury's funding commitment if the waiver or amendment would adversely affect in any material respect the holders of our debt securities or Freddie Mac mortgage guarantee obligations.

In the event of our default on payments with respect to our debt securities (including the Notes) or Freddie Mac mortgage guarantee obligations, if Treasury fails to perform its obligations under its funding commitment and if we and/or the Conservator are not diligently pursuing remedies in respect of that failure, the holders of

these debt securities (including the Notes) or Freddie Mac mortgage guarantee obligations may file a claim in the United States Court of Federal Claims for relief requiring Treasury to fund to us the lesser of: (a) the amount necessary to cure the payment defaults on our debt and Freddie Mac mortgage guarantee obligations; and (b) the lesser of: (i) the deficiency amount; and (ii) the maximum amount of the commitment less the aggregate amount of funding previously provided under the commitment. Any payment that Treasury makes under those circumstances will be treated for all purposes as a draw under the Purchase Agreement that will increase the liquidation preference of the senior preferred stock.

The Purchase Agreement has an indefinite term and can terminate only in limited circumstances, which do not include the end of the conservatorship. The Purchase Agreement therefore could continue after the conservatorship ends.

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.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

THIS OFFERING CIRCULAR HAS BEEN PREPARED ON THE BASIS THAT ANY OFFER OF NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A **“RELEVANT MEMBER STATE”**) WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS DIRECTIVE (AS DEFINED BELOW) FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF NOTES. ACCORDINGLY ANY PERSON MAKING OR INTENDING TO MAKE AN OFFER IN THAT RELEVANT MEMBER STATE OF NOTES WHICH ARE THE SUBJECT OF AN OFFERING CONTEMPLATED IN THIS OFFERING CIRCULAR AS COMPLETED BY FINAL TERMS IN RELATION TO THE OFFER OF THOSE NOTES MAY ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR A DEALER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE IN RELATION TO SUCH OFFER. NONE OF THE ISSUER OR ANY OF THE DEALERS HAS AUTHORIZED, NOR DOES ANY OF THEM AUTHORIZE, THE MAKING OF ANY OFFER OF NOTES IN CIRCUMSTANCES IN WHICH AN OBLIGATION ARISES FOR THE ISSUER OR A DEALER TO PUBLISH A PROSPECTUS FOR SUCH OFFER.

FOR THE PURPOSES OF THE FOREGOING PARAGRAPH, THE EXPRESSION **“PROSPECTUS DIRECTIVE”** MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE, AND THE EXPRESSION **“2010 PD AMENDING DIRECTIVE”** MEANS DIRECTIVE 2010/73/EU.

NOTICE TO UNITED KINGDOM INVESTORS

WITHIN THE UNITED KINGDOM, THIS OFFERING CIRCULAR IS DIRECTED ONLY AT PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO QUALIFY EITHER (A) AS INVESTMENT PROFESSIONALS IN ACCORDANCE WITH ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OR ARTICLE 14(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES)(EXEMPTIONS) ORDER 2001, OR (B) AS HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, PARTNERSHIPS OR TRUSTEES IN ACCORDANCE WITH ARTICLE 49(2) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OR ARTICLE 22(2) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (PROMOTION OF COLLECTIVE INVESTMENT SCHEMES)(EXEMPTIONS) ORDER 2001 (TOGETHER, **“EXEMPT PERSONS”**). IT MAY NOT BE PASSED ON EXCEPT TO EXEMPT PERSONS OR OTHER PERSONS IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS **“RELEVANT PERSONS”**). THIS OFFERING CIRCULAR MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING CIRCULAR RELATES, INCLUDING THE NOTES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSONS OTHER THAN RELEVANT PERSONS SHOULD NOT ACT OR RELY ON THIS OFFERING CIRCULAR.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE NOTES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

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 Annual Report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 28, 2013; (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 Notes, 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 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.

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.

After the Closing Date, you can obtain, without charge, copies of this Offering Circular, the Incorporated Documents, the STACR Debt Agreement to be dated as of the Closing Date among Freddie Mac and the Holders of the Notes (the “**Debt Agreement**”) and the Global Agency Agreement to be dated as of the Closing Date between Freddie Mac and the Global Agent (the “**Global Agency Agreement**”) 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: **Internet Website: www.freddiemac.com***

We also make available on our internet website certain pool- and loan-level information regarding each of the Mortgage Loans backing our PCs based on information furnished to us by the sellers and servicers of the Mortgage Loans. Certain pool or loan-level information provided in this Offering Circular, similarly, is based upon information reported and furnished to us by sellers and servicers of the Mortgage Loans. We may not have independently verified information furnished to us by sellers and servicers regarding the Mortgage Loans and make no representations or warranties concerning the accuracy or completeness of that information. In addition, sellers sometimes provide information about certain Mortgage Loans that they sell to us in separate additional supplements (“**Additional Supplements**”). We have not verified the information in Additional Supplements and make no representations or warranties concerning the accuracy or completeness of that information.

* We provide this and other internet addresses solely for the information of investors. We do not intend these internet addresses to be active links and we are not using references to these addresses to incorporate additional information into this Offering Circular, except as specifically stated in this Offering Circular.

An investor may access the Guide (as defined in this Offering Circular) through www.freddiemac.com by clicking on “Doing Business with Freddie Mac” and then on “Single-Family-Forms and the Guide.” The investor should then click on “All Regs” which can be found under “Top Links” and “Access the Guide”.

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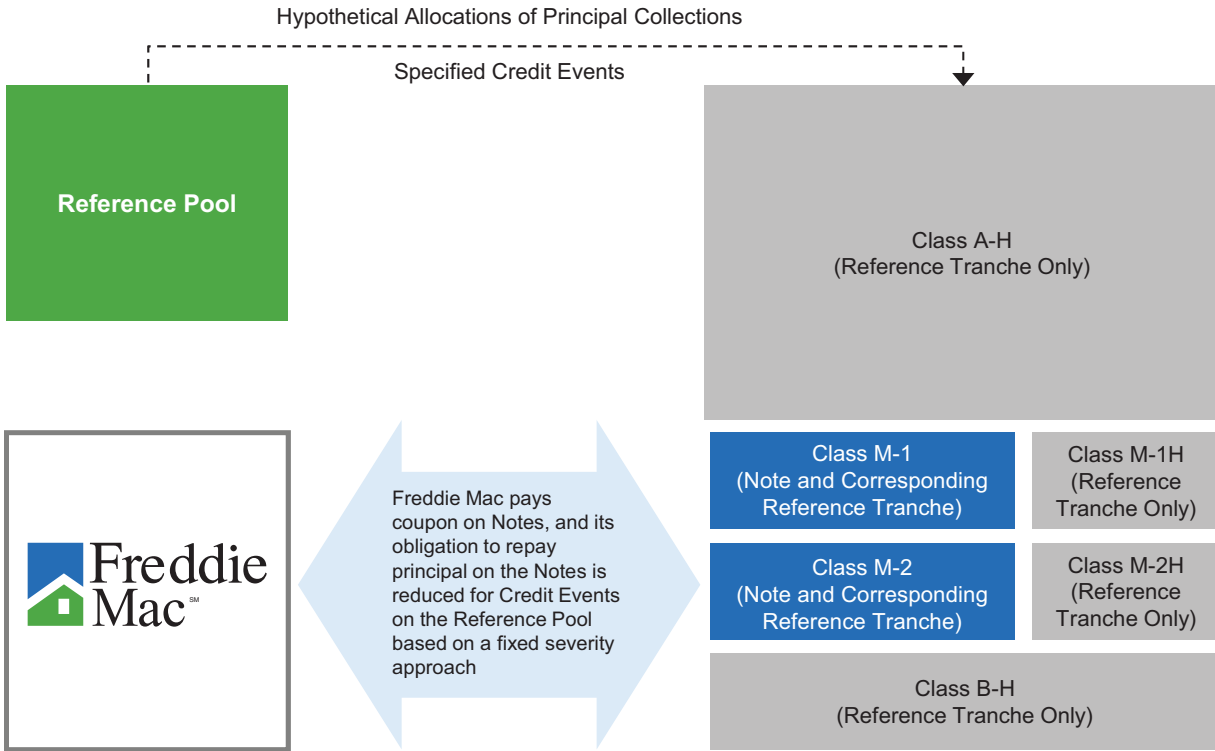
TRANSACTION SUMMARY

On the Closing Date, we will issue the Class M-1 and Class M-2 Notes (the “**Notes**”), which are unsecured general obligations of Freddie Mac. The Notes are structured to be subject to the performance of a certain pool (the “**Reference Pool**”) of residential mortgage loans (the “**Reference Obligations**”), with an initial aggregate unpaid principal balance as of June 15, 2013 (the “**Cut-off Date**”) of approximately \$22,584,361,520 (the “**Cut-off Date Balance**”). The Reference Obligations were acquired by Freddie Mac between July 1, 2012 and September 30, 2012 and securitized into Participation Certificates (“**PCs**”) by January 31, 2013 and remained in such PCs as of July 2, 2013 and meet the Eligibility Criteria described under “*Summary of Terms — The Reference Pool*”. The Notes will be subject to write-down of their Class Principal Balances based on the occurrence of Credit Events (as defined in this Offering Circular) with respect to the Reference Obligations (regardless of whether Freddie Mac actually suffers a loss with respect to such Credit Events) as described in this Offering Circular. See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches*”. In addition, the amount of principal required to be paid by Freddie Mac on the Notes on each Payment Date will be based on the principal payment experience of the Reference Pool as described in this Offering Circular.

For the avoidance of doubt, the Notes are not secured or backed by the Reference Pool and under no circumstances will the actual cash flow from the Reference Obligations be paid or otherwise made available to the holders of the Notes (each, a “**Holder**” or “**Noteholder**” and, collectively, the “**Holders**” or “**Noteholders**”). Interest and principal payable on the Notes will be solely the obligation of Freddie Mac. However, because the Notes will be subject to the Credit Event and prepayment risks related to the Reference Obligations, investors in the Notes should review and understand all the information related to the Reference Pool in this Offering Circular and information otherwise made available to such investors as if they were investing in securities backed by the Reference Pool.

Solely for purposes of making the calculations for each Payment Date of any principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations and principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of six (6) classes of reference tranches (each, a “**Reference Tranche**”) deemed to be backed by the Reference Pool has been established as set forth in the table below. Pursuant to the hypothetical structure, the Class A-H Reference Tranche is senior to all the other Reference Tranches and therefore does not provide any credit enhancement to the other Reference Tranches. The Class M-1 and Class M-1H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H Reference Tranche and are senior to the Class M-2, Class M-2H and Class B-H Reference Tranches. The Class M-2 and Class M-2H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H, Class M-1 and Class M-1H Reference Tranches and are senior to the Class B-H Reference Tranche. The Class B-H Reference Tranche is subordinate to all the other Reference Tranches and therefore does not benefit from any credit enhancement. Each Class of Reference Tranche will have the initial Class Notional Amount set forth in the table below and the aggregate of the initial Class Notional Amounts of all the Reference Tranches will equal the Cut-off Date Balance of the Reference Pool.

Transaction Diagram



Classes of Reference Tranches

| | Initial Class Notional Amount | Initial Subordination⁽¹⁾ |
|---|--------------------------------------|--|
| Class A-H | \$21,906,830,673 | 3.00% |
| Class M-1 and Class M-1H ⁽²⁾ | \$ 304,888,881 ⁽²⁾ | 1.65% ⁽³⁾ |
| Class M-2 and Class M-2H ⁽⁴⁾ | \$ 304,888,881 ⁽⁴⁾ | 0.30% ⁽⁵⁾ |
| Class B-H | \$ 67,753,085 | 0.00% |

- (1) Represents the initial subordination and initial credit enhancement of such Class or Classes of Reference Tranches, which is equal to the percentage of the Cut-off Date Balance of the Reference Pool represented by the aggregate initial Class Notional Amount of the Class or Classes of Reference Tranches subordinate to the subject Class or Classes of Reference Tranches.
- (2) Pursuant to the hypothetical structure, the Class M-1 and Class M-1H Reference Tranches are *pro rata* with each other. The initial Class Notional Amount shown is the aggregate amount for the Class M-1 and Class M-1H Reference Tranches combined. The initial Class Notional Amount of the Class M-1 Reference Tranche is \$250,000,000 (which corresponds to the initial Class Principal Balance of the Class M-1 Notes) and the initial Class Notional Amount for the Class M-1H Reference Tranche is \$54,888,881.
- (3) Represents the initial subordination and credit enhancement available to the Class M-1 and Class M-1H Reference Tranches in the aggregate.
- (4) Pursuant to the hypothetical structure, the Class M-2 and Class M-2H Reference Tranches are *pro rata* with each other. The initial Class Notional Amount shown is the aggregate amount for the Class M-2 and Class M-2H Reference Tranches combined. The initial Class Notional Amount of the Class M-2 Reference Tranche is \$250,000,000 (which corresponds to the initial Class Principal Balance of the Class M-2 Notes) and the initial Class Notional Amount for the Class M-2H Reference Tranche is \$54,888,881.
- (5) Represents the initial subordination and credit enhancement available to the Class M-2 and Class M-2H Reference Tranches in the aggregate.

The Class M-1 Reference Tranche will correspond to the Class M-1 Notes and the Class M-2 Reference Tranche will correspond to the Class M-2 Notes. With respect to any Payment Date, any reductions in the Class Notional Amount of the Class M-1 or Class M-2 Reference Tranche, allocated pursuant to the hypothetical structure as described in this Offering Circular as a result of the occurrence of Credit Events on the Reference Obligations, will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable. Similarly, with respect to any Payment Date, the amount of any principal collections on the Reference Obligations that are allocated to reduce the Class Notional Amount of the Class M-1

or Class M-2 Reference Tranche, pursuant to the hypothetical structure described in this Offering Circular, will result in Freddie Mac being required to pay a corresponding amount of principal on such Payment Date to the Class M-1 or Class M-2 Notes, as applicable. As a result of this relationship between the Class M-1 or Class M-2 Notes on the one hand, and its corresponding Class of Reference Tranche on the other hand, investors in the Notes should review and understand all the information related to the hypothetical structure and the Reference Tranches in this Offering Circular and otherwise made available to such investors as if they were investing in the Class of Reference Tranche corresponding to their Class of Notes.

The effect of the Notes being linked to the Reference Pool and the corresponding Classes of Reference Tranches established pursuant to the hypothetical structure is that Freddie Mac is transferring certain credit risk that it bears with respect to the Reference Pool to the extent that the Class Principal Balances of the Notes are subject to being written down as a result of the occurrence of Credit Events on the Reference Obligations as described in this Offering Circular. Because Freddie Mac is not issuing any notes that correspond to the Class A-H, Class M-1H, Class M-2H and Class B-H Reference Tranches, Freddie Mac is effectively retaining the credit risk that it bears with respect to the Reference Pool as represented by such Classes of Reference Tranches pursuant to the hypothetical structure. On the Closing Date, the Class M-1H Reference Tranche will represent no less than 5% of the combined initial Class Notional Amount of the Class M-1 and Class M-1H Reference Tranches, and the Class M-2H Reference Tranche will represent no less than 5% of the combined initial Class Notional Amount of the Class M-2 and Class M-2H Reference Tranches. Freddie Mac does not intend, through this transaction or any subsequent transactions, to enter into agreements that transfer or hedge more than a 95% *pro rata* share of the credit risk on any of (i) the Class A-H Reference Tranche, (ii) the Class M-1 and Class M-1H Reference Tranches (in aggregate), (iii) the Class M-2 and Class M-2H Reference Tranches (in aggregate), or (iv) the Class B-H Reference Tranche.

SUMMARY OF TERMS

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein. See “Index of Significant Definitions”, which appears at the end of this Offering Circular.

| | |
|--------------------------------------|---|
| Title of Series | Structured Agency Credit Risk (STACR) Debt Notes, Series 2013-DN1. |
| Issuer | Freddie Mac, a government-sponsored enterprise chartered by Congress, is the “ Issuer ” of the Notes. |
| Global Agent | U.S. Bank National Association will act as global agent (the “ Global Agent ”) pursuant to a global agency agreement (the “ Global Agency Agreement ”) entered into with Freddie Mac. See “ <i>The Agreements — The Global Agency Agreement</i> ”. |
| The Notes | Class M-1 Notes and Class M-2 Notes (the “ Notes ”). |
| Class Principal Balance | The “ Class Principal Balance ” of each Class of Notes as of any Payment Date is the maximum dollar amount of principal to which the Holders of such Class of Notes are then entitled, with such amount being equal to the initial Class Principal Balance of such Class of Notes, <i>minus</i> the aggregate amount of principal paid by Freddie Mac on such Class of Notes on such Payment Date and all prior Payment Dates, <i>minus</i> the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the Class Principal Balance of such Class of Notes on such Payment Date and on all prior Payment Dates, and <i>plus</i> the aggregate amount of Calculated Tranche Write-up Amounts allocated to increase the Class Principal Balance of such Class of Notes on such Payment Date and on all prior Payment Dates. The Class Principal Balance of each Class of Notes will at all times equal the Class Notional Amount of the Reference Tranche that corresponds to such Class of Notes. For the avoidance of doubt, no Calculated Tranche Write-up Amount or Calculated Tranche Write-down Amount will be applied twice on the same Payment Date. |
| Payment Date | Payments on the Notes will be made by the Global Agent on the twenty-fifth (25 th) day of each month (or, if such day is not a Business Day (as defined herein), then on the next succeeding Business Day) beginning in August 2013 (each, a “ Payment Date ”). |
| Closing Date | July 26, 2013 (the “ Closing Date ”). |
| Record Date | The Business Day immediately preceding a Payment Date, with respect to Book-Entry Notes, and the last Business Day of the preceding month of a Payment Date, with respect to Definitive Notes (the “ Record Date ”). |
| Maturity Date | The maturity date for the Notes will be the Payment Date in July 2023 (the “ Maturity Date ”). |
| Early Redemption Option | We may redeem the Notes prior to the Maturity Date on any Payment Date on or after the Payment Date on which the aggregate unpaid principal balance of the Reference Obligations is less than or equal to |

10% of the Cut-off Date Balance of the Reference Obligations, by paying an amount equal to the outstanding Class Principal Balance of each Class of Notes, plus accrued and unpaid interest (the “**Early Redemption Option**”). See “*Description of the Notes — Early Redemption Option*”.

Termination Date This transaction will terminate and the Notes will no longer be outstanding upon the date (the “**Termination Date**”) which is the earlier of:

- (1) the Maturity Date;
- (2) the Payment Date (the “**Early Redemption Date**”) on which the Notes are redeemed by Freddie Mac pursuant to its Early Redemption Option as described under “*Description of the Notes — Early Redemption Option*”; and
- (3) the Payment Date on which the initial Class Principal Balance (without giving effect to any allocations of Calculated Tranche Write-down Amounts or Calculated Tranche Write-up Amounts on such Payment Date and all prior Payment Dates) and accrued and unpaid interest due on the Class M-1 and Class M-2 Notes have been paid in full.

Legal Status The Notes are unsecured general obligations having the same priority as all of our other unsecured and unsubordinated debt. **The United States does not guarantee the Notes or any interest or return of discount on the Notes. The Notes are not debts or obligations of the United States or any agency or instrumentality of the United States other than Freddie Mac.**

Form of Notes The Notes will be issued on the Closing Date as book-entry Notes (the “**Book-Entry Notes**”) and will be held through the book-entry system of the DTC, and, as applicable, Euroclear and Clearstream. The Notes will be available in fully-registered form (“**Definitive Note**”) only in the limited circumstances disclosed under “*Description of the Notes — Form, Registration and Transfer of the Notes*”.

Hypothetical Structure Solely for purposes of making the calculations for each Payment Date of any principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations and principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of six (6) classes of Reference Tranches deemed to be backed by the Reference Pool has been established as set forth in the table under “*Transaction Summary*” above. The calculations with respect to the Reference Tranches will be based on the Credit Event and principal payment experience of the Reference Pool and the hypothetical structure as described in this Offering Circular. See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches*”.

Reference Tranches Solely for purposes of making the calculations for each Payment Date of any principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations and

principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of six (6) classes of reference tranches (each, a “**Reference Tranche**”) deemed to be backed by the Reference Pool has been established as set forth in the table under “*Transaction Summary*” above. The Reference Tranches are the Class A-H, Class M-1, Class M-1H, Class M-2, Class M-2H and Class B-H Reference Tranches. See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches*”.

Corresponding Classes of Reference

Tranches With respect to the Class M-1 Notes, the Class M-1 Reference Tranche. With respect to the Class M-2 Notes, the Class M-2 Reference Tranche.

Corresponding Classes of Notes With respect to the Class M-1 Reference Tranche, the Class M-1 Notes. With respect to the Class M-2 Reference Tranche, the Class M-2 Notes.

Senior Reference Tranche The Class A-H Reference Tranche.

Mezzanine Reference Tranches The Class M-1, Class M-1H, Class M-2 and Class M-2H Reference Tranches (each, a “**Mezzanine Reference Tranche**”).

Junior Reference Tranche The Class B-H Reference Tranche (the “**Junior Reference Tranche**”).

Reporting Period for Hypothetical

Structure For any Payment Date and for purposes of making calculations with respect to the hypothetical structure and the Reference Tranches, the reporting periods (each, a “**Reporting Period**”) will be:

- (1) in the case of all principal collections, other than full prepayments, on the Reference Obligations, and in the case of determining Credit Events resulting from the related Mortgage Note being sold to a third party during the foreclosure process, a deed in lieu of foreclosure being executed or a REO acquisition, the period from and including the 16th day of the second calendar month preceding the month in which such Payment Date occurs to and including the 15th day of the calendar month immediately preceding the month in which such Payment Date occurs,
- (2) in the case of full principal prepayments on the Reference Obligations, and in the case of determining an Unconfirmed Underwriting Defect or an Underwriting Defect or determining a Credit Event resulting from a short sale being settled, the period from but excluding the 2nd Business Day of the calendar month immediately preceding the month in which such Payment Date occurs to and including the 2nd Business Day of the calendar month in which such Payment Date occurs, and
- (3) in the case of determining delinquency status with respect to each Reference Obligation, the last day of the second calendar month preceding such Payment Date.

Certain Relationships and Affiliations

We are the Issuer in this transaction. Further, we guarantee the PCs that are backed by the Reference Obligations. These roles and our relationships with the related sellers/servicers may give rise to conflicts of interest as further described in this Offering Circular under “Risk Factors — The Interests of Freddie Mac, the Dealers and Others May Conflict With and be Adverse to the Interests of the Noteholders — Interests of Freddie Mac May Not be Aligned With the Interests of the Noteholders”. In addition, the Global Agent, as originator, seller and servicer with respect to certain of the Reference Obligations, may have interests that are adverse to Noteholders. See “Risk Factors — The Interests of Freddie Mac, the Dealers and Others May Conflict With and be Adverse to the Interests of the Noteholders — Potential Conflicts of Interest of the Global Agent”.

Interest

The Notes bear interest at the applicable per annum interest rate (“Class Coupon”) shown in the following table. The initial Class Coupons apply only to the first Accrual Period. We determine One-Month LIBOR using the BBA Method as described under “Description of the Notes — Interest”.

| <u>Class of Notes</u> | <u>Initial Class Coupon</u> | <u>Class Coupon Formula</u> |
|-----------------------|-----------------------------|-----------------------------|
| M-1 | 3.59003% | One-Month LIBOR + 3.40% |
| M-2 | 7.34003% | One-Month LIBOR + 7.15% |

The “Accrual Period” with respect to each Payment Date is the period beginning on and including the prior Payment Date (or, in the case of the first Payment Date, the Closing Date) and ending on and including the day preceding such Payment Date.

The amount of interest that will accrue on a given Class of Notes during each Accrual Period is equal to:

- the Class Coupon for such Class of Notes for such period (calculated using the Class Coupon formula as described above), multiplied by
- the Class Principal Balance of such Class of Notes as of the first day of such Accrual Period.

Interest will be calculated and payable on the basis of the actual number of days in the related Accrual Period and a 360-day year.

See “Description of the Notes — Interest”.

There will be no calculation of interest made with respect to any of the Reference Tranches.

Principal

On the Maturity Date or, if Freddie Mac exercises its Early Redemption Option, the final Payment Date applicable in connection therewith, Freddie Mac will pay 100% of the Class Principal Balance as of such date for each Class of Notes. On all other Payment Dates, Freddie Mac will pay principal on each Class of Notes in an amount equal to the portion of the Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable, allocated to reduce the Class Notional Amount of the corresponding Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount”.

Reductions in Class Principal Balances of the Notes Due to Allocation of Calculated Tranche Write-down Amounts

On each Payment Date, including the Maturity Date, the Class Principal Balance of each Class of Notes will be reduced, without any corresponding payment of principal, by the amount of the reduction, if any, in the Class Notional Amount of the corresponding Class of Reference Tranche due to the allocation of Calculated Tranche

Write-down Amounts to such Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-down Amounts*”.

Increases in Class Principal Balances of the Notes Due to Allocation of Calculated Tranche Write-up Amounts

On each Payment Date, including the Maturity Date, the Class Principal Balance of each Class of Notes will be increased by the amount of the increase, if any, in the Class Notional Amount of the corresponding Class of Reference Tranche due to the allocation of Calculated Tranche Write-up Amounts to such Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-up Amounts*”.

Hypothetical Structure and Calculations with Respect to the Reference Tranches

Solely for purposes of making the calculations for each Payment Date of any principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations and principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of six (6) classes of Reference Tranches (the Class A-H, Class M-1, Class M-1H, Class M-2, Class M-2H and Class B-H Reference Tranches) deemed to be backed by the Reference Pool has been established as indicated in the table set forth under “*Transaction Summary*” above. Pursuant to the hypothetical structure, the Class A-H Reference Tranche is senior to all the other Reference Tranches and therefore does not provide any credit enhancement to the other Reference Tranches. The Class M-1 and Class M-1H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H Reference Tranche and are senior to the Class M-2, Class M-2H and Class B-H Reference Tranches. The Class M-2 and Class M-2H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H, Class M-1 and Class M-1H Reference Tranches and are senior to the Class B-H Reference Tranche. The Class B-H Reference Tranche is subordinate to all the other Reference Tranches and therefore does not benefit from any credit enhancement. Each Class of Reference Tranche will have an initial Class Notional Amount indicated in the table set forth under “*Transaction Summary*” above and the aggregate of the initial Class Notional Amounts of all the Reference Tranches will equal the Cut-off Date Balance of the Reference Pool.

The “**Class Notional Amount**” of each Class of Reference Tranche as of any Payment Date is a notional amount equal to the initial Class Notional Amount of such Class of Reference Tranche, *minus* the aggregate amount of Senior Reduction Amounts and/or Subordinate Reduction Amounts allocated to such Class of Reference Tranche on such Payment Date and all prior Payment Dates, *minus* the aggregate amount of Calculated Tranche Write-down Amounts allocated to reduce the Class Notional Amount of such Class of Reference Tranche on such Payment Date and on all prior Payment Dates, and *plus* the aggregate amount of Calculated Tranche Write-up Amounts allocated to increase the Class Notional Amount of such Class of Reference Tranche on such Payment Date and on all prior Payment Dates. For the avoidance of doubt, no Calculated Tranche Write-up Amount or Calculated Tranche Write-down Amount will be applied twice on the same Payment Date.

Allocation of Calculated Tranche Write-down Amounts

On each Payment Date on or prior to the Termination Date, the Calculated Tranche Write-down Amount, if any, for such Payment Date, will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- (i) *first*, to the Class B-H Reference Tranche,
- (ii) *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) *third*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(iv) *fourth*, to the Class A-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Calculated Tranche Write-down Amounts allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable.

See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-down Amounts*”.

Allocation of Calculated Tranche Write-up Amounts

On each Payment Date on or prior to the Termination Date, the Calculated Tranche Write-up Amount, if any, for such Payment Date will be allocated to increase the Class Notional Amount of each Class of Reference Tranche in the following order of priority until the cumulative Calculated Tranche Write-up Amount allocated to each such Class of Reference Tranche is equal to the cumulative Calculated Tranche Write-down Amount previously allocated to such Class of Reference Tranche on or prior to such Payment Date:

(i) *first*, to the Class A-H Reference Tranche,

(ii) *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(iv) *fourth*, to the Class B-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Calculated Tranche Write-up Amounts allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a corresponding increase in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable.

See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-up Amounts*”.

Allocation of Senior Reduction Amount and Subordinate Reduction Amount

On each Payment Date prior to the Maturity Date and the Early Redemption Date, after allocation of the Calculated Tranche Write-down Amount or Calculated Tranche Write-up Amount, if any, for such Payment Date as described under “—*Allocation of Calculated Tranche Write-down Amounts*” and “—*Allocation of Calculated Tranche Write-up Amounts*” above, the Senior Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

(i) *first*, to the Class A-H Reference Tranche,

(ii) *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(iv) *fourth*, to the Class B-H Reference Tranche.

On each Payment Date prior to the Maturity Date and the Early Redemption Date, after allocation of the Senior Reduction Amount and the Calculated Tranche Write-down Amount or Calculated Tranche Write-up

Amount, if any, for such Payment Date as described under “— Allocation of Calculated Tranche Write-down Amounts” and “— Allocation of Calculated Tranche Write-up Amounts” above, the Subordinate Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Mezzanine Reference Tranche and Junior Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- (i) *first*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,
- (ii) *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and
- (iii) *third*, to the Class B-H Reference Tranche.

Any Subordinate Reduction Amount remaining after the allocation in the immediately preceding sentence will be allocated to reduce the Class Notional Amount of the Class A-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable, allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a requirement of Freddie Mac to make a corresponding payment of principal to Class M-1 or Class M-2 Notes, as applicable.

See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*”.

The Reference Pool

The Reference Pool will consist of the Reference Obligations, which are Mortgage Loans that were acquired by Freddie Mac between July 1, 2012 and September 30, 2012 and that meet the Eligibility Criteria and have no Unconfirmed Underwriting Defects as of May 31, 2013 that were known to Freddie Mac or that were subsequently discovered through the Lead Dealer’s due diligence review as described under “*The Reference Obligations — Lead Dealer’s Due Diligence Review*”.

The “**Eligibility Criteria**” to be satisfied with respect to each Reference Obligation in the Reference Pool are as follows:

- (a) is a fully amortizing, fixed rate, one- to four-unit, first lien Mortgage Loan, which has an original term of 30 years;
- (b) was originated on or after April 1, 2012;
- (c) was securitized into a PC by January 31, 2013 and remained in such PC as of July 2, 2013;
- (d) has not been prepaid in full as of July 2, 2013;
- (e) has not been repurchased by the applicable seller or servicer as of July 2, 2013;
- (f) has no Underwriting Defects as of May 31, 2013;
- (g) as of May 31, 2013, has never been reported to be 30 days or more delinquent since purchase by Freddie Mac;
- (h) was originated with documentation as described under “*General Mortgage Loan Purchase and Servicing — Underwriting Standards — Documentation*”;
- (i) is not covered by mortgage or pool insurance;
- (j) does not have an original loan-to-value ratio that (i) is less than or equal to 60%, or (ii) exceeds 80%;

(k) is not subject to recourse or other credit enhancement;

(l) was not originated under Freddie Mac’s Relief Refinance program (including the Home Affordable Refinance Program (“HARP”) which is FHFA’s name for Relief Refinance Mortgage Loans with an LTV greater than 80%);

(m) was not originated under Home Possible® or other affordable mortgage programs of Freddie Mac;

(n) was not associated with a mortgage revenue bond purchased by Freddie Mac;

(o) has an unpaid principal balance as of the Cut-off Date that is greater than or equal to \$5,000; and

(p) was not originated under a government program (e.g., FHA, VA or Guaranteed Rural Housing loans).

We expect the Reference Obligations to have the approximate characteristics set forth below as of June 15, 2013 (the “Cut-off Date”). Whenever reference is made in this Offering Circular to the characteristics of the Reference Obligations or to a percentage of the Reference Obligations, unless otherwise noted, that reference is based on the aggregate unpaid principal balance of the Reference Obligations as of the Cut-off Date (the “Cut-off Date Balance”).

The figures below are approximate and may not correspond exactly to the related figures in Appendix A to this Offering Circular due to rounding differences.

Selected Reference Obligation Data as of the Cut-off Date

| | <u>Range or Total</u> | <u>Average or Weighted Average</u> |
|--|-----------------------|------------------------------------|
| Number of Reference Obligations | 96,389 | — |
| Aggregate Original Principal Balance | \$23,065,647,000 | — |
| Original Principal Balance | \$12,000 to \$968,000 | \$239,298 |
| Aggregate Scheduled Principal Balance | \$22,584,361,520 | — |
| Scheduled Principal Balance | \$6,251 to \$941,372 | \$234,304 |
| Gross Mortgage Rate | 3.125% to 6.000% | 3.838% |
| Remaining Term to Stated Maturity (months) | 346 to 352 | 350 |
| Original Term (months) | 360 to 360 | 360 |
| Loan Age (months) | 6 to 13 | 10 |
| Original Loan-to-Value Ratio | 61% to 80% | 75% |
| Original Combined Loan-to-Value Ratio ⁽¹⁾ | 61% to 95% | 76% |
| Debt-to-Income Ratio ⁽²⁾ | 1% to 50% | 32% |
| Credit Score ⁽³⁾ | 601 to 839 | 766 |
| Latest Maturity Date | October 2042 | — |

(1) Calculated based only on those Reference Obligations that had non-zero original combined loan-to-value ratios.

(2) Calculated based only on those Reference Obligations that had non-zero debt-to-income ratios.

(3) Calculated based only on those Reference Obligations that had non-zero Credit Scores for the Mortgagors.

Top Five Geographic Concentration of Mortgaged Properties

| | |
|--|--------|
| California | 22.44% |
| Virginia | 5.18% |
| Illinois | 4.70% |
| Massachusetts | 4.46% |
| New York | 3.88% |
| Maximum Three-Digit Zip Code Concentration | 2.19% |

The characteristics of the Reference Pool will change from time to time to reflect subsequent payments, prepayments and Credit Events with respect to the Reference Obligations. In addition, the characteristics of the Reference Pool may change because:

- After the issuance of the Notes, Reference Obligations will be removed (any such removal, a “**Reference Pool Removal**”) from the Reference Pool because (i) the Reference Obligation becomes a Credit Event Reference Obligation; (ii) the Reference Obligation is paid in full; (iii) of the identification and final determination, through Freddie Mac’s quality control process, of an Underwriting Defect relating to the Reference Obligation; or (iv) of the discovery of a violation of the Eligibility Criteria for such Reference Obligation. Reference Obligations will not be removed from the Reference Pool if they undergo a temporary or permanent modification and they do not meet any other criteria in the prior sentence to be removed.

See “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*” for a description of how Reference Pool Removals impact the Notes. In the event that a Reference Obligation that was previously removed from the Reference Pool is discovered to have been removed in error, such Reference Obligation will be reinstated into the Reference Pool. See “*Description of the Notes — Hypothetical Structure and Calculation With Respect to the Reference Tranches — Allocation of Calculated Tranche Write-up Amounts*”. See “*General Mortgage Loan Purchase and Servicing — Quality Control Process*” for a description of how Underwriting Defects may be discovered through Freddie Mac’s quality control processes.

Were these changes ever to occur, they may materially alter the Reference Pool characteristics shown above and the weighted average lives and yields to maturity of the Notes.

Additional information on the Reference Pool appears under “*The Reference Obligations*” and Exhibit A.

Prepayment and Yield Considerations

The yield to maturity on the Notes will be sensitive to the rate and timing of principal payments (which will be affected by prepayments and Credit Events on the Reference Obligations). As a result, the yield on Notes may fluctuate significantly:

- In general, if investors purchased Notes at a premium and principal payments occur at a rate faster than such investors assumed, such investors’ actual yield to maturity will be lower than anticipated and such investor may not even recover their investment in the Notes.
- Conversely, if investors purchased Notes at a discount, and principal payments occur at a rate slower than such investors assumed, such investors’ actual yield to maturity will be lower than anticipated.

The yield to maturity on the Notes will be sensitive to changes in the rate of One-Month LIBOR. In addition, the yield to maturity of the Notes will be increasingly sensitive to the level and timing of Credit Events on the Reference Obligations because once the aggregate amount of all Calculated Tranche Write-down Amounts equals the initial Class Notional Amount of the Class B-H Reference Tranche, all additional Calculated Tranche Write-down Amounts will be allocated, *first*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Payment Date, *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata* based on their Class Notional Amount immediately prior to such Payment Date, and, *third*, to the Class A-H Reference Tranche. Any such Calculated Tranche Write-down Amounts allocated to reduce the Class Notional Amount of the Class M-1 or Class M-2 Reference Tranche will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable, in each case, until the aggregate Calculated Tranche Write-down Amounts allocated to each such Class of Reference Tranche reduces its Class Notional Amount to zero. As such, because the Class M-2 Reference Tranche is subordinate to the Class M-1 Reference Tranche, the Class M-2 Notes will be more sensitive than the Class M-1 Notes to Calculated Tranche Write-down Amounts after the Class Notional Amount of the Class B-H Reference Tranche is reduced to zero.

Because the Reference Obligations may be prepaid at any time, it is not possible to predict the rate at which investors will receive payments of principal.

See “*Prepayment and Yield Considerations*”.

United States Federal Tax Consequences

We will receive an opinion from Shearman & Sterling LLP that, although the matter is not free from doubt, each Class of Notes will be characterized as indebtedness for U.S. federal income tax purposes. We and each Noteholder of a Note, by acceptance of such Note, will agree to treat such Note as indebtedness of ours for all U.S. federal income tax purposes. See “*Certain United States Federal Tax Consequences*” in this Offering Circular for additional information.

Legal Investment

To the extent that the investment activities of investors are subject to investment laws and regulations, regulatory capital requirements or review by regulatory authorities, such investors may be subject to restrictions on investment in the Notes. Prospective investors should consult their legal, tax and accounting advisers for assistance in determining the suitability of and consequences to them of the purchase, ownership and sale of the Notes.

- Prospective investors should be aware that the Notes do not represent an interest in and are not secured by the Reference Pool or any Reference Obligation.
- The Notes will not constitute “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended (“SMMEA”).

See “*Legal Investment*” in this Offering Circular for additional information.

ERISA Considerations

Fiduciaries or other persons acting on behalf of or using the assets of (i) any employee benefit plan or arrangement, including an individual retirement account (an “IRA”), subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), or any foreign, United States federal, state or local law which is similar to ERISA or Section 4975 of the Code (“Similar Law”) or (ii) an entity which is deemed to hold the assets of such plan (each, a “Plan”), should carefully review with their legal advisors whether the purchase or holding of a Note could give rise to a transaction prohibited or not otherwise permissible under ERISA, the Code or Similar Law.

Subject to the considerations and conditions described under “*Certain ERISA Considerations*” in this Offering Circular, it is expected that the Notes may be acquired by Plans or persons acting on behalf of, using the assets of or deemed to hold the assets of a Plan. See “*Certain ERISA Considerations*” in this Offering Circular.

Notes Will Not be Rated on the Closing Date

We have not engaged any nationally recognized statistical rating organization (“NRSRO”), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to rate the Notes on the Closing Date and we have no obligation to do so in the future. The absence of ratings may adversely affect the ability of an investor to purchase or retain, or otherwise impact the liquidity, market value and regulatory characteristics of the Notes.

RISK FACTORS

General

Prospective investors should carefully consider the risk factors discussed below in conjunction with and in addition to the other information contained in this Offering Circular before making an investment in the Notes. In particular, prospective investors in the Notes should be aware that:

- The risks and uncertainties described below are not the only ones relating to the Notes. Additional risks and uncertainties not presently known or that are currently deemed immaterial also may impair an investment in the Notes. If any of the following risks actually occur, an investment in the Notes could be materially and adversely affected.
- This Offering Circular contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.
- Each prospective investor is responsible for determining whether the Notes constitute a legal investment for such prospective investor.
- The Notes will not constitute “mortgage related securities” for purposes of SMMEA, and the Notes may be regarded as high-risk, derivative, risk-linked or otherwise complex securities. The Notes should not be purchased by prospective investors who are prohibited from acquiring securities having the foregoing characteristics.
- The Notes are not suitable investments for all prospective investors. The Notes are complex financial instruments. Because the Notes are linked to the Reference Pool and the Class M-1 and Class M-2 Reference Tranches established pursuant to the hypothetical structure described in this Offering Circular, prospective investors should not purchase any Note unless they or their financial advisors possess the necessary expertise to analyze the potential risks associated with an investment in mortgage securities.
- Prospective investors should not purchase any Notes unless they understand, and are able to bear, the prepayment, credit, liquidity, market and other risks associated with the Notes.
- Prospective investors should not construe the issuance of the Notes as an endorsement by Freddie Mac of the performance of the Reference Obligations.

Risks Relating to the Notes Being Linked to the Reference Pool

The Notes Bear the Risk of Credit Events on the Reference Pool

The performance of the Notes will be affected by the Credit Event experience of the Reference Obligations. The Notes are not backed by the Reference Obligations and payments on the Reference Obligations will not be available to make payments on the Notes. However, each Class of Notes will have credit exposure to the Reference Obligations, and the yield to maturity on the Notes will be directly related to the amount and timing of Credit Events on the Reference Obligations.

A Credit Event may occur due to one or more of a wide variety of factors, including a decline in real estate values, and adverse changes in the Mortgagor’s financial condition and the Mortgagor’s employment. A decline in real estate values or economic conditions nationally or in the regions where the related Mortgaged Properties are concentrated may increase the risk of Credit Events on the Reference Obligations. In addition, Reference Obligations secured by second homes and investment properties may have a higher risk of being subject to a Credit Event than those secured by primary residences.

Following a Credit Event with respect to a Reference Obligation, pursuant to the hypothetical structure, a Calculated Tranche Write-down Amount will be applied to reduce the Class Notional Amount of the most subordinate Class of Reference Tranche that still has a Class Notional Amount greater than zero. Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Calculated Tranche Write-down Amount allocated to the Class M-1 or Class M-2 Reference Tranches

pursuant to the hypothetical structure will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable. Any such reductions in Class Principal Balance may result in a loss of all or a portion of the investor's investment in the Notes. Calculated Tranche Write-down Amounts are not contingent on an actual loss being incurred by Freddie Mac on the related Credit Event Reference Obligations. Rather, Calculated Tranche Write-down Amounts are determined based on a formula that is determined by calculating the product of the Applicable Severity and the Net Credit Event Amount. This could result in the Calculated Tranche Write-down Amount allocated to reduce the Class Principal Balance of the Notes on any given Payment Date being greater than the amount of losses actually realized by Freddie Mac with respect to the related Credit Event Reference Obligations. See "*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-down Amounts*". Because the Class M-2 Reference Tranche is subordinate to the Class M-1 Reference Tranche, the Class M-2 Notes will be more sensitive than the Class M-1 Notes to Calculated Tranche Write-down Amounts after the Class Notional Amount of the Class B-H Reference Tranche is reduced to zero.

Reference Obligations Performing Under a Trial Payment Period Prior to an Effective Modification May Become a Credit Event Reference Obligation

As described under "*General Mortgage Loan Purchasing and Servicing — Servicing Standards — Default Management*", our loan modification programs employ a trial period payment plan feature which allows eligible Mortgagors to make reduced monthly payments for at least three months to ensure that the Mortgagor can afford the new payment. While the Mortgagor is making the trial period payments the Mortgage will remain in a delinquent status. The Mortgage will not be permanently modified and brought current until the end of the trial period and only if the Mortgagor has otherwise complied with the terms of the loan modification agreement. The Mortgagor may be less than 180 days delinquent when the trial period plan begins, but more than 180 days delinquent when the trial period plan ends. Under these circumstances, a Credit Event will occur during the trial period, notwithstanding that the Mortgagor is performing in accordance with the terms of the trial period payment plan. Investors should note that even if the Mortgagor in this circumstance successfully completes the trial period payment plan and the modification becomes effective, the related Reference Obligation will not become a Reversed Credit Event Reference Obligation and a Calculated Tranche Write-down Amount will be allocated to reduce the Class Principal Balance of the Notes.

The Timing of Credit Events May Impact Returns on the Notes; Seller/Servicer Willingness to Repurchase Reference Obligations on a Timely Basis May Impact Returns on Notes

The timing of Calculated Tranche Write-down Amounts caused by Credit Events may impact the return earned on the Notes. The timing of the occurrence of Credit Events may significantly affect the actual yield on the Notes, even if the average rate of Credit Event occurrences is consistent with your expectations. In general, the earlier the occurrence of Credit Events the greater the effect on your yield to maturity. The timing of Calculated Tranche Write-down Amounts could be affected by one or more of a wide variety of factors, including the creditworthiness of the Mortgagor, the Mortgagor's willingness and ability to continue to make payments, and the timing of market economic developments, as well as legislation, legal actions or programs that allow for the modification of loans or for borrowers to obtain relief through bankruptcy or other avenues. The timing of Calculated Tranche Write-up Amounts will also affect the yield on the Notes. In the process of confirming whether an Unconfirmed Underwriting Defect will become an Underwriting Defect, a seller's or servicer's willingness or the amount of time it may take to repurchase a Reference Obligation will impact the rate at which Calculated Tranche Write-up Amounts are allocated to increase the Class Notional Amounts of the Reference Tranches. The process for determining whether a Reference Obligation has an Unconfirmed Underwriting Defect or an Underwriting Defect will be at Freddie Mac's discretion and may require the applicable seller or servicer to repurchase such Reference Obligation or agree with Freddie Mac to an alternative remedy (e.g., indemnification). This process may be time-consuming and could result in delays in allocating, or ultimately result in no allocation, of Calculated Tranche Write-up Amounts. Freddie Mac may have interests in determining whether to pursue remedies for Unconfirmed Underwriting Defects that may conflict with those of investors in the Notes. Any Calculated Tranche Write-down Amounts allocated to reduce the Class Notional Amount of the Class M-1 or Class M-2 Reference Tranche will result in a corresponding reduction in the Class

Principal Balance of the Class M-1 or Class M-2 Notes, as applicable, which will also result in a reduction in the interest paid on those Notes. Therefore, the timing of Calculated Tranche Write-down Amounts, and not just the overall level of such Calculated Tranche Write-down Amounts, will impact the return on the Notes. In addition, to the extent that the Class Principal Balance of the Class M-1 or Class M-2 Notes is written down due to the allocation of Calculated Tranche Write-down Amounts, the interest that accrues on such Class of Notes will be lower than if such Notes had not been written down. It should be noted that if in the future the Class Principal Balance of such Class of Notes is written up due to the allocation of Calculated Tranche Write-up Amounts, the holders of such Notes will not be entitled to the interest that would have accrued had such write-downs not occurred. Credit Events may ultimately be reversed, resulting in Calculated Tranche Write-up Amounts that write up the Class Notional Amounts of the Reference Tranches. Prior to the allocation of Calculated Tranche Write-up Amounts, the Noteholders may be subject to a higher Applicable Severity than would be the case if either the Credit Event had never occurred or the Calculated Tranche Write-up Amounts had been allocated earlier. During the period in which Calculated Tranche Write-down Amounts have been allocated, prior to any reversal of Credit Events, the Notes will have lost accrued interest on the Class Principal Balance that was so written down due to the allocation of such Calculated Tranche Write-down Amounts for the period of time during which the Credit Event existed and was not reversed. See “— *Investment Factors and Risks Related to the Notes — Significant Write-downs of the Notes That are Subsequently Subject to Write-ups Will Result in Lost Accrued Interest*” below.

Further, to the extent that Credit Events occur and are later reversed resulting in the allocation of Calculated Tranche Write-up Amounts to write up the Class Notional Amounts of the Reference Tranches, during the period in which the Calculated Tranche Write-up Amounts had not yet occurred, the Minimum Credit Enhancement Test and the Cumulative Net Credit Event Test may not be satisfied due to such Credit Events. As a result, any Unscheduled Principal that may otherwise have been allocated to the Class M-1 and/or Class M-2 Reference Tranches during such period will instead be allocated to the Class A-H Reference Tranche, thereby reducing the amount of principal that Freddie Mac would have paid to the Noteholders during such period.

Freddie Mac’s Limited Review of a Sample of a Small Percentage of the Reference Obligations May Not Reveal All Aspects Which Could Lead to Credit Events

We have undertaken certain limited loan review procedures with respect to various aspects of a sample of a small percentage of the Reference Obligations, including a review of the underwriting of certain of the Reference Obligations conducted by each seller and verification of certain aspects of the Reference Obligations. See “*General Mortgage Loan Purchase and Servicing — Quality Control Process — Reference Pool Quality Control*” and “— *Limitations of the Quality Control Review Process*”. This review was not conducted specifically in connection with the Reference Pool, but with respect to a sample of all our Mortgage Loans in the normal course of our quality control process. During the course of this review, certain of the Reference Obligations were included in the sample that was reviewed. In conducting these review procedures, we relied on information and resources available to us. These review procedures were intended to discover certain material discrepancies and possible Underwriting Defects in the sample of the Mortgage Loans (including the sampled Reference Obligations) reviewed. However, these procedures did not constitute a re-underwriting of the Mortgage Loans (including the sampled Reference Obligations), and were not designed or intended to discover every possible defect and may not be consistent with the type and scope of review that any individual investor would deem appropriate. In addition, to the extent that the limited review conducted did reveal factors that could affect how the Reference Obligations may perform, we may have incorrectly assessed the potential significance of the discrepancies that we identified or Unconfirmed Underwriting Defects that we failed to identify. There can be no assurance that any review process conducted uncovered relevant facts that could be indicative of how the reviewed Reference Obligations will perform. Investors should note that we undertook this limited loan file review with respect to only a sample of the Reference Obligations and did not undertake any loan file review for the remaining Reference Obligations. The selection of the Mortgage Loans that were reviewed was made by Freddie Mac and not by any independent third party.

Furthermore, in our limited review we did not review the sampled Reference Obligations to ensure that the originators abided by federal, state and local laws and regulations, such as consumer protection laws, in

originating the loans, other than laws where Freddie Mac may face legal liability for the originators' noncompliance. We rely on representations and warranties from our sellers that the Reference Obligations have been originated and are being serviced in compliance with all applicable federal, state and local laws and regulations and on federal regulatory agencies that are responsible for enforcing laws that protect mortgagors in this regard. If a Credit Event occurs with respect to a Reference Obligation and we perform a review of such Reference Obligation, we do not have procedures in place to review the Reference Obligation to determine whether an Underwriting Defect exists with respect to such Reference Obligation as a result of a breach of the representation and warranty concerning compliance with all applicable federal, state and local laws and regulations. Investors should note that to the extent a Credit Event with respect to a Reference Obligation occurs and the Reference Obligation does not comply with all applicable laws, we may not discover a breach related thereto.

Freddie Mac's Quality Control and Quality Assurance Processes are Not Designed to Protect Noteholders

As part of its on-going quality control, Freddie Mac undertakes quality control reviews and quality assurance reviews of small samples of the Mortgage Loans that sellers deliver to Freddie Mac. These processes are intended to determine, among other things, the accuracy of the representations and warranties made by the sellers in respect of the Mortgage Loans that are sold to Freddie Mac. While investors may benefit from the quality control and quality assurance processes to the extent that any Unconfirmed Underwriting Defect identified ultimately becomes an Underwriting Defect, resulting in a Calculated Tranche Write-up Amount, Freddie Mac's processes are not designed or intended to protect Noteholders. Freddie Mac has ultimate discretion to determine whether or not to pursue the remediation of any Unconfirmed Underwriting Defects identified through the quality control and quality assurance processes and has no express obligation to do so. Additionally, Freddie Mac may at any time change its quality control and quality assurance processes in a manner that is detrimental to the Noteholders. See "*General Mortgage Loan Purchase and Servicing — Quality Control Process*" in this Offering Circular.

Freddie Mac Does Not Perform a Review of Each Reference Obligation That Becomes a Credit Event Reference Obligation, Which May Adversely Affect the Notes

If a Credit Event with respect to a Reference Obligation occurs and we determine through our quality control process that such Reference Obligation has an Unconfirmed Underwriting Defect, Notes that previously had their Class Principal Balances reduced as a result of being allocated Calculated Tranche Write-down Amounts may be entitled to have their Class Principal Balances increased to the extent of any resulting Calculated Tranche Write-up Amounts that are allocated to the applicable Class of Notes as described under "*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-up Amounts*". However, as described under "*General Mortgage Loan Purchase and Servicing — Quality Control Process*", we will not examine through our quality control process every Reference Obligation for which a Credit Event occurs and it is possible that Reference Obligations with Underwriting Defects may go undetected. In addition, Holders of the Notes will not have any right to direct Freddie Mac to perform any review of the Reference Obligations that become subject to a Credit Event. See "*— Investors Have No Direct Right to Enforce Remedies*" below. In addition, Freddie Mac will have the sole discretion to determine (i) whether to undertake such review, (ii) upon taking such review, whether Freddie Mac deems any findings to be material, and (iii) upon concluding that a finding is material, whether to require the seller or servicer to repurchase the related Reference Obligation, to enter into a repurchase settlement in respect of the Reference Obligation, and if so, for how much, or whether to waive the seller's or servicer's requirement to repurchase the Reference Obligation. It should be noted that we do not differentiate between the Reference Obligations and Mortgage Loans that are not in the Reference Pool in pursuing remedies and in determining which Mortgage Loans are reviewed pursuant to our quality control process. In addition, even if we determine that an Unconfirmed Underwriting Defect exists with respect to a Reference Obligation, we cannot assure you that the related seller or servicer will ultimately repurchase such Reference Obligation or that they will agree with us on an alternative remedy (e.g., indemnification), which may result in such Reference Obligation not being reclassified as having an Underwriting Defect. Investors in the Notes are encouraged to make their own determination as to the extent to which they place reliance on our limited loan review procedures. Investors

should note that with respect to any Reference Obligation that is removed from the Reference Pool due to becoming a Credit Event Reference Obligation, if we subsequently discover that the applicable servicer breached any of its servicing obligations to us with such Reference Obligation we may ultimately recover from such servicer indemnification or make-whole payments or compensatory fees in respect thereof or the servicer may repurchase the Reference Obligation from us. Under no circumstances will the occurrence of any of these events result in a Calculated Tranche Write-up Amount to be allocated to the Reference Tranches or the Notes.

Limited Scope and Size of Lead Dealer’s Review of the Reference Obligations May Not Reveal Aspects of the Reference Obligations Which Could Lead to Credit Events

In connection with the offering of the Notes, the Lead Dealer, on behalf of itself and the other Dealers, engaged a third party diligence provider to undertake certain limited loan review procedures with respect to various aspects of a very limited number of Reference Obligations (less than 1500 by loan count) and did not undertake these loan review procedures for the remaining Reference Obligations. The procedures included, among others, a review of the underwriting of certain of the Reference Obligations conducted by the related originators and verification of certain aspects of the Reference Obligations. In selecting the sample for review, the Lead Dealer and its diligence provider were limited to Reference Obligations that were previously reviewed by Freddie Mac as part of its quality control process. In conducting these review procedures, the Lead Dealer relied on information and resources available to it (which were limited and which, in most cases, were not independently verified) and on the third party diligence provider. These review procedures were intended to discover certain material discrepancies and possible material defects in the Reference Obligations reviewed. However, these procedures did not constitute a re-underwriting of the Reference Obligations, and were not designed or intended to discover every possible discrepancy or defect. In addition, the diligence provider conducted procedures designed by the Lead Dealer and the diligence provider to sample Freddie Mac’s data regarding characteristics of the Reference Obligations, which data was used to generate the numerical information about the Reference Pool included in this Offering Circular. In connection with such data review, the diligence provider identified certain discrepancies with respect to approximately 6.8% of the Mortgage Loans (by loan count) that were so reviewed, as described under “*The Reference Obligations — Lead Dealer’s Due Diligence Review — Data Integrity Review*”, which discrepancies are individually identified on Appendix B to this Offering Circular. Further, because Freddie Mac did not update the mortgage loan data tape to reflect these discrepancies, the numerical disclosure in this Offering Circular does not reflect any of these discrepancies with respect to the related Reference Obligations. There can be no assurance that any review process conducted uncovered relevant facts that could be determinative of how the reviewed Reference Obligations will perform.

Furthermore, to the extent that the limited review conducted by the diligence provider did reveal factors that could affect how the Reference Obligations will perform, the diligence provider may have incorrectly assessed the potential severity of those factors. For example, in cases where the diligence provider reviewed an original appraisal and determined that it did not support the original appraised value, the diligence provider may have also reviewed a collateral desktop analysis or similar appraisal product to determine whether the original appraisal was correct. The review of the analyses by the diligence provider may, erroneously, not have indicated a defect in the original appraisal, which could result in an increased risk that payments on these Reference Obligations may not be received or recovered. Investors are encouraged to make their own determination as the extent to which they place reliance on the limited review procedures of the diligence provider engaged by the Lead Dealer.

See “*The Reference Obligations — Lead Dealer’s Due Diligence Review*”.

Underwriting Standards Used by Many of Our Sellers May be Less Stringent than Required by Our Guide

As described under “*General Mortgage Loan Purchase and Servicing — Underwriting Standards*”, many of our sellers have negotiated contracts with us that enable such sellers to sell Mortgage Loans to us under terms of business (“**TOBs**”) that vary from, and may be less stringent than, the terms of our Guide. Mortgage Loans originated pursuant to TOBs that are less stringent than the underwriting standards in our Guide may experience a higher rate of Credit Events than Mortgage Loans originated in accordance with the Guide. Many of the Reference Obligations have been originated pursuant to TOBs that are less stringent than the underwriting standards set forth in the Guide, which may result in such Reference Obligations experiencing a higher rate of

Credit Events than the Reference Obligations originated in accordance with the Guide. In addition, because the TOBs vary by seller, the performance of the Reference Obligations across the Reference Pool may not be uniform or consistent, which may adversely impact the Notes.

Recent Developments in the Residential Mortgage Market, Turbulence in the Financial Markets and Lack of Liquidity for Mortgage-Related Securities May Adversely Affect the Performance and Market Value of the Notes

The single-family housing market showed improvement in 2012 and during the first quarter of 2013, despite continued weakness in the employment market and a significant inventory of seriously delinquent loans and REO properties in the market. The serious delinquency rate of our single-family loans declined during 2012, but remained near historically high levels. Our serious delinquency rate remains high compared to the rates in years prior to 2009 due to weakness in home prices in the last several years, persistently high unemployment in many areas, extended foreclosure timelines and continued challenges faced by servicers in processing large volumes of problem loans, including adjusting their processes to accommodate changes in servicing standards, such as those dictated by legislative or regulatory authorities. Residential loan performance has been generally worse in areas with higher unemployment rates and where declines in property values have been more significant during recent years. In its National Delinquency Survey, the Mortgage Bankers Association presents delinquency rates both for mortgages it classifies as subprime and for mortgages it classifies as prime conventional. The delinquency rates of subprime mortgages are markedly higher than those of prime conventional loan products in the Mortgage Bankers Association survey; however, the delinquency experience in prime conventional mortgage loans during the last five years has been significantly worse than in any year since the 1930s. These developments could adversely affect the performance and market value of the Notes.

Market and economic conditions during the past several years have caused significant disruption in the credit markets. Continued concerns about the availability and cost of credit, the U.S. mortgage market, some real estate markets in the U.S., economic conditions in the U.S. and Europe and the systemic impact of inflation or deflation, energy costs and geopolitical issues have contributed to increased market volatility and diminished expectations for the U.S. economy. Increased market uncertainty and instability in both U.S. and international capital and credit markets, combined with declines in business and consumer confidence and increased unemployment, have contributed to volatility in domestic and international markets.

There is particular uncertainty about the prospects for growth in the U.S. economy. A number of factors influence the potential uncertainty, including, but not limited to, high current unemployment, rising government debt levels, prospective Federal Reserve policy shifts, the withdrawal of government interventions into the financial markets, changing U.S. consumer spending patterns, and changing expectations for inflation and deflation. Income growth and unemployment levels affect Mortgagors' ability to repay mortgage loans, and there is risk that economic activity could be weaker than anticipated following the recent serious recession. See "*— Governance and Regulation*" below when considering the impact of regulation on Noteholders. Although the U.S. economy, by some measurements, may be emerging from the recent recession, any recovery could be fragile and unsustainable, in which circumstances another, possibly more severe recession may ensue. Continued concerns about the economic conditions in the United States and Europe, including downgrades of the long-term debt ratings of Eurozone nations and the United States, generally have contributed to increased market volatility and diminished growth expectations for the U.S. economy.

Subsequent to the financial crisis, over the past several years the Federal Reserve has adopted an easing stance in monetary policy referred to as "quantitative easing". For example, interest rate cuts, which are intended to lower the cost of borrowing, result in higher investment activity which, in turn, stimulates the economy. Based on the stabilization of unemployment, as well as the increase in home prices, the Federal Reserve has suggested that it will pull back on quantitative easing going forward. To the extent that there is a material reduction in quantitative easing, this may have a negative impact on the Reference Obligations. Interest rates are likely to increase, reducing the availability of refinancing alternatives for the Reference Obligations. The economic conditions experienced from 2007 to the present have been unique and unprecedented in terms of the level of home price declines, as well as the subsequent government intervention. There can be no assurance that the factors that caused such financial crisis (or any other factors) will have similar effects on the mortgage market in the future.

As a result of market conditions and other factors, the cost and availability of credit has been and may in the future continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets and the creditworthiness of counterparties has led many lenders and institutional investors to reduce, and in some cases cease, lending to certain mortgagors. Continued turbulence in the U.S. and international markets and economies may negatively affect the U.S. housing market and the credit performance and market value of residential mortgage loans.

In addition, the difficult economic environment and rate of unemployment and other factors (which may or may not affect real property values) may affect the Mortgagors' timely payment of scheduled payments of principal and interest on the Reference Obligations and, accordingly, the actual rates of 180-day or more delinquencies and other Credit Events with respect to the Reference Obligations.

In addition, the secondary market for mortgage-related securities is experiencing extremely limited liquidity. These conditions may continue or worsen in the future. Limited liquidity in the secondary market may continue to have a severe adverse effect on the market value of mortgage-related securities, especially those that are more sensitive to prepayment or credit risk.

Limited liquidity in the secondary market for mortgage-related securities could adversely affect a Noteholder's ability to sell, or the price such Noteholder receives, for the Notes.

These factors and general market conditions, together, with the limited amount of credit enhancement available to the Noteholders (as further described in this Offering Circular) could adversely affect the performance and market value of your Notes and result in a full or partial loss of your initial principal investment. See "*Prepayment and Yield Considerations — Yield Considerations with Respect to the Notes*". There can be no assurance that governmental intervention or other actions or events will improve these conditions in the near future.

Appraisals May Not Accurately Reflect the Value or Condition of the Mortgaged Property; Loan-to-Value Ratios May Be Calculated Based on Appraised Value, Which May Not Be an Accurate Reflection of Current Market Value

In general, appraisals represent the analysis and opinion of the person performing the appraisal at the time the appraisal is prepared and are not guarantees of, and may not be indicative of, present or future value. We cannot assure you that another person would not have arrived at a different valuation, even if such person used the same general approach to and same method of valuing the property, or that different valuations would not have been reached by any originator based on its internal review of such appraisals.

The appraisals obtained in connection with the origination of the Reference Obligations sought to establish the amount a typically motivated buyer would pay a typically motivated seller at the time they were prepared. Such amount could be significantly higher than the amount obtained from the sale of a related Mortgaged Property under a distressed or liquidation sale. In addition, in certain real estate markets property values may have declined since the time the appraisals were obtained, and therefore the appraisals may not be an accurate reflection of the current market value of the related Mortgaged Properties. The Reference Obligations were originated on or after April 1, 2012 and the appraisals were generally prepared at the time of origination. The current market value of the related Mortgaged Properties could be lower, and in some cases significantly lower, than the values indicated in the appraisals obtained at the origination of the Reference Obligations and included in the original loan-to-value ratios reflected in this Offering Circular.

Because appraisals may not accurately reflect the value or condition of the related Mortgaged Property and because property values may have declined since the time appraisals were obtained, the original LTVs and the original combined LTVs that are disclosed in this Offering Circular may be lower, in some cases significantly lower, than the LTVs that would be determined if current appraised values of the related Mortgaged Properties were used to determine LTVs. Investors are encouraged to make their own determination as to the degree of reliance they place on the original LTVs and the original combined LTVs that are disclosed in this Offering Circular.

Credit Scores May Not Accurately Predict the Likelihood of Default

Each originator generally uses Credit Scores as part of its underwriting process. See “*General Mortgage Loan Purchase and Servicing — Underwriting Standards — Use of Credit Scoring*”. Credit Scores are generated by models developed by third party credit reporting organizations that analyze data on consumers in order to establish patterns which are believed to be indicative of a mortgagor’s probability of default. A Credit Score represents an opinion of the related credit reporting organization of a mortgagor’s creditworthiness. The Credit Score is based on a mortgagor’s historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. Credit Scores range from approximately 300 to approximately 850, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. A Credit Score purports only to be a measurement of the relative degree of risk a mortgagor represents to a lender, i.e., that a mortgagor with a higher score is statistically expected to be less likely to default in payment than a mortgagor with a lower score. In addition, it should be noted that Credit Scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of most mortgage loans. Furthermore, Credit Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general. Therefore, Credit Scores do not address particular mortgage loan characteristics that influence the probability of repayment by the mortgagor. Freddie Mac does not make any representation or warranty as to any Mortgagor’s current Credit Score or the actual performance of any Reference Obligation, or that a particular Credit Score should be relied upon as a basis for an expectation that a Mortgagor will repay the related Reference Obligation according to its terms.

Reduced Lending Capacities and/or Increases in Mortgage Interest Rates May Hinder Refinancing and Increase Risk of Credit Events on the Reference Obligations

Since 2006, a number of originators and servicers of residential mortgage loans have experienced serious financial difficulties and, in some cases, have gone out of business. These difficulties have resulted, in part, from declining markets for their mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults or for breaches of representations and warranties regarding loan quality and characteristics. Many originators with large servicing portfolios have experienced rising costs of servicing as mortgage loan delinquencies have increased, without a compensating increase in servicing compensation. Moreover, mortgage interest rates have been at historical lows for several years. Mortgage rates have recently increased such that many Reference Obligations have interest rates below current mortgage rates. Furthermore, interest rates may continue to increase over time. Such further increase in interest rates, as well as reduced availability of affordable mortgage products, may result in slower prepayments on, and an adverse performance of, the Reference Obligations. Such performance may differ from historical performance. Additionally, efforts to impose stricter mortgage qualifications for borrowers or reduce the presence of Freddie Mac or Fannie Mae could lead to fewer alternatives for Mortgagors.

The Dodd-Frank Act was signed into law on July 21, 2010. The Bureau of Consumer Financial Protection published a final rule implementing Sections 1411 and 1412 of the Dodd-Frank Act, which generally requires creditors to make a reasonable, good faith determination of a consumer’s ability to repay any consumer credit transaction secured by a dwelling and establishes certain protection from liability under this requirement for qualified mortgages. The final rule defines “qualified mortgage” and becomes effective on January 10, 2014. The final rule may result in a reduction in the availability of loans in the future that do not meet the criteria of a qualified mortgage as outlined in the final rule and may adversely affect the ability of Mortgagors to refinance the Reference Obligations. No assurances are given as to the effect of the new rule on the value of your Notes.

These trends may reduce alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for mortgagors may result in higher rates of delinquencies and other Credit Events on the Reference Obligations.

The Rate and Timing of Principal Payment Collections on the Reference Obligations Will Affect the Yield on the Notes

The rate and timing of payments of principal and the yield to maturity on the Notes will be directly related to the rate and timing of collections of principal payments on the Reference Obligations. Mortgagors are permitted to prepay their Reference Obligations, in whole or in part, at any time, without penalty.

The principal payment characteristics of the Notes have been designed so that the Notes amortize based on the collections of principal payments on the Reference Obligations. The Mezzanine and Junior Reference Tranches will not be allocated unscheduled principal collections on the Reference Pool unless a target credit enhancement percentage has been reached and maintained. Unlike securities in a senior/subordinate private label residential mortgage-backed securitization, the principal payments required to be paid by Freddie Mac on the Notes will be based in part on Scheduled Principal that is collected on the Reference Obligations, rather than on scheduled payments due on the Reference Obligations, as described under “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*” in this Offering Circular. In other words, to the extent that there is a delinquent Mortgagor who misses a payment (or makes only a partial scheduled payment) on a Reference Obligation, Freddie Mac will not make principal payments on the Notes based on the amount that was due on such Reference Obligation, but, rather, Freddie Mac will only make principal payments on the Notes based on Scheduled Principal and Unscheduled Principal actually collected on such Reference Obligation. Additionally, the Notes will only receive principal based on Unscheduled Principal upon the satisfaction of the Minimum Credit Enhancement Test and the Cumulative Net Credit Event Test as described under “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*” in this Offering Circular. Investors should make their own determination as to the effect of these features on the Notes.

The rate and timing of principal payments (including prepayments) on mortgage loans is influenced by a variety of economic, geographic, social and other factors, but may depend greatly on the level of mortgage interest rates:

- If prevailing interest rates for similar mortgage loans fall below the interest rates on the Reference Obligations, the rate of principal prepayments would generally be expected to increase due to refinancings.
- Conversely, if prevailing interest rates for similar mortgage loans rise above the interest rates on the Reference Obligations, the rate of principal prepayments would generally be expected to decrease.

The rate and timing of principal payments on the Reference Obligations will also be affected by the following:

- the amortization schedules of the Reference Obligations,
- the rate and timing of partial prepayments and full prepayments by Mortgagors, due to refinancing, job transfers, changes in property value or other factors,
- the rate and timing of payment in full of Reference Obligations or other removals from the Reference Pool, and
- the rate and timing of Credit Events (and any reversals thereof).

Mortgage originators make general solicitations for refinancings. Any such solicited refinancings may result in a rate of principal prepayments that is higher than prospective investors might otherwise expect.

No representation is made as to the rate of principal payments, including principal prepayments, on the Reference Obligations or as to the yield to maturity of any Class of Notes. In addition, there can be no assurance that any of the Reference Obligations will or will not be prepaid prior to their maturity. An investor is urged to make an investment decision with respect to any Class of Notes based on the anticipated yield to maturity of that Class of Notes resulting from its purchase price and the investor’s own determination as to anticipated Reference Obligation prepayment and Credit Event rates under a variety of scenarios. The extent to which the Notes are

purchased at a discount or a premium and the degree to which the timing of payments on the Notes is sensitive to prepayments will determine the extent to which the yield to maturity of the Notes may vary from the anticipated yield.

If investors are purchasing Notes at a discount, such prospective investors should consider the risk that if principal payments on the Reference Obligations occur at a rate slower than such prospective investors expected, such prospective investors' yield will be lower than expected. If prospective investors are purchasing Notes at a premium, such prospective investors should consider the risk that if principal payments on the Reference Obligations occur at a rate faster than such investors expected, such prospective investors' yield will be lower than expected and such investors may not even recover their investment in the Notes. The timing of changes in the rate of prepayments may significantly affect the actual yield to you, even if the average rate of principal prepayments is consistent with your expectations. In general, the earlier the payment of principal of the Reference Obligations, the greater the effect on your yield to maturity. As a result, the effect on an investor's yield due to principal prepayments occurring at a rate higher (or lower) than the rate anticipated during the period immediately following the issuance of the Notes may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. See "*Summary of Terms — Prepayment and Yield Considerations*" and "*Prepayment and Yield Considerations*" in this Offering Circular.

For a more detailed discussion of these factors, see "*Prepayment and Yield Considerations*" and "*The Reference Obligations*" in this Offering Circular.

Freddie Mac Does Not Re-Underwrite the Mortgage Loans it Acquires From its Sellers, Which May Adversely Affect the Performance of the Reference Obligations

We do not originate any Mortgage Loans, including the Reference Obligations. As described under "*General Mortgage Loan Purchase and Servicing*", we acquire Mortgage Loans, including the Reference Obligations, from our approved sellers pursuant to our contracts with such sellers. We do not re-underwrite the Mortgage Loans that we acquire and we have not done so with respect to the Reference Obligations, other than with respect to a very small percentage of Mortgage Loans or Reference Obligations that we may have reviewed as part of our quality assurance review, as described under "*General Mortgage Loan Purchase and Servicing — Quality Control Process — Quality Assurance*". We depend on our sellers' compliance with our contracts and rely on the sellers' representations and warranties to us that the Mortgage Loans being sold satisfy the underwriting standards and other requirements specified in the sellers' contracts with us. We generally do not independently verify compliance by our sellers with respect to their representations and warranties and, other than with respect to any Reference Obligations that we may have reviewed under our quality control process described in this Offering Circular, we have not done so with respect to the Reference Obligations. See "*General Mortgage Loan Purchase and Servicing — Quality Control Process — Reference Pool Quality Control*" and "*— Limitations of the Quality Control Review Process*". As a result, it is possible that if sellers have not complied with their obligations under their contracts with us that certain Reference Obligations may have Unconfirmed Underwriting Defects that we are not aware of. Reference Obligations with Underwriting Defects are likely to experience Credit Events at a higher rate than Reference Obligations without such defects, which could result in Calculated Tranche Write-down Amounts being allocated to reduce the Class Principal Balances of the Notes. Additionally, we do not independently verify the loan-level information and data reported or furnished to us by our sellers and servicers of the Mortgage Loans. Discrepancies in the loan-level information and data may come to our attention from sellers, servicers, vendors retained by us, third parties or through our quality control processes.

The Performance of the Reference Obligations Could be Dependent on the Servicers

The performance of the servicers servicing the Reference Obligations could have an impact on the amount and timing of principal collections on the related Reference Obligations and the rate and timing of the occurrence of Credit Events with respect thereto. As described under "*General Mortgage Loan Purchase and Servicing — Servicing Standards*" in this Offering Circular, servicers are generally required to service the Reference Obligations in accordance with the terms of our Guide, subject to any variation agreed to by us and the individual servicers. The servicers are only servicing for the benefit of Freddie Mac and have no duties or obligations to

service for the benefit of investors in the Notes. We are the master servicer of the Reference Obligations and generally supervise and monitor the performance of the servicers, although we have no such duty to supervise and monitor the servicers' performance for the benefit of the investors in the Notes. We cannot assure you that any supervision and monitoring of the servicers that we may undertake will be sufficient to determine material compliance by the servicers of their contractual obligations owed to us. The Reference Obligations will be serviced by many different servicers, and the individual performance of servicers will vary. As a result, the performance of the Reference Obligations may similarly vary, which may adversely affect the Notes. For example, the servicing practices of each servicer could have an impact on the timing and amount of Unscheduled Principal allocated to any Reference Obligation, which as a result will have an impact on the timing of principal payments made by Freddie Mac on the Notes. Investors should note that with respect to any Reference Obligation that is removed from the Reference Pool due to it becoming a Credit Event Reference Obligation, if we subsequently discover that the applicable servicer breached any of its servicing obligations to us with respect to such Reference Obligation we may ultimately recover from such servicer indemnification or make-whole payments or compensatory fees in respect thereof or the servicer may repurchase the Reference Obligation from us. Under no circumstances will the occurrence of any of these events result in a Calculated Tranche Write-up Amount to be allocated to the Reference Tranches or the Notes.

Servicers May Not Follow the Requirements of Our Guide or TOBs, and Servicing Standards May Change Periodically

As described under “*General Mortgage Loan Purchase and Servicing — Servicing Standards*”, some of our servicers have negotiated contracts with us that enable such servicers to service Mortgage Loans for us under TOBs that vary from the terms of our Guide. Some of the Reference Obligations are being serviced pursuant to TOBs that have different requirements than the servicing standards set forth in the Guide. There is a risk that servicers will not follow the Guide or the terms of the TOBs, which may result in such Reference Obligations experiencing a higher rate of Credit Events than the Reference Obligations serviced in accordance with the Guide or TOBs, as applicable. Also, in the normal course of our business we may make periodic changes to the servicing provisions of the Guide and may negotiate new TOBs with our servicers. Any such future changes or additional TOBs will become applicable to the servicing of the Reference Obligations at such future time. In each case, we are under no obligation to consider the impact these changes or negotiations may have on the Reference Obligations or the Notes and cannot assure you that any future changes will not have an adverse impact on the Reference Obligations and the Notes.

Servicing Transfers May Result in Decreased or Delayed Collections and Credit Events

Freddie Mac has the right to terminate servicers as described under “*General Mortgage Loan Purchase and Servicing — Servicing Standards — Servicer Termination Event*”. The removal of servicing from one servicer and transfer to another servicer involves some risk of disruption in collections due to data input errors, misapplied or misdirected payments, inadequate borrower notification, system incompatibilities and other reasons. As a result, the affected Reference Obligations may experience increased delinquencies and defaults, at least for a period of time, until all of the Mortgagors are informed of the transfer and the related servicing records and all the other relevant data has been obtained by the new servicer. There can be no assurance as to the extent or duration of any disruptions associated with the transfer of servicing or as to the resulting effects on the yields on the Notes. To the extent Reference Obligations become delinquent as a result of such servicing transfer, such delinquencies may result in Credit Events, which could result in Calculated Tranche Write-down Amounts being allocated to reduce the Class Principal Balances of the Notes.

Each Servicer's Discretion Over the Servicing of the Related Reference Obligations May Impact the Amount and Timing of Funds Available to Make Payments on the Notes

Each servicer is obligated to service the related Reference Obligations in accordance with applicable law, the Guide and TOBs, as applicable. See “*General Mortgage Loan Purchase and Servicing — Servicing Standards*” in this Offering Circular. Each servicer has some discretion in servicing the related Reference Obligations as it relates to the application of the Guide and TOBs, as applicable. Maximizing collections on the

related Reference Obligations is not the servicer's only priority in connection with servicing the related Reference Obligations. Consequently, the manner in which a servicer exercises its servicing discretion or changes its customary servicing procedures could have an impact on the amount and timing of principal collections on the related Reference Obligations, which may impact the amount and timing of principal payments to be made by Freddie Mac on the Notes.

The Performance of Sellers and Servicers May Adversely Affect the Performance of the Reference Obligations

The financial difficulties of sellers and servicers of residential mortgage loans may be exacerbated by higher delinquencies and defaults that reduce the value of mortgage loan portfolios, requiring sellers to sell their portfolios at greater discounts to par. In addition, the costs of servicing an increasingly delinquent mortgage loan portfolio may be rising without a corresponding increase in servicing compensation. Many sellers and servicers of residential mortgage loans also have been the subject of governmental investigations and litigation, many of which have the potential to impact the financial condition of those financial institutions. In addition, any regulatory oversight, proposed legislation and/or governmental intervention may have an adverse impact on sellers and servicers. These factors, among others, may have the overall effect of increasing costs and expenses of sellers and servicers while at the same time decreasing servicing cash flow and loan origination revenues, and in turn may have a negative impact on the ability of sellers and servicers to perform their obligations to us with respect to the Reference Obligations, which could affect the amount and timing of principal collections on the Reference Obligations and the rate and timing of the occurrence of Credit Events with respect thereto. For any seller or servicer that becomes subject to a bankruptcy proceeding, Freddie Mac may receive lump sum settlement proceeds from the bankruptcy estate to cover all liabilities and/or contingent liabilities of such seller or servicer to Freddie Mac (net of, if applicable, all liabilities and/or contingent liabilities of Freddie Mac to such seller or servicer), a portion of which may include proceeds that relate to underwriting and origination representation and warranty breaches. Given the difficulty and impracticality to separately and accurately account for the proceeds that relate to underwriting and origination representation and warranty breaches, no portion of these settlement proceeds that Freddie Mac may receive will be included in the Origination Rep and Warranty Settlement Amounts or otherwise result in a Calculated Tranche Write-up Amount. Also, if any seller or servicer becomes subject to a bankruptcy proceeding, any Mortgage Loans sold or serviced by such seller or servicer will no longer be included in the population of Mortgage Loans that may be selected to be included in the sample of Mortgage Loans reviewed under our quality control process described under "*General Mortgage Loan Purchase and Servicing — Quality Control Process*". As a result, any Underwriting Defects that may exist with respect to Reference Obligations for which the related seller or servicer has become subject to a bankruptcy proceeding may go undetected, which could have an adverse impact on the Notes.

If Freddie Mac were to discover an Unconfirmed Underwriting Defect with respect to any Reference Obligation, Freddie Mac may deliver a request to the related seller or servicer to repurchase such Reference Obligation, as described under "*General Mortgage Loan Purchase and Servicing — Quality Control Process — Repurchases*" in this Offering Circular. However, such seller or servicer may not have the financial ability to repurchase, or may decide not to repurchase, such Reference Obligation. Alternatively, such seller or servicer may appeal Freddie Mac's repurchase request, as described under "*General Mortgage Loan Purchase and Servicing — Quality Control Process — Repurchases*", which appeals process may significantly delay such Reference Obligation being classified as having an Underwriting Defect. Any of these actions by a seller or servicer, in turn, may delay or reduce the allocation of any Calculated Tranche Write-up Amount to write-up the Class Principal Balances of the Notes.

Classification of Underwriting Defects is Dependent in Part on Cooperation by the Sellers and Servicers

If Freddie Mac were to discover an Unconfirmed Underwriting Defect with respect to a Credit Event Reference Obligation, in order for such Reference Obligation to be converted to a Reversed Credit Event Reference Obligation, the Unconfirmed Underwriting Defect would need to be reclassified as an Underwriting Defect. When a Credit Event Reference Obligation becomes a Reversed Credit Event Reference Obligation, a Calculated Tranche Write-up Amount could result, which may be allocated to write-up the Class Principal

Balances of the Notes that were previously written down due to allocation of Calculated Tranche Write-down Amounts. In order for an Unconfirmed Underwriting Defect to be reclassified as an Underwriting Defect, the related seller or servicer must either repurchase the related Reference Obligation or agree with Freddie Mac on an alternative remedy (e.g., indemnification) or Freddie Mac in its sole discretion must agree to waive the enforcement of any remedy in respect of the Unconfirmed Underwriting Defect. As such, any delay on the part of, or refusal by, the related seller or servicer to repurchase the related Reference Obligation or to come to an agreement with Freddie Mac on an alternative remedy, could delay or avoid such Reference Obligation being classified as having an Underwriting Defect, which, in turn, could have a negative impact on the Notes, as this may prevent, delay or reduce the allocation of a Calculated Tranche Write-up Amount to potentially write-up the Class Principal Balances of the Notes.

Solicitation May Result in Erosion in the Overall Credit Quality of the Reference Pool

While we prohibit our servicers from specifically soliciting our borrowers for refinancing or segregating Mortgages in their own portfolio from those sold to Freddie Mac for different treatment in terms of refinance advertising, offers or practices (except for HARP refinancing where they only have to treat Freddie Mac and Fannie Mae serviced loans the same), our servicers and other mortgage lenders are not precluded from conducting broad based consumer advertising and solicitations of borrowers in general to refinance their mortgage loans. These refinancings may increase the rate of prepayment of the Reference Obligations. The refinancing of a portion of the Reference Obligations may lead to an erosion of the credit quality of the Reference Obligations remaining in the Reference Pool and a resulting increase in the rate of Credit Events. A Noteholder may receive less interest on the Notes as a result of prepayments on such Reference Obligations and as a result may experience a lower yield on its investment.

Mortgagors May Have, or May in the Future Incur, Additional Indebtedness Secured by Mortgaged Properties Securing the Reference Obligations

As of the Cut-off Date, approximately 7.35% of the Reference Obligations by Cut-off Date Balance are secured by Mortgaged Properties that also were subject to subordinate mortgage liens at the respective times of origination of those Reference Obligations and considered in the underwriting of such Reference Obligations. In addition, mortgagors may generally obtain additional mortgage loans secured by their respective properties at any time and we are not generally entitled to receive notification when a mortgagor does so. Therefore, it is possible that mortgagors have obtained additional post-origination subordinate mortgages. If such a post-origination subordinate mortgage is obtained with respect to a Reference Obligation, this additional indebtedness could increase the risk that the value of the related Mortgaged Property is less than the total indebtedness secured by such Mortgaged Property and could increase the risk of Credit Events on such Reference Obligation. The existence of subordinate mortgage liens may adversely affect default rates because the related mortgagors must make two (2) or more monthly payments and also because such subordinate mortgages will result in an increased combined LTV of the mortgage loans. A default on a subordinate mortgage loan could cause the related mortgaged property to be foreclosed upon at a time when the first mortgage loan remains current as to scheduled payments. If this should occur with respect to Reference Obligations, it may affect prepayment rates on the Reference Obligations and could result in increased Credit Events with respect to the Reference Obligations, which could adversely affect the Noteholders. Further, with respect to Mortgage Loans that have subordinate lien mortgages encumbering the same Mortgaged Property, the risk of Credit Events may be increased relative to Mortgage Loans that do not have subordinate financing since Mortgagors who have subordinate lien mortgages have less equity in the Mortgaged Property. We have not independently verified the existence of any subordinate liens on any Mortgaged Properties securing the Reference Obligations, and any information provided in this Offering Circular as to subordinate liens on any Mortgaged Properties securing the Reference Obligations is based solely on the representation made by the related seller in connection with our acquisition of the related Reference Obligations.

Geographic Concentration May Increase Risk of Credit Events Due to Adverse Economic Conditions or Natural Disasters

As of the Cut-off Date, approximately 22.44% of the Reference Obligations by Cut-off Date Balance are secured by Mortgaged Properties located in California. If the regional economy or housing market weakens in California or any other state or region having a significant concentration of Mortgaged Properties underlying the Reference Obligations, the Reference Obligations may experience higher rates of Credit Events, resulting in losses on the Notes. In addition, California, states in the Gulf coast region and southeastern and northeastern Atlantic coast, the New England area, Oklahoma and other regions have experienced natural disasters, including earthquakes, fires, floods, tornadoes and hurricanes, which may adversely affect Mortgagors and Mortgaged Properties. Any concentration of Mortgaged Properties in a state or region may present unique risk considerations. No assurance can be given as to the effect of natural disasters on delinquencies and losses on any of the Reference Obligations secured by the Mortgaged Properties that might be damaged by such natural disasters or on any other Reference Obligations. In the event of a natural disaster we may offer relief, such as a deferral of a payment or permanent modification of the terms of a Reference Obligation, to affected Mortgagors. If, pursuant to any relief we may offer, a Mortgagor makes reduced payments or defers making payments on their Reference Obligation, such Mortgagor will be considered delinquent and if such relief continues for 180 days or more, a Credit Event will occur. Any such relief may also impact the prepayment experience of the related Reference Obligations. In providing such relief, we will not distinguish from Mortgage Loans that are not in the Reference Pool.

Any deterioration in housing prices in a state or region due to adverse economic conditions, natural disasters or other factors, any deterioration of the economic conditions or natural disasters in a state or region that adversely affects the ability of Mortgagors to make payments on the Reference Obligations and any deterioration in our financial position may result in losses on the Notes. Any losses may adversely affect the yield to maturity of the Notes.

See “*The Reference Pool*” in Appendix A to this Offering Circular for further information regarding the geographic concentration of the Reference Obligations.

The Rate of Credit Events on Mortgage Loans That Are Secured by Second Homes or Investment Properties May be Higher than on Other Mortgage Loans

As of the Cut-off Date, approximately 10.76% of the Reference Obligations by Cut-off Date Balance, are secured by properties acquired as second homes or investment properties. Mortgage loans secured by properties acquired as second homes or investments may present a greater risk that the mortgagor will stop making monthly payments if the mortgagor’s financial condition deteriorates. Properties acquired as second homes or investments may have a higher frequency of Credit Events than properties that are owner-occupied. In a default, mortgagors who do not reside in the mortgaged property may be more likely to abandon the related mortgaged property. This risk may be especially pronounced for mortgagors with mortgage loans on more than two properties. In addition, income expected to be generated from an investment property may have been considered for underwriting purposes in addition to the income of the mortgagor from other sources. Should this income not materialize, it is possible the mortgagor would not have sufficient resources to make payments on the mortgage loan.

The percentage of the Reference Obligations described in the preceding paragraph does not include any Mortgage Loans secured by second homes or investment properties for which the related Mortgagor identified the purpose of the loan as owner-occupied. Any such Mortgage Loan may perform similarly (and demonstrate similar risks) to mortgage loans described in the preceding paragraph. We have not independently verified the occupancy status of any home, and any information provided in this Offering Circular as to owner occupancy is based solely on the representation made by the related Mortgagor in connection with the origination of the related Reference Obligation.

The Rate of Credit Events on Mortgage Loans That Are Cash-out Refinance Transactions May be Higher Than on Other Mortgage Loans

As of the Cut-off Date, approximately 17.34% of the Reference Obligations by Cut-off Date Balance, were originated as cash-out refinance transactions. In a cash-out refinance transaction, in addition to paying off existing mortgage liens, the mortgagor obtains additional funds that may be used for other purposes, including paying off subordinate mortgage liens and providing unrestricted cash proceeds to the mortgagor. In other refinance transactions, the funds are used to pay off existing mortgage liens and may be used in limited amounts for certain specified purposes; such refinances are generally referred to as “no cash-out” or “rate and term” refinances. Cash-out refinancings generally have had a higher risk of Credit Events than Mortgage Loans originated in no cash-out, or rate and term, refinance transactions.

Mortgage Loans Made to Certain Mortgagors May Present a Greater Risk

Credit Events on certain Reference Obligations may be higher as a result of the related Mortgagors’ circumstances. Mortgagors of certain Reference Obligations may have less steady or predictable income than others, which may increase the risk of these Mortgagors not making timely payments. Further, Mortgagors who are significantly increasing their housing payments may have difficulties adjusting to their new housing debt even though their debt-to-income ratios may be within guidelines. These home buyers may present a greater risk of default as a result of their circumstances. Investors should consider that a higher number of Mortgagors that have these types of issues may result in increased Credit Events on the Reference Obligations.

Mortgage Loans Secured by Manufactured Homes May Present a Greater Risk

As of the Cut-off Date, approximately 0.14% of the Reference Obligations by Cut-off Date Balance are secured by manufactured homes. Reference Obligations secured by manufactured homes may present a greater risk that the Mortgagor will default on the Reference Obligation as compared to Mortgage Loans secured by non-manufactured homes. Consequently, investors should consider that a higher number of Reference Obligations secured by manufactured homes may result in increased Credit Events on the Reference Obligations.

Impact of Potential Military Action and Terrorist Attacks

The effects that military action by United States forces in other regions and terrorist attacks within or outside the United States may have on the performance of the Reference Obligations cannot be determined at this time. Prospective investors should consider the possible effects on delinquency, default and prepayment experience of the Reference Obligations. Federal agencies and non-government lenders have and may continue to defer, reduce or forgive payments and delay foreclosure proceedings in respect of mortgage loans to mortgagors affected in some way by recent and possible future events.

Mortgage Loan Historical Information is Not Indicative of Future Performance of the Reference Pool

The information with respect to the Reference Obligations and Freddie Mac’s Mortgage Loans generally in this Offering Circular or otherwise made available to investors is historical in nature and should not be relied upon as indicative of the future performance of the Reference Obligations. In the past, historical information was not indicative of future performance due to various factors, including changes in lending standards, availability of affordable mortgage products, the general state of the economy and housing prices.

Governance and Regulation

The Dodd-Frank Act and Related Regulation May Adversely Affect Our Business Activities and the Reference Pool

The Dodd-Frank Act, which was signed into law on July 21, 2010, significantly changed the regulation of the financial services industry and could affect Freddie Mac’s operations, including the purchase and servicing of loans, in substantial and unforeseeable ways and have an adverse effect on the Reference Obligations and the operations or our sellers and servicers. The Dodd-Frank Act and related current and future regulatory changes

could affect the servicing value of the Reference Obligations, require Freddie Mac and its sellers and servicers to change certain business practices relating to the Reference Obligations and make the servicing of Mortgage Loans significantly more expensive. Freddie Mac and its sellers and servicers will also face a more complicated regulatory environment due to the Dodd-Frank Act and related current and future regulatory changes, which will increase compliance and operational costs. It is possible that any such changes will adversely affect the servicing of the Reference Obligations.

Implementation of the Dodd-Frank Act is being accomplished through numerous rulemakings by the Consumer Financial Protection Bureau and other federal agencies and entities, many of which are still in process. For example, the Consumer Finance Protection Bureau has issued a final rule, which becomes effective on January 10, 2014, specifying the characteristics of a “qualified mortgage”. See “— *Risks Relating to the Notes Being Linked to the Reference Pool — Reduced Lending Capacities and/or Increases in Mortgage Interest Rates May Hinder Refinancing and Increase Risk of Credit Events on the Reference Obligations*” above. The final effects of the legislation will not be known with certainty until these rulemakings are complete. The Dodd-Frank Act also mandates the preparation of studies of a wide range of issues, which could lead to additional legislative or regulatory changes. It could be difficult for Freddie Mac and its sellers and servicers to comply with any future regulatory changes in a timely manner, due to the potential scope and number of such changes, which could interfere with the servicing of the Reference Obligations, limit default management and our loss mitigation options and lead to an increased likelihood of Credit Events in the Reference Pool.

The long-term impact of the Dodd-Frank Act and related current and future regulatory changes on the Reference Pool and the financial services industry in general will depend on a number of factors that are difficult to predict, including the ability to successfully implement any changes to business operations, changes in consumer behavior, and seller’s and servicer’s responses to the Dodd-Frank Act and related current and future regulatory changes.

Legislative or Regulatory Actions Could Adversely Affect Our Business Activities and the Reference Pool

In addition to the Dodd-Frank Act and the possible reform of Freddie Mac and Fannie Mae discussed in this Offering Circular, our business operations and those of our sellers and servicers may be adversely affected by other legislative and regulatory actions at the federal, state, and local levels, including by legislation or regulatory action that changes the loss mitigation, pre-foreclosure and foreclosure processes. For example, various states and local jurisdictions have implemented mediation programs designed to bring servicers and mortgagors together to negotiate workout options. These actions could delay the foreclosure process, increase expenses, including by potentially delaying the final resolution of seriously delinquent mortgage loans and the disposition of non-performing assets, and lead to increased Credit Events. Freddie Mac and its servicers could also be affected by any legislative or regulatory changes that would expand the responsibilities and liability of servicers and assignees for maintaining vacant properties prior to foreclosure. These laws and regulatory changes could significantly expand mortgage costs and liabilities leading to negative effects on the Reference Pool. The Reference Pool could also be affected by legislative or regulatory changes that permit or require principal reductions or forgiveness, including through the bankruptcy process, which could also affect how we determine principal prepayments (e.g., if Freddie Mac is permitted or required to effect principal reductions with respect to certain delinquent Reference Obligations, any such forgiven principal with respect to a Payment Date will result in an increased amount of Unscheduled Principal, which will lead to an increased amount of principal being paid on the Notes for such Payment Date). These laws and regulations are sometimes created with little or no advance warning and Freddie Mac and its sellers and servicers may have limited ability to participate in the legislative process.

In April 2010, the SEC proposed rules, some of which were re-proposed in July 2011, that, if adopted, would further substantially revise Regulation AB and other rules regarding the offering process, disclosure and reporting for asset-backed securities. Among other things, the proposed changes would require (i) enhanced disclosure of loan level information at the time of securitization and on an ongoing basis, (ii) that the transaction agreements provide for review of the underlying assets by an independent credit risk manager if certain trigger events occur and (iii) periodic assessments of an asset-backed security issuer’s continued ability to conduct shelf offerings. In addition, pursuant to the Dodd-Frank Act in March 2011, the SEC and other regulators issued a

release soliciting public comment on proposed rules that, if adopted, would require, among other things, that a sponsor or its affiliate retain at least 5% of the credit risk underlying a non-exempt securitization, and would in general prohibit the transfer or hedging of, and restrict the pledge of, the retained credit risk. We cannot predict what effect these proposed rules will have, if adopted, on the marketability of asset-backed securities. As proposed, these rules should not be applicable to the Notes because the Notes are not asset-backed securities. However, if the proposed rules are adopted and if the Notes are viewed in the financial markets as having traits in common with asset-backed securities, your Notes may be less marketable than asset-backed securities that are offered in compliance with the proposed rules.

Investors should independently assess and determine whether they are directly or indirectly subject to Article 122a of the Banking Consolidation Directive (Directive 2006/48/EC (as amended)) (“**Article 122a**”) as implemented by the Member States of the European Economic Area and whether an investment in the Notes would be subject to Article 122a. Any prospective investor that is subject to Article 122a should independently assess and determine their ability to comply with the initial and ongoing obligations imposed by Article 122a and the regulatory capital treatment that is required with respect to the purchase of a Note and what impact any such regulatory capital treatment may have on the liquidity or market value of the Notes, in particular in the event that the minimum risk retention requirement or other obligations imposed by Article 122a are found to be not in compliance. Freddie Mac is under no obligation to satisfy the minimum 5% net economic interest with respect to the Notes in one of the forms prescribed by Article 122a. Further, there is no obligation on the part of Freddie Mac to maintain any level of risk retention in a manner that would comply with Article 122a and Freddie Mac does not make any representation or assurance to retain any such level of risk retention after the Closing Date. If the Notes are subject to Article 122a, investors who are subject to Article 122a should consider carefully investing in the Notes as a failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge in respect of the Notes acquired by the relevant investor.

Investors should also independently assess and determine whether they are directly or indirectly subject to market risk capital rules jointly promulgated by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation that became effective on January 1, 2013. Any prospective investor that is subject to these rules should independently assess and determine its ability to comply with the regulatory capital treatment and reporting requirements that may be required with respect to the purchase of a Note and what impact any such regulatory capital treatment and reporting requirements may have on the liquidity or market value of the Notes.

All of these events could have a material adverse impact on the Noteholders.

Risks Relating to Freddie Mac

In addition to the risks relating to Freddie Mac set forth below, investors should carefully consider the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated in this Offering Circular by reference.

A Receiver May Transfer or Sell Freddie Mac’s Assets and Liabilities. On September 6, 2008, FHFA was appointed Freddie Mac’s conservator by the FHFA director. See “*Freddie Mac — Conservatorship and Related Matters*” in this Offering Circular. If FHFA were to be appointed as receiver for Freddie Mac, the receiver would have the right to transfer or sell any asset or liability of ours, without any approval, assignment or consent. If the receiver were to transfer Freddie Mac’s obligations under the Debt Agreement to another party, holders of the Notes 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 Performance under the Debt Agreement. 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, or if we are not, and for a period of 60 days have not been, generally paying our debts as they become due. 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 its quarterly or annual financial statements and would continue for sixty calendar days after that date.

The director of FHFA may also place us into receivership at his or her discretion for certain other reasons, including conditions that FHFA has already asserted existed at the time the director of FHFA placed Freddie Mac into conservatorship. A receivership would terminate the current conservatorship. If FHFA were to become our receiver, it could exercise certain powers that could adversely affect the holders of the Notes.

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.

If FHFA, as receiver, were to repudiate our obligations under the Debt Agreement, 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 that our assets were available for that purpose.

During a receivership, certain rights of the holders of the Notes under the Debt Agreement 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 we are a party, or obtain possession of or exercise control over any property of ours, or affect any contractual rights of ours, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver.

Freddie Mac is Dependent Upon the Support of Treasury. We are dependent upon the continued support of Treasury 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 “*Freddie Mac — Purchase Agreement.*”

Freddie Mac’s Changes in Business Practices May Negatively Impact the Noteholders

Freddie Mac has a set of policies and procedures that it follows in the normal course of its Mortgage Loan purchase and servicing business, which are generally described in this Offering Circular. Freddie Mac has indicated that certain of these practices are subject to change over time, as a result of changes in the economic environment and as a result of regulatory changes and changes in requirements of its regulators, among other reasons. Freddie Mac may at any time change its practices as they relate to servicing requirements for its servicers, quality control policies and quality assurance policies, as well as other policies and procedures that may, in their current forms, benefit the Noteholders. See “*General Mortgage Loan Purchase and Servicing — Quality Control Process*” in this Offering Circular. In undertaking any changes to its practices or its policies and procedures, Freddie Mac may exercise complete discretion and has no obligation to consider the impact on the Noteholders, and may undertake changes that negatively impact the Noteholders in pursuing other interests, including, but not limited to, minimizing losses for the taxpayers and complying with requirements put forth by its regulators, among others.

Investment Factors and Risks Related to the Notes

Freddie Mac May Not Be Able to Repay Your Notes in Full

The Notes do not represent obligations of any person or entity other than Freddie Mac and do not represent a claim against any assets other than those of Freddie Mac. No governmental agency or instrumentality will guarantee or insure payment on the Notes. If Freddie Mac is unable to make payments on the Notes, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss.

Limited Source of Payments — No Recourse to Reference Obligations

The Notes are not insured by any financial guaranty insurance policy. The Notes do not represent an interest in the Reference Obligations nor an obligation of the Global Agent, the Dealers or any of their affiliates. The

Notes are solely the obligations of Freddie Mac. If Freddie Mac is unable to make payments on the Notes, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss.

Credit Support Available to Corresponding Classes of Reference Tranches Pursuant to Hypothetical Structure Is Limited and May Not Be Sufficient to Prevent Loss on Your Notes

Although subordination provided by the Class M-2, Class M-2H and Class B-H Reference Tranches for the benefit of the Class M-1 and Class M-1H Reference Tranches, and by the Class B-H Reference Tranche for the benefit of the Class M-2 and Class M-2H Reference Tranches, is intended to reduce the risk of exposure of Credit Events to the Class M-1 and Class M-2 Notes, which correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, the amount of such subordination will be limited and may decline under certain circumstances described in this Offering Circular.

If we were to experience significant financial difficulties, or if FHFA placed us in receivership and our obligation was repudiated as described above in “— *Governance and Regulation — Risks Relating to Freddie Mac*,” the Holders of Notes may suffer losses as a result of the various contingencies described in this “*Risk Factors*” section and elsewhere in this Offering Circular. The Notes, including interest thereon, are not guaranteed by the United States and do not constitute debts or obligations of the United States or any agency or instrumentality of the United States.

Subordination of Corresponding Classes of Reference Tranches Increases Risk of Loss on the Notes

- Once the aggregate amount of Calculated Tranche Write-down Amounts equals the initial Class Notional Amount of the Class B-H Reference Tranche, all additional Calculated Tranche Write-down Amounts will be allocated, *first*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Payment Date, *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata* based on their Class Notional Amounts immediately prior to such Payment Date, and, *third*, to the Class A-H Reference Tranche in each case until the Class Notional Amount of each such Class is reduced to zero. Any Calculated Tranche Write-down Amounts allocated to reduce the Class Notional Amount of the Class M-1 or Class M-2 Reference Tranches will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable.
- As such, because the Class M-2 Reference Tranche is subordinate to the Class M-1 Reference Tranche, the Class M-2 Notes will be more sensitive than the Class M-1 Notes to Calculated Tranche Write-down Amounts after the Class Notional Amount of the Class B-H Reference Tranche is reduced to zero.
- If a purchaser of a Class of Notes calculates its anticipated yield based on an assumed rate of Credit Events with respect to the Reference Pool that is lower than the rate actually incurred on the Reference Pool, its actual yield to maturity may be lower than that so calculated and could be negative such that such purchaser may never receive all of his initial investment. The timing of Credit Events will also affect a purchaser’s actual yield to maturity, even if the average rate is consistent with the purchaser’s expectations. In general, the earlier the Notes suffer a reduction in Class Principal Balance due to the application of Calculated Tranche Write-down Amounts, the greater the effect on the purchaser’s yield to maturity.

For a more detailed description of the subordination feature with respect to the hypothetical structure and the Reference Tranches, see “*Description of the Notes — Hypothetical Structure and Calculations with Respect to the Reference Tranches*” in this Offering Circular.

Significant Write-downs of the Notes That are Subsequently Subject to Write-ups will Result in Lost Accrued Interest

Any Calculated Tranche Write-down Amounts allocated to reduce the Class Notional Amount of the Class M-1 or Class M-2 Reference Tranches will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable. Any subsequent increase in the Class Principal Balance of the Class M-1 or Class M-2 Notes as a result of the reversal of Credit Events will not entitle the Holder of such Class of Notes to any interest that would otherwise have been due during any periods of reduction

of the Class Principal Balance of the Class M-1 or Class M-2 Notes. Noteholders could suffer significant loss of accrued interest to the extent of any extended period between a reduction and subsequent increase of the Class Principal Balance of the Notes. Credit Events may ultimately be reversed, resulting in Calculated Tranche Write-up Amounts that write up the Class Notional Amounts of the Reference Tranches. Prior to the allocation of Calculated Tranche Write-up Amounts, the Noteholders may be subject to a higher Applicable Severity than would be the case if either the Credit Event had never occurred or the Calculated Tranche Write-up Amounts had been allocated earlier. During the period in which Calculated Tranche Write-down Amounts have been allocated, prior to any reversal of Credit Events, the Notes will have lost accrued interest on the Class Principal Balance that was so written down due to the allocation of such Calculated Tranche Write-down Amounts for the period of time during which the Credit Event existed and was not reversed.

LIBOR Levels Could Reduce the Yield on Your Notes

Lower than anticipated levels of One-Month LIBOR could result in actual yields on the Notes that are lower than anticipated. One-Month LIBOR is not likely to remain constant at any level. The timing of a change in the level of One-Month LIBOR may affect the actual yield you receive, even if the average level is consistent with your expectation. In general, the earlier a change in the level of One-Month LIBOR, the greater the effect on your yield. As a result, the effect on the yield you receive due to a One-Month LIBOR that is lower (or higher) than the rate anticipated during earlier periods is not likely to be offset by a later equivalent increase (or reduction). Moreover, changes may not correlate with changes in interest rates generally or with changes in other indices. Your yield could be either adversely or positively affected if changes in One-Month LIBOR do not reflect changes in interest rates generally.

On September 28, 2012, Britain's Financial Services Authority recommended that the British Bankers' Association be removed from its rate-setting responsibility and proposed additional reforms in connection with the determination of LIBOR. The parent company of the New York Stock Exchange recently won a contract to take over the administration of LIBOR. Under this new contract, LIBOR will keep its name and will remain under the oversight of British regulators but the administration of LIBOR will be turned over to the subsidiary of the NYSE early next year. No assurance can be provided as to what effect this contract and change in administration will have on setting the applicable rates of LIBOR or what other changes may occur in the future with respect to the administration of LIBOR. In addition, no assurance can be provided that One-Month LIBOR accurately represents the offered rate applicable to loans in U.S. dollars for a one-month period between leading European banks or that LIBOR's prominence as a benchmark interest rate will be preserved. No prediction can be made as to future levels of the LIBOR index or as to the timing of any changes therein, each of which will directly affect the yields of the Notes.

Changes in the Market Value of the Notes May Not Be Reflective of the Performance or Anticipated Performance of the Reference Obligations

The market value of the Notes may be volatile. These market values can change rapidly and significantly and changes can result from a variety of factors. However, a decrease in market value may not necessarily be the result of deterioration in the performance or anticipated performance of the Reference Obligations. For example, changes in interest rates, perceived risk, supply and demand for similar or other investment products, accounting standards, capital requirements that apply to regulated financial institutions and other factors that are not directly related to the Reference Obligations can adversely and materially affect the market value of the Notes.

The Notes Issuance is a Novel Transaction That May Result in Limited Liquidity of the Notes, Which May Limit Investors' Ability to Sell the Notes

The Notes, which are being issued in a novel transaction, will constitute new classes of securities with no established trading market. The Notes will not be listed on any national securities exchange or traded on any automated quotation systems of any registered securities association. The Dealers will have no obligation to make a market in the Notes. As a result, there can be no assurance as to the liquidity of the market that may develop for the Notes, or if it does develop, that it will continue. It is possible that Investors who desire to sell their Notes in the secondary market may find no or few potential purchasers and experience lower resale prices

than expected. Investors who desire to obtain financing for their Notes similarly may have difficulty obtaining any credit or credit with satisfactory interest rates which may result in lower leveraged yields and lower secondary market prices upon the sale of the Notes.

We make no representation as to the proper characterization of the Notes for legal investment, regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. The liquidity of trading markets for the Notes may also be adversely affected by general declines or disruptions in the credit markets. Such market declines or disruptions could adversely affect the liquidity of and market for the Notes independent of the credit performance of the Reference Pool or its prospects. We have no obligation to continue to issue securities similar to the Notes. FHFA may require us to discontinue issuing such securities or require that alternative risk sharing transactions be effected, thereby affecting the development of the market for the Notes. Further, even though Freddie Mac and Fannie Mae are required to work together in implementing risk sharing transactions, the terms and structures of these transactions may be different.

The Restrictions on Transfer on the Notes May Limit Investors' Ability to Sell the Notes

The Notes are subject to restrictions to avoid certain fiduciary concerns and the potential application of the prohibited transaction rules under ERISA and Section 4975 of the Code, or, in the case of any governmental plan, church plan or foreign plan, a violation of Similar Law. The Notes may be acquired by a Plan or persons or entities acting on behalf of, using the assets of or deemed to hold the assets of, a Plan, only if certain conditions are satisfied. See "*Certain ERISA Considerations*" in this Offering Circular for additional information regarding the applicable ERISA restrictions on transfer.

The Notes May be Redeemed Early

The Notes may be redeemed in their entirety if we exercise our right of early redemption as described under "*Description of the Notes — Early Redemption Option*". Any such redemption may result in the receipt of principal of the Notes prior to the date anticipated by investors and may reduce prospective investors' yield or cause prospective investors to incur losses on investments in the Notes.

The Notes Will Not Be Rated on the Closing Date

We have not engaged any NRSRO to rate the Notes on the Closing Date and we have no obligation to do so in the future. The lack of a rating reduces the potential liquidity of the Notes and thus may affect the market value of the Notes. In addition, the lack of a rating will reduce the potential for, or increase the cost of, financing the purchase and/or holding of the Notes. Investors subject to capital requirements will be required to hold more capital against the Notes than would have been the case had the Notes been rated. An unsolicited rating could be assigned on the Notes at any time, including prior to the Closing Date, and none of Freddie Mac, the Dealers or any affiliates of the Dealers will have any obligation to inform you of any such unsolicited rating. In addition, if in the future Freddie Mac were to issue notes similar to the Notes or other securities under an alternative risk sharing arrangement, Freddie Mac may seek to have such securities rated by one or more NRSROs. As a result, the marketability of the Notes may be impaired because the Notes are not so rated.

Investors Have No Direct Right to Enforce Remedies

Noteholders generally do not have the right to institute any suit, action or proceeding in equity or at law under the Debt Agreement.

These provisions may limit your personal ability to enforce the provisions of the Debt Agreement. In no event will the Noteholders have the right to direct Freddie Mac to investigate or review whether or not an Unconfirmed Underwriting Defect or Underwriting Defect has occurred. In addition, Freddie Mac will have the sole discretion to determine whether to undertake such investigation or review, upon taking such investigation or review, whether Freddie Mac deems any findings to be material, and upon concluding that a finding is material whether to require the related seller or servicer to repurchase the Reference Obligation, to enter into a repurchase

settlement in respect of the Reference Obligation, and if so, for how much, or whether to waive the seller's or servicer's requirement to repurchase the Reference Obligation.

An Event of Default will not automatically trigger an acceleration of the Notes. In order for the Notes to be accelerated upon an Event of Default, Noteholders representing not less than 50% of the outstanding Class Principal Balance of the Notes must vote to enforce remedies to make such Notes immediately due and payable. To the extent that such vote does not occur, you will have no remedies upon an Event of Default. Noteholders may not be successful in obtaining the required percentage of votes required because it may be difficult to locate other investors to facilitate achieving the required voting thresholds.

One or more purchasers of Notes may purchase substantial portions of one or both Classes of Notes. If any Noteholder or group of Noteholders holds more than 50% of the aggregate voting interests of the Notes and disagrees with any proposed action, suit or proceeding requiring consent of more than 50% of the aggregate voting interests of the Notes, that Noteholder or group of Noteholders may block the proposed action, suit or proceeding. In some circumstances, the holders of a specified percentage of the Notes will be entitled to direct, consent to or approve certain actions. In these cases, this direction, consent or approval will be sufficient to bind all holders of Notes, regardless of whether you agree with such direction, consent or approval.

Legality of Investment

Each prospective investor in the Notes is responsible for determining for itself whether it has the legal power, authority and right to purchase such Notes. None of Freddie Mac, the Global Agent or any of their respective affiliates expresses any view as to any prospective investor's legal power, authority or right to purchase the Notes. Prospective investors are urged to consult their own legal, tax and accounting advisors as to such matters. See "*Legal Investment*" in this Offering Circular for additional information.

Rights of Note Owners May Be Limited by Book-Entry System

The Notes will be issued as book-entry Notes (the "**Book-Entry Notes**") and will be held through the book-entry system of the DTC, and, as applicable, Euroclear and Clearstream. Transactions in the Book-Entry Notes generally can be effected only through DTC and Participants (including Euroclear and Clearstream or their respective nominees or depositaries). As a result:

- investors' ability to pledge the Notes to entities that do not participate in the DTC, Euroclear or Clearstream system, or to otherwise act with respect to the Notes, may be limited due to the lack of a physical certificate for such Notes,
- under a book-entry format, an investor may experience delays in the receipt of payments, because payments will be made by the Global Agent to DTC, Euroclear or Clearstream and not directly to an investor,
- investors' access to information regarding the Notes may be limited because transmittal of notices and other communications by DTC to its participating organizations and directly or indirectly through those participating organizations to investors will be governed by arrangements among them, subject to applicable law, and
- you may experience delays in your receipt of payments on book-entry Notes in the event of misapplication of payments by DTC, DTC participants or indirect DTC participants or bankruptcy or insolvency of those entities, and your recourse will be limited to your remedies against those entities.

For a more detailed discussion of the Book-Entry Notes, see "*Description of The Notes — Form, Registration and Transfer of the Notes*" in this Offering Circular.

Tax Characterization of the Notes

On the Closing Date, we will receive an opinion of Shearman & Sterling LLP that, although the matter is not free from doubt, each Class of Notes will be characterized as indebtedness for U.S. federal income tax purposes. We and each Noteholder of a Note, by acceptance of such Note, shall agree to treat such Note as

indebtedness of ours for all U.S. federal income tax purposes. Shearman & Sterling LLP's opinion will be based on certain representations and covenants of ours and will assume compliance with the Debt Agreement and other relevant transaction documents. This characterization is not binding on the Internal Revenue Service (the "IRS"). In this regard, the IRS may treat the Notes or a particular Class of Notes in some other manner, for example, as a derivative instrument issued by us (or, even more unlikely, as equity interests in us), in which case the U.S. federal income tax consequences to Noteholders may differ substantially from the consequences if the Notes are treated as indebtedness and could be adverse to you, and in the case of an equity characterization, U.S. withholding tax could apply. See "*Certain United States Federal Tax Consequences*" in this Offering Circular.

ERISA Considerations

Each person purchasing the Notes will make or will be deemed to make certain representations and warranties regarding the prohibited transaction rules of ERISA, Section 4975 of the Code and the applicable provisions of Similar Law. Fiduciaries and other persons contemplating investing "plan assets" of Plans in such Notes should consider the fiduciary investment standards and prohibited transaction rules of ERISA and Section 4975 of the Code, Similar Law, and the applicable provisions of any other applicable laws before authorizing an investment of the plan assets of any Plan in such Notes. See "*Certain ERISA Considerations*" in this Offering Circular.

Downgrade of Long-term Ratings of Eurozone Nations and the United States May Adversely Affect the Market Value of the Notes

In response to the economic situation facing the European Economic and Monetary Union, or Eurozone, based on factors including tightening credit conditions, higher risk premiums on Eurozone sovereigns and disagreement among European policy makers as to how best to address the declining market confidence with respect to the Eurozone, on January 13, 2012, Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), downgraded the long-term credit ratings on nine members of the Eurozone, including Austria, Cyprus, France, Italy, Malta, Portugal, Slovakia, Slovenia and Spain.

On August 5, 2011, S&P lowered the long-term sovereign credit rating of U.S. Government debt obligations from AAA to AA+. On August 8, 2011, S&P also downgraded the long-term credit ratings of U.S. government-sponsored enterprises. These actions initially had an adverse effect on financial markets and although we are unable to predict the longer-term impact on such markets and the participants therein, it might be materially adverse to the value of the Notes.

The Interests of Freddie Mac, the Dealers and Others May Conflict With and be Adverse to the Interests of the Noteholders

Interests of Freddie Mac May Not be Aligned With the Interests of the Noteholders

In conducting our business, including the acquisition, financing and securitization of Mortgage Loans, we maintain on-going relationships with our sellers. As a result, while we may have contractual rights to enforce obligations that our sellers may have, we may elect not to do so or we may elect to do so in a way that serves our own interests (including, but not limited to, working with our regulators toward housing policy objectives, maintaining strong on-going relationships with our sellers and maximizing interests of the taxpayers) without taking into account the interests of the Noteholders. In certain instances, we may, or our regulators may, have outstanding disputes or litigation with our sellers or servicers. We cannot assure you that the existence of any prior, current or future disputes or litigation will not impact the manner in which we act in the future.

Our interests, as owner of the Reference Obligations, as guarantor of PCs backed by the Reference Obligations, as the party directing our quality control process for reviewing Mortgage Loans or as master servicer, may be adverse to the interests of the Noteholders. The effect of the Notes being linked to the Reference Pool and the corresponding Classes of Reference Tranches established pursuant to the hypothetical structure is that Freddie Mac is transferring certain credit risk that it bears with respect to the Reference Pool to the extent that the Class Principal Balances of the Notes are subject to being written down as described in this Offering Circular. We, in any of our capacities with respect to the Notes or the Reference Obligations, are not obligated to

consider the interests of the Noteholders in taking or refraining from taking any action. Such action may include revising provisions of the Guide to provide for alternative modification programs or to provide less or more stringent servicing requirements through TOBs. See “— *Risks Relating to the Notes Being Linked to the Reference Pool — Servicers May Not Follow the Requirements of Our Guide or TOBs, and Servicing Standards May Change Periodically*” above. In implementing new provisions in the Guide, we do not differentiate between Reference Obligations and Mortgage Loans that are not in the Reference Pool. In addition, in connection with our role as Issuer of the Notes, we will be acting solely for our own benefit and not as agent or fiduciary on behalf of investors in the Notes. Also, there is no independent third party engaged with respect to the Notes to monitor and supervise our activities as Issuer of the Notes.

Potential Conflicts of Interest of the Dealers and their Affiliates

The activities of the Dealers and their respective affiliates may result in certain conflicts of interest. The Dealers and their affiliates may retain, or own in the future, Classes of Notes, and any voting rights of those Classes could be exercised by them in a manner that could adversely impact the Notes. The Dealers and their affiliates may invest or take long or short positions in securities or instruments, including the Notes, that may be different from your position as an investor in the Notes. If that were to occur, such Dealer’s or its affiliate’s interests may not be aligned with your interests in Notes you acquire.

The Dealers and their respective affiliates include broker-dealers whose business includes executing securities and derivative transactions on their own behalf as principals and on behalf of clients. Accordingly, the Dealers and their respective affiliates and clients acting through them from time to time buy, sell or hold securities or other instruments, which may include one or more Classes of the Notes, and do so without consideration of the fact that the Dealers acted as Dealers for the Notes. Such transactions may result in the Dealers and their respective affiliates and/or their clients having long or short positions in such instruments. Any such short positions will increase in value if the related securities or other instruments decrease in value. Further, the Dealers and their respective affiliates may (on their own behalf as principals or for their clients) enter into credit derivative or other derivative transactions with other parties pursuant to which they sell or buy credit protection with respect to one or more of the Notes. The positions of the Dealers and their respective affiliates or their clients in such derivative transactions may increase in value if the Notes default or decrease in value. In conducting such activities, none of the Dealers or their respective affiliates will have any obligation to take into account the interests of the Holders of the Notes or any possible effect that such activities could have on them. The Dealers and their respective affiliates and clients acting through them may execute such transactions, modify or terminate such derivative positions and otherwise act with respect to such transactions, and may exercise or enforce, or refrain from exercising or enforcing, any or all of their rights and powers in connection therewith, without regard to whether any such action might have an adverse effect on the Notes or the Holders of the Notes. Additionally, none of the Dealers and their respective affiliates will have any obligation to disclose any of these securities or derivatives transactions to you in your capacity as a Holder of a Note.

To the extent the Dealers or one of their respective affiliates makes a market in the Notes (which they are under no obligation to do), they would expect to receive income from the spreads between their bid and offer prices for the Notes. In connection with any such activity, they will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The prices at which the Dealers or one of their respective affiliates may be willing to purchase the Notes, if they make a market for the Notes, will depend on market conditions and other relevant factors and may be significantly lower than the issue prices for the Notes and significantly lower than the prices at which they may be willing to sell the Notes.

Furthermore, the Dealers expect that a completed offering will enhance their ability to assist clients and counterparties in transactions related to the Notes and in similar transactions (including assisting clients in additional purchases and sales of the Notes and hedging transactions). The Dealers expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Dealers’ relationships with various parties, facilitate additional business development and enable them to obtain additional business and to generate additional revenue.

None of the Dealers and their respective affiliates will have any obligation to monitor the performance of the Notes or the actions of Freddie Mac, the sellers or servicers, the Global Agent or any other transaction party and will have no authority to advise any such party or to direct their actions.

Potential Conflicts of Interest of the Global Agent

The Global Agent is the originator, seller and/or servicer with respect to certain of the Reference Obligations and, in such capacities, its interests with respect to the Reference Obligations may be adverse to the interests of the Noteholders. In its roles as originator, seller and/or servicer, the Global Agent is not obligated to consider the interests of the Noteholders in taking or refraining from taking any action. The Global Agent also expects to continue to act as an originator, seller and servicer for Mortgage Loans that are not included in the Reference Pool.

There May Be Conflicts of Interest Between the Classes of Notes

There may be conflicts of interest between the Classes of Notes due to differing payment priorities and terms. Investors in the Notes should consider that certain decisions may not be in the best interests of each Class of Notes and that any conflict of interest among different Noteholders may not be resolved in favor of investors in the Notes. For example, Noteholders may exercise their voting rights so as to maximize their own interests, resulting in certain actions and decisions that may not be in the best interests of different Noteholders.

Combination or “Layering” of Multiple Risk Factors May Significantly Increase the Risk of Loss on Your Notes

Although the various risks discussed in this Offering Circular are generally described separately, prospective investors in the Notes should consider the potential effects on the Notes of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss on your Notes may be significantly increased. In considering the potential effects of layered risks, you should carefully review the descriptions of the Reference Obligations and the Notes. See “*The Reference Obligations*” and “*Description of the Notes*” in this Offering Circular.

DESCRIPTION OF THE NOTES

General

On the Closing Date, we expect to issue two (2) Classes of Notes: the Class M-1 and Class M-2 Notes. The Notes will be issued pursuant to a STACR Debt Agreement (the “**Debt Agreement**”) to be dated as of the Closing Date by and among Freddie Mac and the Holders of the Notes. Under a Global Agency Agreement (the “**Global Agency Agreement**”) to be dated as of the Closing Date between Freddie Mac and the Global Agent, U.S. Bank National Association, will act as paying agent, registrar, transfer agent and authenticating agent. See “*The Agreements*” in this Offering Circular.

The Notes are unsecured general obligations of Freddie Mac and are structured to be subject to the performance of the Reference Obligations. The transaction is designed to furnish credit protection to Freddie Mac, with respect to Reference Obligations that become 180 days or more delinquent or as to which certain other Credit Events occur. The Notes will be subject to write-down of their Class Principal Balances based on the occurrence of Credit Events with respect to the Reference Obligations. The amount by which the Class Principal Balances of the Notes are written down is based on a tiered severity related to the Net Credit Event Amount of the Reference Obligations as of the related Payment Date. See “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Calculated Tranche Write-down Amounts*”.

The principal payment characteristics of the Notes have been designed so that the Notes amortize based on the collections of principal payments on the Reference Obligations. The Mezzanine and Junior Reference Tranches will not be entitled to principal payments based on Unscheduled Principal collections received on the Reference Pool unless both the Minimum Credit Enhancement Test and the Cumulative Net Credit Event Test

are satisfied for the related Payment Date. Unlike securities in a senior/subordinate private label residential mortgage-backed securitization, the principal payments required to be paid by Freddie Mac on the Notes will be based in part on Scheduled Principal that is collected on the Reference Pool, rather than on scheduled payments due on the Reference Obligations, as described under “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*” in this Offering Circular. In other words, to the extent that there is a delinquent Mortgagor who misses a payment (or makes only a partial scheduled payment) on a Reference Obligation, Freddie Mac will not make principal payments on the Notes based on the amount that was due on such Reference Obligation, but, rather, Freddie Mac will only make principal payments on the Notes based on Scheduled Principal and Unscheduled Principal actually collected on such Reference Obligation. Additionally, the Notes will only receive principal based on Unscheduled Principal upon the satisfaction of certain credit enhancement tests as described under “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches — Allocation of Senior Reduction Amount and Subordinate Reduction Amount*” in this Offering Circular. Investors should make their own determination as to the effect of these features on the Notes.

For the avoidance of doubt, under no circumstances will the actual cash flow from the Reference Obligations be paid to or otherwise be made available to the Holders of the Notes. Freddie Mac will make monthly payments of accrued interest to the Holders of the Notes. The amounts of principal payments required to be paid by Freddie Mac on the Notes each month will be based on the amount of principal collected in respect of the Reference Obligations as further described in this Offering Circular.

Form, Registration and Transfer of the Notes

The Notes will be represented by global notes in book-entry form (the “**Book-Entry Notes**”) and will be available in fully-registered form (such form, the “**Definitive Notes**”) only in limited circumstances described below.

The table below sets forth the original Note form, the minimum denomination and the incremental denomination of the Notes. The Notes are not intended to be and should not be directly or indirectly held or beneficially owned in amounts lower than such minimum denominations. A single Note of each Class may be issued in an amount different (but not less) than the minimum denomination described below.

Form and Denominations of Notes

| <u>Class</u> | <u>Original Form</u> | <u>Minimum Denomination</u> | <u>Incremental Denomination</u> |
|-----------------------|----------------------|-----------------------------|---------------------------------|
| Class M-1 Notes | Book-Entry | \$250,000 | \$1 |
| Class M-2 Notes | Book-Entry | \$250,000 | \$1 |

The Global Agent will initially serve as paying agent, note registrar and transfer agent for purposes of making calculations and payments with respect to the Notes and providing for registration, transfers and exchanges of the Notes. In addition, we will perform certain reporting and other administrative functions.

Book-Entry Notes. Persons acquiring beneficial ownership interests in the Book-Entry Notes (“**Note Owners**”) will hold such Notes through The Depository Trust Company (“**DTC**”) in the United States and Clearstream or Euroclear outside the United States, if they are participants of such systems (the “**Participants**”), or indirectly through organizations which are participants in such systems (the “**Indirect Participants**”). Each Class of Book-Entry Notes initially will be represented by one or more physical certificates registered in the name of Cede & Co., the nominee of DTC. Investors may hold such beneficial interest in the Book-Entry Notes in minimum denominations of \$250,000. Except as described below, no Note Owner will be entitled to receive a Definitive Note. Unless and until Definitive Notes are issued, it is anticipated that the only Noteholder of the Book-Entry Notes will be Cede & Co., as nominee of DTC. Note Owners will not be Noteholders as that term is used in the Debt Agreement. Note Owners are only permitted to exercise their rights indirectly through Participants, Indirect Participants, Clearstream, Euroclear and DTC.

The Global Agent or another designated institution will act as the custodian for Book-Entry Notes on DTC and as the “**Common Depositary**” for Book-Entry Notes which clear and settle through Euroclear and Clearstream.

A Note Owner’s ownership of a Book-Entry Note will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a “**Financial Intermediary**”) that maintains the Note Owner’s account for such purpose. In turn, the Financial Intermediary’s ownership of such Book-Entry Note will be recorded on the records of DTC (or of a participating firm that acts as agent for the Financial Intermediary, whose interest will in turn be recorded on the records of DTC, if the Note Owner’s Financial Intermediary is not a Participant but rather an Indirect Participant), and on the records of Clearstream or Euroclear, and their respective Participants or Indirect Participants, as applicable.

Note Owners will receive all payments of principal and interest on the Book-Entry Notes from the Global Agent through DTC (and Clearstream or Euroclear, as applicable) and Participants. While the Book-Entry Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Notes and is required to receive and transmit payments of principal of, and interest on, the Book-Entry Notes. Participants and Indirect Participants with whom Note Owners have accounts with respect to Book-Entry Notes are similarly required to make book-entry transfers and receive and transmit such payments on behalf of their respective Note Owners. Accordingly, although Note Owners will not possess certificates representing their respective interests in the Book-Entry Notes, the Rules provide a mechanism by which Note Owners will receive payments and will be able to transfer their interest. It is expected that payments by Participants and Indirect Participants to Note Owners will be governed by such standing instructions and customary practices. However, payments of principal and interest in respect of such Book-Entry Notes will be the responsibility of the applicable Participants and Indirect Participants and will not be the responsibility of DTC (or Clearstream or Euroclear, as applicable), the Issuer or the Global Agent once paid or transmitted by them.

As indicated above, Note Owners will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Noteholders who are not Participants may transfer ownership of Book-Entry Notes only through Participants and Indirect Participants by instructing such Participants and Indirect Participants to transfer Book-Entry Notes, by book-entry transfer, through DTC (or Clearstream or Euroclear, as applicable), for the account of the purchasers of such Book-Entry Notes, which account is maintained with their respective Participants and Indirect Participants. Under the Rules and in accordance with DTC’s normal procedures, transfers of ownership of Book-Entry Notes will be executed through DTC and the accounts of the respective Participants at DTC will be debited and credited. Similarly, the Participants and Indirect Participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Note Owners.

The laws of some states require that certain persons take physical delivery of securities in definitive certificated form. Consequently, this may limit a Note Owner’s ability to transfer its interests in a Book-Entry Note to such persons. Because DTC can only act on behalf of its Participants, the ability of an owner of a beneficial interest in a Book-Entry Note to pledge such interest to persons or entities that are not DTC Participants, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for such interest. In addition, issuance of the Book-Entry Notes in book-entry form may reduce the liquidity of such Notes in the secondary market because certain prospective investors may be unwilling to purchase Notes for which they cannot obtain a physical certificate.

Because of time zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a Participant will be made during subsequent securities settlement processing and dated as of the next business day for Clearstream and Euroclear following the DTC settlement date. Such credits or any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or Euroclear Participant to a DTC Participant will be received

with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the next business day for Clearstream and Euroclear following settlement in DTC.

Subject to compliance with the transfer restrictions applicable to the Book-Entry Notes set forth above, transfers between Participants will occur in accordance with the Rules. Transfers between Clearstream Participants and Euroclear Participants will occur in accordance with their respective rules and operating procedures.

DTC, which is a New York-chartered limited purpose trust company, performs services for its Participants, some of which (or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC Participant in the Book-Entry Notes, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Notes will be subject to the Rules, as in effect from time to time. Note Owners will not receive written confirmation from DTC of their purchase, but each Note Owner is expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant through which the Note Owner entered into the transaction.

Clearstream Banking société anonyme, 42 Avenue JF Kennedy, L-1855, Luxembourg (“**Clearstream**”), is a subsidiary of Clearstream International (“**Clearstream International**”), a Luxembourg limited liability company formed in January 2000 through the merger of Cedel International and Deutsche Boerse Clearing, a subsidiary of Deutsche Boerse AG. In July 2002, Deutsche Boerse AG acquired Cedel International and its 50% ownership of Clearstream International. Clearstream is registered as a bank in Luxembourg, and as such is subject to supervision by the Luxembourg Financial Sector Supervisory Commission, which supervises Luxembourg banks.

Clearstream holds securities for its customers (“**Clearstream Participants**”) and facilitates the clearance and settlement of securities transactions by electronic book-entry transfers between their accounts. Clearstream provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in several countries through established depository and custodial relationships. Clearstream has established an electronic bridge with Euroclear Banks S.A./N.V. as the Euroclear Operator in Brussels to facilitate settlement of trades between systems.

Clearstream International’s customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream International’s United States customers are limited to securities brokers and dealers and banks. Currently, Clearstream International offers settlement and custody services to more than two thousand five hundred (2,500) customers world-wide, covering one hundred fifty thousand (150,000) domestic and internationally traded bonds and equities. Clearstream offers one of the most comprehensive international securities services available, settling more than two hundred fifty thousand (250,000) transactions daily. Indirect access to Clearstream is available to other institutions which clear through or maintain custodial relationship with an account holder of Clearstream.

The Euroclear System (“**Euroclear**”) was created in 1968 to hold securities for its participants (“**Euroclear Participants**”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may be settled in a variety of currencies, including United States dollars. Euroclear includes various other securities, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described above. Euroclear is operated by Euroclear Bank S.A./N.V. (the “**Euroclear Operator**”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear Operator. Euroclear plc establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law (collectively, the “**Terms and Conditions**”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Payments on the Book-Entry Notes will be made on each Payment Date by the Global Agent to Cede & Co., as nominee of DTC. DTC will be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with DTC’s normal procedures. Each DTC Participant will be responsible for disbursing such payments to the Note Owners of the Book-Entry Notes that it represents and to each Financial Intermediary for which it acts as agent. Each such Financial Intermediary will be responsible for disbursing funds to the Note Owners of the Book-Entry Notes that it represents.

Under a book-entry format, Note Owners may experience some delay in their receipt of payments, since such payments will be forwarded by the Global Agent to Cede & Co. Payments with respect to Notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants in accordance with the relevant system’s rules and procedures, to the extent received by the Common Depository. Such payments will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See “*Certain United States Federal Tax Consequences — Information Reporting and Backup Withholding*” in this Offering Circular.

DTC has advised the Global Agent, unless and until Definitive Notes are issued or modified, DTC will take any action the holders of the Book-Entry Notes are permitted to take under the Debt Agreement only at the direction of one or more Financial Intermediaries to whose DTC accounts the Book-Entry Notes are credited, to the extent that such actions are taken on behalf of Financial Intermediaries whose holdings include such Book-Entry Notes. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Noteholder under the Debt Agreement on behalf of a Clearstream Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to the ability of the Common Depository to effect such actions on its behalf through DTC. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Notes which conflict with actions taken with respect to other Book-Entry Notes.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Notes among DTC Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or modified at any time. Neither Freddie Mac nor the Global Agent will have any responsibility for the performance by any system or their respective direct or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Neither Freddie Mac nor the Global Agent will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Book-Entry Notes held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. In the event of the insolvency of DTC, a Participant or an Indirect Participant of DTC in whose name Book-Entry Notes are registered, the ability of the Note Owners of such Book-Entry Notes to obtain timely payment and, if the limits of applicable insurance coverage by the Securities Investor Protection Corporation are exceeded or if such coverage is otherwise unavailable, ultimate payment, of amounts distributable with respect to such Book-Entry Notes may be impaired.

Definitive Notes. Definitive Notes will be issued to Note Owners of the Book-Entry Notes, or their nominees, rather than to DTC, only if (a) DTC or Freddie Mac advise the Global Agent in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the Book-Entry Notes and Freddie Mac or the Global Agent is unable to locate a qualified successor, (b) after the occurrence of an Event of Default under the Debt Agreement, Note Owners having voting rights aggregating

not less than a majority of all voting rights evidenced by the Book-Entry Notes advise the Global Agent and DTC through the Financial Intermediaries and the DTC Participants in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in the best interests of such Note Owners or (c) in the case of a particular Book-Entry Note, if all of the systems through which it is cleared or settled are closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or are permanently closed for business or have announced an intention to permanently cease business and in any such situations Freddie Mac is unable to locate a single successor within 90 calendar days of such closure. Upon the occurrence of any of the events described in the immediately preceding sentence, the Global Agent will be required to notify all applicable Note Owners of the occurrence of such event and the availability of Definitive Notes. Upon surrender by DTC of the global security or securities representing such Book-Entry Notes and instructions for re-registration, we will issue Definitive Notes and thereafter the Global Agent will recognize the owners of such Definitive Notes as Noteholders under the Debt Agreement. Such Definitive Notes may also bear additional legends that we deem advisable. None of the Notes will ever be issuable in bearer form.

Any portion of an interest in such a Book-Entry Note transferred or exchanged will be executed, authenticated and delivered only in the required minimum denomination as set forth herein. A Definitive Note delivered in exchange for an interest in such a Book-Entry Note will bear the applicable legend set forth in the applicable exhibits to the Debt Agreement and will be subject to the transfer restrictions referred to in such applicable legends and any additional transfer restrictions as may from time to time be adopted by Freddie Mac and the Global Agent.

The holders of the Definitive Notes will be able to transfer or exchange the Definitive Notes, by surrendering them at the office of the Global Agent together with the form of transfer endorsed thereon duly completed and executed, and otherwise in accordance with the provisions of the Debt Agreement, and in exchange therefor one or more new Definitive Notes will be issued having an aggregate Class Principal Balance equal to the remaining Class Principal Balance of the Definitive Notes transferred or exchanged.

The Global Agent will keep in a note register the records of the ownership, exchange and transfer of Definitive Notes. No service charge will be imposed for any registration of transfer or exchange of a Definitive Note, but the Global Agent may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

Payments

Payments on the Notes will be made by the Global Agent, as paying agent, on the twenty-fifth (25th) day of each month (or, if such day is not a Business Day, then on the next succeeding Business Day), beginning in August 2013 (each, a “**Payment Date**”), to the persons in whose names such Notes are registered as of the close of business on the immediately preceding Business Day in the case of Book-Entry Notes and as of the close of business on the last day of the preceding month of such Payment Date in the case of Definitive Notes (the “**Record Date**”). A “**Business Day**” means a day other than:

- A Saturday or Sunday.
- A day on which the offices of Freddie Mac, the corporate trust offices of the Global Agent (currently located at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110), DTC, or the banking institutions in the City of New York are authorized or obligated by law or executive order to be closed.

Payments on each Payment Date will be made by wire transfer in immediately available funds to each Noteholder’s account at a bank or other depository institution having appropriate wire transfer facilities. Cede & Co. will be the registered holder of the Notes. However, the final payment on any Note will be made in like manner only upon presentation and surrender of such Note at the offices of the Corporate Trust Services division of the Global Agent located at 1 Federal Street, 3rd Floor, Boston, Massachusetts 02110 or as otherwise indicated on the relevant notice thereof. Payments will be made to Note Owners through the facilities of DTC, as described above under “— *Form, Registration and Transfer of the Notes*”.

Payments on the Notes are to be made by the Global Agent without deduction or withholding of taxes, except as otherwise required by law. The Notes will not provide for any gross-up payments in the case that payments on the Notes become subject to any deduction or withholding on account of taxes.

Maturity Date

The Maturity Date for the Notes will be the Payment Date in July 2023.

Early Redemption Option

We may redeem the Notes prior to the Maturity Date on any Payment Date on or after the Payment Date on which the aggregate unpaid principal balance of the Reference Obligations is less than or equal to 10% of the Cut-off Date Balance of the Reference Obligations, by paying an amount equal to the outstanding Class Principal Balance of each Class of Notes, plus accrued and unpaid interest (the “**Early Redemption Option**”).

Termination Date

This transaction will terminate and the Notes will no longer be outstanding upon the date (the “**Termination Date**”) which is the earlier of:

- (1) the Maturity Date;
- (2) the Early Redemption Date (which is the Payment Date on which the Notes are redeemed by Freddie Mac pursuant to its Early Redemption Option as described above under “— *Early Redemption Option*”); and
- (3) the Payment Date on which the initial Class Principal Balance (without giving effect to any allocations of Calculated Tranche Write-down Amounts or Calculated Tranche Write-up Amounts on such Payment Date and all prior Payment Dates) and accrued and unpaid interest due on the Class M-1 and Class M-2 Notes have been paid in full.

Interest

The Class Coupon for each Class of Notes for each Payment Date is as described in the “*Summary of Terms — Interest*”.

The Global Agent calculates the Class Coupons for each Accrual Period (after the first Accrual Period) on the second LIBOR Business Day before the Accrual Period begins (a “**LIBOR Adjustment Date**”). “**LIBOR Business Day**” is a day on which banks are open for dealing in foreign currency and exchange in London, New York City and Washington, D.C. The Global Agent determines “**One-Month LIBOR**” by using the “**Interest Settlement Rate**” for U.S. dollar deposits with a maturity of one month set by the British Bankers’ Association (the “**BBA**”) as of 11:00 a.m. (London time) on the LIBOR Adjustment Date (the “**BBA Method**”). See “*Risk Factors — Investment Factors and Risks Related to the Notes — LIBOR Levels Could Reduce the Yield on Your Notes*”.

The BBA’s Interest Settlement Rates are currently displayed on Bloomberg L.P.’s page “BBAM”. That page, or any other page that may replace page BBAM on that service or any other service the BBA nominates as the information vendor to display the BBA’s Interest Settlement Rates for deposits in U.S. dollars, is a “**Designated Page**”. The BBA’s Interest Settlement Rates currently are rounded to five decimal places.

If the BBA’s Interest Settlement Rate does not appear on the Designated Page as of 11:00 a.m. (London time) on a LIBOR Adjustment Date, or if the Designated Page is not then available, One-Month LIBOR for that date will be the most recently published Interest Settlement Rate. If the BBA no longer sets an Interest Settlement Rate, we will designate an alternative index that has performed, or that we expect to perform, in a manner substantially similar to the BBA’s Interest Settlement Rate.

On each Payment Date, each Class of Notes to the extent outstanding, will be entitled to receive interest accrued during the related Accrual Period at the applicable Class Coupon on the related Class Principal Balance as of the first (1st) day of such Accrual Period.

Accrued interest to be paid on any Payment Date will be calculated for each Class of Notes on the basis of the Class Principal Balance of the related Class immediately prior to such Payment Date. Interest will be calculated and payable on the basis of the actual number of days in the related Accrual Period and a 360-day year.

Principal

On the Maturity Date or, if Freddie Mac exercises its Early Redemption Option, the final Payment Date applicable in connection therewith, Freddie Mac will pay 100% of the Class Principal Balance as of such date for each Class of Notes. On all other Payment Dates, Freddie Mac will pay principal on each Class of Notes in an amount equal to the portion of the Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable, allocated to reduce the Class Notional Amount of the corresponding Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches*” below.

Reductions in Class Principal Balances of the Notes Due to Allocation of Calculated Tranche Write-down Amounts

On each Payment Date on or prior to the Termination Date, the Class Principal Balance of each Class of Notes will be reduced, without any corresponding payment of principal, by the amount of the reduction, if any, in the Class Notional Amount of the corresponding Class of Reference Tranche due to the allocation of the Calculated Tranche Write-down Amount to such Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches*” below.

Increases in Class Principal Balances of the Notes Due to Allocation of Calculated Tranche Write-up Amounts

On each Payment Date on or prior to the Termination Date, the Class Principal Balance of each Class of Notes will be increased by the amount of the increase, if any, in the Class Notional Amount of the corresponding Class of Reference Tranche due to the allocation of the Calculated Tranche Write-up Amount to such Class of Reference Tranche on such Payment Date pursuant to the terms of the hypothetical structure described under “— *Hypothetical Structure and Calculations with Respect to the Reference Tranches*” below.

Hypothetical Structure and Calculations with Respect to the Reference Tranches

Solely for purposes of making the calculations for each Payment Date of principal write-downs (or write-ups) on the Notes as a result of Credit Events (or reversals thereof) on the Reference Obligations and principal payments required to be made on the Notes by Freddie Mac, a hypothetical structure of six (6) classes of Reference Tranches (the Class A-H, Class M-1, Class M-1H, Class M-2, Class M-2H and Class B-H Reference Tranches) deemed to be backed by the Reference Pool has been established as indicated in the table set forth under “*Transaction Summary*”. Pursuant to the hypothetical structure, the Class A-H Reference Tranche is senior to all the other Reference Tranches and therefore does not provide any credit enhancement to the other Reference Tranches. The Class M-1 and Class M-1H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H Reference Tranche and are senior to the Class M-2, Class M-2H and Class B-H Reference Tranches. The Class M-2 and Class M-2H Reference Tranches are *pro rata* with each other and are subordinate to the Class A-H, Class M-1 and Class M-1H Reference Tranches and are senior to the Class B-H Reference Tranche. The Class B-H Reference Tranche is subordinate to all the other Reference Tranches and therefore does not benefit from any credit enhancement. Each Class of Reference Tranche will have the initial Class Notional Amount indicated in the table set forth under “*Transaction Summary*” and the aggregate of the initial Class Notional Amounts of all the Reference Tranches will equal the Cut-off Date Balance of the Reference Pool.

Allocation of Calculated Tranche Write-down Amounts

On each Payment Date on or prior to the Termination Date, the Class Notional Amount of each Class of Reference Tranches will be reduced by the amount, if any, of the Calculated Tranche Write-down Amount, which will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- (i) *first*, to the Class B-H Reference Tranche,

(ii) *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,

(iii) *third*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and

(iv) *fourth*, to the Class A-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Calculated Tranche Write-down Amounts allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a corresponding reduction in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable.

The “**Calculated Tranche Write-down Amount**” with respect to any Payment Date is the product of:

- (a) the Net Credit Event Amount for such Payment Date; and
- (b) the Applicable Severity for such Payment Date.

The “**Net Credit Event Amount**” with respect to any Payment Date is the excess, if any, of the Credit Event Amount over the Reversed Credit Event Amount for such Payment Date.

The “**Credit Event Amount**” with respect to any Payment Date, is the aggregate amount of the Credit Event UPBs of all Credit Event Reference Obligations for the related Reporting Period.

The “**Cumulative Net Credit Event Percentage**” with respect to each Payment Date, is a percentage equal to (i) the aggregate Credit Event Amount for such Payment Date and all prior Payment Dates less the aggregate Reversed Credit Event Amount for such Payment Date and all prior Payment Dates; divided by (ii) the aggregate unpaid principal balance of the Reference Obligations in the Reference Pool as of the Cut-off Date.

The “**Applicable Severity**” with respect to any Payment Date, is a percentage equal to:

- (a) the sum of (i) the product of 15% and the 15% Severity Tier Percentage, (ii) the product of 25% and the 25% Severity Tier Percentage, and (iii) the product of 40% and the 40% Severity Tier Percentage; divided by
- (b) the sum of the 15% Severity Tier Percentage, the 25% Severity Tier Percentage, and the 40% Severity Tier Percentage.

The “**15% Severity Tier Percentage**” with respect to any Payment Date is a percentage equal to: the excess, if any, of:

- (a) the lesser of (i) 1%, and (ii) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over
- (b) the greater of (i) 0%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

The “**25% Severity Tier Percentage**” with respect to any Payment Date is a percentage equal to: the excess, if any, of:

- (a) the lesser of (i) 2%, and (ii) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over
- (b) the greater of (i) 1%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

The **“40% Severity Tier Percentage”** with respect to any Payment Date is a percentage equal to: the excess, if any, of:

- (a) the greater of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date (or in the case of the first Payment Date, zero); over
- (b) the greater of (i) 2%, and (ii) the lesser of the Cumulative Net Credit Event Percentage for such Payment Date and the Cumulative Net Credit Event Percentage for the preceding Payment Date.

The **“Credit Event UPB”** with respect to any Credit Event Reference Obligation is the unpaid principal balance thereof as of the end of the Reporting Period related to the Payment Date that it became a Credit Event Reference Obligation.

“Credit Event Reference Obligation” with respect to any Payment Date means any Reference Obligation with respect to which a Credit Event has occurred.

“Credit Event” with respect to any Payment Date and any Reference Obligation means the first to occur of any of the following events with respect to such Reference Obligation being reported by the applicable servicer to Freddie Mac during the related Reporting Period: (i) 180 days or more delinquent (regardless of any grant of forbearance, including in connection with any relief or deferral granted in connection with natural disasters, or if such Reference Obligation is performing during a trial modification period), (ii) a short sale is settled, (iii) the related Mortgage Note is sold to a third party during the foreclosure process, (iv) a deed in lieu of foreclosure is executed, or (v) a REO acquisition occurs. Determination of delinquency will be made using the “MBA delinquency method.” Under the MBA delinquency method, a loan due on the first of the month is considered 30 days delinquent when all or part of one or more payments remains unpaid as of close of business on the last Business Day of such month. For the avoidance of doubt, with respect to any Credit Event Reference Obligation, there can only be one occurrence of a Credit Event; provided that one additional separate Credit Event can occur with respect to each instance of such Credit Event Reference Obligation becoming a Reversed Credit Event Reference Obligation.

The **“Reversed Credit Event Amount”** with respect to any Payment Date is the aggregate amount of the Credit Event UPBs of all Reversed Credit Event Reference Obligations for the related Reporting Period.

“Reversed Credit Event Reference Obligation” with respect to any Payment Date means a Reference Obligation formerly in the Reference Pool that became a Credit Event Reference Obligation in a prior Reporting Period that is found in the related Reporting Period, through Freddie Mac’s quality control process, to have an Underwriting Defect or a data correction that invalidates the previously determined Credit Event.

“Underwriting Defect” means with respect to any Payment Date and any Reference Obligation for which Freddie Mac has previously determined the existence of an Unconfirmed Underwriting Defect, the occurrence of any of the following during the related Reporting Period: (i) such Reference Obligation is repurchased by the related seller or servicer, (ii) in lieu of repurchase, an alternative remedy (such as indemnification) is mutually agreed upon by both Freddie Mac and the seller or servicer or (iii) Freddie Mac in its sole discretion elects to waive the enforcement of a remedy against the seller or servicer in respect of such Underwriting Defect.

“Unconfirmed Underwriting Defect” means with respect to any Reference Obligation, the existence of the following, as determined by Freddie Mac in its sole discretion: (i) there is a material violation of the underwriting guidelines and other requirements in the Guide (as modified by the terms of the related seller’s contract, including any related TOBs) with respect to such Reference Obligation, (ii) Freddie Mac determines that as of the origination date such Reference Obligation is secured by collateral that was inadequate or (iii) Freddie Mac determines that as of the origination date repayment in full on such Reference Obligation from the related Mortgagor could not be expected. For the avoidance of doubt, Reference Obligations with minor technical violations or missing documentation, which in each case we determine to be acceptable Reference Obligations, will not result in an Unconfirmed Underwriting Defect.

Allocation of Calculated Tranche Write-up Amounts

On each Payment Date on or prior to the Termination Date, the Calculated Tranche Write-up Amount, if any, for such Payment Date will be allocated to increase the Class Notional Amount of each Class of Reference Tranche in the following order of priority until the cumulative Calculated Tranche Write-up Amount allocated to each such Class of Reference Tranche is equal to the cumulative Calculated Tranche Write-down Amount previously allocated to such Class of Reference Tranche on or prior to such Payment Date,

- (i) *first*, to the Class A-H Reference Tranche,
- (ii) *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,
- (iii) *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and
- (iv) *fourth*, to the Class B-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Calculated Tranche Write-up Amounts allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a corresponding increase in the Class Principal Balance of the Class M-1 or Class M-2 Notes, as applicable.

The “**Calculated Tranche Write-up Amount**” with respect to any Payment Date is an amount equal to the sum of:

- (a) the product of:
 - (i) the Net Reversed Credit Event Amount for such Payment Date; and
 - (ii) the Applicable Severity for such Payment Date; and
- (b) the Origination Rep and Warranty Settlement Amount for such Payment Date.

The “**Net Reversed Credit Event Amount**” with respect to each Payment Date, is the excess, if any, of the Reversed Credit Event Amount over the Credit Event Amount for such Payment Date.

“**Origination Rep and Warranty Settlement Amount**” means (I) with respect to the Payment Date in the month after the calendar month in which an Origination Rep and Warranty Settlement occurs, the lesser of (a) the product of (i) the aggregate of the Credit Event Amounts of the Origination Rep and Warranty Settlement Reference Obligations for such Payment Date and all prior Payment Dates, less the aggregate of the Reversed Credit Event Amounts of the Origination Rep and Warranty Settlement Reference Obligations for such Payment Date and all prior Payment Dates; and (ii) the Applicable Severity of such Payment Date; and (b) the Origination Rep and Warranty Settlement Loan Allocation Amount (Cap); and, (II) with respect to each Payment Date thereafter, the lesser of (a) the product of (i) the aggregate of the Net Credit Event Amounts of the Origination Rep and Warranty Settlement Reference Obligations for such Payment Date; and (ii) the Applicable Severity of such Payment Date; and (b) the maximum of (i) 0; and (ii) the Origination Rep and Warranty Settlement Allocation Amount (Cap), less the Origination Rep and Warranty Settlement Amount for all prior Payment Dates.

“**Origination Rep and Warranty Settlement**” means any settlement (which settlement only relates to claims arising from breaches of origination representations and warranties) that Freddie Mac enters into with a seller or servicer in lieu of requiring such seller or servicer to repurchase a specified pool of Mortgage Loans which include, among others, one or more Reference Obligations, as a result of origination breaches of representations or warranties whereby Freddie Mac has received the agreed-upon settlement proceeds from such seller or servicer. For the avoidance of doubt, any settlement that Freddie Mac may enter into with a servicer in connection with a breach by such servicer of its servicing obligations to us with respect to Reference Obligations will not be included in any Origination Rep and Warranty Settlement.

“Origination Rep and Warranty Settlement Loan Allocation Amount (Cap)” means with respect to any Origination Rep and Warranty Settlement, an amount equal to the product of (a) the settlement proceeds received by Freddie Mac in connection with such Origination Rep and Warranty Settlement and (b) the percentage expressed as a fraction, (i) the numerator of which is the settlement proceeds that Freddie Mac has received for Origination Rep and Warranty Settlement Reference Obligations through the Origination Rep and Warranty Settlement date, plus, the current unpaid principal balance of outstanding repurchase requests (issued by Freddie Mac to the applicable seller or servicer) for Origination Rep and Warranty Settlement Reference Obligations as of the Origination Rep and Warranty Settlement date; and (ii) the denominator of which is the settlement proceeds that Freddie Mac has received for all the Mortgage Loans (including, among others, Origination Rep and Warranty Settlement Reference Obligations) covered by such Origination Rep and Warranty Settlement through the Origination Rep and Warranty Settlement date, plus, the current unpaid principal balance of outstanding repurchase requests (issued by Freddie Mac to the applicable seller or servicer) for all the Mortgage Loans (including, among others, Origination Rep and Warranty Settlement Reference Obligations) covered by such Origination Rep and Warranty Settlement as of the Origination Rep and Warranty Settlement date.

“Origination Rep and Warranty Settlement Reference Obligations” means the Reference Obligations (including Credit Event Reference Obligations) that are covered by an Origination Rep and Warranty Settlement.

Allocation of Senior Reduction Amount and Subordinate Reduction Amount

On each Payment Date prior to the Maturity Date and the Early Redemption Date, after allocation of the Calculated Tranche Write-down Amount or Calculated Tranche Write-up Amount, if any, for such Payment Date as described under “— *Allocation of Calculated Tranche Write-down Amounts*” and “— *Allocation of Calculated Tranche Write-up Amounts*” above, the Senior Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- (i) *first*, to the Class A-H Reference Tranche,
- (ii) *second*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,
- (iii) *third*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and
- (iv) *fourth*, to the Class B-H Reference Tranche.

On each Payment Date prior to the Maturity Date and the Early Redemption Date, after allocation of the Senior Reduction Amount and the Calculated Tranche Write-down Amount or Calculated Tranche Write-up Amount, if any, for such Payment Date as described under “— *Allocation of Calculated Tranche Write-down Amounts*” and “— *Allocation of Calculated Tranche Write-up Amounts*” above, the Subordinate Reduction Amount will be allocated to reduce the Class Notional Amount of each Class of Mezzanine Reference Tranche and Junior Reference Tranche in the following order of priority, in each case until its Class Notional Amount is reduced to zero:

- (i) *first*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date,
- (ii) *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and
- (iii) *third*, to the Class B-H Reference Tranche.

Any Subordinate Reduction Amount remaining after the allocation in the immediately preceding sentence will be allocated to reduce the Class Notional Amount of the Class A-H Reference Tranche.

Because the Class M-1 and Class M-2 Notes correspond to the Class M-1 and Class M-2 Reference Tranches, respectively, any Senior Reduction Amount and/or Subordinate Reduction Amount, as applicable,

allocated to the Class M-1 or Class M-2 Reference Tranches pursuant to the hypothetical structure will result in a requirement of Freddie Mac to make a corresponding payment of principal to the Class M-1 or Class M-2 Notes, as applicable.

The “**Senior Reduction Amount**” with respect to any Payment Date is either:

(A) with respect to each Payment Date, if either the Minimum Credit Enhancement Test or the Cumulative Net Credit Event Test is not satisfied, the sum of:

- (i) the Senior Percentage of the Scheduled Principal for such Payment Date;
- (ii) 100% of the Unscheduled Principal for such Payment Date; and
- (iii) 100% of Calculated Recovery Principal for such Payment Date; or

(B) with respect to each Payment Date, if both the Minimum Credit Enhancement Test and the Cumulative Net Credit Event Test are satisfied, the sum of:

- (i) the Senior Percentage of the Scheduled Principal for such Payment Date;
- (ii) the Senior Percentage of the Unscheduled Principal for such Payment Date; and
- (iii) 100% of Calculated Recovery Principal for such Payment Date.

The “**Subordinate Reduction Amount**” with respect to any Payment Date is the sum of the Scheduled Principal, Unscheduled Principal and Calculated Recovery Principal for such Payment Date, less the Senior Reduction Amount.

The “**Senior Percentage**” with respect to any Payment Date is the percentage equivalent of a fraction, the numerator of which is the Class Notional Amount of the Class A-H Reference Tranche immediately prior to such Payment Date and the denominator of which is the aggregate unpaid principal balance of the Reference Obligations at the end of the previous Reporting Period.

The “**Subordinate Percentage**” with respect to any Payment Date is the percentage equal to 100% *minus* the Senior Percentage for such Payment Date.

The “**Scheduled Principal**” with respect to any Payment Date is the sum of all monthly scheduled payments of principal due (whether with respect to the related Reporting Period or any prior Reporting Period) on the Reference Obligations and reported to Freddie Mac and collected by the related servicer during the related Reporting Period.

The “**Unscheduled Principal**” with respect to any Payment Date is the sum of:

(a) all partial principal prepayments on the Reference Obligations collected during the related Reporting Period, *plus*

(b) the aggregate unpaid principal balance of all Reference Obligations that became Reference Pool Removals during the related Reporting Period other than Credit Event Reference Obligations, *plus*

(c) negative adjustments in the unpaid principal balance of all Reference Obligations as the result of loan modification or data corrections, *minus*

(d) positive adjustments in the unpaid principal balance of all Reference Obligations as the result of loan modification, reinstatements into the Reference Pool of Reference Obligations that were previously removed from the Reference Pool in error, or data corrections.

In the event the amount in clause (d) above exceeds the sum of the amounts in clauses (a), (b), and (c) above, the Unscheduled Principal for the applicable Payment Date will be zero, and the Class Notional Amount for the Class A-H Reference Tranche will be increased by the amount that the amount in clause (d) above exceeds the sum of the amounts in clauses (a), (b), and (c) above. In the event that the Class Notional Amount for the Class A-H Reference Tranche is so increased as described in the prior sentence, this would have the effect of increasing the Senior Percentage and correspondingly reducing the Subordinate Percentage, which would have a

negative impact on the Notes in respect of the calculations of the Senior Reduction Amount and the Subordinate Reduction Amount, as described above. In the event that Freddie Mac were to ever employ a policy that permitted or required principal forgiveness as a loss mitigation alternative, any principal that may be forgiven with respect to a Reference Obligation will be treated as a negative adjustment in unpaid principal balance of such Reference Obligation pursuant to clause (c) above.

The “**Calculated Recovery Principal**” with respect to any Payment Date is the sum of:

- (a) the Credit Event Amount for such Payment Date, *minus* the Calculated Tranche Write-down Amount for such Payment Date; and
- (b) the Calculated Tranche Write-up Amount for such Payment Date.

The “**Minimum Credit Enhancement Test**” with respect to any Payment Date is a test that will be satisfied if the Subordinate Percentage is greater than or equal to 3%.

The “**Cumulative Net Credit Event Test**” with respect to any Payment Date is a test that will be satisfied if the Cumulative Net Credit Event Percentage does not exceed the applicable percentage indicated below:

| <u>Payment Date occurring in the period</u> | <u>Percentage</u> |
|---|-------------------|
| August 2013 to July 2014 | 0.25% |
| August 2014 to July 2015 | 0.50% |
| August 2015 to July 2016 | 0.75% |
| August 2016 to July 2017 | 1.00% |
| August 2017 to July 2018 | 1.25% |
| August 2018 to July 2019 | 1.50% |
| August 2019 to July 2020 | 1.75% |
| August 2020 to July 2021 | 2.00% |
| August 2021 to July 2022 | 2.25% |
| August 2022 and thereafter | 2.50% |

THE AGREEMENTS

The following summary describes certain provisions of the Debt Agreement and the Global Agency Agreement not otherwise described in this Offering Circular.

The Debt Agreement

Binding Effect of the Debt Agreement

You and any financial intermediary or Holder acting on your behalf agree that the receipt and acceptance of a Note indicates acceptance of the terms and conditions of the Debt Agreement, as it may be supplemented or amended by its terms.

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

Various Matters Regarding Freddie Mac

The Debt Agreement provides that Freddie Mac and its directors, officers, employees and agents will not be liable for any action taken or omitted in good faith under the Debt Agreement or for errors in judgment. However, Freddie Mac will not be protected against any liability imposed by reason of willful misfeasance, bad faith or gross negligence or by reason of reckless disregard of obligations and duties.

We may employ agents or independent contractors to perform our responsibilities under the Debt Agreement.

Except upon an Event of Default (as defined below), we will not be subject to the control of Holders in any manner in the discharge of our responsibilities under the Debt Agreement. Except with regard to our payment obligations, we will have no liability to you other than for any direct damage resulting from our failure to

exercise that degree of ordinary care which we exercise in the conduct and management of our own affairs. We will have no liability of any nature for consequential damages.

In addition, the Debt Agreement provides that we need not appear in any legal action that is not incidental to our responsibilities under the Debt Agreement and that we believe may result in any expense or liability. However, we may undertake any legal action that we believe is necessary or desirable in the interests of the Holders in our discretion. We will bear the legal costs of any such action.

Events of Default — Debt Agreement

An “**Event of Default**” under the Debt Agreement will consist of:

- any failure by us (or our agent) to pay principal or interest that continues unremedied for 30 days;
- any failure by us to perform in any material way any other obligation under the Debt Agreement if the failure continues unremedied for 60 days after we receive notification by the Holders of at least 25% of the outstanding Class Principal Balance of the Notes; or
- specified events of bankruptcy, insolvency or similar proceedings involving us.

The appointment of a conservator (or other similar official) by a regulator having jurisdiction over us, whether or not we consent to such appointment, will not constitute an Event of Default.

See “*Risk Factors — Investment Factors and Risks Related to the Notes — Investors Have No Direct Right to Enforce Remedies*”.

Rights Upon Event of Default — Debt Agreement

If an Event of Default under the Debt Agreement continues unremedied, Holders of not less than 50% of the outstanding principal amount of Notes to which such Event of Default relates may, by written notice to us, declare such Notes due and payable.

No Holder has any right under the Debt Agreement to institute any action or proceeding at law or in equity or in bankruptcy or otherwise, or for the appointment of a receiver or trustee, or for any other remedy, unless:

- the Holder previously has given us written notice of an Event of Default and of the continuance thereof;
- the Holders of not less than 50% of the outstanding Class Principal Balance of the Notes have given us written notice of the Event of Default; and
- the Event of Default continues uncured for 60 days following such notice.

You do not have any right under the Debt Agreement to disturb or prejudice the rights of any other investor, to obtain or seek to obtain preference or priority over any other investor or to enforce any right under the Debt Agreement, except as provided in the Debt Agreement and for the ratable and common benefit of all Holders of Notes.

The Holders of not less than 50% of the outstanding Class Principal Balance of Notes may waive, rescind or annul an Event of Default at any time.

Where the Debt Agreement allows the Holders of a specified percentage of the outstanding Class Principal Balance of Notes to take any action (including the making of any demand or request, or the giving of any authorization, notice, consent or waiver), the Holders of that specified percentage may evidence their joining together by a writing, or any number of writings of similar tenor, executed by Holders in person, or by an agent or proxy appointed in writing.

Amendment

We may amend the Debt Agreement and the terms of the Notes without your consent:

- to cure any ambiguity or to correct any provision in the Debt Agreement if the amendment does not materially and adversely affect any Holder;

- to add to our covenants for your benefit or surrender any right or power conferred upon us;
- to evidence the succession of another entity to us and its assumption of our covenants;
- to conform the terms of the Notes to, or cure any ambiguity or discrepancy resulting from any changes in, the Rules;
- in any other manner we may determine that will not adversely affect your interests in any material way.

Notwithstanding these rights, we will not be permitted to make any amendment to the Debt Agreement and the terms of the Notes unless we have received an opinion of nationally-recognized U.S. federal income tax counsel to the effect that, and subject to customary assumptions, qualifications and exclusions, Noteholders will not recognize income, gain or loss, or suffer other adverse consequences under the FATCA rules described below in “*Certain United States Federal Tax Consequences*,” for U.S. federal income tax purposes as a result of such amendment.

With the written consent of the Holders of at least 50% of the aggregate outstanding Class Principal Balance of Notes, we may amend the terms of those Notes, but that amendment may not, without the written consent or affirmative vote of each affected Holder of a Note:

- change the Maturity Date or any monthly Payment Date of the Note;
- materially modify the redemption or repayment provisions, if any, relating to the redemption or repayment price of, or any redemption or repayment date or period for, the Note;
- reduce the Class Principal Balance (other than as provided for in the Debt Agreement), delay the principal payment of (other than as provided for in the Debt Agreement), or materially modify the rate of interest or the calculation of the rate of interest on, the Note; or
- reduce the percentage of Holders whose consent or affirmative vote is necessary to amend the terms of the Notes.

A quorum at any meeting of Holders called to adopt a resolution will be Holders entitled to vote a majority of the aggregate Class Principal Balance of Notes at the time outstanding, and called to such meeting and, at any reconvened meeting adjourned for lack of a quorum, 25% of the Class Principal Balance of the Notes at the time outstanding, in both cases excluding any such Notes owned by us. Holders do not have to approve the particular form of any proposed amendment, as long as they approve the substance of such change. See “*Risk Factors — Investment Factors and Risks Related to the Notes — Investors Have No Direct Right to Enforce Remedies*”.

As provided in the Debt Agreement, we may establish a record date for the determination of Holders entitled to vote at any meeting of Holders of Notes, to grant any consent regarding Notes and to notice of any such meeting or consent.

Any instrument given by a Holder on your behalf relating to a consent will be irrevocable once given and will be conclusive and binding on all subsequent Holders of that Note or any substitute or replacement Note, and whether or not notation of any amendment is made upon the Notes. Any amendment of the Debt Agreement or of the terms of Notes will be conclusive and binding on all Holders of those Notes, whether or not they have given such consent or were present at any meeting (unless by the terms of the Debt Agreement a written consent or an affirmative vote of such Holders is required), and whether or not notation of any such amendment is made upon the Notes.

Replacement

We will replace Notes in definitive form that are mutilated, destroyed, stolen or lost at the Holder’s expense when the Holder provides evidence of the destruction, theft or loss of the Notes to the Global Agent as well as an indemnity, satisfactory to us and the Global Agent.

Notes Acquired by Freddie Mac

We may, from time to time, repurchase or otherwise acquire (either for cash or in exchange for newly-issued Notes) some or all of the Notes at any price or prices, in the open market or otherwise. We may hold, sell or cancel any Notes that we repurchase. Any Notes we own will have an equal and proportionate benefit under the provisions of the Debt Agreement, without preference, priority or distinction as among those Notes. However, in determining whether the required percentage of Holders of the Notes have given any required demand, authorization, notice, consent or waiver, Notes we own, directly or indirectly, will be deemed not to be outstanding.

Notice

Any notice, demand or other communication which is required or permitted to be given to a Holder may be given, in the case of a Holder of a Note maintained on DTC, by transmission through the DTC communication system. The communication will be deemed to have been sufficiently given or made upon mailing or transmission.

Any notice, demand or other communication which is required or permitted to be delivered to us must be given in writing addressed as follows: Freddie Mac, 8200 Jones Branch Drive, McLean, Virginia 22102, Attention: General Counsel and Secretary. The communication will be deemed to have been sufficiently given or made only upon actual receipt of the writing by us.

Governing Law

The Debt Agreement and the rights and obligations of the Holders and Freddie Mac with respect to the Notes are to be interpreted under the federal laws of the United States. If there is no applicable U.S. federal law precedent, and if the application of New York law would not frustrate the purposes of the Freddie Mac Act or any provision of the Debt Agreement or the transactions governed by the Debt Agreement, then the local laws of the State of New York will be deemed to reflect the federal laws of the United States.

The Global Agency Agreement

General

Under the Global Agency Agreement, the Global Agent will be engaged by Freddie Mac to perform certain reporting, calculation, payment and other administrative functions with respect to the Notes as described below.

Global Agent

U.S. Bank National Association (“**U.S. Bank**”), a national banking association and a subsidiary of U.S. Bancorp, will act as Global Agent, which will include serving as paying agent, registrar, transfer agent and authenticating agent, under the Global Agency Agreement. U.S. Bancorp has total assets exceeding \$354 billion as of March 31, 2013 and is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. U.S. Bank has been engaged in the business of securities administration, including calculation administration, since 1987. As of June 30, 2012, U.S. Bank was acting as securities administrator with respect to more than 205 transactions with \$10,225,201,866.00 of outstanding structured products. We may maintain other banking relationships in the ordinary course of business with the Global Agent. The payment of the fees and expenses of the Global Agent is solely our obligation.

Duties of Global Agent

The Global Agent will, among other duties set forth in the Global Agency Agreement, (i) authenticate and deliver the Notes, (ii) serve as registrar for purposes of registering the Notes and the transfers and exchanges of the Notes, (iii) calculate the principal and interest payments due on the Notes on each Payment Date (including the determination of One-Month LIBOR and the Class Coupons), (iv) pay, or cause to be paid on behalf of Freddie Mac, the amounts due in respect of the Notes and (v) prepare the Payment Date Statement. Further, the

Global Agent will hold the Notes as custodian for DTC (for both U.S. and offshore depositories) pursuant to its agreement with DTC.

Payment Date Statement

The Global Agent will prepare a report (each a “**Payment Date Statement**”) setting forth certain information relating to the Reference Pool, the Notes, the Reference Tranches and the hypothetical structure described in this Offering Circular, including:

- (i) the Class Principal Balance of each Class of Notes and the percentage of the initial Class Principal Balance of each Class of Notes on the first (1st) day of the immediately preceding Accrual Period, the amount of principal payments to be made on the Notes of each Class on the next Payment Date and the Class Principal Balance of each Class of Notes and the percentage of the initial Class Principal Balance of each Class of Notes after giving effect to any payments of principal to be made on such Payment Date and the allocation of any Calculated Tranche Write-down Amounts and Calculated Tranche Write-up Amounts to such Class of Notes on such Payment Date;
- (ii) One-Month LIBOR for the Accrual Period preceding the related Payment Date;
- (iii) the amount of accrued interest for each outstanding Class of Notes for the related Payment Date;
- (iv) the amount of principal required to be paid by Freddie Mac for each Outstanding Class of Notes for the related Payment Date and the Senior Reduction Amount, the Subordinate Reduction Amount, the Senior Percentage and the Subordinate Percentage for the related Payment Date;
- (v) the aggregate Calculated Tranche Write-down Amounts and Calculated Tranche Write-up Amounts previously allocated to each Class of Notes and each Class of Reference Tranches pursuant to the hypothetical structure and the Calculated Tranche Write-down Amounts and Calculated Tranche Write-up Amount to be allocated on the related Payment Date;
- (vi) the cumulative number (to date) and unpaid principal balance of the Reference Obligations that have become Credit Event Reference Obligations, the number and unpaid principal balance of the Reference Obligations that have become Credit Event Reference Obligations during the related Reporting Period and the Cumulative Net Credit Event Percentage;
- (vii) the number and aggregate principal amounts of Reference Obligations (A) delinquent (1) 30 to 59 days, (2) 60 to 89 days, (3) 90 to 119 days, (4) 120 to 149 days, (5) 150 to 179 days and (6) 180 or more days, as of the close of business on the last day of the second (2nd) calendar month preceding such Payment Date, in the aggregate with respect to the Reference Obligations, (B) that became Credit Event Reference Obligations (and identification under which clause of the definition of “Credit Event” it became Credit Event Reference Obligation), (C) we removed from the Reference Pool as a result of a defect or breach of a representation and warranty, and (D) which have been paid in full;
- (viii) the cumulative number and unpaid principal balances of Credit Event Reference Obligations that have Unconfirmed Underwriting Defects, including whether such defects have been confirmed, rescinded, or are still outstanding as of the related Reporting Period;
- (ix) the percentage of Reference Pool outstanding (equal to the outstanding principal amount of Reference Obligations divided by the Cut-off Date Balance) as of the current Reporting Period;
- (x) the Reversed Credit Event Amount, both cumulative and for the current Reporting Period;
- (xi) the Scheduled and Unscheduled Principal amounts, both cumulative and for the current Reporting Period;
- (xii) the Calculated Recovery Principal for the current Reporting Period;

(xiii) the Origination Rep and Warranty Settlement Amount and the related Origination Rep and Warranty Settlement Loan Allocation Amount (Cap) for each Origination Rep and Warranty Settlement for the current Reporting Period; and

(xiv) the number of sellers and the corresponding dollar amount of Reference Obligations no longer subject to Freddie Mac's quality control process.

The Global Agent will make the Payment Date Statement (and, at its option, any additional files containing the same information in an alternative format) available each month to Noteholders that provide appropriate certification in the form acceptable to the Global Agent (which may be submitted electronically via the Global Agent's Internet site) and to any designee of ours via the Global Agent's Internet site. The Global Agent's Internet site will initially be located at "www.usbank.com/abs". Assistance in using the Internet site can be obtained by calling the Global Agent's customer service desk at (800) 934-6802. Parties that are unable to use the above distribution options are entitled to have a paper copy mailed to them via first class mail by calling the customer service desk and indicating such. The Global Agent will have the right to change the way the Global Agent's Payment Date Statement is distributed in order to make such distribution more convenient or more accessible to the above parties. The Global Agent is required to provide timely and adequate notification to all above parties regarding any such changes. The Global Agent will not be liable for the dissemination of information in accordance with the Global Agency Agreement.

The Global Agent will also be entitled to rely on but will not be responsible for the content or accuracy of any information provided by third parties for purposes of preparing the Payment Date Statement and may affix thereto any disclaimer it deems appropriate in its reasonable discretion (without suggesting liability on the part of any other party hereto).

Various Matters Regarding Global Agent

The Global Agency Agreement contains provisions for the indemnification of the Global Agent for any loss, liability or expense incurred except for losses, liabilities or expenses caused or incurred by the gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Global Agency Agreement or other transaction documentation.

The Global Agent may resign immediately at any time by giving written notice thereof to us and the Noteholders. We may terminate the Global Agent at any time upon thirty calendar days' written notice. No resignation or removal of the Global Agent and no appointment of a successor Global Agent will become effective until the acceptance of appointment by a successor global agent.

The Global Agency Agreement will provide that neither the Global Agent nor any person who is a director, officer, employee or agent of the Global Agent will be liable to us or the Noteholders, as applicable, for any action taken, or not taken, in good faith pursuant to the Global Agency Agreement or any agreement related thereto, or for errors in judgment. In addition, the Global Agency Agreement will provide that the Global Agent will not be under any obligation to appear in, prosecute or defend any legal action that is not incidental to its responsibilities thereunder and that in its opinion may involve it in any expense or liability.

Any person into which the Global Agent may be merged or consolidated, or any person resulting from any merger or consolidation to which the Global Agent is a party, or any person succeeding to the business of the Global Agent will be the successor of the Global Agent under the Global Agency Agreement.

The Global Agent, in its reasonable discretion, will be entitled to delegate to third parties and its affiliates such duties as are provided under the Global Agency Agreement.

Governing Law

The Global Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York.

GENERAL MORTGAGE LOAN PURCHASE AND SERVICING

General

The Reference Obligations are evidenced by promissory notes or other similar evidences of indebtedness (each, a **“Mortgage Note”**) secured by first mortgages, deeds of trust or similar security instruments (each, a **“Mortgage”** or **“Mortgage Loan”**) on residential properties consisting of one- to four-family dwelling units, townhouses, individual condominium units, individual units in planned unit developments, individual cooperative units or manufactured homes (each, a **“Mortgaged Property”**). Each Mortgage Note and related Mortgage Loan are obligations of one or more borrowers (collectively, a **“Mortgagor”**) and require the related Mortgagor to make monthly payments of principal and interest.

The Freddie Mac Act establishes requirements for and limitations on the Mortgage Loans that we may purchase, as described below. We purchase “single-family mortgages,” which are Mortgage Loans that are secured by one- to four-unit residential properties. The Freddie Mac Act places an upper limitation, called the “conforming loan limit,” on the original principal balance of Mortgage Loans we purchase. The conforming loan limit is determined annually based on changes in FHFA’s housing price index. Any decreases in the housing price index are accumulated and used to offset any future increases in the housing price index so that loan limits do not decrease from year-to-year. For 2012, the base conforming loan limit for a one-unit residential property was set at \$417,000.

The Reform Act permanently increased the conforming loan limits for Mortgage Loans originated in “high-cost” areas — where 115% of the median house price exceeds the otherwise applicable conforming loan limit. Under the Reform Act’s permanent “high-cost” area formula, the loan limit is the lesser of (i) 115% of the median house price or (ii) 150% of the conforming loan limit (currently \$625,500 for a one-family residence). The conforming loan limits are 50% higher for Mortgage Loans secured by properties in Alaska, Guam, Hawaii and the U.S. Virgin Islands.

The Freddie Mac Act also establishes original loan-to-value ratio (**“LTV”**) limitations on the Mortgage Loans that we may purchase. The LTV is a ratio of (a) the total principal balance of a Mortgage Loan to (b) the value of the Mortgaged Property at origination. Under the Freddie Mac Act, we may not purchase a Mortgage Loan if, at the time of purchase, the outstanding principal balance of the Mortgage Loan exceeds 80% of the value of the Mortgaged Property unless we have one or more of the following credit protections, which are designed to offset any additional credit losses that may be associated with higher LTVs: mortgage insurance that is on the portion of the outstanding principal balance above 80% and is from a mortgage insurer that we determine is qualified; a seller’s agreement to repurchase or replace (for periods and under conditions as we may determine) any Mortgage Loan that has defaulted; or retention by the seller of at least a 10% participation interest in such Mortgage Loans.

In addition to the standards in the Freddie Mac Act, which we cannot change, we seek to manage the credit risk with respect to the Mortgage Loans we purchase through our underwriting and servicing standards reflected in the Freddie Mac Single-Family Seller/Servicer Guide (the **“Guide”**). The Guide is our basic contract and provides the underwriting standards for loans acceptable for purchase by Freddie Mac. In addition, Freddie Mac also details its requirements for servicing Mortgage Loans in the Guide. The terms of the Guide are revised from time to time, usually several times a year, through bulletins to update the underwriting and servicing standards that govern our Mortgage Loans. The Guide, bulletins and other information about underwriting and servicing requirements can be accessed through www.allregs.com or www.freddiemac.com by clicking on “Doing Business with Freddie Mac” and then on “Single-Family-Forms and the Guide.” In addition, many of our sellers and servicers are provided negotiated terms of business (**“TOBs”**), which may amend, waive or otherwise alter certain terms of the Guide. Negotiated TOBs are periodically reviewed and subject to change. Freddie Mac will not consider the impact to investors when approving, reviewing and changing any TOB.

We approve sellers and servicers of Mortgage Loans based on a number of factors, including their financial condition, operational capability and origination and servicing experience. In our standard application process we verify references and perform a background review, functional area reviews, such as quality control, originations

and underwriting, servicing and privacy compliance prior to approving an entity as a seller or servicer. The seller or servicer of a Mortgage Loan need not be the originator of that Mortgage Loan.

We also employ quality control processes to manage our credit risk. Single-family mortgage credit risk is primarily influenced by the credit profile of the Mortgagor (e.g., credit score, credit history, and monthly income relative to debt payments), documentation level, the number of Mortgagors, the features of the Mortgage itself, the purpose of the Mortgage, occupancy type, the type of property securing the Mortgage, the LTV of the Mortgage Loan, and local and regional economic conditions, including home prices and unemployment rates. Mortgage Loans we acquire are evaluated by the applicable seller using several critical risk characteristics to determine the Mortgagor's ability to repay the loan and the adequacy of the Mortgaged Property as collateral for the loan. Our quality control process is designed to determine, through a sampling of Mortgage Loans, whether the Mortgage Loans purchased by Freddie Mac met the Guide and contract provisions under which they were delivered to us, as well as federal, state and Freddie Mac anti-predatory lending policies.

Summarized below are our general underwriting, servicing and quality control standards. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Underwriting Standards Used by Many of Our Sellers May be Less Stringent than Required by Our Guide”* and *“— Servicers May Not Follow the Requirements of Our Guide or TOBs, and Servicing Standards May Change Periodically”*.

Approved Sellers and Servicers

Freddie Mac approves sellers and servicers of Mortgage Loans based on a number of factors, including their financial condition, operational capability and origination and servicing experience. In its standard application process, Freddie Mac verifies references and performs a background review, functional area reviews, such as quality control, originations and underwriting, servicing and privacy compliance prior to approving an entity as a seller or servicer.

Freddie Mac acquires a significant portion of its Mortgage Loan purchase volume from several large lenders, or seller/servicers. Freddie Mac's top 10 Mortgage Loan seller/servicers provided approximately 68% of Freddie Mac's Mortgage Loan purchase volume during the first quarter of 2013. Wells Fargo Bank, N.A., JPMorgan Chase Bank, N.A., and U.S. Bank National Association accounted for 21%, 13%, and 10%, respectively, of Freddie Mac's Mortgage Loan purchase volume and were the only seller/servicers that comprised 10% or more of Freddie Mac's Mortgage Loan purchase volume during the three months ended March 31, 2013.

Underwriting Standards

We use a process of delegated underwriting for the Mortgage Loans we purchase. In this process, our contracts with seller/servicers describe mortgage underwriting standards and requirements, and the seller/servicers represent and warrant to us that the Mortgage Loans sold to us meet these standards and requirements. Freddie Mac details its basic requirements for underwriting and selling Mortgage Loans to Freddie Mac in Volume One of the Guide. Freddie Mac employs numerous edits in its selling system to ensure that the Mortgage Loans delivered to us comply with the Freddie Mac Act and the credit requirements of the Guide, or if applicable, the credit requirements of the seller's contract with Freddie Mac. The following discussion summarizes our general Mortgage Loan underwriting requirements (excluding government-insured loans and/or HARP loans, none of which are included in the Reference Pool.)

Approximately 98% of the Mortgage Loans we purchase are underwritten using an automated underwriting system (“AUS”), either our proprietary system, Loan Prospector® (“LP”), the seller/servicer's own system, or Fannie Mae's proprietary system, Desktop Underwriter® (“DU”). In permitting a seller to use an AUS other than LP, we require a number of additional credit standards for Mortgage Loans evaluated by such other AUS to satisfy our credit requirements. Our Guide requires that Mortgage Loans sold to us must, at a minimum, have documented property values, a Mortgage file which reflects an acceptable level of documentation and evidence of the Mortgagor's ability to repay. A Mortgage Loan acquired by Freddie Mac may have an LTV or total loan-to-value ratio (“TLTV”, also referred to as “CLTV” in the appendices and our loan-level disclosure) up to 95%.

Approximately 500 out of more than 1,100 active mortgage sellers approved by Freddie Mac are provided TOBs, which may amend, waive or otherwise alter certain terms of the Guide. For our largest sellers, Freddie Mac negotiates custom contracts that incorporate the Guide and provide the seller with additional TOBs. We acquire Mortgages under these forms of contracts on a daily basis in accordance with the terms contained in applicable agreements with sellers.

The following is a list of the most frequently used TOBs included in seller contracts:

1. ***Use of AUS other than LP:*** Allows sellers to sell us Mortgage Loans that were processed through Fannie Mae's DU or another proprietary AUS.
2. ***Incomplete improvements:*** Allows sellers to sell to us Mortgage Loans prior to the completion of certain property improvements provided that the cost to complete the incomplete improvements is less than a specified percentage of the value of the Mortgaged Property and, in certain circumstances, without establishing an escrow account.
3. ***Calculating Monthly Debt-to-Income Ratios for Deferred Student Loans:*** Allows sellers to use 1.5% of the student loan note amount as the payment amount (instead of the 5% required by the Guide) when calculating the monthly debt-to-income ratio when the deferred student loan payment information is missing from the Mortgagor's credit report.
4. ***Calculating Monthly Debt-to-Income Ratio on Revolving Accounts:*** Allows sellers to use 3% of the outstanding balance of the account as the monthly payment on revolving or open-end accounts for purposes of calculating the monthly debt-to-income ratio when the payment information is missing from the Mortgagor's credit report.
5. ***Using LTVs that apply to Mortgages without Secondary Financing:*** Allows sellers to use the maximum LTVs that apply to Mortgage Loans without subordinate financing when underwriting Mortgage Loans with subordinate financing.
6. ***Calculating Qualifying Income Using Future Income:*** Allows sellers to include documented future salary increases or income to be received from future employment in the calculation of the Mortgagor's qualifying income.
7. ***Use of Streamlined Accept Documentation in lieu of Standard Documentation requirements:*** Allows sellers to underwrite Mortgage Loans using the Streamlined Accept Documentation in lieu of the Standard Documentation requirements provided that the Mortgage Loan meets certain credit and property requirements. See "*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Underwriting Standards Used by Many of Our Sellers May be Less Stringent than Required by Our Guide*".

Prior to approving a TOB, Freddie Mac engages in a review process to assess potential implications and impacts of any proposed TOB across Freddie Mac. After approval of a TOB, Freddie Mac periodically reviews seller contracts and TOBs to determine if changes to the TOBs are needed. Freddie Mac also reviews the performance of the Mortgage Loans sold to it by sellers and may develop an action plan or take corrective action with respect to a specific seller, if needed. See "*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Underwriting Standards Used by Many of Our Sellers May be Less Stringent than Required by Our Guide*".

The Application

The information provided in each Mortgage application is evaluated by LP, or another AUS acceptable to us or is manually underwritten to determine the appropriate credit decision and documentation requirements for the loan transaction. LP indicates the minimum income and asset verification, credit-related documentation and other requirements necessary to complete processing of the loan file. These requirements are based on the specific risk factors present in each Mortgage application. If the Mortgage Loan does not receive an acceptable risk classification from LP or other AUS, the loan must be manually underwritten in order for us to purchase it. Under the manually underwritten process an underwriter performs a risk assessment to determine whether the mortgage

application meets the requirements of the Guide and any applicable TOBs. The underwriter may be an employee of the seller or may be an individual performing underwriting on a contract basis through a third-party firm such as a mortgage insurance company.

Use of Credit Scoring

We require a seller to obtain Credit Scores through credit bureaus when underwriting a Mortgage Loan. Credit Scores are a useful measure for assessing the credit quality of a Mortgagor. “**Credit Scores**” are numbers reported by credit bureaus, based on statistical models, that summarize an individual’s credit record. Statistically, Mortgagors with higher Credit Scores are more likely to repay or have the ability to refinance than those with lower Credit Scores. We provide instructions in our Guide regarding which Credit Score to use when underwriting. If the credit bureaus cannot generate a Credit Score due to insufficient information about an applicant or, if the applicant lacks a traditional credit history, then the Mortgagor’s credit reputation must be manually underwritten. The loan approval may be conditioned upon the documentation of an acceptable alternative credit history if there is no established credit history consisting of at least three references showing timely payment of utilities, insurance premiums or rent, or other alternative credit references in the prior twelve months. We do not provide TOBs for Credit Scores beyond our Guide requirements. Our Guide requires a minimum Credit Score of 620 for manually underwritten loans. LP evaluates the borrower’s credit profile and determines if it is acceptable. In some cases, LP may accept Credit Scores below 620 based on compensating factors. None of the Reference Obligations, as reported to us, has a Credit Score below 600. See “*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Credit Scores May Not Accurately Predict the Likelihood of Default*”.

Loan-to-Value Ratio

As part of the underwriting evaluation, the LTV is calculated. The LTV is the ratio of (i) the Mortgage Loan original principal balance to (ii) the value of the Mortgaged Property determined at origination of the Mortgage Loan. Our LTV limits are based on the purpose, property type, occupancy and number of units. The Guide provides that the LTV for Mortgage Loans must not be greater than 95%. None of the Reference Obligations, as reported to us by the sellers, has an LTV less than or equal to 60% or greater than 80%.

Debt-to-Income Ratio

As part of the underwriting evaluation, the applicant’s debt-to-income ratio (“**DTI**”) is calculated. The DTI is the ratio of the Mortgagor’s monthly debt obligations (including the proposed new housing payment and related expenses such as property taxes and property insurance) to his or her gross monthly income. Our DTI guidelines are based on the product, loan term, Credit Score, LTV, property type, and occupancy characteristics of the subject loan transaction. The Guide provides that the DTI ratio for Mortgage Loans must not be greater than 45%. Loans underwritten through LP or DU may allow DTI to exceed 45% with compensating factors. We do not provide TOBs for DTIs beyond our Guide or other AUS requirements. None of the Reference Obligations, as reported to us by the sellers, has a DTI greater than 50%.

Loans with Subordinate Financing

A Mortgagor may have received one or more mortgage loans secured by the subject property in addition to the Mortgage Loan purchased by Freddie Mac contemporaneously with the origination of the first lien Mortgage Loan. These additional mortgage loans have subordinate priority to our Mortgage Loan with such Mortgagor. First lien refinance transactions may have existing subordinate financing with the applicant that is resubordinated to the new first lien transaction or may have new subordinate financing originated simultaneously with the first lien Mortgage. Our Guide and applicable TOBs provide that Mortgage Loans cannot have a TLTV greater than 95% (excluding government-insured loans and/or HARP loans).

Documentation

We require the seller to obtain verifications and documentation for each source of qualifying income and assets identified by the Mortgagor in the application. Freddie Mac allows two levels of documentation: Streamlined Accept and Standard.

Streamlined Accept Documentation. A seller may follow this type of documentation procedure for Mortgage Loans evaluated by LP that receive a Streamlined Accept Documentation designation. Under Streamlined Accept Documentation, qualifying income for a salaried Mortgagor would require documentation that includes a verification of employment, a year-to-date paystub or evidence of thirty (30) days of income, and W-2 form(s) for the most recent year. Assets listed on the application and required to qualify for the Mortgage Loan that are in a checking account would require a bank statement covering the most recent one month. For Mortgage Loans evaluated by DU or another approved AUS, the seller may follow the documentation procedures required by the AUS, but such documentation procedures cannot be less stringent than Freddie Mac's Streamlined Accept Documentation procedures.

Standard Documentation. A seller is required to follow this documentation procedure for all manually underwritten Mortgage Loans and for Mortgage Loans that are evaluated by LP and receive a Standard Documentation designation. Under Standard Documentation, qualifying income for a salaried Mortgagor would require documentation that includes a verification of employment, a year-to-date paystub or evidence of thirty (30) days of income, and W-2 form(s) for the most recent two years. Assets listed on the application and required to qualify for the Mortgage Loan that are in a checking account would require a bank statement covering the most recent two months.

Collateral Valuation

We require the seller to conduct a valuation of the Mortgaged Property as collateral for each Mortgage Loan. With few exceptions (i.e., less than 2% of the Reference Obligations) this collateral valuation is determined by an appraisal report where the Mortgaged Property and the neighborhood are inspected by an appraiser and the value of the Mortgaged Property is estimated by the appraiser. The seller selects and approves the appraisers used to conduct the valuation and represents and warrants that the appraisal services provided comply with the Uniform Standards of Professional Appraisal Practice (“**USPAP**”), applicable laws, and our Guide and any applicable TOBs. Appraisers must be State-certified or State-licensed real estate appraisers in the State in which the Mortgaged Property is located, have knowledge and experience in appraising the property type in the market area and have access to the applicable data sources.

Flood Determinations and Property Insurance

Each Mortgage Loan is evaluated to determine if the Mortgaged Property is located in a federal flood zone. Freddie Mac requires flood insurance on Mortgaged Properties in certain flood zones with an amount of coverage that meets or exceeds federal law requirements. Generally, evidence of acceptable property insurance coverage on the Mortgaged Property is a requirement for loan approval.

Title Insurance

Each Mortgage Loan that we purchase must be covered by either a fully paid Mortgage title insurance policy meeting the requirements of the Guide or an attorney's title opinion or certificate meeting the requirements of the Guide. The title insurance policy must protect the mortgagee up to at least the original principal balance of the Mortgage Loan less capitalized costs. The title insurance policy must be written on an appropriate American Land Title Association (“**ALTA**”) title insurance policy form. If required, the policy may include environmental protection lien endorsement coverage (ALTA Form 8.1 or its equivalent) excepting only superliens which may arise after the loan is made.

Servicing Standards

General

“Servicing” includes all activities concerning the calculation, collection and processing of Mortgage Loans payments and related Mortgagor inquiries, making servicing advances, foreclosing upon defaulted Mortgage Loans, as well as all Mortgage Loan administrative responsibilities, including claims collection, workouts, and reports and repurchasing Mortgage Loans for breaches of our Guide or other related purchase documents. Servicing also includes remitting payments to Freddie Mac and various types of investor reporting. Freddie Mac details its requirements for servicing Mortgage Loans in Volume Two of the Guide and any applicable TOBs which may amend, waive or otherwise alter certain terms of the Guide. With respect to the servicing of the Reference Obligations, we note that the terms of the Guide are revised from time to time, usually several times a year through bulletins. The Reference Obligations will not be serviced differently from other Mortgage Loans that we own or guarantee. As a result, all such Guide revisions will apply to the Reference Obligations and other Mortgage Loans we own or guarantee. The descriptive summaries of our servicing standards contained in this Offering Circular are not exhaustive but drawn from the Guide and applicable TOBs. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Servicers May Not Follow the Requirements of Our Guide or TOBs, and Servicing Standards May Change Periodically”*.

When a Mortgage Loan is sold to Freddie Mac it may be sold “servicing released”, wherein Freddie Mac assigns the servicing responsibilities related to the Mortgage Loan or “servicing retained”, wherein the seller services the Mortgage Loans for Freddie Mac and assumes the servicing responsibilities itself or assigns or sells the rights to service the Mortgage Loans to another approved servicer. When a Mortgage Loan is sold servicing released, Freddie Mac assigns or sells the contractual right to service the Mortgage Loan to an approved servicer. Freddie Mac does not itself conduct servicing activities. In either event Freddie Mac retains the right to revoke, re-assign or terminate servicing of any servicer, subject to the terms of the Guide and any TOBs applicable to a servicer.

The contractual right to service a Mortgage Loan is referred to as a mortgage servicing right (“MSR”). There is a market for MSRs and they are commonly bought and sold between servicers. Freddie Mac has the right to disapprove a sale of MSRs if it deems the sale is not in the best interests of Freddie Mac. We generally supervise and monitor the servicers and ensure the performance of certain functions if the servicer fails to do so according to the policies in our Guide and any applicable TOBs. Each servicer is required to perform all services and duties customary to the servicing of mortgages, either directly or through approved subservicers. We monitor a servicer’s performance through periodic and special reports and inspections.

Servicing Responsibilities and Compensation

The Guide and any applicable TOBs that may modify the terms of the Guide provide for the servicer to service and administer the Mortgage Loans in accordance with the Guide and applicable TOBs, any and all applicable federal, state and local laws and the related loan documents. Our servicing requirements are frequently revised, sometimes on a monthly basis. When our servicing requirements are revised in the Guide we publish a bulletin explaining the changes and detailing the revisions to the Guide. Freddie Mac will not consider the interests of Noteholders when revising the Guide or negotiating any applicable TOBs that may alter, amend or modify the Guide. The Guide, bulletins and other information about servicing practices and requirements can be accessed through www.allregs.com or www.freddiemac.com. When our servicing requirements are revised by a TOB, those revisions are sent to each individual servicer to which the revisions apply.

The servicers are required to perform customary Mortgage Loan servicing functions, including:

- collection of payments from Mortgagors and remitting payments to Freddie Mac;
- maintenance of primary mortgage and property insurance and filing and settlement of claims under those policies;
- maintenance of escrow accounts of some Mortgagors for payment of taxes, insurance, and other items required to be paid by the Mortgagors pursuant to terms of the related Mortgage Loan;

- processing of assumptions, substitutions, payoffs and releases;
- attempting to cure delinquencies and mitigate losses;
- supervising foreclosures or repossessions;
- inspection and management of Mortgaged Properties under certain circumstances; and
- maintaining and providing accounting records and reports relating to the Mortgage Loans.

The Guide also provides that the servicer may not solely target our Mortgage Loans as part of a solicitation program of refinances.

The servicer performs services for its benefit and that of Freddie Mac but does not owe any duties or obligations to the Noteholders or to the Global Agent. Accordingly, the Global Agent will not be able to cause the servicer to perform its obligations for the benefit of the Noteholders or enforce the Guide or any applicable TOBs on their behalf.

A significant portion of our Mortgage Loans are serviced by several large servicers. Because we delegate the primary servicing function to our servicers, if our servicers lack appropriate process controls, experience a failure in their controls, or experience an operating disruption in their ability to service Mortgage Loans, the Reference Obligations could be adversely affected. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — The Performance of the Reference Obligations Could be Dependent on the Servicers”* and *“— The Performance of Sellers and Servicers May Adversely Affect the Performance of the Reference Obligations.”* The Reference Obligations also are exposed to the risk that servicers might fail to service Mortgage Loans in accordance with the Guide and any related TOBs, resulting in increased Credit Events. For example, our servicers have an active role in our loss mitigation efforts, so if a servicer’s performance declines it could reduce the anticipated benefits of our loss mitigation plans, which could result in Credit Events.

We generally supervise servicing of the Mortgage Loans according to the policies in our Guide and any applicable TOBs with certain servicers. To the extent that a servicer requests a waiver from a provision of the servicing requirements in the Guide or we initiate a test policy, we may negotiate a TOB which sets forth, among other things, the specific waiver or policy and the goals for the servicer. These TOBs may cover all of the Mortgage Loans (including Reference Obligations) serviced by that servicer or only selected portfolios. Some commonly issued TOBs:

- Allow or require the servicer to offer different loss mitigation options to Mortgagors, such as a loan modification with terms that differ from our standard modification;
- Provide enhanced functionality for transmitting servicing related documentation and information between the servicer and Freddie Mac;
- Specify conditions and fees for servicers to hold additional servicing capacity in order to accept additional MSR portfolios on an accelerated basis as needed;
- Allow Freddie Mac to take action if a servicer does not meet specified performance targets;
- Initiate pilot programs where we test a new servicing policy or procedure with a limited number of servicers before rolling it out to a larger population; and
- Permit limited exceptions to servicing requirements under special circumstances, such as to allow a servicer more time to implement a new policy or to quickly deploy a new program resulting from exigent circumstances, such as disaster recovery or relief.

Freddie Mac will not consider the interests of Noteholders in granting such waivers or implementing such policies. We do not permit waivers for servicing performance that jeopardize the first-lien position of the Mortgage Loan.

Servicers receive fees for their services. We generally require that servicers retain a minimum servicing fee of at least 0.25% per annum of the principal balance of the Mortgage Loans they service. We also pay special

incentives for loss mitigation activities. These incentive payments vary based upon the kind of activity, the rates of success and other factors.

There can be no assurance, and no representation is made, as to the actual performance of a servicer with respect to the Reference Obligations. The actual Credit Event experience on the Reference Obligations will depend, among other things, on the value of the Mortgaged Properties securing such Reference Obligations and the ability of Mortgagors to make required payments. Moreover, any make whole or indemnification payments that Freddie Mac receives from servicers for breaches of servicing standards will be retained by Freddie Mac and will not be used in calculating Calculated Tranche Write-up Amounts. See “*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — The Performance of the Reference Obligations Could be Dependent on the Servicers.*”

Mortgage Loan Life Cycle

The servicer is required to service the Mortgage Loan from MSR acquisition (which may be by selling the Mortgage Loan to us, buying the MSR or other form of assignment) to the disposition of the Mortgage Loan. For performing Mortgage Loans, servicing activity concludes when the Mortgage Note is satisfied and the Mortgaged Property is released from the lien of the Mortgage. For non-performing Mortgage Loans (i.e., a loan that is delinquent or is otherwise in default under the terms of the Mortgage Note at some point), the servicer must conduct additional activities including increased communications with the Mortgagor, loss mitigation attempts and, if no resolution to the delinquency or default is reached, foreclosure. During these activities the servicer regularly reports to Freddie Mac the status of the Mortgage Loan and Freddie Mac conducts supervision, monitoring and auditing of the servicer. Below are general descriptions of Freddie Mac’s current policies and procedures relating to these activities. More detailed descriptions of these activities and future revisions to our requirements may be found in the Guide.

Collection and Other Servicing Procedures

The servicer generally will be required to make reasonable efforts to collect all payments called for under the Mortgage Loans and maintain contact with the Mortgagor. The servicer is required to generally follow the same collection procedures that it uses for its own portfolio of mortgages so long as they are consistent with the Guide. It may charge the Mortgagor for special services rendered, for example, sending a payoff statement or faxing an account history. The servicer may also waive late payment fees and service charges or, in certain cases, extend the due dates for payments due on a Mortgage Loan.

Under the Guide, the servicer, to the extent permitted by law, may establish and maintain an escrow in which Mortgagors will be required to deposit amounts sufficient to pay taxes, assessments, mortgage and property insurance premiums and other comparable items. Withdrawals from an escrow account may be made to effect timely payment of taxes, assessments, mortgage and property insurance, to refund to Mortgagors amounts determined to be overages, to pay interest to Mortgagors on balances in that escrow account, if required, and to clear and terminate that escrow account. The servicer will be responsible for the administration of each escrow account required by the terms of the Mortgage Loans, the Guide and applicable law and generally will be obliged to make advances to those accounts when a deficiency exists in any of those escrow accounts.

Property Insurance

The Guide requires the servicer to ensure that a policy of property insurance covering the Mortgaged Property is maintained. The policy must be in an amount generally equal to the greater of the unpaid principal balance of the related Mortgage Loan or 80% of the full replacement cost of the insurable improvements, not to exceed the replacement cost of the insurable improvements even if the unpaid principal balance exceeds such replacement cost. There are special insurance requirements when the Mortgaged Property is a condominium or is located in a development governed by a common unit association.

No earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage Loan, other than pursuant to applicable laws and regulations that are in effect and require such additional insurance. When a Mortgaged Property securing a Mortgage Loan is located in

certain areas identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards (and flood insurance is available) the servicer may be required to cause to be maintained a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration.

The Guide permits the servicer to obtain and maintain a blanket policy insuring against property losses on a planned unit development, in lieu of maintaining a property insurance policy for any Mortgaged Property in such planned unit development. This blanket policy may contain a deductible clause. The ability of the servicer to ensure that property insurance proceeds are appropriately applied may be dependent on its being named as an additional insured under any property insurance policy and under any flood insurance policy referred to above, or upon the extent to which information in this regard is furnished to the servicer by Mortgagors.

Default Management

The servicer is required to develop, follow and maintain prudent and efficient written procedures that meet our requirements under the Guide and any applicable TOBs that may modify the terms of the Guide for promptly curing defaults and delinquencies and complying with applicable laws. The servicer is required to employ an experienced and skilled staff in financial consulting and mortgage collection techniques. Servicers may also hire subservicers, specialty servicers and vendors to conduct these activities and, in some circumstances, Freddie Mac may require the servicer to do so if it reasonably believes that the servicer is not adequately equipped to conduct default servicing and loss mitigation. We allow the servicer to grant a grace period of fifteen days after the due date in which a Mortgagor can make a monthly payment without incurring a penalty or late charge. In addition, a Mortgage Loan is not considered delinquent unless a full monthly payment has not been received by the close of business on the last day of the month of the due date. For example, a Mortgage Loan with a due date of May 1 is considered delinquent if a full monthly payment is not received by May 31. Late charges are generally assessed after the due date at the expiration of a grace period, if applicable. There may be situations, based on the customer or account circumstances, where a late fee could be waived.

The servicer is required by the Guide and any applicable TOBs that may modify the terms of the Guide to contact a delinquent Mortgagor early in the delinquency process and throughout the delinquency cycle in order to mitigate the risk of default. The servicer is required to contact a delinquent borrower to establish a rapport and discuss with the Mortgagor the options for resolving the delinquency. The servicer must attempt to (1) determine (a) the reason for the delinquency, (b) whether or not the Mortgagor has vacated the premises, and (c) the Mortgagor's perception of his financial circumstances and ability to repay the debt, (2) set payment expectations and educate the Mortgagor on alternatives to foreclosure and (3) obtain a commitment from the Mortgagor to resolve the delinquency through traditional or alternative solutions.

Loan workout activities are a key component of our loss mitigation strategy for managing and resolving troubled assets and lowering credit losses. Our loss mitigation strategy emphasizes early intervention by servicers in delinquent Mortgage Loans and provides alternatives to foreclosure. We provide our servicers default management tools designed to help them manage delinquent Mortgage Loans and Mortgage Loans that, even if current, are at risk of imminent default. Our goal is to assist Mortgagors in maintaining home ownership where possible, or facilitate foreclosure alternatives when continued homeownership is not an option. We require our servicers to follow a standardized protocol of workout options with the intention of determining and delivering the right kind of assistance needed to resolve the particular Mortgagor's distress and minimize losses. Our loan workouts include:

- *Forbearance agreements*, where reduced payments or no payments are required during a defined period, generally less than one year. Forbearance agreements provide additional time for the Mortgagor to return to compliance with the original terms of the Mortgage Loan or to implement another loan workout. During 2012, the typical time period granted for completed short-term forbearance agreements was between two and three months.
- *Repayment plans*, which are contractual plans to make up past due amounts. These plans assist Mortgagors in returning to compliance with the original terms of their Mortgage Loan. During 2012, the typical time period granted for completed repayment plans was between two and six months.

- *Loan modifications*, which may involve changing the terms of the Mortgage Loan, or capitalizing outstanding indebtedness, such as delinquent interest, to the unpaid principal balance of the Mortgage Loan, or a combination of both. We may grant partial principal forbearance in connection with loan modifications but do not utilize principal forgiveness. Principal forbearance is a change to a loan's terms to designate a portion of the principal as non-interest-bearing and non-amortizing. Freddie Mac has several loan modification programs as detailed in the Guide. A Mortgage Loan may be modified twice under our standard modification ("**Standard Modification**") program. Our Standard Modification employs a trial period payment plan feature which allows eligible Mortgagors to make reduced monthly payments for at least three months to ensure that the Mortgagor can afford the new payment. While the Mortgagor is making the trial period payments the Mortgage may remain in a delinquent status. The Mortgage will not be permanently modified and brought current until the end of the trial period and only if the Mortgagor has otherwise complied with the terms of the loan modification agreement. A Standard Modification may be made from the time the Mortgagor is current and found to be in imminent default to shortly before foreclosure sale. Freddie Mac has also issued a modification TOB (the "**Modification TOB**") to select servicers that allows them to modify a loan when the Mortgagor is delinquent in payment of the Mortgage Loan between five months and 2 years. Under the Modification TOB, the servicer may offer the Mortgagor a loan modification without having made an assessment of the Mortgagor's hardship or income. If the Mortgagor accepts the offer, the Mortgagor will be required to make reduced monthly payments for at least three months to ensure that the Mortgagor can afford the new payment. While the Mortgagor is making the trial period payments the Mortgage will remain in a delinquent status. The Mortgage will not be permanently modified and brought current until the end of the trial period and only if the Mortgagor has otherwise complied with the terms of the loan modification agreement. As of July 1, 2013 the Modification TOB was replaced by a streamlined modification (the "**Streamlined Modification**") program for Mortgage Loans between 90 days and 2 years delinquent, which will similarly allow for modifications based upon a trial period during which the Mortgagor will remain in a delinquent status. For the Standard Modification, the Modification TOB and the Streamlined Modification, the Mortgagor may be less than 180 days delinquent when the trial period plan begins, but more than 180 days delinquent when the trial period plan ends. Under those circumstances, a Credit Event will likely occur during the trial period and the related Reference Obligation will not become a Reversed Credit Event Reference Obligation if and where the modification for such Reference Obligation becomes effective and is subsequently performing in accordance with the terms of the effective modification.
- *Short sales*, which involve allowing the Mortgagor to sell the Mortgaged Property to an unrelated third party for an amount that is insufficient to pay off the Mortgage Loan in full. Under Freddie Mac's standard short sale program Freddie Mac has delegated to servicers the authority to approve short sales if the short sale generates certain minimum net proceeds and, under some circumstances, the Mortgagor makes a cash or note contribution to reduce the losses on the Mortgage Loan. When an approved short sale is complete the Mortgage Note is cancelled, the lien for the Mortgage is released and the Mortgagor may be paid an amount to assist with relocation. In most cases, after completion of an approved short sale the Mortgagor has no further obligation to make payment under the Mortgage Note. Freddie Mac has one primary short sale program as detailed in the Guide that is available to provide relief for Mortgagors in different circumstances. We have recently discontinued several other short sale programs that may still have limited applicability to the Reference Obligations. Short sales may be approved from the time the Mortgagor is current and found to be in imminent default to shortly before foreclosure sale.
- *Deeds in lieu* of foreclosure are processed similar to a short sale except that the Mortgaged Property is not sold to a third party but is conveyed directly to Freddie Mac.
- *Mortgage assumption* is where a new party assumes the obligations of the Mortgagor under the Mortgage Note and may be performed in connection with a loan modification. The servicer evaluates the new party for his/her ability to pay the Mortgage Loan before allowing the assumption.

If a loan workout has not been reached by the 120th day of delinquency, we generally demand the servicer to accelerate payment of principal from the Mortgagor and initiate foreclosure proceedings with respect to a Mortgage in accordance with the provisions of the Guide. However, we also require the servicer to continue to pursue loss mitigation alternatives to resolve the delinquency before the conclusion of the foreclosure proceedings, if such measures appear likely to mitigate potential losses. If, after demand for acceleration, a Mortgagor pays all delinquent amounts, agrees with us to accept an arrangement for reinstatement of the Mortgage or arranges for the sale or conveyance of the Mortgaged Property to a third party or us, the servicer may terminate the foreclosure proceedings and withdraw the demand. If the Mortgagor again becomes delinquent, we generally will make a new demand for acceleration and the servicer will commence new foreclosure proceedings.

In recognition of the fact that Mortgage Loans that are delinquent are at higher risk for abandonment by the Mortgagor, and may also face issues related to the maintenance of the property, we have developed guidelines for servicers when inspecting properties for which a monthly payment is delinquent. Depending on various factors, such as the ability to contact the customer, the delinquency status of the account, and the property occupancy status, a servicer may hire a vendor to inspect the related property to determine its condition. If the inspection indicates the property is vacant and abandoned and in need of property safeguarding measures, such as securing or winterizing, the servicer will ensure the appropriate safeguards are implemented in accordance with industry, legal and investor standards including our allowable expense limits.

Bankruptcy. When a Mortgagor files for bankruptcy, the servicer's options for recovery are more limited. The servicer monitors bankruptcy proceedings and develops appropriate responses based on a variety of factors, including: (i) the chapter of the United States Bankruptcy Code under which the Mortgagor filed; (ii) federal, state and local regulations; (iii) determination-of-claim requirements; (iv) motion requirements; and (v) specific orders issued through the applicable court. In general, when a Mortgagor who has filed for bankruptcy protection becomes delinquent or defaults under the terms of the Mortgage Note, we instruct our servicers to engage counsel to file a motion for relief from stay that will allow the servicer to commence foreclosure proceedings. Servicers report information about Mortgagors and Mortgages affected by a bankruptcy proceeding to Freddie Mac on a periodic basis.

Foreclosure. The terms of the Mortgage Note, Mortgage Loan and state law provide Freddie Mac the right to commence a proceeding against the Mortgagor to foreclose on the Mortgage Loan and/or enforce the Mortgage Note. The servicer is responsible for most aspects of foreclosure beginning with sending appropriate pre-foreclosure notices, referring the Mortgage to foreclosure counsel or a trustee, instructing and supervising foreclosure counsel or the trustee during the foreclosure process and participating in the foreclosure sale. If a third party purchases the Mortgaged Property at the foreclosure sale, the servicer has the responsibility for remitting the foreclosure sale proceeds to Freddie Mac. If the servicer bids at the foreclosure sale in an amount as instructed by Freddie Mac and is the winning bidder, then the servicer is responsible for securing a deed providing clear title to the Mortgaged Property and presenting the property to Freddie Mac for intake into our REO inventory. Various federal and state laws have recently been enacted that add new requirements to the pre-foreclosure and foreclosure process which may make foreclosure more costly, lengthy and, in some cases, may render us unable to conduct a foreclosure altogether. These laws may negatively impact the Reference Obligations.

Servicing Alignment Initiative and Making Home Affordable Programs

While Freddie Mac participates in the Making Home Affordable ("MHA") program sponsored by the United States Department of the Treasury and the Conservator, the Mortgage Loans in the Reference Pool are ineligible for participation in MHA programs due to their date of origination. However, Freddie Mac's loss mitigation programs and workout options detailed in the Guide and TOBs are similar to several MHA programs and provide a robust suite of alternatives to foreclosure.

In 2012, we began implementing and continue to implement the FHFA-directed servicing alignment initiative, under which we and Fannie Mae are aligning certain standards for servicing non-performing Mortgage Loans owned or guaranteed by Freddie Mac and Fannie Mae. We believe that the servicing alignment initiative

will continue to: (a) change, among other things, the way servicers communicate and work with troubled Mortgagors; (b) bring greater consistency and accountability to the servicing industry; and (c) help more distressed homeowners avoid foreclosure. We have provided standards to our servicers under this initiative that require them to initiate earlier and more frequent communication with delinquent Mortgagors, employ consistent requirements for collecting documents from Mortgagors, and follow consistent timelines for responding to Mortgagors and for processing foreclosures. These standards have resulted in greater alignment of servicer processes.

Under these new servicing standards, we pay incentives to servicers that exceed certain performance standards with respect to servicing delinquent Mortgage Loans. We also assess compensatory fees if servicers do not achieve a minimum performance benchmark with respect to servicing delinquent Mortgage Loans.

Monitoring Servicing Performance, Freddie Mac Servicer Success Program

The servicer must report regularly to us on servicing activities related to the Mortgages it is servicing. The servicer must report, among other things, adverse matters, charge-offs, reports to credit repositories, foreclosures, monthly delinquencies, real-estate owned repurchases and transfers of ownership. The servicer is instructed to deliver an annual officer's certificate to us, on or before the date specified in the Guide and any applicable TOBs, stating that (i) a review of the servicer's activities during the preceding calendar year and of its performance under the Guide has been made under the supervision of the officer, and (ii) to the best of the officer's knowledge, based on that review, the servicer complied with the Guide in all material respects throughout the year, or, if the servicer failed to comply with the Guide in any material respect during that year, specifying the failure known to the officer and the nature and status of that failure and the action proposed to be taken with respect thereto.

We have established a program to monitor and improve servicing performance. The purpose of the program is to encourage communication with and improve performance of our servicers. We have established an internal unit to support the program and assigned account managers to provide individualized attention to their assigned servicer or group of servicers. This unit also collects information about servicer performance, from both internal and external sources, and regularly assesses this data. Default servicing and management is one of their primary focuses and servicers are continuously monitored based upon various metrics. We collect and synthesize this data which measures a servicer's performance based on key criteria in two categories: investor reporting and remitting, and default management.

We also conduct file reviews of some servicers, both remotely and in the servicers' offices, in order to assess servicing and default management performance. These file reviews are in addition to credit and compliance reviews of the Mortgage Loans we undertake as part of our quality control process. See "*Quality Control Process*" below. We may conduct the following types of file reviews:

- Prudent Servicing Review: An assessment of the servicer's collection activities, loss mitigation activities, timeline management, and property preservation processes.
- Short Sale Compliance Review: An assessment of the servicer's compliance with the requirements of the Guide, and TOBs, as applicable, regarding completed short sales.
- Loan Modification Compliance Review: An assessment of the servicer's compliance with the requirements of the Guide and TOBs, as applicable, regarding completed modifications.

Freddie Mac may modify or expand the types of file reviews it conducts from time to time.

Freddie Mac considers factors such as trends in performance, adequacy of staffing, audit results, the results of the servicer performance program, servicer file reviews, and/or compliance with all requirements of the Guide and TOBs in evaluating whether the servicer's overall performance is unacceptable for purposes of disqualification or suspension as an approved servicer. If a servicer is placed in the bottom 25% of the list of all servicers based on results from our servicer performance program, or a servicer does not meet the goals set forth in a TOB, we may remove servicing, either partially or in full from the servicer. In general, we work with servicers to develop policies and controls to improve servicing. If servicing, in whole or in part, is removed from

a servicer, we have the discretion to determine if, and to what extent, that servicer may return to servicing Mortgage Loans under our Guide in the future. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Servicing Transfers May Result in Decreased or Delayed Collections and Credit Events”*.

Servicer Termination Event

We may terminate all or any portion of servicing by a servicer at any time with cause or without cause. Moreover, we may change our policies in the future with respect to servicing that could lead to servicer termination events. The reasons for terminating with cause include, but are not limited to, insolvency or bankruptcy, failure to maintain qualified servicing staff, the servicer’s failure to comply with any term of the Guide and applicable TOBs, our determination that the servicer’s overall performance is unacceptable, the servicer’s failure to fulfill any obligation to us when due, an unacceptably high delinquency rate, an unacceptably high REO conversion rate, the servicer’s failure to account for disposition of all monies and the servicer’s misstatement, misrepresentation or omission of any material fact on any document submitted or oral representation made. Moreover, any make-whole or indemnification payments received by Freddie Mac from servicers for breaches of servicing standards will be retained by Freddie Mac and will not be used in calculating Calculated Tranche Write-up Amounts, nor will any repurchases of Reference Obligations by servicers due to breaches of servicing standards be used in calculating Calculated Tranche Write-up Amounts. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Servicing Transfers May Result in Decreased or Delayed Collections and Credit Events”*.

Quality Control Process

General

When we purchase a Mortgage Loan, we rely on representations and warranties of the seller with respect to certain matters. These representations and warranties cover such matters as:

- The accuracy of the information provided by the Mortgagor.
- The accuracy and completeness of any information provided by a seller to us, including third party reports prepared by qualified professionals, such as property appraisals and credit reports.
- The validity of each Mortgage Loan as a first lien.
- The fact that payments on each Mortgage Loan are current at the time of delivery to us.
- The physical condition of the Mortgaged Property.
- The originator’s compliance with applicable federal, state and local laws, including state anti-predatory lending statutes and other applicable laws.
- The seller/servicers’ compliance with our purchase agreements, including the Guide and any applicable TOBs.

Our custodians check certain stated terms of the Mortgage Loan documents, but we generally do not independently verify the terms in the Mortgage Loan security documents. Moreover, our quality control processes are not designed to uncover all violations of applicable representation and warranties related to the Reference Obligations. See *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Freddie Mac’s Limited Review of a Sample of a Small Percentage of the Reference Obligations May Not Reveal All Aspects Which Could Lead to Credit Events”*.

Performing Loan Quality Control Review

As part of our on-going quality control process, for a sample of Mortgage Loans we have purchased, we review the Mortgagor’s origination documentation for compliance with the Guide and any applicable TOBs. We also compare certain seller delivered data elements against the origination documentation for loans in the quality control sample. If data discrepancies are identified, the applicable Mortgage Loans are reviewed to determine the impact of the adjusted data to the adherence of the Mortgage Loans to our requirements. Some data discrepancies

may cause the Mortgage Loans to have Unconfirmed Underwriting Defects. The more common Underwriting Defects found in the reviews of loans purchased during 2011 and 2012 related to insufficient income and inadequate or missing documentation to support Mortgagor qualification. The next most common defect was inaccurate data entered into LP. We give our seller/servicers an opportunity to appeal Unconfirmed Underwriting Defects in response to our request for the repurchase of any Mortgage Loan.

Performing Loan Quality Control Review Sampling

Each month Freddie Mac selects a sample of the Mortgage Loans it acquired in the previous month in order to conduct a quality control review of performing Mortgage Loans. We use statistical sampling techniques to enable reliable estimates of the share of acquired loans that may be subject to Underwriting Defects. We also use supplemental targeted sampling to focus on loan attributes or sellers that may be of particular interest or concern from time to time. Freddie Mac also reviews a sample of the Mortgage Loans it acquired in the previous month to monitor compliance with legal and regulatory requirements pertaining to high-cost home loans. We conduct our review to verify that each Mortgage Loan reviewed (i) is made to a Mortgagor from whom repayment of the Mortgage Loan can be expected, (ii) is secured by collateral that supports the value and marketability of the Mortgaged Property.

Credit Review

With respect to each Mortgage Loan selected for the sample, files are sent to vendors to reverify factual information and then the files are placed in a queue for review. All Mortgage Loans reviewed are compared against the underwriting standards set forth in the Guide and any applicable TOBs in effect at the time of purchase by us, including a review of the original appraisals of the Mortgaged Properties that were obtained in connection with the origination of those Mortgage Loans. The original appraisal value of the Mortgaged Property is reviewed against a value from our automated valuation model, Home Value Explorer (“HVE”), when available, as well as a desk review by an underwriter, in order to assess if the original appraisal report supported the value and marketability of the subject property. We require each seller to have appraisal guidelines that include adherence to the requirements set forth in the Guide and any applicable TOBs in effect at the time of purchase by us, that payments for the appraisal may not be conditioned upon a particular valuation and that future business from the seller may not be used to influence or attempt to influence the valuation. To the extent HVE indicates that the original appraisal report significantly exceeded the actual value, we use other tools, including review appraisals, to determine if value and marketability of the Mortgaged Property was supported. This type of review is referred to as the “credit review” of Mortgage Loans. Our credit review also captures the names of parties to the Mortgage Loan transactions and compares them to Freddie Mac’s exclusionary list, which is comprised of individuals and companies that are prohibited from participating in transactions involving Freddie Mac, either directly or indirectly, due to lack of integrity or business competency. We require repurchase of any Mortgage Loan that was originated with parties on the exclusionary list.

Anti-predatory Lending Review

Some Mortgage Loans are selected for anti-predatory lending reviews, and are reviewed to assess whether those Mortgage Loans were originated in compliance with our anti-predatory lending policies (“APL”). In general, our APL policy prohibits us from purchasing Mortgage Loans in states that impose assignee liability for violations of laws governing high cost home loans and Mortgage Loans that have certain unacceptable terms and conditions (such as prepayment penalties, mandatory arbitration clauses and single premium credit life insurance). Our compliance review does not include examination of documents to ensure that the loan complies with all laws. This type of review is referred to as the “compliance review”. Mortgage Loans that violate our charter or anti-predatory laws are required to be repurchased by the applicable seller.

Reviewed Mortgage Loans that revealed Unconfirmed Underwriting Defects and Underwriting Defects were excluded from the Reference Pool. We may make contract exceptions for Mortgage Loans with minor technical violations or missing documentation that, notwithstanding the related violations, we determine to be acceptable Mortgage Loans.

Investors should note that only those Mortgage Loans selected as part of the sample as described above are subject to any credit or compliance review as part of our quality control review and that Mortgage Loans not selected as part of the sample as described above are not the subject of a credit or compliance review. See “— *Limitations of the Quality Control Review Process*” below and “*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Freddie Mac’s Limited Review of a Sample of a Small Percentage of the Reference Obligations May Not Reveal All Aspects Which Could Lead to Credit Events*”.

Non-Performing Loan Quality Control Review

In addition to reviewing samples of newly-acquired Mortgage Loans, Freddie Mac also reviews a significant portion of the Mortgage Loans that default within the first few years after purchase or guarantee by Freddie Mac. As part of our loss mitigation efforts, we perform a review of Mortgage Loans that become delinquent, enter foreclosure and/or foreclosure alternative for compliance with the applicable contract guidelines in place at the time the loans were purchased by us. This review follows a similar process as our on-going quality control reviews performed on a sample of newly purchased loans to verify that each Mortgage Loan selected to be reviewed (i) is made to a Mortgagor from whom repayment of the Mortgage Loan can be expected, (ii) is secured by collateral that is adequate for the transaction and (iii) otherwise complies with our underwriting guidelines and other requirements set forth in our Guide and any applicable TOBs. For the Mortgage Loans selected to be reviewed, the Mortgage Loan files are sent to vendors to reverify factual information and to compare the loans against the underwriting standards set forth in the Guide and any applicable TOBs in effect at the time of purchase by us. This review includes a credit component, a review of the original appraisals, and captures the names of the parties to the Mortgage Loan transactions to ensure that none appear on the exclusionary list. Mortgage Loans determined to have Unconfirmed Underwriting Defects are returned by the vendors to Freddie Mac for final decisions. Repurchase requests are sent by Freddie Mac to applicable sellers or servicers on those Mortgage Loans that are deemed to have Unconfirmed Underwriting Defects, including any party on the exclusionary list and/or unsupported value or marketability.

Limitations of the Quality Control Review Process

As noted above under the Risk Factor captioned “*Risks Relating to the Notes Being Linked to the Reference Pool — Freddie Mac’s Limited Review of a Sample of a Small Percentage of the Reference Obligations May Not Reveal All Aspects Which Could Lead to Credit Events,*” there can be no assurance that our review uncovered all relevant factors relating to the origination of the Reference Obligations, the originator’s compliance with applicable law and regulations and the original appraisals relating to the Mortgaged Properties, or uncovered all relevant factors that could affect the future performance of the Reference Obligations. We reviewed a small percentage of the Reference Obligations (which limited review may not detect all Unconfirmed Underwriting Defects for loans that were reviewed) and the Reference Obligations that were included in the review may have characteristics that were not discovered, noted or analyzed as part of the review that could, nonetheless, result in those Reference Obligations failing to perform in the future. Furthermore, even if Unconfirmed Underwriting Defects are detected, Freddie Mac may or may not pursue remedies against the related seller or servicer based on a variety of factors, which may not, at Freddie Mac’s sole discretion, consider the interest of Noteholders.

Investors are encouraged, in particular, to note the following with respect to the appraisal review that was conducted as part of our review.

- Differences may exist among and between estimated valuations due to the subjective nature of estimated valuations and appraisals, particularly between different appraisers estimating valuations or performing appraisals at different points in time, as well as among appraisers and other persons reviewing the appraisals or other valuations.
- Appraisals and other valuations represent the analysis and opinion of the person performing the appraisal or valuation at the time it is prepared, and are not guarantees of, and may not be indicative of, the present or future value of the Mortgaged Property.

Investors are encouraged to make their own determination as to the extent to which they place reliance on the limited loan review procedures carried out on only a small percentage of the Reference Obligations as part of our review.

Repurchases

To the extent that we determine that the origination of a Mortgage Loan has an Unconfirmed Underwriting Defect relating to a representation or warranty given by a seller, the applicable seller or servicer generally will be obligated to repurchase the Mortgage Loan within (60) days after the date of Freddie Mac's notice of such defect. We are not required, however, to enforce the repurchase obligation of the seller or servicer.

Upon receipt of a repurchase notice, the seller or servicer may file an appeal if it has additional supporting information and/or documentation that may affect our decision. The appeal must be filed within 60 days from the date of our notice requiring repurchase. We review the appeal and advise the seller/servicer in writing of the appeal decision. If we deny the appeal, the seller or servicer must repurchase the Mortgage Loan within 15 days from the date of our denial letter. A second appeal is permitted within those 15 days if the seller/servicer is able to provide new documentation to support its contention that the Mortgage Loan complies with the contract. After exhausting all available appeals, a seller may request an impasse discussion with our quality control management personnel to get a final repurchase resolution. Any repurchase decision upheld by our management requires sellers to remit repurchase funds or be subjected to late fees and/or other remedies.

Even if Freddie Mac concludes that there was a breach of a representation and warranty, we cannot assure you that the seller or servicer will ultimately agree with our determination and repurchase the related Reference Obligation from us or that we will recover any amounts from such seller or servicer. In addition, it may be difficult, expensive, and time consuming to legally pursue a repurchase claim against a seller or servicer and we cannot assure you that we would prevail on the merits of any such claim. Efforts to enforce a repurchase claim may lead to further disputes with some of our seller/servicers and counterparties that may result in further litigation and any potential recoveries may take significant time to realize. Investors in the Notes are also subject to the risk that sellers or servicers do not fully perform or cannot fully perform any repurchase obligations.

Quality Assurance

We perform a quality assurance review on a small percentage of the Mortgage Loans that we review in our quality control process. In the quality assurance review, Mortgage Loans are re-underwritten. This secondary review is performed to evaluate the quality and consistency of the quality control underwriters' and third-party vendor decisions and processes with our credit policies and procedures and the Guide and any applicable TOBs and to provide internal feedback regarding the effectiveness, interpretation and enforcement of policies. In addition to ensuring that the Mortgage Loans were properly underwritten in accordance with our policies and procedures and the seller's purchase documents, we review data input for accuracy, verify documentation, confirm compliance with anti-predatory laws and evaluate remedies taken for Mortgage Loans for which problems were discovered in the quality control process. The results of our quality assurance review could lead to changes in our quality control processes. To the extent our quality assurance review identifies an Unconfirmed Underwriting Defect on any Mortgage Loan, Freddie Mac may demand that such Mortgage Loan be remedied or repurchased. However, we cannot assure you that the seller will ultimately remedy or repurchase any Mortgage Loan with an Unconfirmed Underwriting Defect.

Representation and Warranties Settlements

In recent years, we have entered into settlements with large sellers to resolve existing and potential representation and warranties repurchase claims on portfolios of Mortgage Loans sold to us and may do so in the future. Any such settlement could involve potential representation and warranties claims on Reference Obligations. These settlements typically require us to release the applicable seller of any repurchase obligations for violations of the Guide and applicable TOBs. Accordingly, we will not submit for quality control review any Mortgage Loans that become subject to such settlement. See "*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — The Performance of Sellers and Servicers May Adversely Affect the Performance of the Reference Obligations*".

THE REFERENCE OBLIGATIONS

Unless otherwise noted, the statistical information presented in this Offering Circular concerning the Reference Pool is based on the characteristics of the Reference Obligations as of the Cut-off Date. In addition, unless otherwise noted, references to a percentage of Reference Obligations refer to a percentage of Reference Obligations by Cut-off Date Balance.

This section and Appendix A to this Offering Circular generally describe some of the material characteristics of the Reference Pool. Certain loan-level information for each Reference Obligation may be accessed through Freddie Mac's website at <http://www.freddiemac.com>.

The figures in this Offering Circular may not correspond exactly to the related figures in Appendix A to this Offering Circular due to rounding differences. Prior to the Closing Date, Reference Obligations will not be removed or substituted from the Reference Pool. Freddie Mac believes that the information set forth in this Offering Circular and Appendix A to this Offering Circular is representative of the characteristics of the Reference Pool as it will be constituted as of the Closing Date.

We determined the population of the Reference Pool by selecting Mortgage Loans that were acquired by us between July 1, 2012 and September 30, 2012 and that meet the Eligibility Criteria.

The table below summarizes the loan count, original unpaid principal balance and key attributes of the Mortgage Loans in the Initial Cohort Pool, loans excluded due to delinquencies, payoffs and quality control removals, and Reference Obligations in the Reference Pool. The **"Initial Cohort Pool"** means all of the fully amortizing, fixed rate, one- to four-unit, first lien Mortgage Loans with original terms of 30 years that were originated on or after April 1, 2012, securitized into PCs by January 31, 2013 and were acquired by Freddie Mac between July 1, 2012 and September 30, 2012.

| Category | Loan Count | Aggregate Original Loan Balance (\$) | Average Original Loan Balance (\$) | Non-Zero Weighted Average Credit Score | Weighted Average LTV Ratio (%) | Non-Zero Weighted Average DTI (%) |
|--|------------|--------------------------------------|------------------------------------|--|--------------------------------|-----------------------------------|
| Initial Cohort Pool | 104,474 | \$25,612,401,000 | \$245,156 | 766 | 75% | 32% |
| less loans that were ever reported 30 days or more delinquent ⁽¹⁾ | 1,388 | \$ 340,054,000 | \$244,996 | 744 | 75% | 35% |
| less loans that paid in full | 6,528 | \$ 2,168,226,000 | \$332,142 | 771 | 74% | 32% |
| less quality control removals | 169 | \$ 38,474,000 | \$227,657 | 745 | 76% | 37% |
| Reference Pool | 96,389 | \$23,065,647,000 | \$239,298 | 766 | 75% | 32% |

(1) Out of the 1,388 loans that were excluded from the Reference Pool due to being reported 30 days or more delinquent, 1,217 loans were reported to be current as of May 31, 2013.

Results of Freddie Mac Quality Control

As a result of our quality control review for Mortgage Loans purchased in the third quarter of 2012, we reviewed 4,075 Mortgage Loans out of 104,474 in the proposed Reference Pool (approximately 3.9% sample by loan count). Of the 4,075 Mortgage Loans that were selected for quality control review, 2,981 Mortgage Loans (approximately 73% by loan count) were subject to a credit review and 1,094 Mortgage Loans (approximately 27% by loan count) were subject to a review for compliance with laws that may result in assignee liability and for compliance with laws that restrict points and fees. Our compliance review does not include examination of documents to ensure that the Mortgage Loan complies with all laws. Seventy-five of the 4,075 Mortgage Loans were reviewed for both credit and compliance.

As a result of the quality control review for the Mortgage Loans purchased in the third quarter of 2012 (approximately \$69 billion), a defect rate for the Mortgage Loans between approximately 2.2% and approximately 3.0% with 95% confidence was reported for Mortgage Loans purchased during this period. Mortgage Loans identified with Unconfirmed Underwriting Defects or Underwriting Defects during the quality control review are not included in the Reference Pool. Additionally, the results of Freddie Mac's quality control review for the Mortgage Loans purchased in the third quarter of 2012 are consistent with historical experience of Freddie Mac's quality control across its portfolio. Investors should make their own determination about the appropriateness and suitability of, as well as the extent to which they should rely upon, the sampling methodology described above, including the precision level and confidence interval. See *"General Mortgage*

Loan Purchase and Servicing — Quality Control Process — Limitations of the Quality Control Review Process” and *“Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Freddie Mac’s Limited Review of a Sample of a Small Percentage of the Reference Obligations May Not Reveal All Aspects Which Could Lead to Credit Events”* for additional information regarding the limitations of our review.

The following is a discussion of the results of the credit and compliance review:

Credit Review

We reviewed the Mortgagor’s origination documentation to verify that each Mortgage Loan reviewed (i) is made to a Mortgagor from whom repayment of the Mortgage Loan can be expected, (ii) is secured by collateral that is adequate for the transaction and (iii) otherwise complies with our Guide and applicable TOBs. This review included a credit component and a component consisting of a review of the independent appraisals of the Mortgaged Properties obtained by the originators in connection with the origination of the Mortgage Loans (referred to herein as the “original appraisals”), as more fully described under *“General Mortgage Loan Purchase and Servicing — Quality Control Process — Credit Review”*. None of the procedures conducted as part of our review constituted, either separately or in combination, an independent underwriting of the Mortgage Loans. In addition, the procedures conducted as part of the review of the original appraisals were not re-appraisals of the Mortgaged Properties. To the extent that valuation tools were used as part of the appraisal review process, they should not be relied upon as providing an assessment of value of the Mortgaged Properties comparable to that which an appraisal might provide. They also are not an assessment of the current value of any of the Mortgaged Properties. Of the 2,981 Mortgage Loans subject to a credit review, 128 Mortgage Loans (approximately 4% by loan count) were found to have one or more Unconfirmed Underwriting Defects and subsequently were removed from the Reference Pool. Sixteen Mortgage Loans which were subsequently identified during the Lead Dealer’s Due Diligence Review, described below in *“— Lead Dealer’s Due Diligence Review”* are not included in the defect rates described above as it relates to the quality control performed on the Mortgage Loans purchased in the third quarter of 2012 or in the defect rates enumerated above as it relates to the credit review performed on the 4,075 loans in the proposed Reference Portfolio.

The following table describes the Unconfirmed Underwriting Defects identified through the credit review that were removed from the Reference Pool:

| <u>Exceptions</u> | <u>Number of Loans</u> | <u>As a Percentage of the Selected Sample</u> |
|---|------------------------|---|
| Other Guide or Contract Issues | 13 | 10.16% |
| Insufficient Assets or Reserves | 10 | 7.81% |
| Inadequate Income Documentation | 9 | 7.03% |
| Appraised Value Not Supported | 9 | 7.03% |
| Ineligible Property/Appraisal Requirements Not Met | 9 | 7.03% |
| Inadequate Assets or Reserves Documentation | 7 | 5.47% |
| Missing Income Documentation | 7 | 5.47% |
| Missing Assets or Reserves Documentation | 7 | 5.47% |
| Miscalculated Debts | 7 | 5.47% |
| Income Not Stable/Durable | 6 | 4.69% |
| Miscalculated Income | 4 | 3.13% |
| Inaccurate Data Invalidates AUS Decision | 4 | 3.13% |
| Undisclosed Debt | 4 | 3.13% |
| Incomplete or Missing HUD1 | 4 | 3.13% |
| Missing Items of Subordinate Financing | 3 | 2.34% |
| Missing MI Certificate | 3 | 2.34% |
| Ineligible Source of Funds to Close | 2 | 1.56% |
| Credit Requirements Not Met | 2 | 1.56% |
| Incomplete Title Policy | 2 | 1.56% |
| Questionable Occupancy | 2 | 1.56% |
| Missing Liabilities Documentation | 2 | 1.56% |
| APL Points/Fees Exceed State Limits | 1 | 0.78% |
| Loan File Not Received | 1 | 0.78% |
| Credit Report Missing | 1 | 0.78% |
| Credit Score Does Not Meet Minimum Required | 1 | 0.78% |
| Documents to Exclude Debt Missing | 1 | 0.78% |
| AUS Conditions Not Met | 1 | 0.78% |
| Manufactured Home Not Described in Security Instrument | 1 | 0.78% |
| Missing Appraisal Report | 1 | 0.78% |
| No Mortgage Insurance Coverage | 1 | 0.78% |
| Refinance Requirements Not Met - Payoff of Subordinate Lien Not Allowed | 1 | 0.78% |
| Self-Employment Not Disclosed | 1 | 0.78% |
| TLTV Exceeds Maximum Allowable | 1 | 0.78% |
| Total | 128 | 100.00% |

Compliance Review

Of the 1,094 Mortgage Loans subject to a compliance review, two Mortgage Loans (less than 1% by loan count) were determined to be noncompliant and were subsequently removed from the Reference Pool. The two Mortgage Loans that were determined to have defects had points or fees that exceeded relevant state limits.

Data Integrity Review

As part of the review procedures conducted by Freddie Mac, Freddie Mac engaged a third party to assist it in certain elements of such review, the purpose of which is to provide reasonable assurance that the disclosure regarding the Reference Pool in this Offering Circular is accurate in all material respects. Freddie Mac determined the nature, extent and timing of the review and the level of assistance provided by such third party. Freddie Mac has ultimate authority and control over, and assumes all responsibility for such review, and the findings and conclusions of such review. Freddie Mac attributes all findings and conclusions of such review to itself.

Freddie Mac received mortgage loan data tapes from its sellers and, in connection with this offering, prepared a mortgage loan data tape that included certain characteristics of the Reference Obligations. In addition, Freddie Mac instructed a third-party to compare 19 characteristics (as applicable) with respect to a random sampling of 235 Reference Obligations (the “**Data Sample Mortgage Loans**”) on the mortgage loan data tape. This comparison was conducted by comparing electronic copies of the original mortgage loan documents provided by Freddie Mac to the corresponding information set forth on the mortgage loan data tape.

Discrepancies were identified with respect to one or more characteristics for 23 of the Data Sample Mortgage Loans compared. The types of discrepancies between the mortgage loan data tape and original mortgage loan documents related to original combined LTV, first time homebuyer indicator, original debt-to-income ratio, Credit Score, loan purpose, property type, first payment date, original interest rate, maturity date, original LTV, original UPB, original loan term, prepayment penalty term indicator, property state and postal code.

In all cases, Freddie Mac determined that the discrepancies were not material from a credit risk perspective and that it would have still purchased the Data Sample Mortgage Loans with the adjusted data. Accordingly, Freddie Mac did not exclude any of the Data Sample Mortgage Loans from the Reference Pool as a result of these comparison results and determined that none of these discrepancies constituted Unconfirmed Underwriting Defects. Further, Freddie Mac did not update the mortgage loan data tape to reflect these exceptions. As a result, the numerical disclosure in this Offering Circular does not reflect any of these exceptions with respect to the Data Sample Mortgage Loans.

Lead Dealer’s Due Diligence Review

General

In connection with the issuance of the Notes, Credit Suisse, in its capacity as the lead dealer (the “**Lead Dealer**”), engaged a third-party diligence provider (the “**Diligence Provider**”) to conduct a review of certain aspects of the Mortgage Loans in the proposed Reference Pool. Although the fees and expenses of the Diligence Provider were paid by Freddie Mac, the scope and design of the review was determined solely by the Lead Dealer in consultation with the Diligence Provider.

The Diligence Provider and the Lead Dealer were limited to selecting the diligence sample from a subset of 3,899 Mortgage Loans (the “**Available Sample**”) provided to it by Freddie Mac. The Available Sample is a subset of the 4,075 loans that were previously reviewed by Freddie Mac in connection with its monthly quality control review (the “**Freddie Mac QC Review**”) described above under “— *Results of Freddie Mac Quality Control*” above. Due to pay offs, delinquencies and other quality control removals, the number of loans in the Available Sample was less than the 4,075 loans that were reviewed previously by Freddie Mac in the Freddie Mac QC Review.

The Lead Dealer and the Diligence Provider selected 1,500 Mortgage Loans from the Available Sample (such 1,500 Mortgage Loans, the “**Diligence Sample**”), representing approximately 38.47% by loan count of the Available Sample and approximately 1.5% by loan count of the entire Reference Pool. Of the Diligence Sample, 1,193 Mortgage Loans were selected for a credit review (the “**Credit Review Sample**”) and 376 were selected for a compliance review (the “**Compliance Review Sample**”). 69 of the Mortgage Loans in the Diligence Sample were part of both the Credit Review Sample and the Compliance Review Sample. Of the Credit Review Sample, the Lead Dealer and Diligence Provider selected 961 Mortgage Loans at random (the “**Random Diligence Credit Sample**”) and 232 Mortgage Loans through a targeted selection process that included focus on (a) certain adverse credit characteristics (170 Mortgage Loans) and (b) Mortgage Loans for which it was possible to undertake both a credit and compliance review (62 Mortgage Loans) that were not already selected from the Random Diligence Credit Sample (the “**Selected Credit Sample**”). Of the Compliance Review Sample, the Lead Dealer and Diligence Provider selected all of the Mortgage Loans at random (other than the 62 loans noted above that were selected because it was possible to undertake both a credit and a compliance review).

Credit Reviews

The Diligence Provider employed the processes and procedures that were agreed to with the Lead Dealer to review the Mortgage Loans in the Credit Review Sample. These processes and procedures included reviewing the terms of the Mortgage Loans and the information in the related loan files in order to assess whether the Mortgage Loans complied with Freddie Mac's eligibility requirements set forth in the Guide and, if applicable, any negotiated TOBs which may have amended or modified the terms of the Guide. Its review of the Credit Review Sample determined that 317 Mortgage Loans within that sample (the "**Credit Exception Loans**") did not initially appear to meet Freddie Mac's contractual requirements as set forth in its Guide and, if applicable, any negotiated TOBs. Upon subsequent review, further analysis and, in some cases, discussions with representatives of Freddie Mac by the Diligence Provider, 27 of the Credit Exception Loans (approximately 2.26% of the Credit Review Sample) were determined to have Unconfirmed Underwriting Defects. However, investors should note that with respect to 146 of these Credit Exception Loans, representing approximately 12.24% of the Credit Review Sample, Freddie Mac did not make a determination as to whether the identified exception would result in Unconfirmed Underwriting Defects because Freddie Mac did not perform the same review processes and procedures during the Freddie Mac QC Review that produced the exception found by the Diligence Provider (such loans, the "**Out of Scope Credit Exception Loans**"). Since the exceptions with respect to the Out of Scope Credit Exception Loans would not have been discovered during the Freddie Mac QC Review, Freddie Mac has elected to include such Out of Scope Credit Exception Loans in the Reference Pool and investors are encouraged to make their own determination as to the effect that the inclusion of the Out of Scope Credit Exception Loans in the Reference Pool will have on their investments.

The Diligence Provider and the Lead Dealer divided the Credit Exception Loans into two categories, each as described below.

Category 1 includes Credit Exception Loans that are further divided into two sub-groups: (a) sub-group 1, consisting of Mortgage Loans that are Out of Scope Credit Exception Loans (146 of the Credit Exception Loans, representing approximately 12.24% of the Credit Review Sample) and (b) sub-group 2, consisting of Mortgage Loans with exceptions that the Diligence Provider deemed to be immaterial (144 Mortgage Loans, representing approximately 12.07% of the Credit Review Sample). A Category 1 Mortgage Loan may have multiple exceptions. However, for the purposes of reporting the numbers above, to the extent a Mortgage Loan has exceptions in both sub-groups, it is categorized as having an immaterial exception and therefore included only in sub-group 2 (rather than being included in sub-group 1 as an Out of Scope Credit Exception Loan). All Category 1 Mortgage Loans will be included as part of the Reference Pool. Investors should expect that to the extent Category 1 type issues are identified in the future on any Reference Obligations, they will not be treated as Unconfirmed Underwriting Defects or Underwriting Defects.

Category 2 includes Credit Exception Loans that Freddie Mac determined would result in Unconfirmed Underwriting Defects. Freddie Mac has elected to exclude all Category 2 Mortgage Loans from the Reference Pool. Investors should expect that to the extent such Category 2 type issues are identified in the future on any Reference Obligation, they will be treated as Unconfirmed Underwriting Defects.

The findings of the Diligence Provider and Lead Dealer have not been subject to seller appeals. In Freddie Mac's experience, repurchase demands result in sellers providing more documentation and thus resolving the majority of exceptions on performing loans. We cannot assure you this will be the case with above-referenced exceptions.

Category 1

The Diligence Provider determined that 290 of the Credit Exception Loans, or approximately 24.31% of the Credit Review Sample, fit within Category 1. The Diligence Provider determined that the exception identified for each of the Credit Exception Loans in this category could not be determined to be an Unconfirmed Underwriting Defect for various reasons. For example, the Credit Exception Loan may be missing certain documentation required by the Guide. However, to the extent that Freddie Mac through its quality control process can verify the information in lieu of such documentation through other means (such as verifying the information in the 4506T document through employment re-verification), Freddie Mac does not deem the absence of the document to be an

Unconfirmed Underwriting Defect. Because the processes, procedures, and tolerances used by the Diligence Provider were not fully aligned with those employed in Freddie Mac’s quality control reviews, some Credit Exception Loans are considered by Freddie Mac to be out of scope or deemed to have compensating factors or sufficient alternative documentation to mitigate the exception. The following table describes the 364 credit exceptions that were found in the 290 Category 1 Loans. Note that a specific Mortgage Loan may have more than one exception and 4.48% of the Mortgage Loans had more than two exceptions. There may be an increased risk of Credit Events on Mortgage Loans with multiple exceptions.

| <u>Exceptions</u> | <u>Number of Exceptions</u> |
|--|-----------------------------|
| BPO Tolerance | 55 |
| Missing 4506T | 54 |
| Document Deficiency | 49 |
| Insufficient Reserves | 40 |
| Income-Missing VOE | 21 |
| Imprudent Underwriting | 18 |
| Application-Incomplete | 15 |
| Guideline Exception — No Matching Guideline | 12 |
| Asset Violation | 9 |
| Assets-Short Cash to Close | 7 |
| Debt-to-Income Ratio Violation | 7 |
| Data Discrepancy | 6 |
| Guideline Exception — Debt-to-Income | 6 |
| AUS Approval Missing | 4 |
| Income-Missing Tax Returns (1040) | 4 |
| Income-No Verification | 4 |
| Appraisal-Property Illegal / Nonconforming | 3 |
| Assets-Missing Verification | 3 |
| Guideline Exception Investor — No Matching Guideline | 3 |
| Undisclosed Property | 3 |
| Application-Unsigned by Borrower(s) | 2 |
| Appraisal-Condo Info Letter Not in File | 2 |
| Credit-No Pay History Available | 2 |
| Deed of Trust-Incomplete | 2 |
| Employment Violation | 2 |
| Housing History Violation | 2 |
| HUD-1 Missing on Sale of Previous Residence | 2 |
| Income-Missing W-2 | 2 |
| Income-Verification Discrepancy | 2 |
| Income-Verification Outdated | 2 |
| Note-Unsigned | 2 |
| Application-Schedule of Real Estate Owned Missing | 1 |
| Appraisal-Missing | 1 |
| Appraisal-No 442; Missing Completion Certificate | 1 |
| Appraisal-Over Supply — FYI | 1 |
| Appraisal-Unclear Subject & Comp Photos | 1 |
| Appraisal-Unsupported Value | 1 |
| Audit Verification of Employment | 1 |
| Credit-Missing Verification of Mortgage/Verification of Rent | 1 |
| Debt-to-Income > 55% | 1 |
| Income Misrepresentation | 1 |
| Income-Missing K-1 | 1 |
| Income-Missing Partnership Tax Returns (1065) | 1 |
| Income-Missing Paystubs | 1 |
| Income-Self Employed Borrower | 1 |
| Missing Subordinate Financing Terms | 1 |
| Note-Missing | 1 |
| Settlement Statement Incorrect | 1 |
| Title-Discrepancy | 1 |
| Underwriting-Missing 1008 | 1 |
| Total | <u>364</u> |

Category 2: Loans with Underwriting Defects

The Diligence Provider noted 27 Credit Exception Loans with respect to which Freddie Mac agreed that Unconfirmed Underwriting Defects existed. Of these 27 Credit Exception Loans, Freddie Mac had previously removed 11 from the Reference Pool as a result of its quality control process. The remaining 16 Mortgage Loans were not identified during the Freddie Mac QC Review as having Unconfirmed Underwriting Defects, but were subsequently removed by Freddie Mac from the Reference Pool as a result of the findings of the Diligence Provider.

The table below describes the 33 exceptions related to the 27 Category 2 Mortgage Loans. Some of the Category 2 Mortgage Loans may have multiple exceptions, including Category 1 exceptions. Any additional exceptions related to the Category 2 Mortgage Loans are only reflected in the exception table for the Category 2 Mortgage Loans, and are not included in the exception table for the Category 1 Mortgage Loans.

| <u>Defect</u> | <u>Number of Exceptions</u> |
|---|-----------------------------|
| Debt-to-Income Ratio Violation | 4 |
| Insufficient Reserves | 4 |
| Assets-Short Cash to Close | 3 |
| Assets-Missing Verification | 3 |
| Title-Missing Policy | 2 |
| Credit-Missing Credit Report | 2 |
| Document Deficiency | 2 |
| Employment Misrepresentation | 2 |
| Debt-to-Income > 55% | 2 |
| Occupancy | 1 |
| Guideline Exception — Debt-to-Income | 1 |
| Income-Missing Interest Income Verification | 1 |
| AUS Approval Missing | 1 |
| Income-Missing Partnership Tax Returns (1065) | 1 |
| Appraisal-Missing | 1 |
| Appraisal-Missing Comparables Photos | 1 |
| Appraisal-Missing Completion Certificate | 1 |
| Appraisal-Outdated | 1 |
| Total | <u>33</u> |

Compliance Reviews

The Diligence Provider reviewed the 376 loans in the Compliance Review Sample for compliance with federal, state and local laws and regulations (the “**Compliance Review**”).

As noted above, as part of the Freddie Mac QC Review, Freddie Mac’s compliance review is limited to assessing Mortgage Loans to determine whether the Mortgage Loans comply with certain laws that may result in assignee liability and for compliance with laws restricting points and fees. As Freddie Mac’s compliance review does not include examination of documents to ensure that the Mortgage Loan complies with all laws, investors should note that only Mortgage Loans that are identified as violating laws that may result in assignee liability or that restrict points and fees will be treated as having Unconfirmed Underwriting Defects.

As part of its review, the Diligence Provider identified 14 Mortgage Loans (“**Compliance Exception Loans**”) that it divided into two sub-groups: (a) sub-group 1 consists of Mortgage Loans with exceptions that would not have been discovered by Freddie Mac during the Freddie Mac QC Review because Freddie Mac did not perform the same review processes and procedures during the Freddie Mac QC Review that produced such exceptions found by the Diligence Provider (5 Mortgage Loans, representing approximately 1.33% of the Compliance Review Sample) (such loans, the “**Out of Scope Compliance Exception Loans**”) and (b) sub-group 2, which consists of Mortgage Loans with exceptions that the Diligence Provider deemed immaterial (9 Mortgage Loans, representing approximately 2.39% of the Selected Compliance Sample). A Compliance Exception Loan may have multiple exceptions, but it is only categorized into one sub-group. Therefore, to the extent a Mortgage Loan has exceptions in both sub-groups, it is categorized only being in sub-group 2 and as

having an immaterial exception (rather than being included in sub-group 1 as an Out of Scope Compliance Exception Loan). For certain exceptions (i.e., missing final Truth-in-Lending statements), Freddie Mac may rely upon other acceptable alternatives, including web-based calculations to complete APL compliance testing.

Freddie Mac has elected to include all Compliance Exception Loans (including the Out of Scope Compliance Exception Loans) in the Reference Pool. Investors should expect that to the extent that the compliance-type issues described above are identified in the future on any Reference Obligations, they will not be treated as Unconfirmed Underwriting Defects or Underwriting Defects. Investors are encouraged to make their own determination as to the effect that the inclusion of the Compliance Exception Loans (including the Out of Scope Compliance Exception Loans) in the Reference Pool will have on their investments.

The following table describes the exceptions found in the Compliance Review:

| <u>Exceptions</u> | <u>Number of Exceptions</u> |
|---|-----------------------------|
| Rate Lock Date Missing | 8 |
| Final Truth in Lending Disclosure — Missing From File | 4 |
| NY — Missing Fair Credit Disclosure/Consumer Report Disclosure (Prior to Requesting a Consumer Report), Brokers and Lenders | 1 |
| NY — Missing Interest Rate-lock Timing Disclosure, Lenders Only | 1 |
| Total | <u>14</u> |

Appraisal Reviews

At the request of the Lead Dealer as part of its valuation of the Reference Pool, the Diligence Provider selected 596 Mortgage Loans (representing approximately 49.96% of the Credit Review Sample by loan count) from the Credit Review Sample (the “**Appraisal Sample**”) on which to obtain current property valuations. The Diligence Provider was only able to obtain current property values on 591 Mortgage Loans in the Appraisal Sample. Of the Mortgage Loans where a property value was not obtained, two Mortgage Loans were located in rural West Virginia and an appraiser was not available to review and for three Mortgage Loans, the value was undertaken on the borrower’s mailing address rather than the subject property address. The values that the Diligence Provider was able to obtain were primarily obtained through broker’s price opinions (“**BPOs**”), which did not utilize interior inspections of the properties and were not performed by certified licensed appraisers in accordance with the USPAP. Additionally, the BPOs provide an estimate of value that could potentially be up to a year or more after the original appraisals in the loan files. The results of these current valuations were compared to the original appraisals. From this comparison, the Diligence Provider conducted desk reviews for 125 Mortgage Loans in the Appraisal Sample that had a negative BPO variance of over 15% and compared the desk reviews to the original appraisals for those Mortgage Loans. A desk review consists of a valuation analysis whereby the appraiser makes a separate selection of comparable sales, which may or may not be the same as those used in the original appraisal and, using a rules-based valuation model, makes an independent determination as to whether the original appraised value is supported. The Diligence Provider then ordered additional appraisal reconciliations for the 60 Mortgage Loans that had a negative variance of over 15% and compared the appraisal reconciliations to the original appraisals for those Mortgage Loans. Thirty-two Mortgage Loans, representing approximately 5.37% of the Appraisal Sample had negative valuation variance of over 15% from the original appraisals. All such Mortgage Loans with negative valuation variances of over 15% will be included as part of the Reference Pool. Investors should expect that to the extent valuation variances as described in this paragraph are identified in the future on any Reference Obligations, they will not be treated as Unconfirmed Underwriting Defects.

Data Integrity Review

Freddie Mac prepared a mortgage loan data tape that included certain characteristics of the Mortgage Loans. That data tape, including any adjustments made by Freddie Mac, was used to generate the statistical information regarding the Reference Obligations included in this Offering Circular.

A comparison of certain fields on the data tape was performed by the Diligence Provider with respect to both the Credit Review Sample and the Compliance Review Sample. For the Credit Review Sample, a comparison was performed with respect to 14 Mortgage Loan characteristics, including original combined LTV, Credit Score, first payment date, loan purpose, maturity date, number of borrowers, number of units, occupancy status, original LTV, original UPB, original interest rate, property type, property state, and original DTI. For the Compliance Review Sample, a comparison was performed with respect to 6 Mortgage Loan characteristics, including first payment date, number of borrowers, original interest rate, original UPB, maturity date and property state.

With respect to 101 Mortgage Loans, representing approximately 8.5% of the Credit Review Sample (by loan count), and 1 Mortgage Loan, representing approximately 0.3% of the Compliance Review Sample (by loan count), 110 discrepancies, representing approximately 0.6% of the total fields reviewed, with respect to the reviewed characteristics were identified by the Diligence Provider. A full list of these discrepancies is identified on Appendix B attached to this Offering Circular. It should be noted that 15 of the Mortgage Loans identified in Appendix B (as represented by loan identifiers designated as “N/A”) are not included in the Reference Pool due to principal payments in full, delinquencies or because they were previously removed in connection with Freddie Mac’s quality control process.

Other than the Mortgage Loans described above that were previously removed through the quality control process, Freddie Mac has determined that none of the data discrepancies result in an Unconfirmed Underwriting Defect or a violation of the Eligibility Criteria. Further, investors should note that Freddie Mac did not update the mortgage loan data tape to reflect these discrepancies (except that the Mortgage Loans previously removed are not reflected on the mortgage loan data tape). As a result, the numerical disclosure in this Offering Circular does not reflect any of these discrepancies with respect to the related Reference Obligations. In Freddie Mac’s sole discretion, after the Closing Date it may determine to reconcile with its sellers certain of the discrepancies identified by the Diligence Provider. To the extent Freddie Mac verifies any of these discrepancies, Freddie Mac expects to update the monthly loan-level information with respect to the Reference Pool that is made available to Noteholders.

The following table summarizes the two most common discrepancies identified by the Diligence Provider relative to Freddie Mac’s data tape.

| | Total Number of Mortgage Loans with Discrepancies | Data Tape Average | Diligence Provider Average | Number of Mortgage Loans Where Data Tape Value is Greater Than Diligence Provider Value | Number of Mortgage Loans Where Data Tape Value is Less Than Diligence Provider Value |
|----------------|--|--------------------------|-----------------------------------|--|---|
| DTI | 59 | 32% | 35% | 26 | 33 |
| CLTV | 27 | 75% | 85% | 1 | 26 |

Limitations of the Diligence Provider’s Review Process

As noted above under the Risk Factor captioned “*Risks Relating to the Notes Being Linked to the Reference Pool — Limited Scope and Size of Lead Dealer’s Review of the Reference Obligations May Not Reveal Aspects of the Reference Obligations Which Could Lead to Credit Events*”, there can be no assurance that the review conducted by the Diligence Provider uncovered all relevant factors relating to the origination of the Reference Obligations, their compliance with applicable laws and regulation or uncovered all relevant factors that could affect the future performance of the Reference Obligations. The review was performed on a small sample that did not include all of the Reference Obligations in the Reference Pool and the Reference Obligations that were included in the review may have characteristics that were not discovered, noted or analyzed as part of the Diligence Provider’s review that could, nonetheless, result in those Reference Obligations failing to perform in the future.

Investors are advised that the aforementioned review procedures carried out by the Diligence Provider were performed for the benefit of the Dealers. The Diligence Provider makes no representation and provides no advice to any investor or future investor concerning the suitability of any transaction or investment strategy, the Diligence Provider performed only the review procedures described herein, and the Diligence Provider is not responsible for any decision to include any Mortgage Loan in the Reference Pool.

Investors are encouraged to make their own determination as the extent to which they place reliance on the limited loan review procedures carried out as part of this review.

HISTORICAL INFORMATION

Loan-level credit performance data on a portion of fully amortizing 30-year fixed-rate Mortgage Loans purchased or acquired by Freddie Mac during the period from 1999 to 2011 is available online at http://www.freddiemac.com/news/finance/sf_loanlevel_dataset.html (the “**Single Family Loan-Level Dataset**”). Access to this web address is unrestricted and free of charge. The various loans for which performance information is shown at the above internet address had initial characteristics that differed, and may have differed in ways that were material to the performance of those Mortgage Loans. These differing characteristics include, among others, product type, credit quality, geographic concentration, average principal balance, weighted average interest rate, weighted average loan-to-value ratio and weighted average term to maturity. Neither we nor the Global Agent make any representation, and you should not assume, that the performance information shown at the above internet address is in any way indicative of the performance of the Reference Obligations.

The Single Family Loan-Level Dataset available on our website relating to any of our Mortgage Loans is not deemed to be part of this Offering Circular. Various factors may affect the prepayment, delinquency and loss performance of the Mortgage Loans over time.

The Reference Obligations may not perform in the same manner as the Mortgage Loans in the Single Family Loan-Level Dataset as a result of the various credit and servicing standards we have implemented over time. Due to adverse market and economic conditions, and based in part on our reviews of the underwriting quality for loans originated in 2005 through 2008, we implemented several credit changes since 2008. These credit changes are defined by specified criteria such as LTV, Credit Score and DTI. We cannot predict how these credit changes will affect the performance of the Reference Obligations compared to the performance of prior vintages of Mortgage Loans. See also “*Risk Factors — Risks Relating to the Notes Being Linked to the Reference Pool — Underwriting Standards Used by Many of Our Sellers May be Less Stringent than Required by Our Guide*” and “*— Servicers May Not Follow the Requirements of Our Guide or TOBs, and Servicing Standards May Change Periodically*”.

PREPAYMENT AND YIELD CONSIDERATIONS

Credit Events

The amount and timing of Credit Events on the Reference Obligations will affect the yield on the Notes. To the extent that Credit Events result in the allocation of Calculated Tranche Write-down Amounts to a Class of Notes, the Class Principal Balance of such Class of Notes will be reduced, without any corresponding payment of principal, by the amount of such Calculated Tranche Write-down Amounts. As described under “*Summary of Terms — Reductions in Class Principal Balances of the Notes Due to Allocation of Calculated Tranche Write-down Amounts*”, Calculated Tranche Write-down Amounts will be allocated to reduce the Class Notional Amounts of the Reference Tranches in the following order of priority, *first*, to the Class B-H Reference Tranche, *second*, to the Class M-2 and Class M-2H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, *third*, to the Class M-1 and Class M-1H Reference Tranches, *pro rata*, based on their Class Notional Amounts immediately prior to such Payment Date, and, *fourth*, to the Class A-H Reference Tranche. Any Calculated Tranche Write-down Amount allocated to the Class M-1 Reference Tranche will result in a corresponding reduction in the Class Principal Balance of the Class M-1 Notes and any Calculated Tranche Write-down Amount allocated to the Class M-2 Reference Tranche will result in a corresponding reduction in the Class Principal Balance of the Class M-2 Notes. As such, because the Class M-2 Reference Tranche is subordinate to the Class M-1 Reference Tranche, the Class M-2 Notes will be more sensitive than the Class M-1 Notes to Calculated Tranche Write-down Amounts after the Class Notional Amount of the Class B-H Reference Tranche is reduced to zero.

Credit Events can be caused by, but not limited to, Mortgagor mismanagement of credit and unforeseen events. The rate of delinquencies on refinance Mortgage Loans may be higher than for other types of Mortgage Loans. Furthermore, the rate and timing of Credit Events on the Reference Obligations will be affected by the general economic condition of the region of the country in which the related Mortgaged Properties are located. The risk of Credit Events is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. The yield on any Class of Notes and the rate and timing of Credit Events on the Reference Obligations may also be affected by servicing decisions by the applicable servicer.

Prepayment Considerations and Risks

The rate of principal payments on the Notes and the yield to maturity (or to early redemption) of Notes purchased at a price other than par are directly related to the rate and timing of payments of principal on the Reference Obligations. The principal payments on the Reference Obligations may be in the form of Scheduled Principal or Unscheduled Principal. Any Unscheduled Principal may result in payments to an investor of amounts that would otherwise be distributed over the remaining term of the Reference Obligations.

The rate at which mortgage loans in general prepay may be influenced by a number of factors, including general economic conditions, mortgage market interest rates, availability of mortgage funds, the value of the mortgaged property, solicitations, servicer decisions and homeowner mobility.

- In general, if prevailing mortgage interest rates fall significantly below the mortgage rates on the Reference Obligations, the Reference Obligations are likely to prepay at higher rates than if prevailing mortgage interest rates remain at or above the mortgage rates on the Reference Obligations.
- Conversely, if prevailing mortgage interest rates rise above the mortgage rates on the Reference Obligations, the rate of prepayment would be expected to decrease.

The timing of changes in the rate of prepayments may significantly affect an investor's actual yield to maturity, even if the average rate of principal prepayments is consistent with an investor's expectations. In general, the earlier the payment of principal of the Reference Obligations the greater the effect on an investor's yield to maturity. As a result, the effect on investors' yield due to principal prepayments occurring at a rate higher (or lower) than the rate investors anticipate during the period immediately following the issuance of the Notes may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. Prospective investors should also consider the risk, in the case of a Note purchased at a discount that a slower than anticipated rate of payments in respect of principal (including prepayments) on the Reference Obligations will have a negative effect on the yield to maturity of such Note. Prospective investors should also consider the risk, in the case of a Note purchased at a premium, that a faster than anticipated rate of payments in respect of principal (including prepayments) on the Reference Obligations will have a negative effect on the yield to maturity of such Note. Prospective investors must make decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase Notes.

A Mortgagor may make a full or partial prepayment on a Mortgage Loan at any time without paying a penalty. A Mortgagor may fully prepay a Mortgage Loan for several reasons, including an early payoff, a sale of the related Mortgaged Property or a refinancing of the Mortgage Loan. A Mortgagor who makes a partial prepayment of principal may request that the monthly principal and interest installments be recalculated, provided that the monthly payments are current. Any recalculation of payments must be documented by a modification agreement. The recalculated payments cannot result in an extended maturity date or a change in the interest rate. The rate of payment of principal may also be affected by any removal from the Reference Pool of some or all of the Reference Obligations as required by the Debt Agreement. See "*Summary of Terms — The Reference Pool*" in this Offering Circular. We may also remove Reference Obligations from the Reference Pool because they do not satisfy the Eligibility Criteria. Any removals will shorten the weighted average lives of the Notes.

The Reference Obligations will typically include “due-on-sale” clauses which allow the holder of such Reference Obligation to demand payment in full of the remaining principal balance upon sale or certain transfers of the property securing such Reference Obligation.

Prospective investors should understand that the timing of changes in One-Month LIBOR may affect the actual yields on the Notes even if the average rate of One-Month LIBOR is consistent with such prospective investors’ expectations. Each prospective investor must make an independent decision as to the appropriate One-Month LIBOR assumptions to be used in deciding whether to purchase a Note.

Assumptions Relating to Weighted Average Life Tables, Declining Balances Tables, Credit Event Sensitivity Table, Cumulative Note Write-down Amount Tables and Yield Tables

The tables on the following pages have been prepared on the basis of the following assumptions (the “**Modeling Assumptions**”):

- (a) The Reference Obligations consist of the assumed Mortgage Loans having the characteristics shown on Appendix C;
- (b) the initial Class Principal Balances for the Notes are as set forth or described in the table on page 2 hereof and the Class Coupons are assumed to be One-Month LIBOR plus 3.40% for the Class M-1 Notes and One-Month LIBOR plus 7.15% for the Class M-2 Notes;
- (c) the scheduled monthly payment for each Reference Obligation is based on its outstanding principal balance, current mortgage rate and remaining amortization term so that it will fully amortize in amounts sufficient for the repayment thereof over its remaining amortization term;
- (d) the Reference Obligations experience Credit Events at the indicated CER percentages and there is no lag between the related Credit Event Amounts and the application of any related Calculated Recovery Principal;
- (e) scheduled payments of principal and interest with respect to the Reference Obligations are received on the applicable due date beginning on the first day of the calendar month immediately preceding the month in which the first Payment Date occurs;
- (f) principal prepayments in full on the Reference Obligations are received, together with thirty (30) days’ interest thereon, on the last day of each month beginning in the calendar month prior to the month in which the first Payment Date occurs;
- (g) there are no partial principal prepayments on the Reference Obligations;
- (h) the Reference Obligations prepay at the indicated CPR percentages;
- (i) no Reference Obligations are purchased or removed from, or reinstated to, the Reference Pool and no Mortgage Loans are substituted for the Reference Obligations included in the Reference Pool on the Closing Date;
- (j) there are no loan modifications or data corrections in connection with the Reference Obligations;
- (k) there is no early redemption (except in the case of Weighted Average Life in Years (to early redemption));
- (l) there are no Reversed Credit Event Reference Obligations or Origination Rep and Warranty Settlement Amounts;
- (m) the Notes are issued on July 26, 2013;
- (n) cash payments on the Notes are received on the twenty-fifth (25th) day of each month beginning in August 2013 as described under “*Description of The Notes*” in this Offering Circular; and
- (o) One-Month LIBOR is assumed to remain constant at 0.20% per annum.

Although the characteristics of the Reference Obligations for the Weighted Average Life Tables, Declining Balances Tables, Credit Event Sensitivity Table, Cumulative Note Write-down Amount Tables and Yield Tables have been prepared on the basis of the weighted average characteristics of the Mortgage Loans which are expected to be in the Reference Pool, there is no assurance that the Modeling Assumptions will reflect the actual characteristics or performance of the Reference Obligations or that the performance of the Notes will conform to the results set forth in the tables.

Weighted Average Lives of the Notes

Weighted average life of a Class of Notes refers to the average amount of time that will elapse from the date of issuance of such Class of Notes until each dollar in reduction of its balance is distributed to investors. The weighted average lives of the Notes will be influenced by, among other things, the rate at which principal of the Reference Obligations is actually paid by the related Mortgagor, which may be in the form of Scheduled Principal or Unscheduled Principal, the timing of changes in such rate of principal payments and the timing and rate of allocation of Calculated Tranche Write-down Amounts and Calculated Tranche Write-up Amounts to the Notes. The interaction of the foregoing factors may have different effects on each Class of Notes and the effects on any such Class may vary at different times during the life of such Class. Accordingly, no assurance can be given as to the weighted average life of any Class of Notes. For an example of how the weighted average lives of the Notes are affected by the foregoing factors at various rates of prepayment, see the Weighted Average Life Tables and Declining Balances Tables set forth below.

Prepayments on mortgage loans are commonly measured relative to a constant prepayment standard or model. The model used in this Offering Circular for the Reference Obligations is a Constant Prepayment Rate (or “CPR”). CPR assumes that the outstanding principal balance of a pool of mortgage loans prepays at a specified constant annual rate. In projecting monthly cashflows, this rate is converted to an equivalent monthly rate.

CPR does not purport to be either a historical description of the prepayment experience of mortgage loans or a prediction of the anticipated rate of prepayment of any mortgage loans, including the Reference Obligations. The percentages of CPR in the tables below do not purport to be historical correlations of relative prepayment experience of the Reference Obligations or predictions of the anticipated relative rate of prepayment of the Reference Obligations. Variations in the prepayment experience and the principal balance of the Reference Obligations that prepay may increase or decrease the percentages of initial Class Principal Balances (and weighted average lives) shown in the Declining Balances Tables below and may affect the weighted average lives shown in the Weighted Average Life Tables below. Such variations may occur even if the average prepayment experience of all such Reference Obligations equals any of the specified percentages of CPR.

It is highly unlikely that the Reference Obligations will have the precise characteristics referred to in this Offering Circular or that they will prepay or experience Credit Events at any of the rates specified or times assumed or that Credit Events will be incurred according to one particular pattern. The Weighted Average Life Tables, Credit Event Sensitivity Table, Cumulative Note Write-down Amount Tables and Yield Tables below assume a constant rate of Reference Obligations becoming Credit Event Reference Obligations each month relative to the then outstanding aggregate principal balance of the Reference Obligations. This credit event rate (“CER”) does not purport to be either a historical description of the default experience of the Reference Obligations or a prediction of the anticipated rate of defaults on the Reference Obligations. The rate and extent of actual defaults experienced on the Reference Obligations are likely to differ from those assumed and may differ significantly. A rate of 1.0% CER assumes Reference Obligations become Credit Event Reference Obligations at an annual rate of 1.0% which remains in effect through the remaining lives of such Reference Obligations. Further, it is unlikely the Reference Obligations will become Credit Event Reference Obligations at any specified percentage of CER.

The Weighted Average Life Tables and the Declining Balances Tables have been prepared on the basis of the Modeling Assumptions described above under “— *Assumptions Relating to Weighted Average Life Tables, Declining Balances Tables, Credit Event Sensitivity Table, Cumulative Note Write-down Amount Tables and Yield Tables*”. There will likely be discrepancies between the characteristics of the actual Mortgage Loans included in Reference Pool and the characteristics of the hypothetical mortgage loans assumed in preparing the

Weighted Average Life Tables and the Declining Balances Tables. Any such discrepancy may have an effect upon the percentages of initial Class Principal Balances outstanding set forth in the Declining Balances Tables (and the weighted average lives of the Notes set forth in the Weighted Average Life Tables and the Declining Balances Tables). In addition, to the extent that the Mortgage Loans that actually are included in the Reference Pool have characteristics that differ from those assumed in preparing the following Declining Balances Tables, the Class Principal Balance of a Class of Notes could be reduced to zero earlier or later than indicated by the applicable Declining Balances Table.

Furthermore, the information contained in the Weighted Average Life Tables and the Declining Balances Tables with respect to the weighted average life of any Note is not necessarily indicative of the weighted average life of that Class of Notes that might be calculated or projected under different or varying prepayment assumptions.

It is not likely that all of the Reference Obligations will have the interest rates or remaining terms to maturity assumed or that the Reference Obligations will prepay at the indicated CPR percentages or experience Credit Events at the indicated CER percentages. In addition, the diverse remaining terms to maturity of the Reference Obligations could produce slower or faster reductions of the Class Principal Balances than indicated in the Declining Balances Tables at the various CPR percentages specified.

Weighted Average Life Tables

Based upon the Modeling Assumptions, the following Weighted Average Life Tables indicate the projected weighted average lives in years of each Class of Notes shown at various CPR percentages and CER percentages.

Class M-1 Weighted Average Life to Maturity (years)

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 7.70 | 4.01 | 2.31 | 1.60 | 0.99 | 0.71 |
| 0.20% | 7.74 | 4.35 | 2.40 | 1.64 | 1.00 | 0.71 |
| 0.30% | 7.80 | 4.95 | 2.60 | 1.75 | 1.04 | 0.72 |
| 0.40% | 7.88 | 7.23 | 5.37 | 3.10 | 1.39 | 0.87 |
| 0.50% | 7.97 | 7.59 | 7.05 | 5.85 | 2.93 | 1.37 |
| 0.75% | 7.73 | 7.95 | 7.54 | 7.21 | 6.06 | 4.28 |
| 1.00% | 6.29 | 7.37 | 7.83 | 7.62 | 7.09 | 5.84 |

Class M-2 Weighted Average Life to Maturity (years)

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 10.00 | 9.91 | 8.46 | 6.75 | 4.16 | 2.86 |
| 0.20% | 9.98 | 9.99 | 8.69 | 6.99 | 4.31 | 2.91 |
| 0.30% | 9.48 | 9.84 | 9.04 | 7.30 | 4.50 | 2.99 |
| 0.40% | 8.55 | 9.21 | 9.69 | 8.87 | 5.63 | 3.58 |
| 0.50% | 7.46 | 8.35 | 9.06 | 9.59 | 7.92 | 4.88 |
| 0.75% | 4.95 | 5.87 | 7.02 | 7.96 | 9.34 | 8.60 |
| 1.00% | 3.66 | 4.11 | 4.84 | 6.06 | 8.01 | 9.19 |

Declining Balances Tables

Based upon the Modeling Assumptions, the following Declining Balances Tables indicate the projected weighted average lives of each Class of Notes and sets forth the percentages of the initial Class Principal Balance of each Class that would be outstanding after each of the dates shown at various CPR percentages.

Percentages of Original Class Principal Balances Outstanding and Weighted Average Lives

| <u>Date</u> | Class M-1 | | | | | |
|--|---------------------------|------|------|------|------|------|
| | CPR Prepayment Assumption | | | | | |
| | 0% | 5% | 10% | 15% | 25% | 35% |
| Closing Date | 100 | 100 | 100 | 100 | 100 | 100 |
| July 25, 2014 | 96 | 85 | 74 | 63 | 41 | 19 |
| July 25, 2015 | 91 | 71 | 51 | 32 | 0 | 0 |
| July 25, 2016 | 87 | 57 | 30 | 6 | 0 | 0 |
| July 25, 2017 | 82 | 44 | 12 | 0 | 0 | 0 |
| July 25, 2018 | 77 | 32 | 0 | 0 | 0 | 0 |
| July 25, 2019 | 72 | 21 | 0 | 0 | 0 | 0 |
| July 25, 2020 | 67 | 10 | 0 | 0 | 0 | 0 |
| July 25, 2021 | 61 | 0 | 0 | 0 | 0 | 0 |
| July 25, 2022 | 55 | 0 | 0 | 0 | 0 | 0 |
| July 25, 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years) to Maturity | 7.65 | 3.72 | 2.18 | 1.52 | 0.92 | 0.64 |
| Weighted Average Life (years) to Early Redemption Date | 7.65 | 3.72 | 2.18 | 1.52 | 0.92 | 0.64 |

| <u>Date</u> | Class M-2 | | | | | |
|--|---------------------------|------|------|------|------|------|
| | CPR Prepayment Assumption | | | | | |
| | 0% | 5% | 10% | 15% | 25% | 35% |
| Closing Date | 100 | 100 | 100 | 100 | 100 | 100 |
| July 25, 2014 | 100 | 100 | 100 | 100 | 100 | 100 |
| July 25, 2015 | 100 | 100 | 100 | 100 | 98 | 68 |
| July 25, 2016 | 100 | 100 | 100 | 100 | 66 | 35 |
| July 25, 2017 | 100 | 100 | 100 | 84 | 42 | 14 |
| July 25, 2018 | 100 | 100 | 96 | 66 | 25 | 1 |
| July 25, 2019 | 100 | 100 | 81 | 51 | 12 | 0 |
| July 25, 2020 | 100 | 100 | 68 | 38 | 3 | 0 |
| July 25, 2021 | 100 | 99 | 57 | 28 | 0 | 0 |
| July 25, 2022 | 100 | 90 | 47 | 19 | 0 | 0 |
| July 25, 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| Weighted Average Life (years) to Maturity | 10.00 | 9.80 | 8.20 | 6.47 | 3.98 | 2.74 |
| Weighted Average Life (years) to Early Redemption Date | 10.00 | 9.80 | 8.20 | 6.47 | 3.98 | 2.74 |

Yield Considerations with Respect to the Notes

The weighted average life of, and the yield to maturity on, the Notes will be sensitive to the rate and timing of Credit Events on the Reference Obligations. If the actual rate of Credit Events on the Reference Obligations is higher than those prospective investors assumed, the actual yield to maturity of a Note may be lower than the expected yield. The timing of Credit Events on Reference Obligations will also affect prospective investors' actual yield to maturity, even if the rate of Credit Events is consistent with prospective investors' expectations.

The discount margin of each Note was calculated by determining the spread to One-Month LIBOR. The sum of the discount margin for each Note and One-Month LIBOR forms the monthly discount rate which, when applied using market conventions to the assumed streams of cash flows to be paid on that Note, would cause the discounted present value of those assumed streams of cash flows to equal the aggregate assumed purchase price of that Note set forth below. These spreads to One-Month LIBOR or discount margins are shown in the Modeling Assumptions. Implicit in the use of any discounted present value or internal rate of return calculations such as these is the assumption that intermediate cash flows are reinvested at the discount rates at which investors may be able to reinvest funds received by them as payments on the Notes. Consequently, these discount margins do not purport to reflect the total return on any investment in the Notes when reinvestment rates are considered.

Credit Event Sensitivity Table

Based upon the Modeling Assumptions, the following Cumulative Credit Events Table indicates the projected Cumulative Net Credit Event Percentages shown at various CPR percentages and CER percentages.

Cumulative Credit Events (as % of Reference Pool Cut-Off Date Balance)

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 0.9% | 0.7% | 0.6% | 0.5% | 0.3% | 0.2% |
| 0.20% | 1.8% | 1.4% | 1.1% | 0.9% | 0.6% | 0.4% |
| 0.30% | 2.6% | 2.1% | 1.7% | 1.4% | 0.9% | 0.7% |
| 0.40% | 3.5% | 2.8% | 2.2% | 1.8% | 1.2% | 0.9% |
| 0.50% | 4.4% | 3.5% | 2.8% | 2.3% | 1.5% | 1.1% |
| 0.75% | 6.5% | 5.2% | 4.1% | 3.4% | 2.3% | 1.7% |
| 1.00% | 8.6% | 6.8% | 5.5% | 4.5% | 3.1% | 2.2% |

Cumulative Note Write-down Amount Tables

Based upon the Modeling Assumptions, the following Cumulative Note Write-down Amount Tables indicate the projected cumulative write-down of the Class Principal Balance of a Note due to allocation of Calculated Tranche Write-down Amounts as a percentage of the Note's original Class Principal Balance shown at various CPR percentages and CER percentages.

**Class M-1 Cumulative Write-down Amount
(as % of the Class M-1 Original Class Principal Balance)**

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.20% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.30% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.40% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.50% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.75% | 40.7% | 1.2% | 0.0% | 0.0% | 0.0% | 0.0% |
| 1.00% | 77.3% | 50.2% | 10.6% | 0.0% | 0.0% | 0.0% |

**Class M-2 Cumulative Write-down Amount
(as % of the Class M-2 Original Class Principal Balance)**

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.20% | 3.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 0.30% | 26.7% | 10.4% | 1.6% | 0.0% | 0.0% | 0.0% |
| 0.40% | 52.4% | 30.9% | 14.5% | 4.0% | 0.0% | 0.0% |
| 0.50% | 77.9% | 51.1% | 30.8% | 15.2% | 0.0% | 0.0% |
| 0.75% | 100.0% | 100.0% | 71.0% | 48.0% | 16.4% | 1.0% |
| 1.00% | 100.0% | 100.0% | 100.0% | 80.2% | 38.7% | 13.2% |

Yield Tables

Based upon the Modeling Assumptions and the assumed prices in the table captions, the following tables show pre-tax yields to maturity (corporate bond equivalent) of the Notes at various CPR percentages and CER Percentages.

Class M-1 Pre-Tax Yield to Maturity (Assumed Price = 100%)

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% |
| 0.20% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% |
| 0.30% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% |
| 0.40% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% |
| 0.50% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% | 3.63% |
| 0.75% | (2.07)% | 3.51% | 3.63% | 3.63% | 3.63% | 3.63% |
| 1.00% | (19.02)% | (4.32)% | 2.43% | 3.63% | 3.63% | 3.63% |

Class M-2 Pre-Tax Yield to Maturity (Assumed Price = 100%)

| <u>CER</u> | <u>0% CPR</u> | <u>5% CPR</u> | <u>10% CPR</u> | <u>15% CPR</u> | <u>25% CPR</u> | <u>35% CPR</u> |
|-------------|---------------|---------------|----------------|----------------|----------------|----------------|
| 0.10% | 7.46% | 7.46% | 7.46% | 7.46% | 7.46% | 7.46% |
| 0.20% | 7.23% | 7.46% | 7.46% | 7.46% | 7.46% | 7.46% |
| 0.30% | 5.07% | 6.63% | 7.34% | 7.46% | 7.46% | 7.46% |
| 0.40% | 1.58% | 4.48% | 6.22% | 7.12% | 7.46% | 7.46% |
| 0.50% | (4.09)% | 1.54% | 4.37% | 6.09% | 7.46% | 7.46% |
| 0.75% | (28.00)% | (19.71)% | (3.18)% | 1.54% | 5.81% | 7.38% |
| 1.00% | (45.11)% | (37.08)% | (27.07)% | (6.88)% | 2.65% | 6.04% |

Prospective investors should make investment decisions based on determinations of anticipated rates of prepayments and Credit Events under a variety of scenarios. Prospective investors should fully consider the risk that the occurrence of Credit Events on the Reference Obligations could result in the failure to fully recover investments.

USE OF PROCEEDS

We will use the net proceeds from sales of Notes for general corporate purposes, including, but not limited to, the purchase and financing of Mortgages and mortgage-related securities and the repayment of indebtedness.

CERTAIN UNITED STATES FEDERAL TAX CONSEQUENCES

Any discussion of tax issues set forth in this Offering Circular was written to support the promotion and marketing of the transactions described in this Offering Circular. 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 Notes and payments on the Notes generally are not exempt from taxation by the United States, or by any state or possession of the United States, local taxing authority or non-U.S. taxing jurisdictions. The following summary addresses certain U.S. federal tax consequences of an investment in the Notes and is based upon U.S. tax laws, the U.S. Treasury regulations (“**Regulations**”) and decisions now in effect, all of which are subject to change, potentially with retroactive effect, or to differing interpretations.

This summary discusses only Notes held by Beneficial Owners (as defined below) as capital assets within the meaning of Section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to a Beneficial Owner in light of its particular circumstances or to Beneficial Owners subject to special rules, such as certain financial institutions, insurance companies, certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers, Beneficial Owners holding Notes as part of a hedging transaction, straddle, conversion transaction or synthetic security transaction, U.S. Beneficial Owners (as defined below) whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar, partnerships or other pass-through entities, tax-exempt persons, or regulated investment companies. In all cases, you are advised to consult your own tax advisors regarding the U.S. federal tax consequences to you of purchasing, owning and disposing of Notes, including the advisability of making any of the elections described below, as well as any tax consequences arising under the laws of any state, local, foreign or other taxing jurisdiction. In addition, this summary of certain U.S. federal tax consequences is for general information only and is not tax advice for any particular Beneficial Owner.

For purposes of this summary, “**U.S. Person**” means:

- an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States;
- a corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Certain trusts in existence on or before August 20, 1996 that were treated as U.S. persons under the law in effect on such date but fail to qualify as U.S. persons under current law may elect to continue to be treated as U.S. persons to the extent prescribed in the applicable Regulations.

“**U.S. Beneficial Owner**” means a U.S. Person that beneficially owns a Note. “**Non-U.S. Beneficial Owner**” means a Beneficial Owner of a Note that is an individual, a corporation, an estate or a trust that is not a U.S. Person. “**Beneficial Owner**” means either a U.S. Beneficial Owner or a Non-U.S. Beneficial Owner.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the treatment of a partner will generally depend upon the status of the particular partner and the activities of the partnership. Partners in such partnerships should consult their own tax advisors.

Treatment of the Notes

There is no authority that directly addresses the proper treatment of instruments such as the Notes for U.S. federal income tax purposes. In the opinion of Shearman & Sterling LLP, U.S. federal tax counsel to Freddie Mac, although the matter is not free from doubt, each Class of Notes will be treated as indebtedness for U.S. federal income tax purposes. By purchasing the Notes, Beneficial Owners agree to treat the Notes as indebtedness for U.S. federal income tax purposes. This characterization is not binding on the IRS. In this regard,

the IRS may treat the Notes or a particular Class of Notes in some other manner, for example, as a derivative instrument issued by Freddie Mac (or, even more unlikely, as equity of Freddie Mac), in which case the U.S. federal income tax consequences to Beneficial Owners may differ substantially from the consequences discussed below. Except where noted, the remainder of this discussion assumes that the Notes will be treated as indebtedness of Freddie Mac for U.S. federal income tax purposes. Beneficial Owners are urged to consult their own tax advisors regarding the U.S. federal income tax characterization of the Notes.

U.S. Beneficial Owners

In General

Income derived from a Note by a U.S. Beneficial Owner is subject to U.S. federal income taxation. In addition, a Note owned by an individual who, at the time of death, is a U.S. citizen or domiciliary is subject to U.S. federal estate tax.

Although principal on the Notes is payable generally in relation to principal distributions made with respect to the Reference Obligations, the Notes represent unsecured general obligations of Freddie Mac and are not ownership interests in the Reference Obligations or the underlying Mortgage Loans. Consequently, (i) Notes held by a domestic building and loan association will not be “qualifying real property loans” under Section 593(d) of the Code; (ii) Notes held by a real estate investment trust will not be “real estate assets” under Section 856(c)(5)(B) of the Code, nor will interest payments on the Notes be “interest on obligations secured by mortgages on real property or on interests in real property” under Section 856(c)(3)(B) of the Code; and (iii) Notes held by a real estate mortgage investment conduit will not be “qualified mortgages” within the meaning of Section 860G(a)(3) of the Code. Nevertheless, the IRS has ruled that Freddie Mac is an instrumentality of the United States for purposes of Section 7701(a)(19) of the Code; therefore, domestic building and loan associations and savings banks are permitted to invest in Notes to meet the percentage of total assets required to be invested in, among other things, stock or obligations of a corporation which is an instrumentality of the United States. Furthermore, Notes held by a real estate investment trust will constitute “Government securities” within the meaning of Section 856(c)(4)(A) of the Code, and Notes held by a regulated investment company will constitute “Government securities” within the meaning of Section 851(b)(3) of the Code.

Interest and Original Issue Discount

Neither the Code nor the Regulations explain precisely how to accrue income, including original issue discount (“**OID**”), taking into account the effect of any principal write-downs, for indebtedness with the characteristics of the Notes. The Regulations governing contingent payment debt instruments (“**CPDI Regulations**”) generally apply to debt instruments where the amount of a payment under the instrument is subject to one or more contingencies that are neither remote nor incidental. Freddie Mac intends to take the position that, for U.S. federal income tax purposes, the principal write-down contingency with respect to each Class of Notes is remote. Furthermore, the CPDI Regulations do not currently provide tax accounting rules for instruments, like the Notes, that also have timing contingencies. Accordingly, while the matter is unclear, Freddie Mac intends to tax account for both Classes of Notes in the manner described below and not in the manner described in the CPDI Regulations. The IRS could disagree with this tax accounting methodology and require U.S. Beneficial Owners to accrue interest on one or both Classes of Notes under a different tax accounting regime, including the CPDI Regulations, in which case the timing, amount and character of income recognized by a U.S. Beneficial Owner with respect to the Notes could be materially different than under the method that Freddie Mac intends to use that is described below.

Section 1272(a)(6) of the Code provides rules for the accrual of OID in cases when principal payments for a debt instrument are accelerated because of prepayments on other obligations securing the debt instrument. The Reference Obligations do not secure payments on the Notes, but principal payments on the Notes are made based upon the rate of calculated principal payments on the Reference Obligations. Although Section 1272(a)(6) of the Code does not technically apply to the Notes, Freddie Mac is of the position that the method for accruing OID provided in that provision appears to be the method that most clearly reflects income with respect to the Notes. Consequently, Freddie Mac intends to apply the tax accounting principles of Section 1272(a)(6) of the Code to the Notes, as described in greater detail below. The remainder of this discussion assumes that the tax accounting

methodology for the Notes set forth below, based on the principles of Section 1272(a)(6) of the Code, will be respected for U.S. federal income tax purposes other than as specifically discussed otherwise in this Offering Circular. U.S. Beneficial Owners should consult their tax advisors regarding the proper manner of tax accounting for the Notes for U.S. federal income tax purposes, including the potential application of the CPDI Regulations.

Payments of stated interest on the Notes that represent qualified stated interest, if any, will be taxable to a U.S. Beneficial Owner as ordinary interest income at the time that such payments are accrued or are received, in accordance with such U.S. Beneficial Owner's method of accounting for U.S. federal income tax purposes. Qualified stated interest is stated interest that is unconditionally payable in cash at least annually at a single fixed or variable rate that appropriately takes into account the length of intervals between payments. Interest is treated as unconditionally payable even if the payment of such interest is subject to one or more contingencies, so long as any such contingency is remote. Because the Notes are subject to reductions in their Class Principal Balances resulting from calculated write-downs with respect to the Reference Obligations, it is unclear whether "interest" on each Class of Notes would be treated as unconditionally payable at least annually while the Notes are outstanding (for example, because a U.S. Beneficial Owner may not realize the economic return at the stated interest rate). Freddie Mac intends to take the position that, for U.S. federal income tax purposes, stated interest payable on both Classes of Notes is qualified stated interest. U.S. Beneficial Owners should be aware, however, that if a principal write-down occurs on either Class of Notes, such Class of Notes likely would be treated as retired and reissued for its "adjusted issue price" (as defined below, but not reduced on account of this principal write-down), in which case Freddie Mac will tax account for the deemed reissued Class of Notes as having OID for U.S. federal income tax purposes (because the likelihood of principal write-downs would no longer be remote and none of the remaining stated interest will be qualified stated interest). The remainder of this discussion assumes that the foregoing treatment is correct.

A debt instrument generally is treated as having OID if its stated redemption price at maturity exceeds its issue price by more than a *de minimis* amount. For this purpose, a debt instrument's stated redemption price at maturity includes all payments on the instrument other than payments of qualified stated interest, and a debt instrument's issue price is the first price at which a substantial amount of the debt instrument is sold to persons other than those acting as placement agents, underwriters, brokers or wholesalers. Because stated interest on both Classes of Notes will be initially treated as qualified stated interest, neither Class of Notes will be treated as initially issued with OID. If a principal write-down occurs with respect to a Class of Notes, Freddie Mac will tax account for such Class of Notes as having OID at such time. Furthermore, all payments on the Notes other than qualified stated interest will be tax accounted for under the principles of Section 1272(a)(6) of the Code. The IRS may not agree with this treatment, including Freddie Mac's treatment of the stated interest on either Class of Notes as initially being qualified stated interest. U.S. Beneficial Owners should consult their own tax advisors regarding the U.S. federal income tax treatment of interest payments on the Notes.

The U.S. Beneficial Owner's inclusion in gross income under Section 1272(a)(6) of the Code for an accrual period (the "**Section 1272(a)(6) Inclusion**") will equal the excess, if any, of (i) the sum of (A) the present value of all distributions remaining to be made on the Note as of the end of the accrual period and (B) the distributions made on the Note during the accrual period of amounts included in the stated redemption price, over (ii) the adjusted issue price of such Note at the beginning of the accrual period. The present value of remaining distributions will be calculated based on (i) the original yield to maturity of the Note, calculated as of the issue date, (ii) events (including actual prepayments) that have occurred prior to the end of the accrual period, and (iii) the relevant prepayment assumption used to price the Notes (the "**Prepayment Assumption**"). The adjusted issue price of a Note is the sum of its issue price and the aggregate amount of previously accrued OID, less any prior payments of amounts included in its stated redemption price at maturity.

In certain circumstances (e.g., because of Calculated Tranche Write-down Amounts allocated to a Class of Notes), a U.S. Beneficial Owner's Section 1272(a)(6) Inclusion may be negative. In that event, such U.S. Beneficial Owner generally will not be permitted to deduct such amount currently and will be entitled only to offset such amount against future positive Section 1272(a)(6) Inclusions with respect to the Notes, and Freddie Mac intends to report income to the IRS in all cases in this manner. All or a portion of such a U.S. Beneficial Owner's loss may be treated as a capital loss upon disposition or retirement of a Note if such U.S. Beneficial Owner holds the Note as a capital asset. The timing and character of such losses is not entirely clear, and

U.S. Beneficial Owners should consult their tax advisors regarding a Note that has a negative Section 1272(a)(6) Inclusion during any accrual period.

Market Discount and Premium

A U.S. Beneficial Owner that purchases a Note at a “**market discount**” (i.e., at a price less than its stated redemption price at maturity or, for an obligation issued with OID, its adjusted issue price) will be required (unless such difference is a *de minimis* amount) to treat any principal payments on, or any gain realized in a taxable disposition or retirement of, such Note as ordinary income to the extent of the market discount that accrued while such U.S. Beneficial Owner held such Note, unless the U.S. Beneficial Owner elects to include such market discount in income on a current basis. A U.S. Beneficial Owner of a Note that acquired it at a market discount and that does not elect under Section 1278(b) of the Code to include market discount in income on a current basis also may be required to defer the deduction for a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the Note until the deferred income is realized. A U.S. Beneficial Owner who elects to include market discount in income currently must accrue market discount on all debt instruments that it acquires in the taxable year or thereafter and may revoke such election only with the consent of the IRS.

A U.S. Beneficial Owner that purchases a Note for an amount in excess of its remaining stated redemption price at maturity will be treated as having premium with respect to such Note in the amount of such excess. A U.S. Beneficial Owner that purchases a Note at a premium is not required to include in income any OID with respect to such Note. If such a U.S. Beneficial Owner makes an election under Section 171(c)(2) of the Code to treat such premium as “**amortizable bond premium,**” the amount of interest on a Note that must be included in such U.S. Beneficial Owner’s income for each accrual period will be reduced (but not below zero) by the portion of the premium allocable to such period based on the Note’s yield to maturity. If a U.S. Beneficial Owner makes this election, the election will also apply to all taxable bonds held by the U.S. Beneficial Owner at the beginning of, or acquired during and after, the first taxable year to which the election applies, and this election is irrevocable without the consent of the IRS. If this election is not made, such a U.S. Beneficial Owner must include the full amount of each interest payment in income in accordance with its regular method of accounting and will take the premium into account in computing its gain or loss upon the sale or other disposition or retirement of the Note. Thus, the premium may reduce capital gain or increase capital loss realized on the disposition or retirement of the Note. See “— *Disposition or Retirement of Notes*” below.

Market discount and premium on a debt instrument to which Section 1272(a)(6) of the Code applies may be treated as accruing either (a) on the basis of a constant interest rate or (b)(1) in the case of a Note issued without OID, in the ratio of stated interest distributable in the relevant period to the total stated interest remaining to be distributed from the beginning of such period (computed taking into account the Prepayment Assumption) or (2) in the case of a Note issued with OID, in the ratio of original issue discount accrued for the relevant period to the total remaining OID at the beginning of such period. The Global Agent will publish at least quarterly a monthly Market Discount Accrual Ratio (“**MDAR**”) for U.S. Beneficial Owners to determine the amount of market discount and premium using the method described in (b) above.

The CPDI Regulations provide rules for accruing market discount and premium on a contingent payment debt instrument. Because the CPDI Regulations, however, reserve on the tax accounting for instruments subject to timing contingencies such as the Notes, Freddie Mac intends to apply the principles of Section 1272(a)(6) of the Code, as discussed above, in reporting market discount and premium accrual fractions to investors. U.S. Beneficial Owners should consult their own tax advisors regarding the application of the market discount and premium rules and the advisability of making the elections described above for their investments in the Notes.

Accrual Method Election

A U.S. Beneficial Owner of a Note is permitted to elect to include in gross income its entire return on a Note (i.e., the excess of all remaining payments to be received on the Note over the amount paid for the Note by such U.S. Beneficial Owner) based on the compounding of interest at a constant rate (an “**accrual method election**”). In some instances, the accrual method election may mitigate the amount of potential negative Section 1272(a)(6)

Inclusion that may arise with respect to the Notes. However, if a U.S. Beneficial Owner makes this election with respect to a Note acquired with market discount or premium, respectively, it will be deemed to have made the elections under Section 1278(b) or 171(c)(2) of the Code, respectively. U.S. Beneficial Owners are urged to consult their own tax advisors regarding the consequences of making this election to their particular circumstances.

Disposition or Retirement of Notes

Upon the sale, exchange or other disposition of a Note, or upon the retirement of a Note (including by redemption), a U.S. Beneficial Owner will recognize gain or loss in an amount equal to the difference, if any, between the amount realized upon the disposition or retirement (not including any amount attributable to accrued but unpaid interest, which will be taxable separately as ordinary interest income to the extent not previously included in gross income) and the U.S. Beneficial Owner's adjusted tax basis in the Note.

A U.S. Beneficial Owner's adjusted tax basis in a Note for determining gain or loss on the disposition or retirement of a Note generally is the U.S. Beneficial Owner's purchase price of the Note, increased by the amount of any OID and any market discount previously included in such U.S. Beneficial Owner's gross income with respect to such Note, and decreased (but not below zero) by (i) the amount of any payments on the Note that are part of its stated redemption price at maturity (i.e., payments other than qualified stated interest); and (ii) the portion of any premium applied to reduce interest payments as described above.

The character of gains or losses recognized upon the disposition or retirement of the Notes will depend on whether the Notes are characterized as contingent payment debt instruments for U.S. federal income tax purposes. As discussed above, the Notes will be characterized as contingent payment debt instruments if the amount of a payment under the Notes is subject to one or more contingencies that are neither remote nor incidental. If the Notes are not characterized as contingent payment debt instruments for U.S. federal income tax purposes, gain or loss recognized upon the disposition or retirement of a Note will be capital gain or loss, except to the extent the gain represents accrued market discount on the Note not previously included in gross income, to which extent such gain or loss would be treated as ordinary income. Any capital gain or loss upon the disposition or retirement of a Note will be long-term capital gain or loss if at the time of disposition or retirement the U.S. Beneficial Owner held the Note for more than one year. Certain non-corporate U.S. Beneficial Owners (including individuals) are eligible for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The deductibility of capital losses is subject to limitations under the Code.

In the event that the Notes are treated as contingent payment debt instruments for U.S. federal income tax purposes, the CPDI Regulations provide special rules that generally would treat any taxable gain on the Notes as ordinary income. Any taxable loss generally would be ordinary to the extent of the U.S. Beneficial Owner's ordinary income inclusions with respect to the Notes, and any excess would generally be treated as capital loss. Further, even if contingencies with respect to the Notes are treated as remote or incidental, if one or more such contingencies actually occurs with respect to a Class of Notes, that Class of Notes likely would be treated as retired and reissued, and Freddie Mac will treat that Class of Notes as a contingent payment debt instrument for U.S. federal income tax purposes on such deemed reissuance. Any gain or loss arising from a subsequent disposition of the deemed reissued Class of Notes also would be treated as ordinary (subject to the limitations described above with respect to a loss). U.S. Beneficial Owners should consult their own tax advisors regarding the U.S. federal income tax treatment of a disposition or retirement of Notes.

Treatment if the Notes are Not Respected as Indebtedness

As discussed above, the IRS may not agree with Freddie Mac's treatment of the Notes as indebtedness for U.S. federal income tax purposes and may, for example, treat the Notes as derivatives issued by Freddie Mac (or, even more unlikely, as equity of Freddie Mac). If the Notes were treated as derivatives, the tax accounting for the Notes would be unclear.

Non-U.S. Beneficial Owners

Subject to the discussion below, payments on the Notes to a Non-U.S. Beneficial Owner will not be subject to U.S. withholding tax.

Interest

Interest (including OID) on a Note held by a Non-U.S. Beneficial Owner will be subject to a 30-percent U.S. federal income and withholding tax, unless an exemption applies. An exemption generally exists in the following circumstances:

Exemption for Portfolio Interest. Interest on a Note held by a Non-U.S. Beneficial Owner that is not effectively connected with a trade or business of the Non-U.S. Beneficial Owner within the United States (or if an income tax treaty applies, such interest is not attributable to a U.S. permanent establishment) generally will be exempt from U.S. federal income and withholding taxes if the person otherwise required to withhold receives, in the manner provided by U.S. tax authorities, a certification that the Non-U.S. Beneficial Owner is not a U.S. Person. A Non-U.S. Beneficial Owner may provide this certification by providing a properly completed Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities. The portfolio interest exemption will not apply if: (i) the Non-U.S. Beneficial Owner is a bank that receives payments on the Notes that are described in Section 881(c)(3)(A) of the Code; (ii) the Non-U.S. Beneficial Owner is a “10-percent shareholder” of Freddie Mac within the meaning of Section 871(h)(3)(B) of the Code; or (iii) the Non-U.S. Beneficial Owner is a “controlled foreign corporation” related to Freddie Mac within the meaning of Section 881(c)(3)(C) of the Code.

In addition, the portfolio interest exemption will not apply if the interest payable on the Notes is determined by reference to any receipts, sales or other cash flow of Freddie Mac or a related person, the income or profits of Freddie Mac or a related person, a change in value of any property of Freddie Mac or a related person, or any other item specified in Section 871(h)(4)(A) of the Code. While Freddie Mac has guaranteed all of the Reference Obligations (and may also own some of the Reference Obligations), this exclusion from the portfolio interest exemption will not apply because payments on the Notes are determined by reference to calculated losses on the Reference Obligations and not by reference to actual losses. Because there will be meaningful differences between the calculated losses on the Reference Obligations and actual losses on the Reference Obligations, the amount of interest payments will not be determined by reference to any of the items specified above.

Exemption or Reduced Rate for Non-U.S. Beneficial Owners Entitled to the Benefits of a Treaty. Interest on a Note held by a Non-U.S. Beneficial Owner may be exempt from U.S. federal income and withholding taxes (or subject to such tax at a reduced rate) under an income tax treaty between the United States and a foreign jurisdiction. In general, the exemption (or reduced rate) applies only if the Non-U.S. Beneficial Owner provides a properly completed Form W-8BEN or other documentation as may be prescribed by U.S. tax authorities.

Exemption for Non-U.S. Beneficial Owners with Effectively Connected Income. Interest on a Note held by a Non-U.S. Beneficial Owner will be exempt from the 30-percent U.S. federal withholding tax if it is effectively connected with the conduct of a trade or business within the United States (and if an income tax treaty applies, such interest is attributable to a U.S. permanent establishment) and the Non-U.S. Beneficial Owner establishes this exemption by providing a properly completed Form W-8ECI or other documentation as may be prescribed by U.S. tax authorities. Interest on a Note that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Beneficial Owner (and if an income tax treaty applies, such interest is attributable to a U.S. permanent establishment), although exempt from the 30-percent U.S. federal withholding tax, generally will be subject to U.S. federal income tax at graduated rates and, in the case of a Non-U.S. Beneficial Owner that is a foreign corporation, may also be subject to U.S. federal branch profits tax.

Disposition or Retirement of Notes

Except as provided in the discussion of backup withholding below, a Non-U.S. Beneficial Owner of a Note will not be subject to U.S. federal income and withholding taxes on any gain realized on the sale, exchange, retirement or other disposition of a Note (other than amounts attributable to accrued interest) unless (i) such gain

is, or is deemed to be, effectively connected with a trade or business in the United States of the Non-U.S. Beneficial Owner (and if an income tax treaty applies, such gain is attributable to a U.S. permanent establishment); or (ii) such Non-U.S. Beneficial Owner is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain conditions are met.

Except as provided in the discussion of backup withholding below, gain on the sale of a Note that is, or is deemed to be, effectively connected with the conduct of a trade or business in the United States by a Non-U.S. Beneficial Owner (and if an income tax treaty applies, such gain is attributable to a U.S. permanent establishment), although exempt from U.S. withholding tax, generally will be subject to U.S. federal income tax at graduated rates, and in the case of a Non-U.S. Beneficial Owner that is a foreign corporation, may also be subject to U.S. federal branch profits tax.

Treatment if the Notes are Not Respected as Indebtedness

As discussed above, the IRS may not agree with Freddie Mac's treatment of the Notes as indebtedness for U.S. federal income tax purposes and may, for example, treat the Notes as derivatives issued by Freddie Mac (or, even more unlikely, as equity of Freddie Mac). If the Notes were treated as derivatives or as equity, income on the Notes held by a Non-U.S. Beneficial Owner generally would not be subject to U.S. federal withholding tax in the case of derivative treatment but generally would be subject to U.S. withholding tax in the case of equity treatment. In the opinion of Shearman & Sterling LLP, although the matter is not free from doubt, income in respect of the Notes received by Non-U.S. Beneficial Owners will not be subject to U.S. withholding tax, provided that Non-U.S. Beneficial Owners comply with the procedures required to establish their exemptions from U.S. withholding tax (described in "*— Information Reporting and Backup Withholding*" below). Gain on the disposition of the Notes would be subject to U.S. federal income tax only in the circumstances described above under "*— Non-U.S. Beneficial Owners — Disposition or Retirement of Notes*".

U.S. Federal Estate and Gift Taxes

Notes owned by an individual who is not a citizen or domiciliary of the United States will not be subject to U.S. federal estate tax if interest paid on the Notes to such individual at the time of his or her death would have been exempt from U.S. federal income and withholding taxes as described above under "*— Non-U.S. Beneficial Owners — Interest — Exemption for Portfolio Interest*" (without regard to the requirement that a non-U.S. beneficial ownership statement be received). A Non-U.S. Beneficial Owner of a Note generally will not be subject to U.S. federal gift tax on a transfer of the Note.

Information Reporting and Backup Withholding

Payments of interest (including OID) on a Note to a U.S. Beneficial Owner (other than certain corporations or other exempt recipients) are required to be reported to the IRS and the U.S. Beneficial Owner. Payments of interest (including OID) on a Note to a Non-U.S. Beneficial Owner generally will be reported to U.S. tax authorities and the Non-U.S. Beneficial Owner. Form W-8BEN, Form W-8ECI, or other documentation or information about the Non-U.S. Beneficial Owner may be provided to U.S. tax authorities.

Backup withholding of U.S. federal income tax at the applicable rate may apply to a payment made in respect of a Note, as well as a payment of proceeds from the sale of a Note, to a Beneficial Owner (other than certain corporations or other exempt recipients), unless the Beneficial Owner provides certain information. Any amount withheld under these rules will be creditable against the Beneficial Owner's U.S. federal income tax liability, and if withholding results in an overpayment of taxes, the Beneficial Owner may apply for a refund from the IRS. If a Beneficial Owner (other than certain corporations or other exempt recipients) sells a Note before the Termination Date to (or through) certain brokers, the broker must report the sale to the IRS and the Beneficial Owner unless, in the case of a Non-U.S. Beneficial Owner, the Non-U.S. Beneficial Owner certifies that it is not a U.S. Person (and certain other conditions are met). The broker may be required to withhold U.S. federal income tax at the applicable rate on the entire sale price unless the Beneficial Owner provides certain information and, in the case of a Non-U.S. Beneficial Owner, the Non-U.S. Beneficial Owner certifies that it is not a U.S. Person (and certain other conditions are met).

FATCA Withholding

Final Regulations (the “**FATCA Regulations**”) have been promulgated to implement the Foreign Account Tax Compliance Act (“**FATCA**”) provisions of the Hiring Incentives to Restore Employment Act (the “**HIRE Act**”). The FATCA provisions impose a 30 percent withholding tax on foreign financial institutions and certain non-financial foreign entities that have not entered into an agreement with the U.S. Treasury Department to provide information regarding U.S. individuals who have accounts with, or equity interests in, such institutions or entities. If the required information is not provided, Beneficial Owners holding obligations through such institutions or entities may be subject to withholding under FATCA. The FATCA Regulations generally will apply to certain withholdable payments made after June 30, 2014, certain gross proceeds on sales and dispositions occurring after December 31, 2016, and certain pass-thru payments made after December 31, 2016. This withholding tax would not be imposed on withholdable payments on obligations that are outstanding on July 1, 2014 (and are not significantly modified after June 30, 2014). Accordingly, provided that the Notes are treated as indebtedness for U.S. federal income tax purposes (consistent with Freddie Mac’s intended treatment of the Notes) and are not significantly modified after June 30, 2014, payments on the Notes will not be subject to U.S. withholding tax under FATCA.

THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A BENEFICIAL OWNER’S PARTICULAR SITUATION. BENEFICIAL OWNERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER THE TAX LAWS OF THE UNITED STATES, STATES, LOCALITIES, COUNTRIES OTHER THAN THE UNITED STATES AND ANY OTHER TAXING JURISDICTIONS AND THE POSSIBLE EFFECTS OF CHANGES IN SUCH TAX LAWS.

STATE, LOCAL AND FOREIGN TAX CONSEQUENCES

In addition to the U.S. federal income tax consequences described above, prospective investors in the Notes should consider the potential United States state and local tax consequences of the acquisition, ownership and disposition of the Notes and the tax consequences of the law of any non-United States jurisdiction in which they reside or do business. State, local and foreign tax law may differ substantially from the corresponding U.S. federal tax law, and the discussion above does not purport to describe any aspect of the tax law of any state or other jurisdiction. Prospective investors should consult their own tax advisors with respect to such matters.

LEGAL INVESTMENT

If prospective investors’ investment activities are subject to investment laws and regulations, regulatory capital requirements or review by regulatory authorities, prospective investors may be subject to restrictions on investment in the Notes. Prospective investors should consult legal, tax and accounting advisers for assistance in determining the suitability of and consequences of the purchase, ownership and sale of the Notes.

- The Notes do not represent an interest in and will not be secured by the Reference Pool or any Reference Obligation.
- The Notes will not constitute “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended (“**SMMEA**”).
- The Notes may be regarded by governmental authorities or others, or under applicable law, as high-risk, risk-linked or otherwise complex securities.

The Notes should not be purchased by prospective investors who are prohibited from acquiring securities having the foregoing characteristics. In addition, the Notes should not be purchased by prospective investors located in jurisdictions where their purchase of Notes could subject them to the risk of regulation as an insurance or reinsurance company or as otherwise being engaged in an insurance business.

None of the Issuer, the Dealers, the Global Agent or any of their respective affiliates have made or will make any representation as to (i) the proper characterization of the Notes for legal investment or other purposes, (ii) the ability of particular prospective investors to purchase Notes for legal investment or other purposes or (iii) the ability of particular prospective investors to purchase Notes under applicable investment restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Dealers, the Global Agent or any of their respective affiliates have made or will make any representation as to the characterization of the Notes as a United States or non-United States investment under any state insurance code or related regulations. None of the Issuer, the Dealers, the Global Agent or any of their respective affiliates are aware of any published precedent that addresses such characterization. There can be no assurance as to the nature of any advice or other action that may result from such consideration or the effect, if any, such advice or other action resulting from such consideration may have on the Notes.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of material considerations arising under the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and the prohibited transaction provisions of Section 4975 of the Code that may be relevant to a prospective purchaser of the Notes that is an employee benefit plan, or certain other retirement plans and arrangements, including individual retirement accounts (“**IRAs**”) and annuities, Keogh plans, and collective investment funds in which such plans, accounts, annuities or arrangements are invested, that are described in or must follow Title I of ERISA or Section 4975 of the Code, or an entity that is deemed to hold the assets of any such plan, or a governmental or church plan or foreign plan that is subject to foreign law or United States federal, state or local law similar to that of Title I of ERISA or Section 4975 of the Code (collectively, “**Plans**”) or a person or entity acting on behalf of, using the assets of or deemed to use the assets of a Plan. The discussion does not purport to deal with all aspects of ERISA or Section 4975 of the Code or foreign or other federal, state or local law that may be relevant to particular Plans in light of their particular circumstances.

The discussion is based on current provisions of ERISA and the Code, existing regulations under ERISA and the Code, the legislative history of ERISA and the Code, existing administrative rulings of the United States Department of Labor (“**DOL**”) and reported judicial decisions. No assurance can be given that legislative, judicial, or administrative changes will not affect the accuracy of any statements herein with respect to transactions entered into or contemplated prior to the effective date of such changes.

General

ERISA and Section 4975 of the Code impose certain requirements and duties on Plans and on persons who are fiduciaries of Plans and of entities whose underlying assets include assets of Plans by reason of a Plan’s investment in such entities. These duties include investment prudence and diversification and the requirement that a Plan’s investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of a Plan by taking into account the Plan’s particular circumstances and liquidity needs and all of the facts and circumstances of the investment, including the availability of a public market for the investment. In addition, certain United States federal, state and local laws impose similar duties on fiduciaries of governmental or church plans which are not subject to ERISA.

Any fiduciary of a Plan or of an entity whose underlying assets include assets of Plans by reason of a Plan’s investment in such entity, or of a governmental or church plan or foreign plan that is subject to fiduciary standards similar to those of ERISA (“**Plan Fiduciary**”), that proposes to cause such a Plan or entity to purchase the Notes should determine whether, under the general fiduciary standards of ERISA or other applicable law, an investment in the Notes is appropriate for such plan or entity. In determining whether a particular investment is appropriate for a Plan, DOL regulations provide that the fiduciaries of a Plan must give appropriate consideration to, among other things, the role that the investment plays in the Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the Plan’s purposes, an examination of the risk and return factors, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the Plan and the projected return of the total portfolio

relative to the Plan's funding objectives. Before investing the assets of a Plan in the Notes, a fiduciary should determine whether such an investment is consistent with the foregoing regulations and its fiduciary responsibilities, including any specific restrictions to which such Plan Fiduciary may be subject.

Prohibited Transactions

General

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions ("**Prohibited Transactions**") involving the assets of a Plan and certain persons (referred to as "parties in interest" under ERISA or "disqualified persons" under the Code) having certain relationships to such Plans, unless an exemption is available. A party in interest or disqualified person who engages in a Prohibited Transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. Section 4975 of the Code imposes excise taxes, or, in some cases, a civil penalty may be assessed pursuant to Section 502(i) of ERISA, on parties in interest which engage in non-exempt Prohibited Transactions. If the disqualified person who engages in the transaction is the individual on behalf of whom an IRA is maintained (or his beneficiary), the IRA will lose its tax-exempt status and its assets will be deemed to have been distributed to such individual in a taxable distribution (and no excise tax will be imposed) on account of the Prohibited Transaction. In addition, a Plan Fiduciary who permits a Plan to engage in a transaction that the Plan Fiduciary knows or should know is a Prohibited Transaction may be liable to the Plan for any loss the Plan incurs as a result of the transaction or for any profits earned by the Plan Fiduciary in the transaction.

Plan Asset Regulation

The DOL has promulgated regulations at 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulation**"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. The Plan Asset Regulation describes the circumstances under which Plan Fiduciaries and entities with certain specified relationships to a Plan are required to "look through" the investment vehicle (such as the Issuer) and treat as an asset of the Plan each underlying investment made by such investment vehicle. If the assets of an entity or an investment vehicle in which a Plan invests are considered to be "plan assets" pursuant to the Plan Asset Regulation, then any person who exercises control over those assets may be subject to ERISA's fiduciary standards. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors (as defined below) is not "significant". Equity participation by Benefit Plan Investors in an entity or investment vehicle is significant if, after the most recent acquisition of any class of securities in the entity or investment vehicle, 25% or more of the value of any class of equity interests in the entity or investment vehicle (excluding the value of interests held by certain persons who exercise discretion and control over the assets of such entity or investment vehicle or receive a fee for advice to such entity or vehicle) is held by Benefit Plan Investors.

The term "**Benefit Plan Investors**" as defined in the Plan Asset Regulations includes (i) any employee benefit plan as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) any plan described in and subject to Section 4975(e)(1) of the Code and (iii) any entity whose underlying assets are deemed to include plan assets (determined pursuant to the Plan Asset Regulation) by reason of an employee benefit plan's or a plan's investment in such entity. Under the Plan Asset Regulation, the term "equity interest" is defined as any interest in an entity other than an instrument that is treated as indebtedness under "applicable local law" and which has no "substantial equity features". The Notes should not be considered to be "equity interests" in the Issuer. As a result, the Plan Asset Regulation, as modified by Section 3(42) of ERISA, should not apply to cause the Issuer's assets to be treated as plan assets. The Class M-2 Notes might be considered "equity interests" in the Issuer. Consequently, the Class M-2 Notes are not eligible for purchase by Benefit Plan Investors.

Prohibited Transaction Exemptions

Additionally, Prohibited Transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired by a Plan or a person or entity acting on behalf of, using the assets of or deemed to use the assets of a Plan with respect to which the Issuer or any of its affiliates is a party in interest or a disqualified person. Certain exemptions from the Prohibited Transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan Fiduciary making the decision to acquire the Notes and the circumstances under which such decision is made. Included among these exemptions are PTCE 96-23 (relating to transactions directed by an in-house professional asset manager); PTCE 95-60 (relating to transactions involving insurance company general accounts); PTCE 91-38 (relating to investments by bank collective investment funds); PTCE 84-14 (relating to transactions effected by a qualified professional asset manager); and PTCE 90-1 (relating to investments by insurance company pooled separate accounts). In addition, the Pension Protection Act of 2006 provides a new statutory exemption for prohibited transactions between a Plan and a person that is a party in interest or a disqualified person (other than a fiduciary or an affiliate of a fiduciary that has or exercises discretionary authority or control or renders investment advice with respect to the assets involved in the transaction) solely by reason of providing services to the Plan, provided that there is adequate consideration. Prospective investors should consult with their advisors regarding the application of any of the foregoing administrative or statutory exemptions. There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans, church plans or foreign plans, while not subject to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code or the fiduciary provisions of ERISA (including the provisions of ERISA pursuant to which assets of a Plan may be deemed to include assets of the Issuer or pursuant to which the Issuer could be deemed to be a fiduciary with respect to such Plan) may nevertheless be subject to foreign, U.S. federal, state or local laws that are similar to the foregoing provisions of ERISA and the Code (“**Similar Law**”).

Each purchaser or transferee of a Note that is a Plan or a person or entity acting on behalf of, using the assets of or deemed to use the assets of any Plan will represent or be deemed to have represented that the purchase, ownership and disposition of a Note or any interest therein will not constitute or result in a non-exempt Prohibited Transaction or in the case of a governmental plan, church plan or foreign plan, a violation of Similar Law.

Review by Plan Fiduciaries

Any Plan Fiduciary considering whether to purchase the Notes on behalf of a Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to a related investment and the availability of any prohibited transaction exemptions. The sale of the Notes to a Plan is in no respect a representation by the Issuer that this investment meets all relevant requirements with respect to investments by Plans generally or any particular Plan or that this investment is appropriate for any such Plans generally or any particular Plan.

BY ITS PURCHASE OF A NOTE, THE PURCHASER THEREOF WILL REPRESENT OR WILL BE DEEMED TO REPRESENT AND WARRANT EITHER THAT (A) IT IS NOT AND IS NOT ACTING ON BEHALF OF AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF ERISA, A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE CODE, AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY SUCH PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, WHICH EMPLOYEE BENEFIT PLAN, PLAN OR ENTITY IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR A GOVERNMENTAL OR CHURCH PLAN WHICH IS SUBJECT TO SIMILAR LAW OR (B) ITS PURCHASE, OWNERSHIP OR DISPOSITION OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, OR FOREIGN PLAN, ANY VIOLATION OF SIMILAR LAW).

DISTRIBUTION ARRANGEMENTS

We will offer the Notes to or through the Dealers under the terms and conditions set forth in the dealer agreement, dated July 23, 2013 (as amended, supplemented or replaced from time to time, the “**Dealer Agreement**”), among us and Credit Suisse Securities (USA) LLC (“**Credit Suisse**”) and Barclays Capital Inc. (“**Barclays**”), under which Credit Suisse is acting for itself and as representative of Citigroup Global Markets Inc. (“**Citigroup**”), CastleOak Securities, L.P. (“**CastleOak**”) and Morgan Stanley & Co. LLC (“**Morgan Stanley**”) and, together with Credit Suisse, Barclays, Citigroup and CastleOak, the “**Dealers**”).

The Dealers will be acting as Freddie Mac’s agents in the placing of the Notes and the Dealers’ responsibility in this regard is limited to a “commercially reasonable best efforts” basis in placing the Notes with no understanding, express or implied, on the Dealers’ part of a commitment to purchase or place the Notes. Freddie Mac will sell the Notes to each purchaser through the Dealers as agents and the Dealers will have no ownership interest in or title to the Notes prior to the purchase thereof by the purchasers and, in the event any such purchase is not consummated for any reason by a purchaser, will have no obligation to purchase any related Notes from Freddie Mac for their own accounts; *provided, however*, that the Dealers will have the right, but will not be obligated, to purchase Notes as principals for their own accounts or to facilitate the sale of any Notes to a purchaser by acting as initial purchaser. The Dealer Agreement entitles the Dealers or us to terminate such sale in certain circumstances before payment for the Notes is made to us. Except under certain circumstances, any Dealer may sell the Notes it has purchased as principal to other dealers at a concession, in the form of a discount that other Dealers receive. The concession may be all or a portion of the underwriting compensation. For a description of potential conflicts that exist among the parties involved in this transaction, see “*Risk Factors — The Interests of Freddie Mac, the Dealers and Others May Conflict With and be Adverse to the Interests of the Noteholders*”.

The Dealer Agreement provides that Freddie Mac will be required to indemnify the Dealers against certain civil liabilities under the Securities Act or contribute to payments to be made in respect of such liabilities.

The Dealers may make a secondary market in the Notes, but are not obligated to do so. There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will continue.

Price Stabilization

In connection with this offering, the Dealers, acting directly or through affiliates, may engage in transactions that stabilize, maintain or otherwise affect the market price of the Notes. Such transactions may include stabilizing transactions pursuant to which the Dealers, acting directly or through affiliates, may bid for or purchase Notes in the open market or otherwise for the purpose of stabilizing the market price of the Notes. A Dealer, acting directly or through affiliates, may also create a short position for its account by selling more Notes in connection with the offering than it is committed to purchase from the Issuer, and in such case may purchase Notes in the open market following completion of the offering to cover all or a portion of such short position. Any of the transactions described in this paragraph may result in the maintenance of the price of the Notes at a level above that which might otherwise prevail in the open market. None of the transactions described in this paragraph is required, and if any are undertaken, they may be discontinued at any time.

The Dealers and their respective affiliates may engage in transactions with, or perform services for, the Issuer and their respective affiliates in the ordinary course of business.

Delivery and Settlement

It is expected that delivery of the Notes to investors will be made in book-entry form through the Same-Day Funds Settlement System of DTC, which may include delivery through Clearstream and Euroclear on or about the Closing Date, against payment therefor in immediately available funds. See “*Description of the Notes — Form, Registration and Transfer of the Notes*”.

Limited Liquidity

There currently is no secondary market for the Notes, and there can be no assurance that such a market will develop or, if it does develop, that it will continue or will provide investors with a sufficient level of liquidity of investment. The Dealers will have no obligation to make a market in the Notes. Even if a Dealer engages in market-making activities with respect to the Notes, it may discontinue or limit such activities at any time. In addition, the liquidity of the Notes may be affected by present uncertainties and future unfavorable developments concerning legal investment. Consequently, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time. See “*Risk Factors — Investment Factors and Risks Related to the Notes — The Notes Issuance is a Novel Transaction That May Result in Limited Liquidity of the Notes, Which may Limit Investors’ Ability to Sell the Notes*”.

Selling Restrictions

The Notes may be offered and sold outside of the United States, within the United States or simultaneously outside of and within the United States, only where it is legal to make such offers and sales.

The Dealers have represented and agreed that they have complied and will comply with all applicable laws and regulations in each jurisdiction in which or from which they may purchase, offer, sell or deliver any Notes or distribute this Offering Circular or any other offering material. The Dealers also have agreed to comply with the selling restrictions relating to the jurisdictions set forth in Appendix D.

NO RATINGS ON THE NOTES

We have not engaged any NRSRO to rate the Notes on the Closing Date and we have no obligation to do so in the future.

LEGAL MATTERS

Freddie Mac’s General Counsel or one of its Deputy General Counsels will render an opinion on the legality of the Notes. Certain tax matters with respect to the Notes will be passed upon for the Issuer by Shearman & Sterling LLP.

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Appendix A
The Reference Pool

Product Type of the Reference Obligations

| Product Type | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| 30 Year Fixed | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Principal Balances of the Reference Obligations at Origination

| Range of Original Principal Balances (\$) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--|--|---|--|---------------------------------------|---|--|--|--|
| 0.01 to 25,000.00 | 30 | 625,556.18 | 0.00 | 20,851.87 | 4.025 | 749 | 77 | 77 |
| 25,000.01 to 50,000.00 | 904 | 37,666,302.78 | 0.17 | 41,666.26 | 4.033 | 753 | 76 | 76 |
| 50,000.01 to 75,000.00 | 3,130 | 197,881,699.84 | 0.88 | 63,220.99 | 3.959 | 758 | 76 | 76 |
| 75,000.01 to 100,000.00 | 6,526 | 572,949,763.45 | 2.54 | 87,794.94 | 3.909 | 762 | 75 | 76 |
| 100,000.01 to 125,000.00 | 8,552 | 950,048,820.61 | 4.21 | 111,090.83 | 3.885 | 763 | 76 | 76 |
| 125,000.01 to 150,000.00 | 9,265 | 1,250,868,981.84 | 5.54 | 135,010.14 | 3.867 | 763 | 76 | 76 |
| 150,000.01 to 200,000.00 | 16,646 | 2,857,558,846.51 | 12.65 | 171,666.40 | 3.851 | 766 | 75 | 76 |
| 200,000.01 to 250,000.00 | 12,981 | 2,865,563,386.71 | 12.69 | 220,750.59 | 3.840 | 766 | 75 | 76 |
| 250,000.01 to 300,000.00 | 10,926 | 2,950,063,410.47 | 13.06 | 270,003.97 | 3.820 | 767 | 76 | 76 |
| 300,000.01 to 350,000.00 | 7,983 | 2,544,533,070.29 | 11.27 | 318,743.96 | 3.806 | 767 | 75 | 76 |
| 350,000.01 to 400,000.00 | 7,418 | 2,746,994,308.51 | 12.16 | 370,314.68 | 3.777 | 769 | 75 | 76 |
| 400,000.01 to 450,000.00 | 6,391 | 2,603,982,114.83 | 11.53 | 407,445.18 | 3.800 | 765 | 73 | 75 |
| 450,000.01 to 500,000.00 | 1,774 | 829,569,291.37 | 3.67 | 467,626.43 | 3.932 | 766 | 74 | 75 |
| 500,000.01 to 550,000.00 | 1,467 | 757,559,421.45 | 3.35 | 516,400.42 | 3.900 | 770 | 74 | 75 |
| 550,000.01 to 600,000.00 | 1,156 | 654,014,073.67 | 2.90 | 565,756.12 | 3.902 | 768 | 74 | 75 |
| 600,000.01 to 650,000.00 | 1,161 | 707,409,922.11 | 3.13 | 609,310.87 | 3.873 | 769 | 72 | 74 |
| 650,000.01 to 700,000.00 | 30 | 20,044,498.63 | 0.09 | 668,149.95 | 4.056 | 769 | 71 | 71 |
| 700,000.01 to 750,000.00 | 28 | 19,912,842.80 | 0.09 | 711,172.96 | 4.197 | 772 | 71 | 72 |
| 750,000.01 to 800,000.00 | 9 | 6,994,917.95 | 0.03 | 777,213.11 | 4.136 | 772 | 71 | 71 |
| 800,000.01 to 850,000.00 | 7 | 5,618,583.81 | 0.02 | 802,654.83 | 4.159 | 759 | 68 | 68 |
| 850,000.01 to 900,000.00 | 2 | 1,724,835.82 | 0.01 | 862,417.91 | 4.375 | 747 | 69 | 69 |
| 900,000.01 and greater | 3 | 2,776,870.75 | 0.01 | 925,623.58 | 4.457 | 768 | 68 | 68 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The average principal balance of the Reference Obligations at origination was \$239,297.50.

Principal Balances of the Reference Obligations as of the Cut-off Date

| Range of Scheduled Principal Balances as of the Cut-off Date(\$) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 0.01 to 25,000.00 | 72 | 1,327,049.27 | 0.01 | 18,431.24 | 3.970 | 768 | 77 | 77 |
| 25,000.01 to 50,000.00 | 1,015 | 42,339,040.89 | 0.19 | 41,713.34 | 4.019 | 756 | 76 | 76 |
| 50,000.01 to 75,000.00 | 3,402 | 218,648,741.61 | 0.97 | 64,270.65 | 3.950 | 758 | 76 | 76 |
| 75,000.01 to 100,000.00 | 6,742 | 600,639,691.60 | 2.66 | 89,089.25 | 3.909 | 762 | 75 | 76 |
| 100,000.01 to 125,000.00 | 8,795 | 993,247,296.44 | 4.40 | 112,933.18 | 3.883 | 763 | 76 | 76 |
| 125,000.01 to 150,000.00 | 9,431 | 1,296,600,794.21 | 5.74 | 137,482.85 | 3.864 | 763 | 76 | 76 |
| 150,000.01 to 200,000.00 | 16,516 | 2,881,518,165.21 | 12.76 | 174,468.28 | 3.851 | 766 | 75 | 76 |
| 200,000.01 to 250,000.00 | 13,063 | 2,931,054,548.13 | 12.98 | 224,378.36 | 3.839 | 766 | 75 | 76 |
| 250,000.01 to 300,000.00 | 10,824 | 2,970,143,628.35 | 13.15 | 274,403.51 | 3.819 | 767 | 75 | 76 |
| 300,000.01 to 350,000.00 | 7,912 | 2,565,970,433.81 | 11.36 | 324,313.76 | 3.803 | 767 | 75 | 76 |
| 350,000.01 to 400,000.00 | 7,700 | 2,904,239,555.75 | 12.86 | 377,173.97 | 3.775 | 769 | 74 | 75 |
| 400,000.01 to 450,000.00 | 5,471 | 2,255,321,754.43 | 9.99 | 412,232.09 | 3.812 | 764 | 73 | 75 |
| 450,000.01 to 500,000.00 | 1,871 | 887,904,683.96 | 3.93 | 474,561.56 | 3.923 | 767 | 74 | 75 |
| 500,000.01 to 550,000.00 | 1,381 | 724,273,327.90 | 3.21 | 524,455.70 | 3.899 | 769 | 74 | 75 |
| 550,000.01 to 600,000.00 | 1,121 | 644,475,418.67 | 2.85 | 574,911.17 | 3.900 | 769 | 74 | 75 |
| 600,000.01 to 650,000.00 | 998 | 612,170,897.66 | 2.71 | 613,397.69 | 3.875 | 769 | 72 | 74 |
| 650,000.01 to 700,000.00 | 31 | 20,938,732.42 | 0.09 | 675,442.98 | 4.044 | 772 | 71 | 71 |
| 700,000.01 to 750,000.00 | 24 | 17,173,875.86 | 0.08 | 715,578.16 | 4.215 | 766 | 71 | 72 |
| 750,000.01 to 800,000.00 | 12 | 9,407,911.75 | 0.04 | 783,992.65 | 4.124 | 766 | 70 | 70 |
| 800,000.01 to 850,000.00 | 3 | 2,464,265.89 | 0.01 | 821,421.96 | 4.122 | 769 | 70 | 70 |
| 850,000.01 and greater | 5 | 4,501,706.57 | 0.02 | 900,341.31 | 4.426 | 759 | 68 | 68 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The average principal balance of the Reference Obligations as of the Cut-off Date was \$234,304.35.

Gross Mortgage Rates of the Reference Obligations as of the Cut-off Date

| Range of Gross Mortgage Rates (%) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 3.001 to 3.250 | 360 | 97,850,906.37 | 0.43 | 271,808.07 | 3.250 | 779 | 74 | 75 |
| 3.251 to 3.500 | 13,046 | 3,251,483,335.61 | 14.40 | 249,232.20 | 3.466 | 777 | 74 | 74 |
| 3.501 to 3.750 | 26,110 | 6,240,579,129.14 | 27.63 | 239,011.07 | 3.682 | 773 | 75 | 75 |
| 3.751 to 4.000 | 41,999 | 9,798,901,184.29 | 43.39 | 233,312.73 | 3.931 | 765 | 75 | 76 |
| 4.001 to 4.250 | 10,873 | 2,393,917,570.97 | 10.60 | 220,170.84 | 4.169 | 749 | 75 | 76 |
| 4.251 to 4.500 | 2,738 | 581,290,690.62 | 2.57 | 212,304.85 | 4.433 | 736 | 75 | 76 |
| 4.501 to 4.750 | 1,037 | 185,782,161.20 | 0.82 | 179,153.48 | 4.666 | 724 | 75 | 75 |
| 4.751 to 5.000 | 138 | 25,248,369.75 | 0.11 | 182,959.20 | 4.910 | 718 | 75 | 75 |
| 5.001 to 5.250 | 51 | 5,735,610.93 | 0.03 | 112,462.96 | 5.169 | 697 | 76 | 77 |
| 5.251 to 5.500 | 26 | 2,343,810.52 | 0.01 | 90,146.56 | 5.439 | 707 | 77 | 77 |
| 5.501 to 5.750 | 10 | 1,148,855.78 | 0.01 | 114,885.58 | 5.674 | 720 | 75 | 75 |
| 5.751 to 6.000 | 1 | 79,895.20 | 0.00 | 79,895.20 | 6.000 | 670 | 75 | 75 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The weighted average gross mortgage rate of the Reference Obligations as of the Cut-off Date was approximately 3.838%.

Age of the Reference Obligations as of the Cut-off Date

| Reference Obligation Age (months) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 6 | 1 | 213,305.52 | 0.00 | 213,305.52 | 3.750 | 778 | 80 | 90 |
| 7 | 1 | 144,119.86 | 0.00 | 144,119.86 | 3.625 | 775 | 79 | 79 |
| 8 | 4,630 | 994,821,402.92 | 4.40 | 214,864.23 | 3.661 | 765 | 75 | 75 |
| 9 | 22,187 | 5,221,796,166.46 | 23.12 | 235,353.86 | 3.719 | 767 | 74 | 75 |
| 10 | 32,493 | 7,633,487,098.83 | 33.80 | 234,927.13 | 3.821 | 767 | 75 | 76 |
| 11 | 27,956 | 6,590,861,470.94 | 29.18 | 235,758.39 | 3.915 | 766 | 75 | 76 |
| 12 | 7,653 | 1,808,467,884.61 | 8.01 | 236,308.36 | 4.027 | 764 | 75 | 76 |
| 13 | 1,468 | 334,570,071.24 | 1.48 | 227,908.77 | 4.081 | 764 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The weighted average loan age of the Reference Obligations as of the Cut-off Date was approximately 10 months.

Loan-to-Value Ratio of the Reference Obligations at Origination

| Range of Original Loan-to-Value Ratios (%) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 61 to 65 | 9,064 | 2,291,279,681.39 | 10.15 | 252,789.02 | 3.811 | 769 | 63 | 65 |
| 66 to 70 | 13,083 | 3,285,156,692.90 | 14.55 | 251,101.18 | 3.823 | 766 | 68 | 69 |
| 71 to 75 | 21,318 | 5,229,687,977.98 | 23.16 | 245,317.95 | 3.849 | 769 | 74 | 74 |
| 76 to 80 | 52,924 | 11,778,237,168.11 | 52.15 | 222,550.02 | 3.843 | 765 | 79 | 80 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The weighted average loan-to-value ratio of the Reference Obligations at origination was approximately 75%.

Combined Loan-to-Value Ratio of the Reference Obligations at Origination

| Range of Original Combined Loan-to-Value Ratios (%) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|---|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Not Available | 1,127 | 239,780,886.40 | 1.06 | 212,760.33 | 3.831 | 764 | 74 | N/A |
| 61 to 65 | 8,087 | 1,982,210,731.94 | 8.78 | 245,110.76 | 3.804 | 770 | 63 | 63 |
| 66 to 70 | 12,144 | 2,995,323,631.48 | 13.26 | 246,650.50 | 3.819 | 767 | 68 | 68 |
| 71 to 75 | 20,265 | 4,931,017,924.09 | 21.83 | 243,326.82 | 3.847 | 769 | 73 | 74 |
| 76 to 80 | 51,012 | 11,400,076,939.18 | 50.48 | 223,478.34 | 3.837 | 765 | 79 | 79 |
| 81 to 85 | 992 | 297,795,176.28 | 1.32 | 300,196.75 | 3.930 | 763 | 74 | 84 |
| 86 to 90 | 1,872 | 531,959,383.09 | 2.36 | 284,166.34 | 3.925 | 761 | 77 | 89 |
| 91 to 95 | 890 | 206,196,847.92 | 0.91 | 231,681.85 | 3.919 | 759 | 76 | 94 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The non-zero weighted average combined loan-to-value ratio of the Reference Obligations at origination was approximately 76%. Using the loan-to-value ratio at time of origination when the combined loan-to-value ratio is not available, the weighted average original combined loan-to-value ratio is approximately 76%.

Credit Score at Origination

| Range of Credit Scores at Origination | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Weighted Average Original Credit Score | Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Original Combined Loan-to-Value Ratio (%) |
|---------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|--|--|---|
| Not Available | 1 | 178,365.41 | 0.00 | 178,365.41 | 4.000 | N/A | 70 | 70 |
| 601 to 620 | 55 | 10,570,347.14 | 0.05 | 192,188.13 | 4.179 | 614 | 74 | 75 |
| 621 to 640 | 317 | 58,946,773.36 | 0.26 | 185,951.97 | 4.173 | 632 | 74 | 75 |
| 641 to 660 | 820 | 152,904,697.87 | 0.68 | 186,469.14 | 4.164 | 652 | 74 | 75 |
| 661 to 680 | 1,812 | 354,344,156.24 | 1.57 | 195,554.17 | 4.116 | 672 | 75 | 75 |
| 681 to 700 | 4,148 | 867,668,617.82 | 3.84 | 209,177.58 | 4.041 | 691 | 75 | 76 |
| 701 to 720 | 6,519 | 1,436,915,781.78 | 6.36 | 220,419.66 | 3.949 | 711 | 76 | 77 |
| 721 to 740 | 8,941 | 2,071,425,199.64 | 9.17 | 231,677.13 | 3.873 | 731 | 75 | 76 |
| 741 to 760 | 12,779 | 3,062,144,280.60 | 13.56 | 239,623.15 | 3.833 | 751 | 75 | 76 |
| 761 to 780 | 19,135 | 4,714,774,246.90 | 20.88 | 246,395.31 | 3.808 | 771 | 75 | 76 |
| 781 to 800 | 25,777 | 6,332,016,411.16 | 28.04 | 245,645.98 | 3.794 | 791 | 75 | 75 |
| 801 to 820 | 15,782 | 3,466,287,157.73 | 15.35 | 219,635.48 | 3.798 | 807 | 74 | 75 |
| 821 to 840 | 303 | 56,185,484.73 | 0.25 | 185,430.64 | 3.828 | 824 | 73 | 73 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The non-zero weighted average credit score of the Reference Obligations at origination was approximately 766.

Debt-to-Income Ratio of the Reference Obligations at Origination

| Range of Debt-to-Income Ratios (%) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Not Available | 75 | 20,895,657.04 | 0.09 | 278,608.76 | 3.901 | 765 | 73 | 74 |
| 1 to 20 | 14,075 | 2,991,583,750.21 | 13.25 | 212,545.91 | 3.800 | 776 | 75 | 75 |
| 21 to 25 | 13,709 | 3,161,292,724.21 | 14.00 | 230,599.80 | 3.811 | 772 | 75 | 76 |
| 26 to 30 | 15,195 | 3,585,039,269.80 | 15.87 | 235,935.46 | 3.819 | 769 | 75 | 76 |
| 31 to 35 | 15,454 | 3,706,698,913.70 | 16.41 | 239,853.69 | 3.841 | 765 | 75 | 76 |
| 36 to 40 | 15,228 | 3,634,472,201.53 | 16.09 | 238,670.36 | 3.858 | 762 | 75 | 76 |
| 41 to 45 | 16,069 | 3,855,956,929.44 | 17.07 | 239,962.47 | 3.886 | 756 | 75 | 76 |
| 46 to 50 | 6,584 | 1,628,422,074.45 | 7.21 | 247,330.21 | 3.839 | 769 | 74 | 74 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The non-zero weighted average debt-to-income ratio of the Reference Obligations at origination was approximately 32%.

Occupancy Type of the Reference Obligations

| Occupancy Type | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Owner-Occupied | 83,550 | 20,154,929,780.68 | 89.24 | 241,231.95 | 3.820 | 766 | 75 | 76 |
| Second Home | 6,029 | 1,232,928,106.01 | 5.46 | 204,499.60 | 3.835 | 772 | 76 | 76 |
| Investment Property | 6,810 | 1,196,503,633.69 | 5.30 | 175,698.04 | 4.147 | 773 | 73 | 73 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Loan Purpose of the Reference Obligations

| Loan Purpose | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| No Cash-out Refinance . . . | 36,502 | 9,640,510,891.62 | 42.69 | 264,109.11 | 3.815 | 770 | 73 | 74 |
| Purchase | 42,032 | 9,028,693,025.55 | 39.98 | 214,805.22 | 3.831 | 764 | 77 | 78 |
| Cash-out Refinance | 17,855 | 3,915,157,603.21 | 17.34 | 219,275.14 | 3.912 | 760 | 73 | 74 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Property Type of the Reference Obligations

| Property Type | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 1-4 Family Dwelling Unit | 68,994 | 16,049,324,995.74 | 71.06 | 232,619.14 | 3.840 | 765 | 75 | 76 |
| PUD | 21,765 | 5,369,676,765.11 | 23.78 | 246,711.54 | 3.818 | 769 | 75 | 76 |
| Condo | 5,172 | 1,101,645,686.93 | 4.88 | 213,001.87 | 3.899 | 768 | 75 | 76 |
| Manufactured Housing | 313 | 31,935,137.04 | 0.14 | 102,029.19 | 3.989 | 766 | 77 | 77 |
| Co-op | 87 | 19,140,798.37 | 0.08 | 220,009.18 | 4.109 | 764 | 75 | 75 |
| Leasehold | 58 | 12,638,137.19 | 0.06 | 217,898.92 | 3.794 | 775 | 77 | 77 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Geographic Concentration of the Mortgaged Properties (State or Territory)

| State or Territory | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| California | 15,362 | 5,067,197,721.60 | 22.44 | 329,852.74 | 3.851 | 769 | 73 | 74 |
| Virginia | 3,817 | 1,170,006,774.11 | 5.18 | 306,525.22 | 3.857 | 769 | 74 | 75 |
| Illinois | 5,142 | 1,060,494,250.03 | 4.70 | 206,241.59 | 3.810 | 766 | 75 | 76 |
| Massachusetts | 3,496 | 1,006,272,847.79 | 4.46 | 287,835.48 | 3.843 | 765 | 74 | 75 |
| New York | 3,300 | 875,386,054.14 | 3.88 | 265,268.50 | 3.924 | 759 | 75 | 75 |
| Texas | 4,110 | 830,864,160.49 | 3.68 | 202,156.73 | 3.893 | 759 | 76 | 78 |
| New Jersey | 2,371 | 730,843,743.99 | 3.24 | 308,242.83 | 3.836 | 762 | 75 | 75 |
| Maryland | 2,323 | 710,307,239.31 | 3.15 | 305,771.52 | 3.849 | 767 | 74 | 75 |
| North Carolina | 3,461 | 701,741,438.73 | 3.11 | 202,756.84 | 3.843 | 769 | 75 | 77 |
| Florida | 3,729 | 684,228,742.05 | 3.03 | 183,488.53 | 3.863 | 763 | 76 | 76 |
| Washington | 2,619 | 672,277,133.83 | 2.98 | 256,692.30 | 3.828 | 769 | 75 | 75 |
| Colorado | 2,600 | 637,652,939.05 | 2.82 | 245,251.13 | 3.861 | 770 | 75 | 76 |
| Pennsylvania | 2,899 | 585,156,084.18 | 2.59 | 201,847.56 | 3.817 | 765 | 76 | 77 |
| Ohio | 3,496 | 567,108,081.87 | 2.51 | 162,216.27 | 3.776 | 766 | 76 | 77 |
| Wisconsin | 3,179 | 559,685,626.69 | 2.48 | 176,057.13 | 3.749 | 769 | 75 | 76 |
| Minnesota | 2,522 | 505,519,782.66 | 2.24 | 200,444.01 | 3.786 | 771 | 76 | 77 |
| Arizona | 2,190 | 436,895,444.78 | 1.93 | 199,495.64 | 3.842 | 773 | 75 | 75 |
| Missouri | 2,330 | 399,770,399.82 | 1.77 | 171,575.28 | 3.830 | 767 | 76 | 77 |
| Oregon | 1,714 | 378,308,512.70 | 1.68 | 220,716.75 | 3.834 | 772 | 75 | 76 |
| Indiana | 2,379 | 370,820,982.17 | 1.64 | 155,872.63 | 3.822 | 761 | 76 | 77 |
| Georgia | 1,796 | 370,730,862.18 | 1.64 | 206,420.30 | 3.819 | 764 | 76 | 77 |
| Connecticut | 1,423 | 354,236,801.34 | 1.57 | 248,936.61 | 3.833 | 764 | 75 | 76 |
| Michigan | 2,200 | 340,624,883.86 | 1.51 | 154,829.49 | 3.814 | 765 | 76 | 77 |
| Utah | 1,496 | 325,496,568.13 | 1.44 | 217,577.92 | 3.755 | 767 | 75 | 76 |
| Kentucky | 1,760 | 290,523,966.90 | 1.29 | 165,070.44 | 3.792 | 761 | 76 | 77 |
| Hawaii | 705 | 276,388,136.42 | 1.22 | 392,039.91 | 3.739 | 767 | 74 | 74 |
| Tennessee | 1,376 | 265,223,197.19 | 1.17 | 192,749.42 | 3.858 | 762 | 76 | 77 |
| South Carolina | 1,331 | 260,261,867.35 | 1.15 | 195,538.59 | 3.853 | 764 | 75 | 76 |
| Iowa | 1,358 | 220,506,666.31 | 0.98 | 162,376.04 | 3.721 | 763 | 76 | 79 |
| Kansas | 1,096 | 191,191,448.92 | 0.85 | 174,444.75 | 3.792 | 765 | 76 | 77 |
| Louisiana | 687 | 135,519,039.05 | 0.60 | 197,262.07 | 3.904 | 751 | 75 | 76 |
| District of Columbia | 323 | 135,460,925.83 | 0.60 | 419,383.67 | 3.928 | 767 | 74 | 75 |
| New Hampshire | 626 | 132,996,523.42 | 0.59 | 212,454.51 | 3.837 | 763 | 76 | 76 |
| Alabama | 707 | 127,452,357.15 | 0.56 | 180,272.08 | 3.822 | 764 | 76 | 77 |
| Vermont | 511 | 106,813,674.61 | 0.47 | 209,028.72 | 3.812 | 763 | 75 | 76 |
| Oklahoma | 608 | 102,376,307.82 | 0.45 | 168,382.09 | 3.872 | 759 | 77 | 77 |
| Maine | 493 | 98,098,035.64 | 0.43 | 198,981.82 | 3.871 | 767 | 76 | 76 |
| Nevada | 541 | 91,622,154.24 | 0.41 | 169,357.03 | 3.915 | 767 | 76 | 77 |
| Idaho | 510 | 89,146,056.78 | 0.39 | 174,796.19 | 3.833 | 769 | 75 | 76 |
| Nebraska | 505 | 85,153,196.49 | 0.38 | 168,620.19 | 3.862 | 768 | 76 | 77 |
| Arkansas | 535 | 84,885,935.23 | 0.38 | 158,665.30 | 3.814 | 761 | 76 | 76 |
| New Mexico | 425 | 80,185,046.07 | 0.36 | 188,670.70 | 3.860 | 764 | 75 | 76 |
| Rhode Island | 351 | 77,429,874.09 | 0.34 | 220,597.93 | 3.859 | 768 | 75 | 76 |
| Montana | 387 | 73,192,998.92 | 0.32 | 189,129.20 | 3.807 | 763 | 75 | 76 |
| Delaware | 281 | 61,918,008.01 | 0.27 | 220,348.78 | 3.878 | 763 | 76 | 76 |
| Alaska | 233 | 58,649,725.28 | 0.26 | 251,715.56 | 3.734 | 763 | 75 | 75 |
| West Virginia | 314 | 54,043,003.83 | 0.24 | 172,111.48 | 3.846 | 759 | 76 | 77 |
| North Dakota | 264 | 47,271,635.47 | 0.21 | 179,059.23 | 3.792 | 760 | 77 | 77 |
| Wyoming | 147 | 31,721,236.86 | 0.14 | 215,790.73 | 3.852 | 755 | 75 | 76 |
| Mississippi | 177 | 31,292,699.59 | 0.14 | 176,794.91 | 3.839 | 753 | 76 | 77 |
| South Dakota | 123 | 21,085,466.62 | 0.09 | 171,426.56 | 3.831 | 769 | 76 | 77 |
| Guam | 51 | 11,257,201.90 | 0.05 | 220,729.45 | 3.698 | 729 | 75 | 75 |
| Puerto Rico | 10 | 1,068,058.89 | 0.00 | 106,805.89 | 3.533 | 749 | 74 | 74 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Geographic Concentration of the Mortgaged Properties (Top 10 Metropolitan Statistical Areas (“MSA”))

| Top 10 MSA's | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Not Available | 12,903 | 2,289,475,035.75 | 10.14 | 177,437.42 | 3.815 | 763 | 75 | 76 |
| Los Angeles-Long Beach-Anaheim, CA | 3,110 | 1,075,858,750.69 | 4.76 | 345,935.29 | 3.886 | 765 | 73 | 74 |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 2,690 | 997,731,776.72 | 4.42 | 370,904.01 | 3.861 | 769 | 74 | 75 |
| San Francisco-Oakland-Hayward, CA | 2,303 | 919,632,837.07 | 4.07 | 399,319.51 | 3.839 | 773 | 73 | 74 |
| Chicago-Naperville-Elgin, IL-IN-WI | 3,769 | 861,301,947.16 | 3.81 | 228,522.67 | 3.843 | 767 | 75 | 76 |
| Santa Ana-Anaheim-Irvine, CA Metropolitan Division | 1,834 | 683,579,684.58 | 3.03 | 372,726.11 | 3.819 | 768 | 73 | 74 |
| San Jose-Sunnyvale-Santa Clara, CA | 1,287 | 527,125,274.25 | 2.33 | 409,576.75 | 3.796 | 772 | 72 | 73 |
| New York-White Plains-Wayne, NY-NJ Metropolitan Division | 1,470 | 526,476,121.28 | 2.33 | 358,147.02 | 3.951 | 760 | 74 | 75 |
| San Diego-Carlsbad, CA | 1,559 | 515,488,123.14 | 2.28 | 330,653.06 | 3.829 | 770 | 73 | 74 |
| Seattle-Tacoma-Bellevue, WA | 1,431 | 431,021,921.44 | 1.91 | 301,203.30 | 3.812 | 769 | 74 | 75 |
| Other | 64,033 | 13,756,670,048.30 | 60.91 | 214,837.19 | 3.835 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Geographic Concentration of the Mortgaged Properties (Top 10 Three-Digit Zip Codes)

| Top 10 Three-Digit Zip Codes | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 945xx | 1,364 | 494,736,166.75 | 2.19 | 362,709.80 | 3.803 | 771 | 74 | 74 |
| 926xx | 959 | 385,566,293.45 | 1.71 | 402,050.36 | 3.832 | 768 | 73 | 74 |
| 201xx | 871 | 314,749,949.77 | 1.39 | 361,366.19 | 3.820 | 770 | 75 | 76 |
| 951xx | 786 | 310,317,867.34 | 1.37 | 394,806.45 | 3.785 | 772 | 73 | 73 |
| 913xx | 723 | 248,773,514.29 | 1.10 | 344,085.08 | 3.860 | 764 | 73 | 74 |
| 921xx | 684 | 241,401,954.33 | 1.07 | 352,926.83 | 3.835 | 771 | 73 | 74 |
| 208xx | 592 | 237,651,923.56 | 1.05 | 401,439.06 | 3.820 | 770 | 73 | 75 |
| 917xx | 809 | 237,330,341.07 | 1.05 | 293,362.60 | 3.825 | 764 | 74 | 74 |
| 940xx | 523 | 232,657,521.73 | 1.03 | 444,851.86 | 3.844 | 774 | 71 | 72 |
| 980xx | 712 | 225,971,725.99 | 1.00 | 317,376.02 | 3.782 | 771 | 74 | 75 |
| Other | 88,366 | 19,655,204,262.10 | 87.03 | 222,429.49 | 3.841 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Term to Maturity of the Reference Obligations at Origination

| Original Term to Maturity (months) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 360 | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The weighted average term to maturity of the Reference Obligations at origination was approximately 360 months.

Remaining Term to Maturity of the Reference Obligations as of the Cut-off Date

| Remaining Term to Maturity (months) | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|-------------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| 346 | 13 | 3,397,727.70 | 0.02 | 261,363.67 | 4.038 | 766 | 73 | 73 |
| 347 | 1,484 | 337,072,390.35 | 1.49 | 227,137.73 | 4.088 | 764 | 75 | 76 |
| 348 | 7,620 | 1,796,740,556.24 | 7.96 | 235,792.72 | 4.025 | 764 | 75 | 76 |
| 349 | 27,188 | 6,416,391,491.04 | 28.41 | 236,000.86 | 3.916 | 766 | 75 | 76 |
| 350 | 33,154 | 7,784,255,900.34 | 34.47 | 234,790.85 | 3.823 | 767 | 75 | 76 |
| 351 | 21,815 | 5,145,130,692.14 | 22.78 | 235,852.89 | 3.721 | 767 | 74 | 75 |
| 352 | 5,115 | 1,101,372,762.57 | 4.88 | 215,322.14 | 3.660 | 765 | 75 | 75 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

The weighted average remaining term to maturity of the Reference Obligations as of the Cut-off Date was approximately 350 months.

Seller of the Reference Obligations

| Seller | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Wells Fargo Bank | 26,626 | 6,053,466,946.44 | 26.80 | 227,351.72 | 3.885 | 767 | 75 | 76 |
| US Bank | 13,977 | 3,667,684,800.21 | 16.24 | 262,408.59 | 3.881 | 768 | 75 | 76 |
| Provident Funding | 6,027 | 1,854,333,073.40 | 8.21 | 307,670.99 | 3.566 | 776 | 73 | 73 |
| BB&T | 7,310 | 1,478,537,288.76 | 6.55 | 202,262.28 | 3.929 | 764 | 76 | 77 |
| JPM Chase Bank | 4,258 | 1,209,392,311.04 | 5.35 | 284,028.26 | 4.016 | 760 | 75 | 76 |
| Fifth Third Bank | 2,446 | 500,541,950.56 | 2.22 | 204,636.94 | 3.878 | 762 | 76 | 77 |
| Bank of America | 2,069 | 489,720,424.17 | 2.17 | 236,694.26 | 3.793 | 764 | 76 | 77 |
| GFS Capital | 1,556 | 458,306,148.74 | 2.03 | 294,541.23 | 3.799 | 767 | 73 | 73 |
| Caliber Funding | 1,295 | 332,069,817.92 | 1.47 | 256,424.57 | 3.812 | 765 | 75 | 75 |
| Guaranteed Rate | 1,158 | 309,885,127.54 | 1.37 | 267,603.74 | 3.838 | 763 | 75 | 75 |
| Colorado Savings | 660 | 308,160,647.42 | 1.36 | 466,910.07 | 3.688 | 778 | 72 | 72 |
| Other | 29,007 | 5,922,262,984.18 | 26.22 | 204,166.68 | 3.802 | 764 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Servicer of the Reference Obligations

| Servicer | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Wells Fargo Bank | 26,626 | 6,053,466,946.44 | 26.80 | 227,351.72 | 3.885 | 767 | 75 | 76 |
| US Bank | 15,545 | 4,086,248,526.62 | 18.09 | 262,865.78 | 3.857 | 768 | 75 | 76 |
| Provident Funding | 6,289 | 1,983,169,598.47 | 8.78 | 315,339.42 | 3.579 | 776 | 73 | 73 |
| BB&T | 7,310 | 1,478,537,288.76 | 6.55 | 202,262.28 | 3.929 | 764 | 76 | 77 |
| PNC Bank | 5,043 | 1,252,830,756.87 | 5.55 | 248,429.66 | 3.829 | 767 | 75 | 75 |
| JPM Chase Bank | 4,258 | 1,209,392,311.04 | 5.35 | 284,028.26 | 4.016 | 760 | 75 | 76 |
| Fifth Third Bank | 2,446 | 500,541,950.56 | 2.22 | 204,636.94 | 3.878 | 762 | 76 | 77 |
| Bank of America | 2,067 | 489,533,333.57 | 2.17 | 236,832.77 | 3.792 | 764 | 76 | 77 |
| Caliber Funding | 995 | 241,938,336.96 | 1.07 | 243,154.11 | 3.811 | 763 | 75 | 75 |
| Other | 25,810 | 5,288,702,471.09 | 23.42 | 204,909.05 | 3.804 | 763 | 75 | 75 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Origination Channel of the Reference Obligations

| Origination Channel | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| Retail | 48,578 | 10,404,443,089.24 | 46.07 | 214,180.15 | 3.824 | 766 | 75 | 76 |
| Correspondent | 37,554 | 9,041,294,896.93 | 40.03 | 240,754.51 | 3.897 | 765 | 75 | 76 |
| Broker | 10,253 | 3,137,996,887.91 | 13.89 | 306,056.46 | 3.717 | 772 | 73 | 74 |
| Not Available | 4 | 626,646.30 | 0.00 | 156,661.58 | 3.745 | 785 | 66 | 66 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Lien Position of the Reference Obligations at Origination

| Lien Position | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| First Lien | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Reference Obligations with Subordinate Financing at Origination

| Reference Obligations with Subordinate Financing at Origination | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|---|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| No | 89,658 | 20,683,510,305.51 | 91.58 | 230,693.42 | 3.834 | 767 | 75 | 75 |
| Yes | 5,604 | 1,661,070,328.47 | 7.35 | 296,407.98 | 3.893 | 763 | 73 | 84 |
| Not Available | 1,127 | 239,780,886.40 | 1.06 | 212,760.33 | 3.831 | 764 | 74 | N/A |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

First Payment Date of the Reference Obligations

| First Payment Date | Number of Reference Obligations | Aggregate Principal Balance (\$) | Aggregate Principal Balance (%) | Average Principal Balance (\$) | Weighted Average Mortgage Rate (%) | Non-Zero Weighted Average Original Credit Score | Weighted Average Original Loan-to-Value Ratio (%) | Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%) |
|--------------------------------|---------------------------------|----------------------------------|---------------------------------|--------------------------------|------------------------------------|---|---|---|
| May 2012 | 13 | 3,397,727.70 | 0.02 | 261,363.67 | 4.038 | 766 | 73 | 73 |
| June 2012 | 1,484 | 337,072,390.35 | 1.49 | 227,137.73 | 4.088 | 764 | 75 | 76 |
| July 2012 | 7,620 | 1,796,740,556.24 | 7.96 | 235,792.72 | 4.025 | 764 | 75 | 76 |
| August 2012 | 27,188 | 6,416,391,491.04 | 28.41 | 236,000.86 | 3.916 | 766 | 75 | 76 |
| September 2012 | 33,154 | 7,784,255,900.34 | 34.47 | 234,790.85 | 3.823 | 767 | 75 | 76 |
| October 2012 | 21,815 | 5,145,130,692.14 | 22.78 | 235,852.89 | 3.721 | 767 | 74 | 75 |
| November 2012 | 5,115 | 1,101,372,762.57 | 4.88 | 215,322.14 | 3.660 | 765 | 75 | 75 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Maturity Date of the Reference Obligations

| <u>Maturity Date</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| April 2042 | 13 | 3,397,727.70 | 0.02 | 261,363.67 | 4.038 | 766 | 73 | 73 |
| May 2042 | 1,484 | 337,072,390.35 | 1.49 | 227,137.73 | 4.088 | 764 | 75 | 76 |
| June 2042 | 7,620 | 1,796,740,556.24 | 7.96 | 235,792.72 | 4.025 | 764 | 75 | 76 |
| July 2042 | 27,188 | 6,416,391,491.04 | 28.41 | 236,000.86 | 3.916 | 766 | 75 | 76 |
| August 2042 | 33,154 | 7,784,255,900.34 | 34.47 | 234,790.85 | 3.823 | 767 | 75 | 76 |
| September 2042 | 21,815 | 5,145,130,692.14 | 22.78 | 235,852.89 | 3.721 | 767 | 74 | 75 |
| October 2042 | 5,115 | 1,101,372,762.57 | 4.88 | 215,322.14 | 3.660 | 765 | 75 | 75 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

First Time Homebuyer

| <u>First Time Homebuyer</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| Not Available | 3 | 847,689.83 | 0.00 | 282,563.28 | 4.103 | 734 | 77 | 77 |
| No | 85,269 | 20,256,117,407.19 | 89.69 | 237,555.47 | 3.839 | 767 | 74 | 75 |
| Yes | 11,117 | 2,327,396,423.36 | 10.31 | 209,354.72 | 3.831 | 756 | 78 | 78 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Number of Borrowers

| <u>Number of Borrowers</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| 1 | 40,067 | 8,402,946,664.46 | 37.21 | 209,722.38 | 3.847 | 767 | 75 | 76 |
| 2 or more | 56,322 | 14,181,414,855.92 | 62.79 | 251,791.75 | 3.833 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Number of Units

| <u>Number of Units</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| 1 | 94,528 | 22,060,641,731.13 | 97.68 | 233,376.80 | 3.832 | 766 | 75 | 76 |
| 2 | 1,343 | 358,383,350.88 | 1.59 | 266,852.83 | 4.071 | 763 | 73 | 74 |
| 3 | 267 | 84,662,008.00 | 0.37 | 317,086.17 | 4.088 | 767 | 72 | 73 |
| 4 | 251 | 80,674,430.37 | 0.36 | 321,412.07 | 4.170 | 774 | 72 | 72 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Mortgage Insurance

| <u>Mortgage Insurance</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| None | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Delinquency Status of the Reference Obligations as of May 31, 2013

| <u>Delinquency Status</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| Current | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Historical Delinquency of the Reference Obligations as of May 31, 2013

| <u>Historical Delinquency</u> | <u>Number of Reference Obligations</u> | <u>Aggregate Principal Balance (\$)</u> | <u>Aggregate Principal Balance (%)</u> | <u>Average Principal Balance (\$)</u> | <u>Weighted Average Mortgage Rate (%)</u> | <u>Non-Zero Weighted Average Original Credit Score</u> | <u>Weighted Average Original Loan-to-Value Ratio (%)</u> | <u>Non-Zero Weighted Average Original Combined Loan-to-Value Ratio (%)</u> |
|--------------------------------|--|---|--|---------------------------------------|---|--|--|--|
| Never Delinquent | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |
| Total/Weighted Average: | 96,389 | 22,584,361,520.38 | 100.00 | 234,304.35 | 3.838 | 766 | 75 | 76 |

Appendix B

Diligence Provider's Data Integrity Review Discrepancies

| Loan Identifier | Record Type | Loan File Data | Diligence Provider Data |
|-----------------|--|--------------------|-------------------------|
| 13DN01064662 | Original Combined Loan-to-Value (CLTV) | 75 | 92 |
| 13DN01091964 | Original Combined Loan-to-Value (CLTV) | 63 | 78 |
| 13DN01011371 | Original Combined Loan-to-Value (CLTV) | 65 | 80 |
| 13DN01019823 | Original Combined Loan-to-Value (CLTV) | 67 | 87 |
| 13DN01043853 | Original Combined Loan-to-Value (CLTV) | 80 | 91 |
| 13DN01065595 | Original Combined Loan-to-Value (CLTV) | 80 | 89 |
| 13DN01037945 | Original Combined Loan-to-Value (CLTV) | 65 | 72 |
| 13DN01013428 | Original Combined Loan-to-Value (CLTV) | 72 | 80 |
| 13DN01086289 | Original Combined Loan-to-Value (CLTV) | 80 | 90 |
| 13DN01070070 | Original Combined Loan-to-Value (CLTV) | 80 | 87 |
| 13DN01019287 | Original Combined Loan-to-Value (CLTV) | 75 | 82 |
| 13DN01069450 | Original Combined Loan-to-Value (CLTV) | 80 | 85 |
| 13DN01080428 | Original Combined Loan-to-Value (CLTV) | 81 | 90 |
| 13DN01074444 | Original Combined Loan-to-Value (CLTV) | 73 | 80 |
| 13DN01028154 | Original Combined Loan-to-Value (CLTV) | 63 | 78 |
| 13DN01058081 | Original Combined Loan-to-Value (CLTV) | 80 | 90 |
| 13DN01079267 | Original Combined Loan-to-Value (CLTV) | 76 | 83 |
| 13DN01043368 | Original Combined Loan-to-Value (CLTV) | 76 | 86 |
| 13DN01037489 | Original Combined Loan-to-Value (CLTV) | 77 | 85 |
| 13DN01038646 | Original Combined Loan-to-Value (CLTV) | 79 | 84 |
| 13DN01032267 | Original Combined Loan-to-Value (CLTV) | 64 | 78 |
| 13DN01087764 | Original Combined Loan-to-Value (CLTV) | 80 | 88 |
| N/A | Original Combined Loan-to-Value (CLTV) | 73 | 86 |
| 13DN01023148 | Original Combined Loan-to-Value (CLTV) | 91 | 90 |
| 13DN01013518 | Original Combined Loan-to-Value (CLTV) | 75 | 89 |
| 13DN01044715 | Original Combined Loan-to-Value (CLTV) | 80 | 86 |
| 13DN01066521 | Original Combined Loan-to-Value (CLTV) | 80 | 86 |
| 13DN01043767 | Credit Score | 775 | 767 |
| 13DN01015497 | Credit Score | 789 | 770 |
| 13DN01031383 | Credit Score | 798 | 788 |
| N/A | Credit Score | 805 | 0 |
| 13DN01092931 | Credit Score | 777 | 753 |
| 13DN01038646 | Credit Score | 797 | 771 |
| 13DN01028412 | Credit Score | 772 | 747 |
| 13DN01039452 | Credit Score | 780 | 725 |
| 13DN01057529 | Credit Score | 744 | 729 |
| 13DN01058024 | First Payment Date | 10/1/2012 | 9/1/2012 |
| 13DN01013110 | First Payment Date | 8/1/2012 | 9/1/2012 |
| 13DN01024788 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01010536 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01038646 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01025296 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01093898 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01013518 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01020245 | Loan Purpose | Cash-out Refinance | No Cash-out Refinance |
| 13DN01058024 | Maturity Date | 9/1/2042 | 8/1/2042 |
| 13DN01013110 | Maturity Date | 7/1/2042 | 8/1/2042 |
| 13DN01058806 | Number Of Units | 3-unit | 1-unit |
| 13DN01020180 | Original Loan-to-Value (LTV) | 65 | 75 |
| 13DN01007743 | Property Type | PUD | Condo |
| 13DN01058024 | Property Type | 1-4 Fee Simple | Condo |
| N/A | Original Debt-to-Income (DTI) Ratio | 49 | 55 |
| N/A | Original Debt-to-Income (DTI) Ratio | 39 | 46 |
| N/A | Original Debt-to-Income (DTI) Ratio | 34 | 39 |
| 13DN01024131 | Original Debt-to-Income (DTI) Ratio | 18 | 28 |
| N/A | Original Debt-to-Income (DTI) Ratio | 36 | 41 |
| 13DN01079286 | Original Debt-to-Income (DTI) Ratio | 38 | 46 |
| 13DN01066798 | Original Debt-to-Income (DTI) Ratio | 33 | 41 |
| 13DN01033463 | Original Debt-to-Income (DTI) Ratio | 33 | 42 |
| 13DN01074459 | Original Debt-to-Income (DTI) Ratio | 22 | 39 |
| 13DN01000078 | Original Debt-to-Income (DTI) Ratio | 40 | 34 |
| 13DN01090816 | Original Debt-to-Income (DTI) Ratio | 27 | 18 |
| 13DN01032829 | Original Debt-to-Income (DTI) Ratio | 42 | 37 |
| 13DN01012866 | Original Debt-to-Income (DTI) Ratio | 27 | 20 |
| 13DN01028610 | Original Debt-to-Income (DTI) Ratio | 33 | 42 |
| 13DN01071347* | Original Debt-to-Income (DTI) Ratio | 46 | 55 |

* Freddie Mac's original quality control review of this Reference Obligation calculated a DTI of 43%. As a result of the Diligence Provider's review of this Reference Obligation, Freddie Mac has recalculated the DTI to be 49%. In light of this discrepancy, Freddie Mac intends to perform a further quality assurance review of this Reference Obligation. If, based on this review, we determine this Reference Obligation to have an Unconfirmed Underwriting Defect, we may request the related seller to remedy or repurchase such Reference Obligation. However, we cannot assure you that the seller will ultimately remedy or repurchase such Reference Obligation.

| <u>Loan Identifier</u> | <u>Record Type</u> | <u>Loan File Data</u> | <u>Diligence Provider Data</u> |
|------------------------|-------------------------------------|-----------------------|--------------------------------|
| N/A | Original Debt-to-Income (DTI) Ratio | 47 | 29 |
| 13DN01013886 | Original Debt-to-Income (DTI) Ratio | 28 | 22 |
| 13DN01001425 | Original Debt-to-Income (DTI) Ratio | 45 | 34 |
| 13DN01045942 | Original Debt-to-Income (DTI) Ratio | 31 | 36 |
| 13DN01049282 | Original Debt-to-Income (DTI) Ratio | 28 | 38 |
| 13DN01073753 | Original Debt-to-Income (DTI) Ratio | 44 | 24 |
| N/A | Original Debt-to-Income (DTI) Ratio | 41 | 54 |
| N/A | Original Debt-to-Income (DTI) Ratio | 17 | 54 |
| 13DN01014548 | Original Debt-to-Income (DTI) Ratio | 21 | 41 |
| N/A | Original Debt-to-Income (DTI) Ratio | 6 | 20 |
| 13DN01088986 | Original Debt-to-Income (DTI) Ratio | 29 | 44 |
| N/A | Original Debt-to-Income (DTI) Ratio | 38 | 33 |
| N/A | Original Debt-to-Income (DTI) Ratio | 26 | 33 |
| 13DN01081163 | Original Debt-to-Income (DTI) Ratio | 41 | 30 |
| 13DN01040024 | Original Debt-to-Income (DTI) Ratio | 13 | 22 |
| 13DN01052661 | Original Debt-to-Income (DTI) Ratio | 44 | 36 |
| 13DN01016379 | Original Debt-to-Income (DTI) Ratio | 29 | 17 |
| 13DN01039992 | Original Debt-to-Income (DTI) Ratio | 49 | 43 |
| 13DN01065096 | Original Debt-to-Income (DTI) Ratio | 42 | 35 |
| 13DN01031009 | Original Debt-to-Income (DTI) Ratio | 39 | 33 |
| 13DN01029508 | Original Debt-to-Income (DTI) Ratio | 35 | 43 |
| N/A | Original Debt-to-Income (DTI) Ratio | 48 | 72 |
| 13DN01015497 | Original Debt-to-Income (DTI) Ratio | 18 | 32 |
| 13DN01085226 | Original Debt-to-Income (DTI) Ratio | 42 | 34 |
| 13DN01051031 | Original Debt-to-Income (DTI) Ratio | 33 | 28 |
| 13DN01047518 | Original Debt-to-Income (DTI) Ratio | 28 | 33 |
| 13DN01019017 | Original Debt-to-Income (DTI) Ratio | 37 | 26 |
| 13DN01002945 | Original Debt-to-Income (DTI) Ratio | 29 | 40 |
| 13DN01081469 | Original Debt-to-Income (DTI) Ratio | 45 | 36 |
| N/A | Original Debt-to-Income (DTI) Ratio | 23 | 28 |
| 13DN01033307 | Original Debt-to-Income (DTI) Ratio | 7 | 20 |
| 13DN01000783 | Original Debt-to-Income (DTI) Ratio | 27 | 44 |
| 13DN01044545 | Original Debt-to-Income (DTI) Ratio | 32 | 39 |
| 13DN01014800 | Original Debt-to-Income (DTI) Ratio | 32 | 24 |
| 13DN01032553 | Original Debt-to-Income (DTI) Ratio | 39 | 26 |
| 13DN01066609 | Original Debt-to-Income (DTI) Ratio | 12 | 32 |
| 13DN01066741 | Original Debt-to-Income (DTI) Ratio | 34 | 23 |
| 13DN01039700 | Original Debt-to-Income (DTI) Ratio | 34 | 29 |
| 13DN01012769 | Original Debt-to-Income (DTI) Ratio | 2 | 26 |
| 13DN01011382 | Original Debt-to-Income (DTI) Ratio | 46 | 38 |
| 13DN01045236 | Original Debt-to-Income (DTI) Ratio | 34 | 28 |
| 13DN01013812 | Original Debt-to-Income (DTI) Ratio | 30 | 40 |
| N/A | Original Debt-to-Income (DTI) Ratio | 21 | 37 |
| 13DN01076604 | Original Debt-to-Income (DTI) Ratio | 35 | 29 |

Appendix C
Assumed Characteristics of the Reference Obligations
(as of the Cut-off Date)

| Group Number | Principal Balance (\$) | Remaining Term to Maturity (in months) | Original Term to Maturity (in months) | Per Annum Interest Rate (%) |
|-------------------------|-----------------------------------|---|--|--|
| 1 | 303,823.55 | 352 | 360 | 3.125 |
| 2 | 98,673,888.59 | 351 | 360 | 3.251 |
| 3 | 904,832,386.60 | 351 | 360 | 3.377 |
| 4 | 2,380,366,880.04 | 351 | 360 | 3.501 |
| 5 | 3,387,708,029.51 | 350 | 360 | 3.626 |
| 6 | 2,904,806,141.45 | 350 | 360 | 3.753 |
| 7 | 5,928,607,421.53 | 350 | 360 | 3.888 |
| 8 | 3,804,275,799.77 | 349 | 360 | 4.001 |
| 9 | 1,522,126,675.93 | 349 | 360 | 4.125 |
| 10 | 852,006,885.51 | 349 | 360 | 4.250 |
| 11 | 311,963,109.80 | 349 | 360 | 4.376 |
| 12 | 268,737,483.33 | 349 | 360 | 4.500 |
| 13 | 124,260,899.83 | 349 | 360 | 4.626 |
| 14 | 61,212,868.66 | 349 | 360 | 4.750 |
| 15 | 19,637,360.04 | 349 | 360 | 4.885 |
| 16 | 6,142,672.11 | 349 | 360 | 5.005 |
| 17 | 2,762,701.45 | 349 | 360 | 5.125 |
| 18 | 2,363,931.18 | 349 | 360 | 5.250 |
| 19 | 1,139,823.34 | 349 | 360 | 5.375 |
| 20 | 1,203,987.18 | 349 | 360 | 5.500 |
| 21 | 694,654.95 | 349 | 360 | 5.625 |
| 22 | 454,200.83 | 348 | 360 | 5.750 |
| 23 | 79,895.20 | 348 | 360 | 6.000 |

Appendix D

Seller Restrictions

Canada

Each Dealer has represented, warranted and agreed that:

(a) the sale and delivery of any Notes to any purchaser who is a resident of Canada or otherwise subject to the laws of Canada or who is purchasing for a principal who is a resident of Canada or otherwise subject to the laws of Canada (each such purchaser or principal, a **“Canadian Purchaser”**) by such Dealer shall be made so as to be exempt from the prospectus filing requirements and exempt from, or in compliance with, the dealer registration requirements of all applicable securities laws, regulations, rules, instruments, rulings and orders, including those applicable in each of the provinces and territories of Canada (as defined in this section, the **“Securities Laws”**);

(b) (i) the Dealer is an investment dealer as defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (**“NI 31-103”**); or (ii) any sale and delivery of any Notes to a Canadian Purchaser will be made through (A) an affiliate of the relevant Dealer that is a registered investment dealer, exempt market dealer or restricted dealer; or (B) in compliance with the international dealer exemption from the dealer registration requirements, and otherwise in compliance with the representations, warranties, and agreements set out herein;

(c) each Canadian Purchaser is entitled under the Securities Laws to acquire the Notes without a prospectus qualified under the Securities Laws, and such purchaser, (A) is a “permitted client” as defined in section 1.1 of NI 31-103 and an “accredited investor” as defined in National Instrument 45-106 Prospectus and Registration Exemptions (**“NI 45-106”**) and is a person to which a Dealer relying on the international dealer exemption from the dealer registration requirements or a Dealer registered as a restricted dealer may sell the Notes, or (B) is an “accredited investor” as defined in NI 45-106 who is purchasing the Notes from a registered investment dealer or exempt market dealer;

(d) it will ensure that each Canadian Purchaser purchasing from it (i) has represented to it that such Canadian Purchaser is resident in Canada; (ii) has represented to it which categories set forth in the relevant definition of “accredited investor” in NI 45-106 or “permitted client” in section 1.1 of NI 31-103, or both, as applicable, correctly describes such Canadian Purchaser; and (iii) consents to disclosure of all required information about the purchase to the relevant Canadian securities regulators or regulatory authorities;

(e) it has not provided and will not provide to any Canadian Purchaser any document or other material that would constitute an offering memorandum (other than this Offering Circular with respect to the private placement of the Notes in Canada) within the meaning of the Securities Laws;

(f) it has not made and it will not make any written or oral representations to any Canadian Purchaser:

(i) that any person will resell or repurchase the Notes purchased by such Canadian Purchaser;

(ii) that the Notes will be freely tradeable by the Canadian Purchaser without any restrictions or hold periods;

(iii) that any person will refund the purchase price of the Notes; or

(iv) as to the future price or value of the Notes; and

(g) it will inform each Canadian Purchaser that:

(i) we are not a “reporting issuer” and are not, and may never be, a reporting issuer in any province or territory of Canada and there currently is no public market in Canada for any of the Notes, and one may never develop;

(ii) the Notes will be subject to resale restrictions under applicable Securities Law; and

(iii) such Canadian Purchaser's name and other specified information will be disclosed to the relevant Canadian securities regulators or regulatory authorities and may become available to the public in accordance with applicable laws.

European Economic Area

In relation to each Relevant Member State, each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State at any time: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes shall require the publication by the Issuer or any other entity of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **"FIEA"**) and, accordingly, each Dealer undertakes that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Korea

The Issuer is not making any representation with respect to eligibility of any recipients of this Offering Circular to acquire the Notes referred to herein under the laws of Korea. The Notes offered under this Offering Circular have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Service and Capital Markets Act (**"FSCMA"**) and are therefore subject to certain transfer restrictions. The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea) except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law and the decrees and regulations thereunder.

Singapore

The Dealers have acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each Dealer has represented, warranted and agreed that it will neither offer nor sell the Notes pursuant to an offering nor make the Notes the subject of an invitation for subscription or purchase whether directly or indirectly, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person to whom an offer referred to in Section 275(1A) of the SFA is made, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Investors should note that any subsequent sale of the Notes acquired pursuant to an offer in this Offering Circular made under exemptions (a) or (b) above within a period of six months from the date of initial acquisition is restricted to (i) institutional investors (as defined in Section 4A of the SFA); (ii) relevant persons as defined in Section 275(2) of the SFA; or (iii) persons pursuant to an offer referred to in Section 275(1A) of the SFA, unless expressly specified otherwise in Section 276(7) of the SFA.

Each Dealer has also represented, warranted and agreed to notify (whether through the distribution of this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes or otherwise) each of the following relevant persons specified in Section 276 of the SFA which has subscribed or purchased Notes from and through Freddie Mac or one of the Dealers, namely a person who is:

(A) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(B) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred for six months after that corporation or that trust has acquired the Notes pursuant to an offer made in reliance on an exemption under Section 275 of the SFA except: (1) to an institutional investor (as defined in Section 4A of the SFA) or to a relevant person (as defined in Section 275(2) of the SFA), or (in the case of such corporation where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, the Republic of China through a public offering or in circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in Taiwan, the Republic of China has been authorized to offer or sell the Notes in Taiwan, the Republic of China.

United Kingdom

Each of the Dealers has represented and agreed that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity, within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended (the “FSMA”), received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

