PRIVATE PLACEMENT MEMORANDUM **STRICTLY CONFIDENTIAL**

THIS PRIVATE PLACEMENT MEMORANDUM IS NOT TO BE SHOWN OR GIVEN TO ANY PERSON OTHER THAN POTENTIAL INVESTORS IN THE CERTIFICATES AND IT IS NOT TO BE COPIED OR OTHERWISE REPRODUCED OR FURTHER DISTRIBUTED IN ANY MANNER WHATSOEVER. FAILURE TO COMPLY WITH THIS DIRECTIVE CAN RESULT IN A VIOLATION OF THE SECURITIES ACT.

$50,088,878

Freddie Mac

STRUCTURED AGENCY CREDIT RISK (STACR®)
Securitized Participation Interests Trust,
Series 2017-SPI1

Class X*
Class M-1 $20,661,000
Class M-2 $16,905,000
Class B $12,522,878
Class R

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* The Class Principal Amount of the Class X Certificate will initially be zero, but will be increased by the PC Investor Balance of each PC Participation Interest (as defined herein), if any, deposited into the SPI Trust after the Closing Date by Freddie Mac. The Class X Certificate will not be offered by this Memorandum and will initially be retained by Freddie Mac.

PRIVATE PLACEMENT MEMORANDUM

No person has been authorized to give any information or to make any representations other than those contained in this Private Placement Memorandum (this **"Memorandum"**), and, if given or made, such information or representations must not be relied upon. The delivery of this Memorandum at any time does not imply that the information herein is correct as of any time subsequent to its date.

The Certificates are only being offered to, and may only be held by, Qualified Institutional Buyers (**"QIBs"**) as defined in Rule 144A under the Securities Act of 1933, as amended (the **"Securities Act"**). The Residual Certificate is subject to additional transfer restrictions, including restrictions on ownership by foreign persons.

The Certificates (other than the Class X Certificate and the Residual Certificate) 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. The Class X Certificate and the Residual Certificate will be issued in registered certificated form.

THE CERTIFICATES DO NOT REPRESENT INTERESTS IN OR OBLIGATIONS OF THE SELLER, THE MASTER SERVICER, THE SPI TRUSTEE, THE SECURITIES ADMINISTRATOR, THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AFFILIATES. THE CERTIFICATES ARE NOT INSURED OR GUARANTEED BY FREDDIE MAC, THE UNITED STATES GOVERNMENT OR ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

Transfer of the Certificates will be subject to certain restrictions as described herein.

The information contained herein is confidential and may not be reproduced in whole or in part. Freddie Mac will, upon request, make such other available information as may be reasonably requested.

The Certificates are complex financial instruments and may not be suitable investments for you. You should consider carefully the *"Risk Factors"* described beginning on page 20 of this Memorandum and on page 181 of our Annual Report on Form 10-K for the year ended December 31, 2016. You should not purchase Certificates unless you understand and are able to bear these and any other applicable risks. You should purchase Certificates only if you understand the information contained in this Memorandum and the documents that we incorporate by reference in this Memorandum.

The Index of Significant Definitions beginning on page 149 of this Memorandum indicates where definitions of certain defined terms appear in this Memorandum.

BofA Merrill Lynch
Lead Manager and Bookrunner

Citigroup
Co-Manager

Wells Fargo Securities
Co-Manager

The Williams Capital Group, L.P.
Selling Group Member

The date of this Private Placement Memorandum is October 19, 2017.

PRIVATE PLACEMENT MEMORANDUM — CONFIDENTIAL
FREDDIE MAC SECURITIZED PARTICIPATION INTERESTS TRUST, SERIES 2017-SPI1

Class	Initial Class Principal Amount(1)	Class Coupon	CUSIP Number	Expected Ratings (Moody's)(2)	Final Scheduled Distribution Date
X	(3)	(4)	3137G1CD7	NR	September 25, 2047
M-1	$20,661,000	(4)	3137G1CE5	Baa3 (sf)	September 25, 2047
M-2	16,905,000	(4)	3137G1CF2	B2 (sf)	September 25, 2047
B	12,522,878	(4)	3137G1CG0	NR	September 25, 2047
R	0(5)	0.0%	3137G1CH8	NR	September 25, 2047

(1) Approximate. May vary by up to 10%.
(2) See *"Ratings"* herein.
(3) The Class Principal Amount of the Class X Certificate will initially be zero, but will be increased by the PC Investor Balance (as defined herein) of each PC Participation Interest, if any, deposited into the SPI Trust after the Closing Date by Freddie Mac.
(4) See *"Summary of Terms — Class Coupon"* herein.
(5) The Class R Certificate does not have a Class Principal Amount and is not entitled to distributions of interest or principal.

The Freddie Mac Securitized Participation Interests Trust, Series 2017-SPI1 (the **"SPI Trust"**) will issue the Class M-1, Class M-2 and Class B Certificates (the **"Subordinate Certificates"**), the Class X Certificate (the **"Class X Certificate"**) and the Class R Certificate (the **"Residual Certificate"** and together with the Subordinate Certificates and the Class X Certificate, the **"Certificates"**). The Class Principal Amount of the Class X Certificate initially will be zero but may increase as further described herein.

The Certificates are being issued on or about October 25, 2017 (the **"Closing Date"**). The Certificates represent the entire beneficial interest in the assets of the SPI Trust, which assets consist primarily of Credit Participation Interests deposited into the SPI Trust on the Closing Date and any PC Participation Interests deposited into the SPI Trust after the Closing Date, in each case, as further described herein. Distributions, if any, on the Certificates are payable on the twenty-fifth (25th) day of each month (or, if such day is not a Business Day, on the next Business Day), commencing in November 2017 (each, a **"Distribution Date"**). On each Distribution Date, to the extent of funds available therefor, distributions will be made on the Certificates in the amounts and in the priorities set forth in this Memorandum. The rights of the holders of the Class M-1, Class M-2 and Class B Certificates to receive distributions are subordinated to the rights of the holder of the Class X Certificate. The Class M-1 Certificates are subordinate to the Class X Certificate and are senior to the Class M-2 and Class B Certificates. The Class M-2 Certificates are subordinate to the Class X and Class M-1 Certificates and are senior to the Class B Certificates. The Class B Certificates are subordinate to the Class X, Class M-1 and Class M-2 Certificates and therefore do not benefit from any credit enhancement. The Class X Certificate is senior to the Subordinate Certificates and Residual Certificate and therefore does not provide any credit enhancement to the other Certificates.

An election will be made to treat the applicable portion of the SPI Trust as a "real estate mortgage investment conduit" (a **"REMIC"**) for federal income tax purposes (such portion, the **"REMIC Pool"**). As described more fully in this Memorandum, the Class M-1, Class M-2 and Class B Certificates will constitute "regular interests" in the REMIC Pool and the Class R Certificate will constitute the sole class of "residual interests" in the REMIC Pool. The Class X Certificate will not constitute an interest in any REMIC. See "*Certain Federal Income Tax Consequences*" herein.

THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE 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.

THIS MEMORANDUM CONTAINS SUBSTANTIAL INFORMATION ABOUT THE PARTICIPATION INTERESTS, THE RELATED MORTGAGE LOANS, THE CERTIFICATES AND THE OBLIGATIONS OF THE ISSUER, THE MASTER SERVICER, THE SELLER, THE SPI TRUSTEE AND THE SECURITIES ADMINISTRATOR WITH RESPECT TO THE CERTIFICATES. FURTHER, THIS MEMORANDUM CONTAINS SUBSTANTIAL INFORMATION CONCERNING THE OBLIGATIONS OF THE PI TRUSTEE, THE MASTER SERVICER, THE PC ADMINISTRATOR, THE MASTER DOCUMENT CUSTODIAN, THE

CUSTODIAN, THE PARTICIPATION AGENT AND THE DEPOSITOR (IN EACH CASE AS DEFINED HEREIN). POTENTIAL INVESTORS ARE URGED TO REVIEW THIS MEMORANDUM IN ITS ENTIRETY. THE OBLIGATIONS OF THE PARTIES WITH RESPECT TO THE TRANSACTIONS CONTEMPLATED HEREIN ARE SET FORTH IN AND WILL BE GOVERNED BY CERTAIN DOCUMENTS DESCRIBED HEREIN.

PROSPECTIVE PURCHASERS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM FREDDIE MAC, THE SECURITIES ADMINISTRATOR OR THE INITIAL PURCHASERS OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING OR TAX ADVICE. PRIOR TO INVESTING IN THE CERTIFICATES, 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 CERTIFICATES 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 MEMORANDUM. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE CERTIFICATES. THIS MEMORANDUM SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE CERTIFICATES, 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 MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THIS MEMORANDUM OR THE EARLIER DATES REFERENCED HEREIN.

THIS MEMORANDUM HAS BEEN PREPARED BY FREDDIE MAC SOLELY FOR THE PURPOSE OF OFFERING THE CERTIFICATES DESCRIBED HEREIN. THE INITIAL PURCHASERS SHOWN ON THE FRONT COVER ARE ACTING AS PRINCIPALS IN A PRIVATE SALE OF THE SECURITIES DESCRIBED HEREIN. THIS MEMORANDUM IS FURNISHED TO YOU ON A CONFIDENTIAL BASIS SOLELY FOR THE PURPOSE OF EVALUATING THE INVESTMENT OFFERED HEREBY. THE INFORMATION CONTAINED HEREIN MAY NOT BE REPRODUCED OR USED IN WHOLE OR IN PART FOR ANY OTHER PURPOSE.

THIS MEMORANDUM HAS BEEN PREPARED BY FREDDIE MAC. NO PARTY OTHER THAN FREDDIE MAC MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE A REPRESENTATION OR WARRANTY BY ANY PARTY NOR A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE PARTICIPATION INTERESTS, THE RELATED MORTGAGE LOANS OR THE CERTIFICATES.

IT IS EXPECTED THAT INVESTORS INTERESTED IN PARTICIPATING IN THIS PRIVATE PLACEMENT WILL CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE CERTIFICATES. REPRESENTATIVES OF THE SELLER WILL BE AVAILABLE TO ANSWER QUESTIONS CONCERNING THE PARTICIPATION INTERESTS AND THE RELATED MORTGAGE LOANS AND WILL, UPON REQUEST, MAKE AVAILABLE SUCH ADDITIONAL INFORMATION AS INVESTORS MAY REASONABLY REQUEST (TO THE EXTENT THE SELLER HAS OR CAN ACQUIRE SUCH INFORMATION WITHOUT UNREASONABLE EFFORT OR EXPENSE) IN ORDER TO VERIFY THE INFORMATION FURNISHED IN THIS MEMORANDUM.

THE CERTIFICATES ARE NOT “MORTGAGE RELATED SECURITIES” FOR PURPOSES OF THE SECONDARY MORTGAGE MARKET ENHANCEMENT ACT OF 1984, AS AMENDED (**“SMMEA”**). ACCORDINGLY, THE APPROPRIATE CHARACTERIZATION OF THE CERTIFICATES UNDER VARIOUS LEGAL INVESTMENT RESTRICTIONS, AND THUS THE ABILITY OF INVESTORS SUBJECT TO THESE RESTRICTIONS TO PURCHASE THE CERTIFICATES, IS SUBJECT TO SIGNIFICANT

INTERPRETIVE UNCERTAINTIES. INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE CERTIFICATES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

THE CERTIFICATES ARE BEING OFFERED AS A PRIVATE PLACEMENT TO A LIMITED NUMBER OF QIBs AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, NO TRANSFER OF AN OFFERED CERTIFICATE MAY BE MADE UNLESS SUCH TRANSFER IS TO A QIB. INVESTORS SHOULD CONSULT WITH THEIR COUNSEL AS TO THE APPLICABLE REQUIREMENTS FOR A PURCHASER TO AVAIL ITSELF OF ANY EXEMPTION UNDER THE SECURITIES ACT AND SUCH STATE LAWS. NONE OF THE ISSUER, FREDDIE MAC OR ANY OTHER PARTY IS OBLIGATED OR INTENDS TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT, TO QUALIFY THE CERTIFICATES UNDER THE SECURITIES LAWS OF ANY STATE OR TO PROVIDE REGISTRATION RIGHTS TO ANY PURCHASER. FOR FURTHER DISCUSSION OF LIMITATIONS ON THE TRANSFERABILITY OF THE CERTIFICATES, SEE *"RISK FACTORS — LACK OF LIQUIDITY"* HEREIN.

The Class M-1, Class M-2 and Class B Certificates are expected to be issued in book-entry form only on the book-entry system of DTC, and any holder or proposed transferee must be a QIB and will be deemed to have represented and agreed to the transfer and ownership restrictions described herein. The Class X and Class R Certificates will be issued only in certificated, fully-registered form and any holder or proposed transferee must (a) be a U.S. Person (unless Freddie Mac expressly consents otherwise in writing) and (b) execute and deliver to Freddie Mac and the Securities Administrator a Transferee Letter substantially in the form attached as Appendix B (the "Transferee Letter"). The Certificates will bear legends consistent with the restrictions described above and under "Notice to Investors" in this Memorandum.

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 CERTIFICATES.

IN ITS CAPACITY AS RECEIVER, FHFA WOULD HAVE THE RIGHT TO TRANSFER OR SELL ANY ASSET OR LIABILITY OF FREDDIE MAC WITHOUT ANY APPROVAL, ASSIGNMENT OR CONSENT OF ANY PARTY. IF FHFA, AS RECEIVER, WERE TO TRANSFER SUCH OBLIGATION TO ANOTHER PARTY, HOLDERS OF THE CERTIFICATES 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 CERTIFICATES MAY NOT BE ENFORCEABLE AGAINST FHFA, OR ENFORCEMENT OF SUCH RIGHTS MAY BE DELAYED.

THE REFORM ACT ALSO PROVIDES THAT NO PERSON MAY EXERCISE ANY RIGHT OR POWER TO TERMINATE, ACCELERATE OR DECLARE AN EVENT OF DEFAULT UNDER CERTAIN CONTRACTS TO WHICH FREDDIE MAC IS A PARTY, OR OBTAIN POSSESSION OF OR EXERCISE CONTROL OVER ANY PROPERTY OF FREDDIE MAC, OR AFFECT ANY CONTRACTUAL RIGHTS OF FREDDIE MAC, WITHOUT THE APPROVAL OF FHFA AS RECEIVER, FOR A PERIOD OF 90 DAYS FOLLOWING THE APPOINTMENT OF FHFA AS RECEIVER.

IMPORTANT NOTICE REGARDING THE CERTIFICATES

IF THE ISSUER OR AN INITIAL PURCHASER DETERMINES THAT A CONDITION IS NOT SATISFIED IN ANY MATERIAL RESPECT, SUCH PROSPECTIVE INVESTOR WILL BE NOTIFIED, AND NEITHER THE ISSUER NOR THE INITIAL PURCHASERS WILL HAVE ANY OBLIGATION TO SUCH PROSPECTIVE INVESTOR TO DELIVER ANY PORTION OF THE CERTIFICATES WHICH SUCH PROSPECTIVE INVESTOR HAS COMMITTED TO PURCHASE, AND THERE WILL BE NO LIABILITY BETWEEN THE INITIAL PURCHASERS OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES, ON THE ONE HAND, AND SUCH PROSPECTIVE INVESTOR, ON THE OTHER HAND, AS A CONSEQUENCE OF THE NON-DELIVERY.

TO THE EXTENT THAT INVESTORS CHOOSE TO UTILIZE THIRD PARTY PREDICTIVE MODELS IN CONNECTION WITH CONSIDERING AN INVESTMENT IN THE CERTIFICATES, NEITHER FREDDIE MAC NOR THE INITIAL PURCHASERS MAKE ANY REPRESENTATION OR WARRANTY REGARDING THE ACCURACY, COMPLETENESS OR APPROPRIATENESS OF ANY INFORMATION OR REPORTS GENERATED BY SUCH MODELS, INCLUDING, WITHOUT LIMITATION, WHETHER THE CERTIFICATES, THE PARTICIPATION INTERESTS OR THE RELATED MORTGAGE LOANS WILL PERFORM IN A MANNER CONSISTENT THEREWITH.

IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS MEMORANDUM

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 INITIAL PURCHASERS AND THEIR AFFILIATES, OFFICERS, DIRECTORS, PARTNERS AND EMPLOYEES, INCLUDING PERSONS INVOLVED IN THE PREPARATION OR ISSUANCE OF THIS MEMORANDUM, MAY FROM TIME TO TIME HAVE LONG OR SHORT POSITIONS IN, AND BUY AND SELL, THE CERTIFICATES MENTIONED HEREIN OR DERIVATIVES THEREOF (INCLUDING OPTIONS). IN ADDITION, THE INITIAL PURCHASERS AND THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, PARTNERS AND EMPLOYEES, INCLUDING PERSONS INVOLVED IN THE PREPARATION OR ISSUANCE OF THIS MEMORANDUM, MAY HAVE AN INVESTMENT OR COMMERCIAL BANKING RELATIONSHIP WITH US. SEE "*RISK FACTORS — THE INTERESTS OF FREDDIE MAC, THE INITIAL PURCHASERS AND OTHERS MAY CONFLICT WITH AND BE ADVERSE TO THE INTERESTS OF THE CERTIFICATEHOLDERS — POTENTIAL CONFLICTS OF INTEREST OF THE INITIAL PURCHASERS AND THEIR AFFILIATES*". INFORMATION IN THIS MEMORANDUM IS CURRENT AS OF THE DATE APPEARING ON THE MATERIAL ONLY. INFORMATION IN THIS MEMORANDUM REGARDING ANY CERTIFICATES SUPERSEDES ALL PRIOR INFORMATION REGARDING SUCH CERTIFICATES. THE CERTIFICATES MAY NOT BE SUITABLE FOR ALL PROSPECTIVE INVESTORS.

FORWARD LOOKING STATEMENTS

This Memorandum 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 Memorandum, 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 Memorandum. 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 (i) providing our credit guarantee for mortgages originated by mortgage lenders in the primary mortgage market, (ii) investing in mortgage loans and mortgage-related securities, and (iii) executing mortgage credit risk transfer transactions that shift credit risk away from Freddie Mac and the U.S. taxpayers.

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. While we are not aware of any current plans of our Conservator to significantly change our business model or capital structure in the near-term, there are likely to be significant changes beyond the near-term that will be decided by Congress and the presidential administration. We have no ability to predict what regulatory and legislative policies or actions the new presidential administration will pursue with respect to Freddie Mac. See *"Risk Factors — Risks Relating to Freddie Mac"*.

On February 11, 2011, the Obama Administration delivered a report to Congress that laid out the Obama 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 Obama Administration would 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 stated that these efforts must be undertaken at a deliberate pace, which takes into account the impact that these changes will have on mortgagors and the housing market.

The report stated 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 stated that the Obama Administration would 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 stated the Obama 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 was sufficient funding to ensure the orderly and deliberate wind down of Freddie Mac and Fannie Mae, as described in the Obama Administration's plan.

In May 2014, FHFA issued its 2014 Strategic Plan. The 2014 Strategic Plan updated FHFA's vision for implementing its obligations as Conservator of Freddie Mac and Fannie Mae, and established three reformulated strategic goals for the conservatorships of Freddie Mac and Fannie Mae:

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

FHFA issues Conservatorship Scorecards that establish annual objectives and performance targets and measures for Freddie Mac and Fannie Mae related to the strategic goals set forth in the 2014 Strategic Plan. FHFA issued the 2014, 2015, 2016 and 2017 Conservatorship Scorecards in May 2014, January 2015, December 2015 and December 2016, respectively.

We are a government-sponsored enterprise with a specific and limited corporate purpose (i.e., **"Charter Mission"**) to support the liquidity, stability and affordability of U.S. housing mortgage markets as a participant in the secondary mortgage market, while operating as a commercial enterprise earning an appropriate return. Everything we do must be done within the specific constraints of our Charter Mission.

Our primary business strategies center around two overarching goals — a better Freddie Mac and a better housing finance system — as we plan to pursue our Charter Mission over a timeframe of the next one to three years, or approximately through 2018 to 2020. Our core assumption is that the conservatorship will continue with no material changes during that period. These strategies complement FHFA's annual Conservatorship Scorecards.

In creating a better Freddie Mac, we are focused on operating as a well-run large financial institution, by (i) being an effective operating organization, (ii) being a market leader through customer focus and innovation and (iii) managing risk and economic capital to earn quality risk-adjusted returns. In creating a better housing finance system, we are focused on providing leadership, through innovation and a constructive forward-looking engagement with FHFA to improve the liquidity, stability, and affordability of the U.S. housing markets, by (i) modernizing and improving the functioning of the mortgage markets, (ii) developing greater responsible access to housing finance and (iii) reducing taxpayer exposure to mortgage risks.

For information on the 2017 Conservatorship Scorecard, see our current report on Form 8-K dated December 15, 2016.

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 $1.0 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 June 30, 2017. 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.

As of June 30, 2017, the amount of available funding remaining under the Purchase Agreement was $140.5 billion. This amount will be reduced by any future draws.

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.

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. Any deterioration in our financial position and any discontinued support of the Treasury could impact our performance under the PI Trust Agreement and the Pooling Agreement.

ADDITIONAL INFORMATION

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

As described below, we incorporate certain documents by reference in this Memorandum, 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 Memorandum (1) our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on February 16, 2017; (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 Memorandum and prior to the termination of the offering of the Certificates, excluding any information we "furnish" to the SEC on Form 8-K. These documents are collectively referred to as the **"Incorporated Documents"** and are considered part of this Memorandum. You should read this Memorandum in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Memorandum. Therefore, you should rely only on the most current information provided or incorporated by reference in this Memorandum.

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 Memorandum, the Incorporated Documents and the Pooling Agreement to be dated as of the Closing Date among the Seller, Master Servicer, Custodian, SPI Trustee and Securities Administrator (the **"Pooling Agreement"**) from:

Freddie Mac — Investor Inquiry
1551 Park Run Drive
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 this Memorandum and the Incorporated Documents available on our internet website at this address: **Internet Website: www.freddiemac.com**[1]

Loan-level information provided in this Memorandum and made available on the Securities Administrator's internet website and www.freddiemac.com is based upon information reported and furnished to us by the Underlying Sellers and Underlying Servicers of the Mortgage Loans (i) at the time we purchased the Mortgage Loans, (ii) through subsequent data revisions and (iii) in monthly servicing updates. Except as described in this Memorandum, we did not verify the information reported and furnished to us by the Underlying Sellers and Underlying Servicers. The Securities Administrator has not participated in the preparation of this Memorandum and makes no representation or warranty as to the accuracy of the information contained herein.

1 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 Memorandum, except as specifically stated in this Memorandum.

An investor may access the Guide (as defined in this Memorandum) through www.freddiemac.com/singlefamily/ by clicking on "The Guide and Forms." The investor should then click on "All Regs," which can be found under "Access the Guide."

2 An investor may access the loan-level information through either the Securities Administrator's website, subject to the terms and conditions therein, by clicking on www.usbank.com/abs or on www.freddiemac.com, subject to the terms and conditions therein.

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TABLE OF CONTENTS

	Page
PRIVATE PLACEMENT MEMORANDUM — CONFIDENTIAL FREDDIE MAC STACR SECURITIZED PARTICIPATION INTERESTS TRUST, SERIES 2017-SPI1	ii
FREDDIE MAC IS IN CONSERVATORSHIP; POTENTIAL RECEIVERSHIP	iv
IMPORTANT NOTICE REGARDING THE CERTIFICATES	v
IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS MEMORANDUM	vi
FORWARD LOOKING STATEMENTS	vi
FREDDIE MAC	vi
General	vi
Conservatorship and Related Matters	vii
Purchase Agreement	viii
ADDITIONAL INFORMATION	ix
TRANSACTION SUMMARY	1
Transaction Diagram	5
SUMMARY OF TERMS	6
RISK FACTORS	20
General	20
Risks Relating to the Participation Interests and Mortgage Loans	20
The Economic Conditions Experienced in 2007 and Subsequent Years Significantly and Adversely Affected the Mortgage Market and Caused Significant and Unexpected Deterioration in the Value of, and Greater Volatility with Respect to, Mortgage Loans and Mortgage Securities, Including Mortgage Securities Similar to the Certificates	20
Freddie Mac's Limited Review of a Sample of the Mortgage Loans May Not Reveal All Aspects Which Could Lead to Losses	21
Freddie Mac Does Not Re-Underwrite the Mortgage Loans it Acquires From its Underlying Sellers, Which May Adversely Affect the Performance of the Mortgage Loans	21
Freddie Mac's Limited Review of a Sample of the Mortgage Loans Covers Only Some of the Defects Which Could Lead to Losses and Would Not Detect All Potentially Relevant Defects	22
Limited Scope and Size of the Diligence Provider's Review of the Mortgage Loans May Not Reveal Aspects of the Due Diligence Sample Which Could Lead to Realized Losses	22
Underwriting Standards Used by Many of Freddie Mac's Underlying Sellers May be Less Stringent than Required by Freddie Mac's Guide	23
A Recurrence of Turbulence in the Residential Mortgage Market and/or Financial Markets and/or Lack of Liquidity for Mortgage-Related Securities May Adversely Affect the Performance and Market Value of the Certificates	23
The Rate and Timing of Principal Payment Collections on the Mortgage Loans Will Affect the Yield on the Certificates	25
The Performance of the Mortgage Loans Backing the Participation Interests are Dependent on the Underlying Servicers	26
Servicers May Not Follow the Requirements of the Guide, and Servicing Standards May Change Periodically	27
Servicing Transfers May Result in Decreased or Delayed Collections and Losses	27
Each Underlying Servicer's Discretion Over the Servicing of the Related Mortgage Loans May Impact the Amount and Timing of Funds Available to Make Distributions on the Certificates	28
The Performance of Underlying Sellers and Underlying Servicers May Adversely Affect the Performance of the Mortgage Loans	28
Solicitation May Result in Erosion in the Overall Credit Quality of the Mortgage Pool	29
Mortgagors May Have, or May in the Future Incur, Additional Indebtedness Secured by Mortgaged Properties Securing the Mortgage Loans	29
Geographic Concentration May Increase Risk of Losses Due to Adverse Economic Conditions or Natural Disasters	29

	Page
Impacts of Hurricane Harvey, Hurricane Irma and Hurricane Maria on Mortgage Loans	30
The Rate of Losses on Mortgage Loans That Are Secured by Second Homes or Investment Properties May be Higher than on Other Mortgage Loans	30
The Rate of Losses on Mortgage Loans That Are Cash-out Refinance Transactions May be Higher Than on Other Mortgage Loans	31
Mortgage Loans Made to Certain Mortgagors May Present a Greater Risk	31
Proposals to Acquire Mortgage Loans by Eminent Domain May Adversely Affect Your Certificates	31
Statutory and Judicial Limitations on Foreclosure Procedures May Delay Recovery in Respect of the Mortgaged Properties and, in Some Instances, Limit the Amount That May Be Recovered by the Underlying Servicers, Resulting in Realized Losses on the Mortgage Loans That Might Be Allocated to the Participation Interests and the Certificates	32
Stricter Enforcement of Foreclosure Rules and Documentation Requirements May Cause Delays and Increase the Risk of Loss	32
Insurance Related to the Mortgaged Properties May Not Be Sufficient to Compensate for Losses	33
Mortgage Loans Without Mortgage Insurance Policies Will Not Have the Benefit of Any Mortgage Insurance Credit Amounts to Cover Losses	33
Delays in Liquidation; Liquidation Proceeds May Be Less Than Mortgage Loan Balance	34
Helping Families Save Their Homes Act	34
Investors Will Be Dependent on Certain Third Parties Performing Their Responsibilities in an Accurate and Timely Manner	34
Regulators May Require Freddie Mac to Employ Certain Strategies Which May Result in Losses to Certificates	35
Impact of Potential Military Action and Terrorist Attacks	35
Mortgage Loan Historical Information is Not Indicative of Future Performance of the Mortgage Loans	35
Governance and Regulation	36
The Dodd-Frank Act and Related Regulation May Adversely Affect Our Business Activities and the SPI Trust	36
Risks Associated With Mortgage Loan Origination or Ownership	36
Mortgage Loans with High Loan-to-Value Ratios Leave the Related Mortgagors with Little or No Equity in the Related Mortgaged Properties, Which May Result in Delinquencies	37
Governmental Actions May Affect Servicing of Mortgage Loans and May Limit the Underlying Servicer's Ability to Foreclose	37
Legislative or Regulatory Actions Could Adversely Affect Our Business Activities, the Mortgage Loans, the PI Trust and/or the SPI Trust	38
Risks Associated With the Investment Company Act	40
Risks Related to the Potential Elimination or Reduction of the Mortgage-Interest Tax Deduction	41
Violation of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans	41
Violations of TRID May Result in Losses	42
Special Assessments, Energy Efficiency and Homeowner Association Liens May Take Priority Over the Mortgage Lien	42
Risks Relating to Freddie Mac	43
The Conservator May Repudiate Freddie Mac's Contracts and Other Obligations Related to the Certificates	43
Future Legislation and Regulatory Actions Will Likely Affect the Role of Freddie Mac	43
FHFA Could Terminate the Conservatorship by Placing Us into Receivership, Which Could Adversely Affect Our Performance under the Pooling Agreement and the PI Trust Agreement	43
Freddie Mac is Dependent Upon the Support of Treasury	44
Freddie Mac's Changes in Business Practices May Negatively Impact the Certificateholders	44
Investment Factors and Risks Related to the Certificates	45
The Certificates May Not Be Repaid in Full	45

Page

Credit Support Available to the Subordinate Certificates Is Limited and May Not Be Sufficient to Prevent Loss 45
Changes in the Market Value of the Certificates May Not Be Reflective of the Performance or Anticipated Performance of the Mortgage Loans 45
Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Certificates, Which May Limit Investors' Ability to Sell the Certificates 46
The Certificates May be Retired Early 46
A Reduction, Withdrawal or Qualification of the Ratings on the Rated Certificates, or the Issuance of an Unsolicited Rating on the Rated Certificates, May Adversely Affect the Market Value of Those Certificates and/or Limit an Investor's Ability to Resell Those Certificates 46
The Ratings on the Rated Certificates May Not Reflect All Risks 47
The Class X Certificate, the Class B Certificates and the Residual Certificate Will Not Be Rated by the Rating Agency on the Closing Date 47
There May be Limited Liquidity of the Certificates, Which May Limit Investors' Ability to Sell the Certificates 47
Investors Have No Direct Right to Enforce Remedies 47
Legality of Investment 48
Rights of Certificate Owners May Be Limited by Book-Entry System 48
The SPI Trust or the REMIC Pool Could be Subject to Federal Income Tax 49
Downgrade of Long-term Ratings of Eurozone Nations and the United States May Adversely Affect the Market Value of the Certificates 49
The Interests of Freddie Mac, the Initial Purchasers and Others May Conflict With and be Adverse to the Interests of the Certificateholders 50
Freddie Mac Will Serve in Various Roles in the PI Trust, the PC Trust and the SPI Trust 50
The Relationships Among Freddie Mac, Servicers and Sellers are Multifaceted and Complex 50
Interests of Freddie Mac May Not be Aligned With the Interests of the Certificateholders 50
Potential Conflicts of Interest of the Initial Purchasers and their Affiliates 51
There May Be Conflicts of Interest Between the Classes of Certificates 52
Variability of Yield 52
Allocation of Realized Losses and Certificate Writedown Amounts 53
There is a Risk that Interest Payments on the Mortgage Loans May Be Insufficient to Pay Interest on Your Certificates 54
Lack of Liquidity 54
Combination or "Layering" of Multiple Risk Factors May Significantly Increase the Risk of Loss on Your Certificates 55
DESCRIPTION OF THE PARTICIPATION INTERESTS AND THE MORTGAGE LOANS 55
General 55
Credit Risk Retention 56
GENERAL MORTGAGE LOAN PURCHASE AND SERVICING 56
Approved Underlying Sellers and Servicers 57
Underwriting Standards 57
Home Possible® and Home Possible Advantage® Mortgages 58
The Application 59
Use of Credit Scoring 59
Loan-to-Value Ratio 59
Debt-to-Income Ratio 60
Loans with Subordinate Financing 60
Documentation 60
Collateral Valuation 61
Flood Determinations and Property Insurance 61
Title Insurance 61
Servicing Standards 61
General 61

	Page
Servicing Responsibilities and Compensation	62
Mortgage Loan Life Cycle	64
Collection and Other Servicing Procedures	64
Property Insurance	64
Default Management	65
Mortgage Insurance Claims	68
Managing REO Properties	69
General	69
The REO Intake Process	70
Redemption and Confirmation Periods	70
Preservation & Maintenance	71
Rental Management/Eviction	71
Title	71
Property Valuation and Disposition	71
Special Sales Programs	72
Repurchase and Repurchase Alternatives	72
Quality Assurance	72
Servicing Alignment Initiative and Making Home Affordable Programs	72
Monitoring Servicing Performance, Freddie Mac Servicer Success Program	73
Servicer Termination Event	74
Due Diligence Review	74
General	74
Credit Reviews	75
Appraisal Reviews	75
Data Integrity Reviews	76
Compliance Reviews	76
Limitations of the Diligence Provider's Review Process	77
Freddie Mac Quality Control Process	77
General	77
Performing Loan Quality Control Review	77
Freddie Mac Due Diligence Review	78
Results of the Freddie Mac Due Diligence Credit Review and Appraisal Review	78
Results of the Freddie Mac Due Diligence Compliance Review	78
Limitations of Freddie Mac's Due Diligence Review	79
HISTORICAL INFORMATION	79
DESCRIPTION OF THE CERTIFICATES	80
General	80
Structure of Transaction	80
Form, Registration and Transfer of the Certificates	80
Replacement of Definitive Certificates	85
Certificates Acquired by Freddie Mac	85
Notice	85
Distributions	85
Reporting Periods	86
Glossary of Terms	86
Interest	92
Distributions of Interest	92
Principal	93
Allocation of Class X Certificate Writeup Amount	93
Allocation of Principal Remittance Amount	93
Reductions in Class Principal Amounts Due to Allocation of Realized Losses	93
Increases in Class Principal Amounts Due to Allocation of Subsequent Recoveries	93
Reductions in Class Principal Amounts Due to Allocation of Certificate Writedown Amounts	94

	Page
Principal Distribution on the Maturity Date	94
Advances	94
Modifications and Expenses	95
THE PARTICIPATION INTEREST TRUST AGREEMENT	95
Freddie Mac as PI Trustee, PC Administrator, Master Servicer, Master Document Custodian, Participation Agent and Depositor	95
Assignment of Mortgage Loans	97
Mortgage Loan Representations and Warranties	97
Review of Mortgage Loans	97
Sunset of Representations and Warranties	98
Custodial Account	98
Events of Default	99
Amendment	99
Governing Law	99
THE POOLING AGREEMENT	100
Freddie Mac as Master Servicer, Custodian and Seller	100
The SPI Trustee and the Securities Administrator	101
Duties of the Securities Administrator and the SPI Trustee	102
Assignment of the Participation Interests	103
Repurchases	103
Collection Account and Certificate Account	104
Master Servicer Reports	106
Securities Administrator Reports	106
Servicing Compensation and Reimbursement of Advances	107
Various Matters Regarding Freddie Mac	107
Events of Default	108
Rights Upon Event of Default	108
Amendment	109
Notice	110
Governing Law	110
PREPAYMENT AND YIELD CONSIDERATIONS	111
Realized Losses	111
Prepayment Considerations and Risks	111
Assumptions Relating to Declining Balances Tables, Cumulative Realized Losses Table and Yield Tables	112
Weighted Average Lives of the Certificates	113
Weighted Average Life Tables	114
Declining Balances Tables	115
Yield Considerations with Respect to the Certificates	116
Cumulative Realized Losses Table	116
Cumulative Certificate Realized Loss Tables	117
Yield Tables	118
USE OF PROCEEDS	118
CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS	119
Security Instruments	119
Foreclosure	119
Rights of Redemption	121
Anti-Deficiency Legislation and Other Limitations on Lenders	121
Environmental Legislation	123
Consumer Protection Laws	124
Federal and State Anti-Predatory Lending Laws and Restrictions on Servicing	124
Enforceability of Due-On-Sale Clauses	126
Subordinate Financing	126

	Page
Applicability of Usury Laws	126
Forfeitures in Drug and RICO Proceedings	127
CERTAIN FEDERAL INCOME TAX CONSEQUENCES	128
General	128
Status of the Regular Classes	128
Treatment of the SPI Trust and the Certificates	128
Taxation of the Regular Classes	129
General	129
Original Issue Discount	129
Market Discount	130
Premium	131
Constant Yield Election	131
Taxation of the Residual Certificate	131
Taxation of REMIC Income	131
Basis and Losses	132
Treatment of Certain Items of REMIC Income and Expense	133
Excess Inclusions	133
Prohibited Transactions	133
Sale or Exchange of the Certificates	133
Transfers of the Residual Interests	134
Disqualified Organizations	134
Additional Transfer Restrictions	135
Miscellaneous	136
Treatment of Servicing Compensation	136
Taxation of Certain Foreign Investors	137
Regular Interests	137
Residual Interests	137
Backup Withholding	137
Reporting and Administrative Matters	137
STATE AND LOCAL TAX CONSIDERATIONS	138
LEGAL INVESTMENT	138
CERTAIN ERISA CONSIDERATIONS	139
Exempt Plan	142
PLACEMENT	143
NOTICE TO INVESTORS	143
Notice to Canadian Investors	147
RATINGS	147
LEGAL MATTERS	148
INDEX OF SIGNIFICANT DEFINITIONS	149
APPENDIX A The Mortgage Pool as of the Cut-Off Date	A-1
APPENDIX B Transferee Letter	B-1
APPENDIX C Diligence Provider’s Data Integrity Review Discrepancies	C-1
APPENDIX D Assumed Characteristics of the Mortgage Loans (as of the Cut-Off Date)	D-1
APPENDIX E Selling Restrictions	E-1

TRANSACTION SUMMARY

Before the Closing Date, Freddie Mac will deposit into the Participation Interest Trust (the **"PI Trust"**) certain Mortgage Loans (as defined herein) that it previously acquired from the Underlying Sellers. For each Mortgage Loan deposited into the PI Trust, the PI Trust will issue to Freddie Mac (i) a credit participation interest representing a 4% beneficial interest in such Mortgage Loan (each a **"Credit Participation Interest"**) and (ii) a PC participation interest representing a 96% beneficial interest in such Mortgage Loan (each a **"PC Participation Interest"**; each PC Participation Interest and Credit Participation Interest are referred to herein as a **"Participation Interest"** and, collectively, the **"Participation Interests"**).

On the Closing Date, Freddie Mac will deposit into the Freddie Mac Securitized Participation Interests Trust, Series 2017-SPI1 (the **"SPI Trust"**) each Credit Participation Interest issued by the PI Trust relating to the Mortgage Loans. In addition, on or before the Closing Date, Freddie Mac will deposit each PC Participation Interest into one or more Pass-Through Certificate trust funds (each, a **"PC Trust"**) pursuant to the PC Master Trust Agreement, dated February 2, 2017 by and among Freddie Mac in its corporate capacity as Depositor (as defined therein), Administrator (as defined therein) and Guarantor (as defined therein), Freddie Mac in its capacity as Trustee (as defined therein), and the holders of the PCs offered from time to time pursuant to the PC Offering Circular (the **"PC Master Trust Agreement"** and together with each respective pool supplement, the **"PC Trust Agreement"**). As more fully set forth therein, the PC Trust Agreement permits or requires Freddie Mac, in its capacity as the PC Administrator, to repurchase a PC Participation Interest from the related PC Trust due to, among other reasons, delinquency or imminent default of the borrower with respect to the underlying Mortgage Loan backing such PC Participation Interest. The SPI Trust will be obligated to acquire any PC Participation Interest repurchased by the PC Administrator from any related PC Trust. As consideration for depositing any PC Participation Interest into the SPI Trust, the Class Principal Amount of the Class X Certificate will be increased by the PC Investor Balance of such PC Participation Interest as of the preceding Distribution Date. The Class X Certificate will accrue interest and will be senior in priority to the Subordinate Certificates and Residual Certificate issued by the SPI Trust.

In addition to the Class X Certificate issued by the SPI Trust, the SPI Trust will issue the Class M-1, Class M-2 and Class B Certificates (the **"Subordinate Certificates"**) and the Class R Certificate (the **"Residual Certificate"** and with the Class X Certificate and the Subordinate Certificates, the **"Certificates"**), and such classes (each a **"Class"** and, collectively, the **"Classes"**) represent interests in the assets of the SPI Trust. The Certificates will not be obligations of or guaranteed by Freddie Mac. Because the SPI Trust will own on the Closing Date a Credit Participation Interest with respect to each Mortgage Loan and will acquire after the Closing Date with respect to any such Mortgage Loans the related PC Participation Interests that are repurchased from the related PC Trusts as permitted by the related PC Trust Agreements, it should be anticipated that the SPI Trust will hold 100% of the Participation Interests with respect to each Mortgage Loan on which a loss is incurred prior to the liquidation of such Mortgage Loan. As such, the Certificates will be exposed to the total amount of any Realized Losses on a Mortgage Loan. The outstanding Class Principal Amount of the Certificates issued by the SPI Trust will be reduced by the amount of Realized Losses on the Mortgage Loans, starting with the most subordinate Class that has an outstanding Class Principal Amount. On the Closing Date, Freddie Mac, in its capacity as Seller, will retain approximately five percent (5%) of the initial Class Principal Amount of each Class of Subordinate Certificates issued and will retain the Class X Certificate. While Freddie Mac has no intention to sell, transfer or otherwise dispose of these retained interests, it has no contractual, regulatory or other obligation to hold any Certificates on or after the Closing Date. See *"Description of the Mortgage Loans — Credit Risk Retention"*. See also *"Risk Factors — Governance and Regulation — Legislative or Regulatory Actions Could Adversely Affect Our Business Activities, the Mortgage Loans, the PI Trust and/or the SPI Trust"*.
The Mortgage Loans were acquired by Freddie Mac from the Underlying Sellers between April 2017 and July 2017, pursuant to the terms of the Purchase Documents. The term **"Purchase Documents"** includes (i) the Freddie Mac *Single-Family Seller/Servicer Guide* (including, but not limited to, all Bulletins), as amended from time to time (the **"Guide"**); (ii) "Purchase Contracts" with respect to each Underlying Seller, which include the related Master Agreements, Master Commitments, Pricing Identifier Terms and Purchase Contract confirmations and are agreements between each Underlying Seller and Freddie Mac relating to the purchase of the related Mortgage Loans; (iii) any other document designated to be a Purchase Document by Freddie Mac; (iv) the "Servicer Success Scorecard" accessible at http://www.freddiemac.com/singlefamily/service; (v) "Guide Plus

Additional Provisions" as amended from time to time; and (vi) any other additional terms applicable to the sale and/or servicing of Mortgage Loans, such as written waivers, amendments or supplements to the Guide that are made available to such Underlying Seller or Underlying Servicer by Freddie Mac through electronic means including sources designated by Freddie Mac for distribution of the Guide. The terms contained in items (ii) and (vi) above are hereinafter referred to as **"TOBs"**.

Freddie Mac will serve in a number of capacities with respect to the SPI Trust, the PI Trust and each PC Trust. With respect to the SPI Trust, Freddie Mac will be the Seller, Custodian and Master Servicer. With respect to the PI Trust, Freddie Mac will be the PI Trustee, Master Servicer, PC Administrator, Master Document Custodian, Participation Agent and Depositor. With respect to each PC Trust, Freddie Mac will be the Depositor, Trustee, Guarantor and Administrator.

The Mortgage Loans backing the Participation Interests are required to be serviced by the Underlying Servicers in accordance with the related Purchase Documents at all times. The servicing requirements in the Purchase Documents are referred to herein as the **"Servicing Requirements"**. Moreover, certain documents related to each Mortgage Loan will be retained by the related document custodian (each, an **"Underlying Document Custodian"** and, collectively, the **"Underlying Document Custodians"**) in accordance with Freddie Mac's document custody requirements. The Underlying Servicers will be paid based on the terms set forth in the Purchase Documents. The Underlying Servicers will be responsible for implementing and complying with the Servicing Requirements. With respect to any Mortgage Loan, and its corresponding Participation Interests, Freddie Mac, as Master Servicer will oversee and monitor the related Underlying Servicer, provided that so long as the PC Participation Interest related to such Mortgage Loan remains in a PC Trust, the Master Servicer will delegate the oversight responsibility with respect to such Mortgage Loan to the PC Administrator.

As the Custodian, Freddie Mac will be required to maintain custody of the certificates evidencing the Participation Interests deposited into the SPI Trust. As the Master Servicer, Freddie Mac will be obligated to make or cause to be made (i) principal and interest advances with respect to each Mortgage Loan, at the related Trust PI Percentage, to the extent such Mortgage Loan is delinquent and is not a Stop Advance Loan, (ii) certain servicing advances pursuant to the terms of the Pooling Agreement, (iii) any Forgiveness Advances as may be required or permitted under law, regulatory action or policy in the future and (iv) any amounts necessary for the preservation of mortgaged properties acquired by the Participation Agent through foreclosure or a loss mitigation process. Additionally, principal and interest advances made by the PC Administrator in respect of a PC Participation Interest with respect to a Mortgage Loan will be deemed to have been made by—and will be reimbursable to—the Master Servicer, provided such PC Participation Interest has been removed from the PC Trust in accordance with the PC Trust Agreement and deposited into the SPI Trust by the PC Administrator. Freddie Mac is required to file a claim with the applicable mortgage insurer if a loss results from a foreclosure sale, short sale or the acceptance of a deed-in-lieu of foreclosure for any Mortgage Loan that is covered by mortgage insurance. Additionally, the Master Servicer is required to remit from its own funds without reimbursement therefor to the SPI Trust, the excess, if any, of the mortgage insurance claim amounts made by the Master Servicer with respect to any Mortgage Loan over the actual amount of mortgage insurance payments received by the SPI Trust from a mortgage insurance company with respect to such Mortgage Loan, provided such excess, if not remitted by the Master Servicer, would result in a Realized Loss being allocated to any Class of certificates. Freddie Mac also will serve as Master Document Custodian and will monitor and will be accountable to the PI Trust for the activities of such Underlying Document Custodians who will retain custody of certain original documents evidencing the Mortgage Loans. Although the Underlying Document Custodians will hold the Mortgage Loan files, and the Underlying Servicers will service the Mortgage Loans, Freddie Mac, as Master Document Custodian, will be accountable to the PI Trust for the activities of the Underlying Document Custodians and Freddie Mac, as Master Servicer, will be accountable to the PI Trust and the SPI Trust for the activities of the Underlying Servicers. When Freddie Mac acquired the Mortgage Loans, the Underlying Document Custodians confirmed that all requirements regarding the applicable Mortgage Loan files had been satisfied in accordance with the Purchase Documents. No new review will be conducted by the document custodians in connection with this securitization transaction.

Finally, Freddie Mac will serve as the trustee of the PI Trust. U.S. Bank National Association will be the Securities Administrator and SPI Trustee for the SPI Trust and will serve as paying agent, registrar, transfer agent and authenticating agent for the SPI Trust.

The transaction involves the securitization of participation interests in mortgage loans and is different, in some respects, from typical private label residential mortgage-backed securities transactions.

- First, the PI Trust issued two Participation Interests (the Credit Participation Interest and the PC Participation Interest) to Freddie Mac for every Mortgage Loan deposited by Freddie Mac, as Depositor, into the PI Trust; subsequently, Freddie Mac, as Seller, will sell and convey the Credit Participation Interest with respect to each Mortgage Loan to the SPI Trust and, as Depositor, will sell and convey the PC Participation Interest with respect to each Mortgage Loan into a PC Trust. Accordingly, the assets of the SPI Trust will *initially* be the Credit Participation Interests in the Mortgage Loans.

- Second, the SPI Trust will issue the Class X Certificate, the Subordinate Certificates and the Residual Certificate, with the Class X Certificate having an initial Class Principal Amount of zero. The Class X Certificate will initially be retained by Freddie Mac.

- Third, the SPI Trust is obligated to acquire a PC Participation Interest held in a PC Trust in the event such PC Participation Interest is repurchased by the PC Administrator from the related PC Trust and, as consideration to Freddie Mac for depositing such PC Participation Interest in the SPI Trust, the Class Principal Amount of the Class X Certificate will be increased by an amount equal to the PC Investor Balance of the repurchased PC Participation Interest. The Class X Certificate will be senior in priority to the Subordinate Certificates.

- Fourth, at the time that a PC Participation Interest is deposited into the SPI Trust, the PI Trustee will transfer legal title of the Mortgage Loan related to such PC Participation Interest to Freddie Mac, as Participation Agent, who will assume all of the obligations of the PI Trustee and the Master Document Custodian under the PI Trust Agreement with respect to such Mortgage Loan, the related PC Participation Interest and the related Credit Participation Interest.

- Fifth, Freddie Mac, in its role as Master Servicer for the SPI Trust, will be the only entity that has a contractual obligation to the SPI Trust, with respect to the selling, servicing and custodial obligations set forth in the Purchase Documents.

- Sixth, the Underlying Servicers will be required to comply with the Servicing Requirements, including any terms that become part of the Servicing Requirements after the Closing Date.

- Seventh, the Underlying Servicers will hold funds that are ultimately due to the SPI Trust until such funds are due to Freddie Mac pursuant to the Servicing Requirements in their respective custodial accounts for Freddie Mac and will then remit the funds to Freddie Mac. Freddie Mac, in turn and based on the percentage interest in each Mortgage Loan represented by the Credit Participation Interest and any PC Participation Interest then held by the SPI Trust, will transfer the funds, within two Business Days of their due date to Freddie Mac, into a segregated account for the benefit of the SPI Trust.

- Eighth, no party, including Freddie Mac as Seller of the Credit Participation Interests to the SPI Trust, will make representations and warranties to the SPI Trust concerning the related Mortgage Loans. As described more fully in this Memorandum, holders of the Certificates will benefit from representations and warranties included in the Purchase Documents and made by Underlying Sellers and/or Underlying Servicers as part of the delivery of the related Mortgage Loans to Freddie Mac to the extent an Underwriting Defect is discovered.

As further described herein, the removal of a PC Participation Interest from a PC Trust, as permitted by the PC Trust Agreement, will be deemed a constructive default with respect to the Mortgage Loan underlying such PC Participation Interest. As of the date hereof, the PC Master Trust Agreement provides that the Guarantor (as defined therein) or Administrator (as defined therein) may repurchase a mortgage loan (including PC Participation Interests) in certain enumerated circumstances, including, but not limited to, (A) such mortgage loan becoming 120 or more days delinquent, or (B) the determination, on the basis of information from the related mortgagor or underlying servicer, that loss of ownership of the property securing such mortgage loan is likely or default is imminent due to borrower incapacity, death or hardship or other extraordinary circumstances

that make future payments on such mortgage loan unlikely or impossible. It is Freddie Mac's current practice to repurchase from each PC trust substantially all mortgage loans that meet the criteria set forth in the PC Master Trust Agreement.

With respect to each Mortgage Loan underlying the related Participation Interests, representations and warranties made by the related Underlying Seller relating to (i) the underwriting of the mortgagor, (ii) the underwriting of the mortgaged property or (iii) the underwriting of the project in which the mortgaged property is located, will remain in effect until the earliest of:

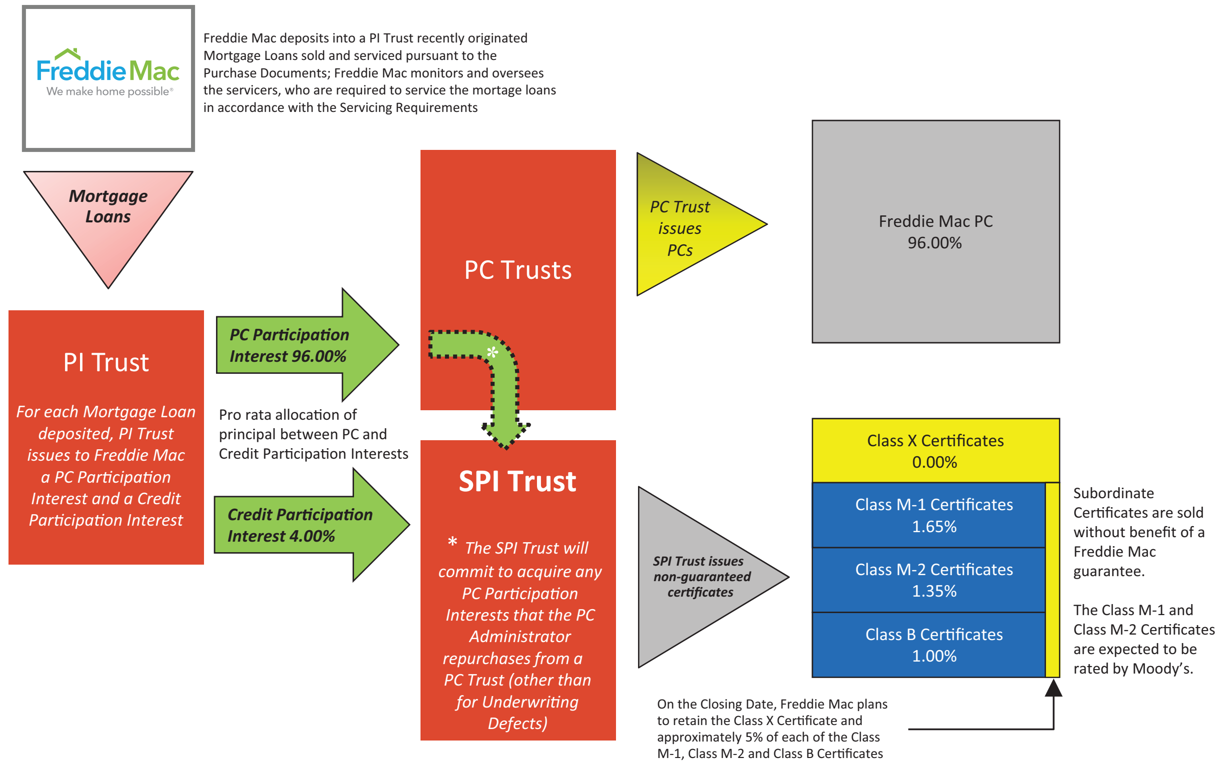
- the date on which the mortgagor made the 36th monthly payment due following the date Freddie Mac purchased the Mortgage Loan, provided (a) such 36th payment was not 30 days or more delinquent, (b) none of the first 36 payments were ever 60 days delinquent, and (c) no more than two of any such payments were ever 30 days delinquent;
- the date of completion by Freddie Mac of a quality control review in which Freddie Mac determines that such Mortgage Loan complies with the Purchase Documents; or
- the date such Mortgage Loan becomes subject to an agreement whereby the related Underlying Seller or Underlying Servicer and Freddie Mac settle claims for outstanding and future breaches of origination representations and warranties;

provided, however, that an Underlying Seller or Underlying Servicer will not be relieved at any time from the enforcement of breaches of its representations and warranties on any Mortgage Loan with respect to (i) compliance with the Freddie Mac Act; (ii) misstatements, misrepresentations and omissions; (iii) data inaccuracies; (iv) clear title/first-lien enforceability; (v) compliance with laws and responsible lending practices; (vi) single-family mortgage product eligibility; and (vii) systemic fraud.

In March 2017, Freddie Mac announced that it will provide sellers, including the Underlying Sellers, with immediate relief from certain of their repurchase obligations for representations and warranties relating to property value, condition and marketability for mortgage loans which are processed through tools that are part of the Loan Advisor Suite®, our end-to-end technology solution that assesses credit, capacity and collateral to help lenders validate the quality of the loans they originate, and which meet the eligibility requirements set forth in the Guide. Accordingly, any representations or warranties made by an Underlying Seller with respect to value, condition, and marketability of the mortgaged property securing the Mortgage Loan will no longer be in effect to the extent such Mortgage Loan was processed through the Loan Advisor Suite®.

Investors in the Certificates should review and understand all of the information related to the SPI Trust, the PI Trust and the PC Trusts in this Memorandum and information otherwise made available to such investors prior to investing in the Certificates.

Transaction Diagram



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 Memorandum and related documents referred to herein. See "Index of Significant Definitions", which appears at the end of this Memorandum.

Series . . . . Series 2017-SPI1.

The PC Master Trust Agreement:

The Administrator . . . . Freddie Mac, in its corporate capacity, as administrator of the PCs.

The Guarantor . . . . Freddie Mac, in its corporate capacity, as guarantor of the PCs.

The PI Trust Agreement:

The PI Trustee . . . . Freddie Mac will act as trustee of the PI Trust (the **"PI Trustee"**) under the PI Trust Agreement.

The Depositor . . . . Prior to the Closing Date, Freddie Mac, as depositor (the **"Depositor"**), will deposit each Mortgage Loan into the PI Trust and assign all of its interest in the Mortgage Loans to the PI Trust.

The Master Servicer . . . . Freddie Mac, as Master Servicer of the SPI Trust, will be a party to the PI Trust Agreement and in this capacity is required to monitor and oversee the Underlying Servicers, who are obligated to service the Mortgage Loans in accordance with the Servicing Requirements, *provided, however,* that so long as a PC Participation Interest remains in a PC Trust, the Master Servicer will delegate this oversight responsibility with respect to such Mortgage Loan to the PC Administrator. The PC Administrator, as delegated to it by the Master Servicer, will take any and all actions it deems necessary to monitor and oversee the Underlying Servicers' servicing activities with respect to the related Mortgage Loans. Either the Master Servicer or the PC Administrator, as applicable, may pursue remedies for material violations of the Servicing Requirements. The Master Servicer will be responsible for the oversight of the PC Administrator in the execution of this delegated responsibility. If a PC Participation Interest is removed from a PC Trust and is deposited into the SPI Trust, the Master Servicer will oversee and monitor the related Underlying Servicer with respect to the servicing of the related Mortgage Loan.

The Master Document Custodian . . . . Freddie Mac will serve as master document custodian under the PI Trust Agreement (the **"Master Document Custodian"**) and in this capacity is required to maintain custody, through the Underlying Document Custodians, of certain legal documents relating to the Mortgage Loans deposited into the PI Trust.

The Participation Agent . . . . Freddie Mac, in its corporate capacity, or any successor in interest, as participation agent (the **"Participation Agent"**) under the PI Trust.

The PC Administrator . . . . Freddie Mac will serve as PC administrator (the **"PC Administrator"**) under the PI Trust Agreement.

The Pooling Agreement:

The Issuer . . . . Freddie Mac STACR Securitized Participation Interests Trust, Series 2017-SPI1 (the **"Issuer"** or the **"SPI Trust"**) will issue the Certificates. The Certificates will represent interests in the assets of the SPI Trust, which will be created under the Pooling Agreement, and do not represent any interest in the Seller, the SPI Trustee, the Master Servicer, the Custodian or the Securities Administrator or any other person.

The Custodian . . . . Freddie Mac will serve as custodian under the Pooling Agreement (the **"Custodian"**) and in this capacity is required to maintain custody of the Participation Interests deposited into the SPI Trust.

The Master Servicer . . . . Freddie Mac will serve as master servicer of the SPI Trust (the **"Master Servicer"**) under the Pooling Agreement and in this capacity is required to monitor and oversee the Underlying Servicers, who are obligated to service the Mortgage Loans in accordance with the Servicing Requirements; *provided, however,* that so long as a PC Participation Interest with respect to a Mortgage Loan remains in a PC Trust, the Master Servicer will delegate this oversight responsibility with respect to such Mortgage Loan to the PC Administrator. The PC Administrator, as delegated to it by the Master Servicer, will take any and all actions it deems necessary to monitor and oversee the Underlying Servicers' servicing activities with respect to the related Mortgage Loans. Either the Master Servicer or the PC Administrator, as applicable, may pursue remedies for material violations of the Servicing Requirements. The Master Servicer will be responsible for the oversight of the PC Administrator in the execution of this delegated responsibility. If a PC Participation Interest is removed from a PC Trust and is deposited into the SPI Trust, the Master Servicer will oversee and monitor the related Underlying Servicer with respect to the servicing of the related Mortgage Loan.

The Seller . . . . On the Closing Date, Freddie Mac, as seller (the **"Seller"**), will sell each Credit Participation Interest into the SPI Trust and assign all of its interest in the Credit Participation Interests to the SPI Trust.

The SPI Trustee and Securities Administrator . . . . U.S. Bank National Association (**"U.S. Bank"**) will act as trustee (the **"SPI Trustee"**) and as securities administrator (the **"Securities Administrator"**) under the Pooling Agreement.

The Underlying Sellers and Underlying Servicers . . . . The Underlying Sellers sold the Mortgage Loans to Freddie Mac. The Mortgage Loans were originated pursuant to the terms of the Purchase Documents.

Approximately 36.1% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Stearns Lending LLC (**"Stearns"**), approximately 18.8% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Caliber Home Loans, Inc. (**"Caliber"**), approximately 14.7% of the Mortgage Loans by Stated Principal Balance as of the

	Cut-Off Date were originated by Sierra Pacific Mortgage Company, Inc. (**"Sierra"**), approximately 13.9% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Wells Fargo Bank, N.A. (**"Wells Fargo"**), approximately 9.2% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Plaza Home Mortgage, Inc. (**"Plaza"**), approximately 5.0% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Fremont Bank (**"Fremont"**) and approximately 2.3% of the Mortgage Loans by Stated Principal Balance as of the Cut-Off Date were originated by Quicken Loans, Inc. (**"Quicken"**, and together with Stearns, Caliber, Sierra, Wells Fargo, Plaza and Fremont, the **"Underlying Sellers"**). As of October 1, 2017, Stearns, Caliber, Sierra, Wells Fargo, Plaza, Fremont, Quicken and Matrix Financial Services Corporation are the **"Underlying Servicers,"** as the context may require. The Underlying Sellers and Underlying Servicers did not participate in the preparation of this Memorandum.
The Initial Purchasers	Merrill Lynch, Pierce, Fenner & Smith Incorporated (**"BofA Merrill Lynch"**), Wells Fargo Securities, LLC (**"Wells Fargo Securities"**), Citigroup Global Markets Inc. (**"Citigroup"**) and The Williams Capital Group, L.P. (**"Williams Capital"**) will be the Initial Purchasers of the Certificates that are placed with investors. The Class X Certificate will not be offered by this Memorandum and will initially be retained by Freddie Mac.
Certificates:	
Class X Certificate	The certificate (the **"Class X Certificate"**) issued on the Closing Date with an initial Class Principal Amount of zero and for which, prior to the distributions of principal on any Distribution Date, the Class Principal Amount of such Class X Certificate will be increased by the Class X Certificate Writeup Amount for such Distribution Date.
Subordinate Certificates	Class M-1, Class M-2 and Class B Certificates (collectively, the **"Subordinate Certificates"**).
Residual Certificate	Class R Certificate (the **"Residual Certificate"**).
Class Coupon	For each Distribution Date, the per annum rate equal to (i) for the Class X Certificate, the sum of the Net WAC for the related Distribution Date and the Master Servicing Fee Rate; and (ii) for the Class M-1, Class M-2 and Class B Certificates, the Net WAC for the related Distribution Date. The initial Class Coupon of the Class M-1, Class M-2 and Class B Certificates with respect to the first Distribution Date will be approximately 3.992587086% per annum.
Certificate Principal Amount	The **"Certificate Principal Amount"** for any Certificate, other than the Residual Certificate, on any Distribution Date, is the maximum specified dollar amount of principal to which the holders of such Certificate are then entitled, with such amount being equal to the initial principal amount set forth on the face of the Certificate, plus, in the case of the Class X Certificate, the Class X Certificate Writeup Amount, if any, allocated to such Certificate, minus, without duplication, (i) the amount of all principal distributions made with

respect to that Certificate, (ii) any Realized Losses allocated to that Certificate and (iii) any Certificate Writedown Amounts allocated to that Certificate; plus (iv) the amount of any Subsequent Recoveries allocated to that Certificate, each of (i) - (iv) and any Class X Certificate Writeup Amount as made or allocated on or prior to such Distribution Date.

Class Principal Amount . . . . The **"Class Principal Amount"** for each Class of Certificates, other than the Residual Certificate, is an amount equal to the aggregate of the Certificate Principal Amounts of all Certificates of that Class (or, in the case of the Class X Certificate, the Certificate Principal Amount of that Certificate) as of the date of determination.

Distribution Date . . . . Distributions on the Certificates will be made by the Securities Administrator 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 November 2017 (each, a **"Distribution Date"**).

With respect to the first Distribution Date, all references to the preceding Distribution Date will refer to the Cut-Off Date.

Closing Date . . . . On or about October 25, 2017 (the **"Closing Date"**).

Record Date . . . . For any Distribution Date, the close of business on the last Business Day of the month immediately preceding such Distribution Date (the **"Record Date"**).

Final Scheduled Distribution Date . . . The Distribution Date in September 2047 (the **"Final Scheduled Distribution Date"**), which is the Distribution Date in the month following the latest maturity date on any Mortgage Loan backing a Credit Participation Interest as of the Cut-Off Date. The actual final Distribution Date for any Class may be earlier, and could be substantially earlier, than the Final Scheduled Distribution Date.

Optional Termination . . . . The Master Servicer may elect to purchase, at the Termination Price, all of the assets in the SPI Trust, including the (i) Credit Participation Interests, (ii) PC Participation Interests, if any, and (iii) any other assets in the SPI Trust, thereby causing an early termination of the SPI Trust, on any Distribution Date on which the aggregate Certificate Principal Amount of the Subordinate Certificates is less than 10% of the aggregate initial Certificate Principal Amount of the Subordinate Certificates, subject to the satisfaction of the conditions set forth in the Pooling Agreement (the **"Optional Termination"**).

Mandatory Termination . . . . The Master Servicer is required to purchase, at the Termination Price, all of the assets in the SPI Trust, including Credit Participation Interests, PC Participation Interests, if any, and any other assets in the SPI Trust, thereby causing a termination of the SPI Trust on the Final Scheduled Distribution Date (the **"Mandatory Termination"**).

Maturity Date . . . . This transaction will terminate and the Certificates will no longer be outstanding upon the date (the **"Maturity Date"**) that is the earliest of:

(1) the Distribution Date (the **"Optional Termination Date"**) on which the Master Servicer purchases all of the assets in the SPI Trust as a result of exercising its Optional Termination right;

(2) the Final Scheduled Distribution Date; or

(3) the Distribution Date on which the Class Principal Amounts of all Classes of Certificates have been reduced to zero.

Legal Status . . . . **The United States does not guarantee the Certificates or any interest or return of principal on the Certificates. The Certificates are not debts or obligations (or interests in debts or obligations) of the United States or any agency or instrumentality of the United States.**

Form of Certificates . . . . The Subordinate Certificates will be book-entry Certificates (the **"Book-Entry Certificates"**) and will be held through the book-entry system of DTC, and, as applicable, Euroclear and Clearstream. The Class X Certificate and the Residual Certificate will be offered only in fully-registered form (the **"Definitive Certificates"**). The Subordinate Certificates will be available in fully-registered form only in the limited circumstances disclosed under *"Description of the Certificates — Form, Registration and Transfer of the Certificates"*.

Due Period . . . . For any Distribution Date, the period (the **"Due Period"**) from and including the 16th calendar day of the month immediately preceding the month in which such Distribution Date occurs to and including the 15th calendar day of the month in which such Distribution Date occurs.

Curtailment Period . . . . For any Distribution Date, the period (the **"Curtailment Period"**) from and including the 16th calendar day of the second month preceding the month in which such Distribution Date occurs to and including the 15th calendar day of the month immediately preceding the month in which such Distribution Date occurs.

Prepayment in Full Period . . . . For any Distribution Date, the period (the **"Prepayment in Full Period"**) from but excluding the 2nd Business Day of the month immediately preceding the month in which such Distribution Date occurs to and including the 2nd Business Day of the month in which such Distribution Date occurs.

Modification Period . . . . For any Distribution Date, the month immediately preceding the month in which such Distribution Date occurs (the **"Modification Period"**). Any modification that is processed by the Master Servicer and reflected in its system of record during the Modification Period will be treated as a modification for the related Distribution Date.

Loss Period . . . . For any Distribution Date, the month immediately preceding the month in which such Distribution Date occurs (the **"Loss Period"**).

Delinquency Determination Date . . . . For any Distribution Date, the close of business on the last day of the most recent month for which the Master Servicer has received Mortgage Loan delinquency data from an Underlying Servicer and completed its review (the **"Delinquency Determination Date"**). However, in no case will the Delinquency Determination Date be earlier than the last day of the second month preceding such Distribution Date.

In the event Freddie Mac's operational processes or timelines are revised for mortgage loans serviced in accordance with the Guide, Freddie Mac may revise the dates used to determine the Due Period, the Curtailment Period, the Prepayment in Full Period, the Modification Period, the Loss Period or the Delinquency Determination Date (collectively, the "**Reporting Periods**") after providing 60 days' written notice to the Securities Administrator and holders of the Certificates (each a **"Holder"** or **"Certificateholder"** and, collectively, the **"Holders"** or **"Certificateholders"**) of such revision. Freddie Mac has announced that certain reporting timelines for servicers will change in May 2019; concurrent with those changes, it is expected that the Curtailment Period will change from a mid-month cycle to a monthly calendar cycle.

Certificates Acquired by Freddie Mac . . . . On the Closing Date, Freddie Mac, in its capacity as Seller, will retain approximately five percent (5%) of the initial Class Principal Amount of each Class of Subordinate Certificates issued. In addition, Freddie Mac will retain the Class X Certificate issued on the Closing Date. Freddie Mac may, from time to time, purchase or otherwise acquire some or all of any Class of Certificates at any price or prices, in the open market or otherwise.

Certain Relationships and Affiliations

Freddie Mac is the Master Servicer, Custodian and the Seller in this transaction. With respect to the PI Trust Agreement, Freddie Mac is the PI Trustee, the PC Administrator, the Master Document Custodian, the Participation Agent and the Depositor. Freddie Mac, in its role as Master Servicer, will also be a party to the PI Trust Agreement. These roles and our relationships with the Underlying Sellers, Underlying Servicers and Underlying Document Custodians may give rise to conflicts of interest as further described in this Memorandum under *"Risk Factors — The Interests of Freddie Mac, the Initial Purchasers and Others May Conflict With and be Adverse to the Interests of the Certificateholders — Interests of Freddie Mac May Not Be Aligned With the Interests of the Certificateholders*".

Furthermore, as set forth in the table below, one of the Initial Purchasers is affiliated with the specified Underlying Seller and Underlying Servicer of Mortgage Loans and the aggregate Cut-Off Date Balance of the Mortgage Loans purchased from and serviced by such Underlying Seller and Underlying Servicer exceeded 1% of the aggregate Cut-Off Date Balance of the Mortgage Loans.

Initial Purchaser	Affiliated Underlying Seller and Underlying Servicer	% of Mortgage Loans (by Cut-Off Date Balance)
Wells Fargo Securities, LLC	Wells Fargo Bank, N.A.	13.9%

Interest

The Certificates (other than the Residual Certificate) bear interest at the applicable per annum interest rates (each, a **"Class Coupon"**) shown on page ii. The Residual Certificate does not bear interest.

The "**Accrual Period**" with respect to each Distribution Date is the month immediately preceding the month in which such Distribution Date occurs.

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

- the Class Coupon for such Class of Certificates for such period multiplied by
- the Class Principal Amount of such Class of Certificates as of the preceding Distribution Date, multiplied by
- a fraction, the numerator of which is 30 and the denominator of which is 360.

Interest on the Certificates will be distributable monthly on each Distribution Date from the Interest Remittance Amounts commencing in November 2017.

See "*Description of the Certificates — Interest*".

Interest Remittance Amount

On each Distribution Date, each Class of Certificates (other than the Residual Certificate) will be entitled to the Interest Distribution Amount for that Class on that Distribution Date, which will be allocated from the Interest Remittance Amount.

Distributions of Interest

On each Distribution Date, the Interest Remittance Amount will be distributed in the following order of priority:

First, to the Class X Certificate, in an amount up to its applicable Interest Distribution Amount for such Distribution Date;

Second, to the Class M-1 Certificates, an amount up to their applicable Interest Distribution Amount for such Distribution Date;

Third, to the Class M-2 Certificates, an amount up to their applicable Interest Distribution Amount for such Distribution Date;

Fourth, to the Class B Certificates, an amount up to their applicable Interest Distribution Amount for such Distribution Date;

Fifth, to the Master Servicer, the Securities Administrator, the Seller, the Custodian and the SPI Trustee, in proportion to their respective unpaid Excess Expenses as of the preceding Distribution Date, an amount up to their respective unpaid Excess Expenses;

Sixth, sequentially, to the Class X, Class M-1, Class M-2 and Class B Certificates, in that order, to reimburse previously allocated Realized Losses and Certificate Writedown Amounts; and

Seventh, to the Residual Certificate.

As described under "*Description of the Certificates — Modifications and Expenses*", certain principal payments on the Mortgage Loans may be included in the Interest Remittance Amount and distributed in accordance with the priorities above, thereby reducing or eliminating interest shortfalls to Certificates (other than the Class B Certificates) resulting from interest modifications or reimbursement of Expenses.

Principal

On each Distribution Date, each Class of the Certificates entitled to principal will be allocated principal from the Principal Remittance Amount.

Distributions of Principal

On each Distribution Date, subsequent to the allocation of any Class X Certificate Writeup Amount, the Principal Remittance Amount will be distributed in the following order of priority:

First, to the Class X Certificate, until the Class Principal Amount of such Class has been reduced to zero;

Second, to the Class M-1 Certificates, until the Class Principal Amount of such Class has been reduced to zero;

Third, to the Class M-2 Certificates, until the Class Principal Amount of such Class has been reduced to zero; and

Fourth, to the Class B Certificates, until the Class Principal Amount of such Class has been reduced to zero.

Reductions in Class Principal Amount of the Classes of Certificates

On each Distribution Date, including the Maturity Date, the Class Principal Amount of each Class of Certificates will be reduced, without duplication, by the amount of all principal distributions made with respect to that Class of Certificates and any Realized Losses and any Certificate Writedown Amount allocated to that Class of Certificates. See *"Description of the Certificates — Principal — Allocation of Principal Remittance Amount", "— Reductions in Class Principal Amounts Due to Allocation of Realized Losses"* and *"— Reductions in Class Principal Amounts Due to Allocation of Certificate Writedown Amounts"*.

Increases in Class Principal Amount of the Class X of Certificate

On each PC payment date, as defined in the related PC Documents, and with respect to each Constructive Default Loan for such Distribution Date, the PC Administrator will remit or cause to be remitted to holders of the related PCs the CDL Distribution Amount for such Constructive Default Loan, receiving in exchange the PC Participation Interest previously held by the related PC Trust. The Seller will immediately deposit all rights, title and interests in each such PC Participation Interest into the SPI Trust. As consideration for depositing each such PC Participation Interest into the SPI Trust, the Class Principal Amount of the Class X Certificate will be increased by the Class X Certificate Writeup Amount for such Distribution Date. The Class X Certificate Writeup Amount will be allocated as described under *"Description of the Certificates — Principal — Allocation of Class X Certificate Writeup Amount"*.

On each Distribution Date, including the Maturity Date, any amount recovered (whether from the mortgagor, insurance providers, the Master Servicer, the Seller or otherwise) or any adjustment made during the related Loss Period with respect to any Mortgage Loan for which a Realized Loss was determined on a prior Distribution Date, such that the cumulative Realized Loss for such Mortgage Loan is reduced, will be treated as a **"Subsequent Recovery"**. See *"Description of the Certificates — Principal — Increases in Class Principal Amount Due to Allocation of Subsequent Recoveries"*.

Principal Distribution on the Maturity Date

On the Maturity Date, subsequent to the allocation of the Class X Certificate Writeup Amount and the distribution of the Principal Remittance Amount, the outstanding Class Principal Amount for the Class X Certificate and for each Class of Subordinate Certificates will be reduced to zero through the allocation of Realized Losses and/or Certificate Writedown Amounts.

Fees and Expenses

Before an Underlying Servicer remits to Freddie Mac (in its role as Master Servicer) amounts owed to the PI Trust with respect to each Mortgage Loan, such Underlying Servicer will be entitled to retain from interest collections on each Mortgage Loan it services a monthly fee, calculated as provided in the Purchase Documents,

equal to one-twelfth of 0.25% multiplied by the unpaid principal balance of such Mortgage Loan (excluding from the balance any amounts that are not accruing interest due to principal forbearance).

On each Distribution Date, the Master Servicer will be paid an amount (the **"Master Servicing Fee"**) equal to the product of (i) 0.05% (the **"Master Servicing Fee Rate"**), (ii) the aggregate Class Principal Amount of the Subordinate Certificates as of the preceding Distribution Date and (iii) one-twelfth. In addition, the Master Servicer will be entitled to certain compensatory fees assessed against the Underlying Servicers that are not deemed to be Repurchase Alternatives and the portion of Repurchase Alternative proceeds received that are intended to compensate Freddie Mac for losses it suffers.

Fees paid to the SPI Trustee and the Securities Administrator with respect to the execution of their respective duties, as described herein, will be the obligation of the Seller and such amounts will not be considered Expenses of the SPI Trust.

The Participation Interests and Mortgage Loans

The assets of the SPI Trust will consist of the Credit Participation Interests deposited into the SPI Trust on the Closing Date and any PC Participation Interests deposited into the SPI Trust after the Closing Date, from time to time as described herein. Each Credit Participation Interest represents a 4% beneficial interest in a residential mortgage loan, which is a first lien, one- to four-unit, fixed-rate loan (each a **"Mortgage Loan"** and collectively, for all Mortgage Loans related to the Credit Participation Interests deposited into the SPI Trust, the **"Mortgage Loans"** or **"Mortgages"**). As of October 1, 2017 (the **"Cut-Off Date"**), the Mortgage Loans had an aggregate Stated Principal Balance of $1,252,221,957.09. The remaining 96% beneficial interest in each Mortgage Loan is represented by a PC Participation Interest that Freddie Mac deposited or will deposit into a PC Trust before the Closing Date. As of the Cut-Off Date, the aggregate Trust Principal Balance is approximately $50,088,878 and the aggregate PC Investor Balance is approximately $1,202,133,079. Each Credit Participation Interest and its corresponding PC Participation Interest represents an interest in the related Mortgage Loan. The Mortgage Loans were acquired by Freddie Mac between April 2017 and July 2017. A due diligence review was performed on certain of the Mortgage Loans as described under "*General Mortgage Loan Purchase and Servicing — Due Diligence Review*".

Each Mortgage Loan underlying a Participation Interest:

(a) is a fully amortizing, fixed-rate, one- to four-unit, first lien Mortgage Loan, which has an original term of 25 to 30 years;

(b) was originated on or after February 6, 2017;

(c) has a mortgage rate between 3.500% and 5.500%;

(d) has not been prepaid in full as of October 5, 2017, based on information reported to Freddie Mac as of that date;

(e) as of September 30, 2017, has never been reported to be 30 days or more delinquent since purchase by Freddie Mac;

(f) has no Underwriting Defects or Underwriting Findings as of October 4, 2017;

(g) is covered by the amount of mortgage insurance required under the Purchase Documents if the original loan-to-value ratio of such Mortgage Loan is greater than 80%;

(h) was originated with documentation as described under *"General Mortgage Loan Purchase and Servicing — Underwriting Standards — Documentation"*; and

(i) is not located in a FEMA-designated major disaster area for which FEMA has authorized individual assistance to homeowners as a result of Hurricane Harvey, Hurricane Irma or Hurricane Maria, based on areas so designated as of October 4, 2017.

We expect the Mortgage Loans (collectively, the **"Mortgage Pool"**) to have the approximate characteristics set forth below as of the Cut-Off Date. Whenever reference is made in this Memorandum to the characteristics of the Mortgage Loans or to a percentage or weighted average of the Mortgage Loans, unless otherwise noted, that reference is based on the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-Off Date.

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

Selected Mortgage Loan Data as of the Cut-Off Date

	Range or Total	Average or Weighted Average
Number of Mortgage Loans	3,231	—
Aggregate Original Principal Balance	$1,262,412,000.00	—
Original Principal Balance	$175,000.00 to $985,000.00	$390,718.66
Aggregate Stated Principal Balance	$1,252,221,957.09	—
Stated Principal Balance	$25,768.24 to $980,677.33	$387,564.83
Interest Rate	3.500% to 5.500%	4.293%
Remaining Term to Maturity (months)	296 to 358	356
Original Term to Maturity (months)	300 to 360	360
Loan Age (months)	2 to 7	3
Original Loan-to-Value Ratio	14% to 97%	77%
Original Combined Loan-to-Value Ratio	14% to 100%	78%
Original Debt-to-Income Ratio	2% to 50%	37%
Original Credit Score	633 to 824	757
Latest Maturity Date	August 2047	—
Number of Mortgage Loans covered by Mortgage Insurance	1,062	—

Top Five Geographic Concentration of Mortgaged Properties

California	48.43%
Washington	6.48%
Colorado	5.63%
Virginia	5.16%
Oregon	3.86%
Maximum Three-Digit Zip Code Concentration	5.50%

The characteristics of the Mortgage Loans in the PI Trust will change from time to time to reflect subsequent payments, prepayments, modifications and liquidations with respect to the Mortgage Loans. In addition, the characteristics of the Mortgage Loans may change after the issuance of the Certificates due to (i) the repurchase of a Mortgage Loan pursuant to the terms of the PI Trust Agreement or (ii) the seizure of a Mortgage Loan pursuant to any special eminent domain proceeding brought by any federal, state or local government instrumentality with the intent to provide relief to financially-distressed mortgagors with negative equity in the underlying mortgaged property. Mortgage Loans will not be removed from the PI Trust solely due to a modification completed in accordance with the Servicing Requirements.

Furthermore, because each Participation Interest is backed by a Mortgage Loan, the characteristics of the Participation Interests in the SPI Trust will change from time to time to the extent the characteristics of the Mortgage Loans change as described above.

See *"Description of the Certificates"* for a description of how removals of Mortgage Loans from the PI Trust or the depositing of PC Participation Interests into the SPI Trust impact the Certificates. See "*General Mortgage Loan Purchase and Servicing — Freddie Mac Quality Control Process"* for a description of how Underwriting Defects may be discovered through Freddie Mac's quality control processes.

As these changes occur, they may materially alter the characteristics of the Mortgage Loans shown above, the payments to the Participation Interests, and the weighted average lives and yields to maturity of the Certificates.

Additional information with respect to the Mortgage Loans appears under *"Description of the Participation Interests and the Mortgage Loans"* and in Appendix A.

Mortgage Loan Representations and Warranties

Holders of the Certificates will benefit (as described below) from representations and warranties included in the Purchase Documents and made by Underlying Sellers or Underlying Servicers as part of the delivery of the related Mortgage Loans to Freddie Mac. No party, including Freddie Mac as Seller of the Credit Participation Interests to the SPI Trust, will make representations and warranties to the SPI Trust concerning the Mortgage Loans. See *"The Participation Interest Trust Agreement — Mortgage Loan Representation and Warranties"* and *"— Review of Mortgage Loans"*.

Repurchases of Mortgage Loans

As part of its quality control procedures, Freddie Mac reviews certain mortgage loans that become delinquent, enter foreclosure or become subject to a foreclosure alternative for compliance with the applicable contract guidelines in place at the time Freddie Mac purchased the mortgage loans. Additionally, for this transaction, any Mortgage Loan that becomes a Liquidated Mortgage Loan will be subject to such a review, provided it has not already been sampled and reviewed as part of a prior quality control loan review, the applicable representations and warranties are still in effect and the loan age is less than five years; at its discretion, Freddie Mac may also review any Liquidated Mortgage Loan with a loan age of five years or greater. These non-performing loan reviews are conducted to verify that the applicable Mortgage Loan (i) was made to a mortgagor from whom repayment could be expected, (ii) is secured by collateral that is adequate for the transaction and (iii) otherwise complied with our underwriting guidelines and other requirements set forth in the Purchase Documents. If through any quality control review, Freddie Mac determines in its sole judgment that a breach of a representation and warranty exists with respect to a Mortgage Loan (such determination, an **"Underwriting Finding"**) and (a) such Mortgage Loan is repurchased by the related Underlying Seller or Underlying Servicer, (b) Freddie Mac, in its sole discretion, elects to waive the enforcement of a remedy against the Underlying Seller or Underlying Servicer in respect of such breach or (c) the party responsible for the representations and warranties with respect to the Mortgage Loan becomes subject to a bankruptcy, an insolvency proceeding or a receivership, the Mortgage Loan will be deemed to contain an underwriting defect (an **"Underwriting Defect"**). Freddie Mac, as Seller, will be required to repurchase the related Credit Participation Interest and, if applicable, the related PC Participation Interest from the SPI Trust at the Repurchase Price (or make an indemnification payment in the case of a Liquidated Mortgage Loan) in the event that the related Mortgage Loan contains an Underwriting Defect.

Mortgage Loan Servicing

As of the Closing Date, the Mortgage Loans will be serviced by the Underlying Servicers. The Master Servicer is required to monitor and oversee these Underlying Servicers, who are obligated to service the Mortgage Loans in accordance with the Servicing Requirements, *provided, however,* that so long as a PC Participation Interest remains in a PC Trust with respect to any Mortgage Loan, the Master Servicer will delegate the oversight responsibility for such Mortgage Loan to the PC Administrator. Upon the removal of any PC Participation Interest from a PC Trust and its subsequent deposit into the SPI Trust, the Master Servicer will monitor and oversee the related Underlying Servicer with respect to the related Mortgage Loan.

Advances and Compensating Interest

On each Distribution Date, the Master Servicer is required to make or cause to be made (i) principal and interest advances with respect to each Mortgage Loan, at the related Trust PI Percentage, to the extent such Mortgage Loan is delinquent and is not a Stop Advance Loan, (ii) certain servicing advances pursuant to the terms of the Pooling Agreement, (iii) any Forgiveness Advances as may be required or permitted under law, regulatory action or policy in the future and (iv) any amounts necessary for the preservation of mortgaged properties acquired by the Participation Agent through foreclosure or a loss mitigation process.

On each Master Servicer Remittance Date, the Master Servicer is required to forward, advance or pay for each Mortgage Loan that is not a Stop Advance Loan, interest equal to one-twelfth of the Trust Mortgage Rate multiplied by the Trust Principal Balance of such Mortgage Loan as of the preceding Distribution Date. Such interest will be calculated without regard to curtailments, prepayments in full, or reinstatements made by any mortgagor during the Curtailment Period or the Prepayment in Full Period, as applicable. With respect to any Mortgage Loan, interest due from the Master Servicer to the SPI Trust in excess of interest received from the mortgagor or Underlying Servicer arising from curtailments, prepayments in full or reinstatements (**"Compensating Interest"**) will not be reimbursable to the Master Servicer. Conversely, interest received on a Mortgage Loan from a mortgagor or Underlying Servicer, multiplied by the Trust PI Percentage, in excess of interest due from the Master Servicer arising from a Mortgage Loan having a higher unpaid principal balance relative to its Stated Principal Balance will be retained by the Master Servicer.

Prepayment and Yield Considerations

The yield to maturity on the Certificates will be sensitive to the rate and timing of principal payments (which will be affected by prepayments, modifications and Realized Losses on the Mortgage Loans and by the amount and timing of PC Participation Interests deposited into the SPI Trust as a result of Mortgage Loans becoming Constructive Default Loans). As a result, the yield on the Certificates may fluctuate significantly:

- In general, if investors purchased Certificates 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 investors may not even recover their investment in the Certificates.
- Conversely, if investors purchased Certificates 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.

Because the Mortgage Loans may be prepaid at any time, it is not possible to predict the rate at which investors will receive distributions of principal. See "Prepayment and Yield Considerations".

United States Federal Tax Consequences

We will elect to treat the REMIC Pool as a REMIC under the Internal Revenue Code of 1986, as amended (the **"Code"**). The Class M-1, Class M-2 and Class B Certificates constitute "regular interests" in the REMIC Pool and the Class R Certificate constitutes the "residual interest" in the REMIC Pool. In general, regular interests in a REMIC are taxed as debt instruments for federal income tax purposes under the Code. The Class X Certificate will not constitute an interest in any REMIC. See *"Certain Federal Income Tax Consequences"* 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 Certificates. 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 Certificates. See *"Legal Investment"* for additional information.

ERISA Considerations

Investments in the Certificates by, on behalf of or with assets of retirement plans and other employee benefit plans and arrangements subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**) or Code Section 4975 or to any federal, state, local or non-U.S. law (**"Similar Law"**) will be subject to the conditions described under *"Certain ERISA Considerations"* in this Memorandum.

Subject to the satisfaction of certain conditions, retirement plans and other employee benefit plans and arrangements subject to Title I of ERISA or Code Section 4975 may purchase the Class M-1 Certificates.

Because the Class M-2 and Class B Certificates currently do not meet all of the requirements of the Exemption (as defined in *"Certain ERISA Considerations"* in this Memorandum), retirement plans and other employee benefit plans and arrangements subject to Title I of ERISA or Code Section 4975 currently will not be permitted to invest in the Class M-2 or Class B Certificates. However, subject to the satisfaction of certain conditions, plans subject to Similar Law and insurance company general accounts may be able to invest in the Class M-2 and Class B Certificates. See *"Certain ERISA Considerations"* in this Memorandum.

Neither the Class X Certificate nor the Class R Certificate may be acquired or held by any such plan or insurance company general account.

Ratings

It is a condition to the issuance of the Certificates that the Class M-1 and Class M-2 Certificates (collectively, the **"Rated Certificates"**) receive from Moody's Investors Service, Inc. (**"Moody's"** or the **"Rating Agency"**) the ratings identified for such Certificates on page ii of this Memorandum. The Class X Certificate, the Class B Certificates and the Residual Certificate will not be rated by the Rating Agency. See *"Ratings"*. The ratings assigned to the Rated Certificates will be subject to ongoing monitoring, upgrades, downgrades, withdrawals and surveillance by the Rating Agency after the date of issuance of such Certificates.

The ratings address the likelihood of the timely receipt of payments of interest to which the Holders of the Rated Certificates are entitled and the ultimate payment of principal by the Maturity Date. The ratings of the Rated Certificates should be evaluated independently from similar ratings on other types of securities. The ratings are not a recommendation to buy, sell or hold the Rated Certificates and may be subject to revision or withdrawal at any time by the Rating Agency.

In addition, the ratings do not address: (i) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) on the Mortgage Loans and their impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (ii) the possibility that a Certificateholder might suffer a lower than anticipated yield, (iii) the tax treatment of the Rated Certificates or the effect of taxes on the payments received, (iv) the likelihood or willingness of the parties to the respective agreements to meet their contractual obligations or the likelihood or willingness of any party or court to enforce, or hold enforceable, the agreements in whole or in part, (v) an assessment of the yield to maturity that investors may experience, or (vi) other non-credit risks, including, without limitation, market risks or liquidity.

The ratings take into consideration certain credit risks with respect to the Mortgage Loans. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) on the Mortgage Loans, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience in the event of Realized Losses or rapid prepayments on the Mortgage Loans (including both voluntary and involuntary prepayments), the impact of modifications on the Mortgage Loans or by the amount and timing of PC Participation Interests, if any, deposited into the SPI Trust as a result of Mortgage Loans becoming Constructive Default Loans, other than as described herein.

Other NRSROs that we have not engaged to rate the Rated Certificates may issue unsolicited credit ratings or provide commentary on one or more Classes of the Certificates, relying on information they receive pursuant to Rule 17g-5 or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from the ratings assigned by the Rating Agency, and if lower than the Rating Agency's ratings, whether such unsolicited ratings will have an adverse impact on the liquidity, market value and regulatory characteristics of such Certificates. Further, a determination by the SEC that the Rating Agency no longer qualifies as an NRSRO or is no longer qualified to rate the Rated Certificates, could adversely affect the liquidity, market value and regulatory characteristics of the Rated Certificates. See "*Risk Factors — Investment Factors and Risks Related to the Certificates — A Reduction, Withdrawal or Qualification of the Ratings on the Rated Certificates, or the Issuance of an Unsolicited Rating on the Rated Certificates, May Adversely Affect the Market Value of*

Those Certificates and/or Limit an Investor's Ability to Resell Those Certificates" and "— *The Ratings on the Rated Certificates May Not Reflect All Risks"*.

Investment Company Act

The SPI Trust has not been registered and will not be registered with the Securities and Exchange Commission (the **"SEC"**) as an investment company pursuant to the Investment Company Act, in reliance on the exception provided in Rule 3a-7 under the Investment Company Act, although other exceptions may be applicable. The SPI Trust has been structured with the intent that it not constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Wall Street Reform and Consumer Protection Act. See *"Risk Factors — Governance and Regulation — Risks Associated with the Investment Company Act"*.

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 Memorandum before making an investment in the Certificates.

- The risks and uncertainties described below are not the only ones relating to the Certificates. Additional risks and uncertainties not presently known or that are currently deemed immaterial also may impair an investment in the Certificates. If any of the following risks actually occur, an investment in the Certificates could be materially and adversely affected.
- This Memorandum 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 Memorandum.
- The yield on the Certificates could be lower than expected if such Certificates are purchased at a premium over their principal amount and principal payments on the Mortgage Loans occur faster than expected or if such Certificates are purchased at a discount to their principal amount and principal payments on the Mortgage Loans are slower than expected.
- Each prospective investor is responsible for determining whether the Certificates constitute a legal investment for such prospective investor.
- If your investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities, then you may be subject to restrictions on investment in the Certificates.
- Prospective investors should not purchase any Certificates unless they understand, and are able to bear, the prepayment, credit, liquidity, market and other risks associated with the Certificates.

Risks Relating to the Participation Interests and Mortgage Loans

The Economic Conditions Experienced in 2007 and Subsequent Years Significantly and Adversely Affected the Mortgage Market and Caused Significant and Unexpected Deterioration in the Value of, and Greater Volatility with Respect to, Mortgage Loans and Mortgage Securities, Including Mortgage Securities Similar to the Certificates

As a result of various factors, including a deterioration in general economic conditions and significant deteriorations in housing prices and employment conditions in many regions, the value of many mortgage loans and mortgage securities dropped significantly in the periods following 2007. This deterioration, which substantially exceeded our expectations and the expectations of other market participants, was accompanied by greater volatility and uncertainty regarding the value of mortgage loans and mortgage securities. Price deteriorations and increases in volatility and uncertainty were particularly acute in the case of mortgage securities with underlying mortgage loans that were originated in the periods immediately prior to 2007. In addition, mortgage securities where the underlying mortgage loans were of lower quality or where the mortgage securities were subordinated to other mortgage securities based on the same mortgage loans, including mortgage securities similar to the Certificates, experienced more significant and adverse price deteriorations and volatility.

In light of this experience, we have reevaluated, and continue to reevaluate, our processes for purchasing mortgage loans and structuring and issuing mortgage securities. While we have made certain enhancements to our processes, many of our processes may be substantially similar to processes we employed prior to 2007 or may not have been revised enough to account for unforeseen deterioration in general economic conditions, including our processes for assessing credit risk and reviewing the underwriting of mortgage loans. In addition, our relationships with sellers, servicers and other market participants, including our contractual relationships, and our quality control and quality assurance processes are substantially similar to our past relationships and practices. These processes and relationships have limitations and entail various risks, including those discussed below. See *"— The Interests of Freddie Mac, the Initial Purchaser(s) and Others May Conflict With and be Adverse to the Interests of the Certificateholders — The Relationships Among Freddie Mac, Servicers and Sellers are Multifaceted and Complex"*.

Prospective investors in the Certificates should understand that certain of the risks described in this Memorandum materialized in 2007 and the periods that followed and that the actions of various market participants, including certain of the participants in this offering, are alleged to have been materially deficient. Accordingly, there can be no assurance that the policies and procedures adopted by Freddie Mac to mitigate such risks will prove to be sufficient or that the value of mortgage loans and mortgage securities, including the Certificates, will not experience material and adverse deteriorations in value in the future.

Freddie Mac's Limited Review of a Sample of the Mortgage Loans May Not Reveal All Aspects Which Could Lead to Losses

Freddie Mac has undertaken certain limited loan review procedures with respect to various aspects of a sample of the Purchase Population, including a review of the underwriting of certain of the Mortgage Loans conducted by each Underlying Seller and verification of certain aspects of such Mortgage Loans. See *"General Mortgage Loan Purchase and Servicing — Freddie Mac Quality Control Process — Performing Loan Quality Control Review"* and *"— Limitations of Freddie Mac's Due Diligence Review"*. In conducting these review procedures, Freddie Mac relied on information and resources available to it. These review procedures were intended to discover certain material discrepancies and possible underwriting defects in the sample of the mortgage loans reviewed. However, these procedures did not constitute a re-underwriting of those mortgage loans, 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 Mortgage Loans and correspondingly the Participation Interests may perform, we may have incorrectly assessed the potential significance of the discrepancies that we identified or the 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 mortgage loans will perform. Investors should note that we undertook this limited mortgage loan file review with respect to only the Due Diligence Sample and did not undertake any mortgage loan file review for Mortgage Loans not included in the Due Diligence Sample.

Furthermore, in our limited review we did not review the Due Diligence Sample to verify that the originators abided by federal, state and local laws and regulations, such as consumer protection laws, including but not limited to TRID, in originating the loans, other than laws where the mortgage loan assignee may face legal liability for the originators' noncompliance. We rely on representations, warranties and covenants from our Underlying Sellers and Underlying Servicers that the Mortgage Loans 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. Investors will benefit from representations and warranties included in the Purchase Documents and made by the Underlying Sellers as part of the delivery of the related Mortgage Loans to Freddie Mac, to the extent an Underwriting Defect is discovered.

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

We do not originate any mortgage loans, including the Mortgage Loans. As described under *"General Mortgage Loan Purchase and Servicing"*, we acquire mortgage loans, including the Mortgage Loans, 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 Mortgage Loans, other than with respect to a quality control review of a percentage of mortgage loans that we may have reviewed, as described under *"General Mortgage Loan Purchase and Servicing — Freddie Mac Quality Control Process"* below. We depend on our sellers' compliance with our contracts and rely on 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 mortgage loans that we may have reviewed under the quality control and due diligence processes described in this Memorandum, we have not done so with respect to the Mortgage Loans. See *"General Mortgage Loan Purchase and Servicing — Freddie Mac Quality Control Process — Performing Loan Quality Control Review"* and *"— Limitations of Freddie Mac's Due Diligence Review"*. As a result, it is possible that the Underlying Sellers have not complied with their obligations under

their contracts with us and that certain Mortgage Loans may have underwriting defects that we are not aware of. Mortgage Loans with underwriting defects are likely to experience Realized Losses at a higher rate than Mortgage Loans without such defects, which could result in Realized Losses or Certificate Writedown Amounts that reduce the Class Principal Amounts of the Certificates. Additionally, other than as described herein, we do not independently verify the loan-level information and data reported or furnished to us by our sellers and servicers. 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.

Freddie Mac's Limited Review of a Sample of the Mortgage Loans Covers Only Some of the Defects Which Could Lead to Losses and Would Not Detect All Potentially Relevant Defects

Mortgage loan and mortgage security credit risk is influenced by various factors, including, primarily, the credit profile of the mortgagor (*e.g.*, Credit Score, credit history, and monthly income relative to debt payments), documentation provided by the mortgagor, the number of mortgagors, the product features of the mortgage, the purpose of the mortgage, occupancy type, the type of property securing the mortgage, the LTV and CLTV ratios, and local and regional economic conditions, including home prices and unemployment rates. Freddie Mac's limited review of the Due Diligence Sample addresses only some of these factors. Importantly, it does not address economic conditions, unemployment rates or other factors that in the past have had, and in the future could have, a significant adverse effect on the value of the Mortgage Loans, the Participation Interests and the Certificates. Additionally, any review of performing or non-performing loans conducted by Freddie Mac may similarly not address the foregoing factors.

Limited Scope and Size of the Diligence Provider's Review of the Mortgage Loans May Not Reveal Aspects of the Due Diligence Sample Which Could Lead to Realized Losses

In connection with the offering of the Certificates, Freddie Mac engaged a third-party diligence provider (the **"Diligence Provider"**) to undertake certain limited loan review procedures with respect to the Due Diligence Sample and did not undertake these loan review procedures for Mortgage Loans not in the Due Diligence Sample. The Diligence Provider and Freddie Mac reviewed the same Due Diligence Sample. The Due Diligence Sample was selected randomly rather than on a targeted basis. As a result, the Due Diligence Sample may be of more limited use than a targeted sample for identifying errors with respect to loans that may have a higher propensity for default. Had the Due Diligence Sample been selected on a targeted basis, the results may have been different and potentially may have had a higher error rate than the error rate found. As a result, the Mortgage Loans that were not 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 Mortgage Loans experiencing losses in the future. Investors are encouraged to make their own determination as to value of the due diligence undertaken by the Diligence Provider and Freddie Mac, the extent to which the characteristics of the Mortgage Pool can be extrapolated from the error rate and the extent to which investors believe that errors and discrepancies found during the various loan reviews described herein may indicate an increased likelihood of Realized Losses on the Mortgage Loans, and thus the Certificates.

The procedures undertaken by the Diligence Provider included, among others, a review of the underwriting conducted by the related originators of the mortgage loans in the Due Diligence Sample and verification of certain aspects of the mortgage loans. The review was not intended to be a re-underwriting of the mortgage loans in the Due Diligence Sample and was in many ways substantially more limited than the scope of review undertaken as part of diligence on other recently issued residential mortgage loan securitization transactions. Specifically, the review scope was limited to the scope that Freddie Mac undertakes in its internal quality control process. In conducting these review procedures, the Diligence Provider relied on information and resources available to it (which were limited and which, in most cases, were not independently verified). These review procedures were intended to discover certain material discrepancies and possible material defects in the Due Diligence Sample. However, these procedures did not constitute a re-underwriting of the mortgage loans in the Due Diligence Sample, and were not designed or intended to discover every possible discrepancy or defect. In addition, the Diligence Provider conducted procedures designed by Freddie Mac to sample Freddie Mac's data regarding characteristics of the Due Diligence Sample, which data was used to generate the numerical information about the Mortgage Pool included in this Memorandum. In connection with such data review, the

Diligence Provider identified certain discrepancies with respect to certain mortgage loans that were so reviewed, as described under *"General Mortgage Loan Purchase and Servicing — Due Diligence Review — Data Integrity Reviews",* which discrepancies are individually identified in Appendix B. There can be no assurance that any review process conducted uncovered relevant facts that could be predictive of how the mortgage loans in the Due Diligence Sample will perform.

Furthermore, to the extent that the limited review conducted by the Diligence Provider did reveal factors that could affect how the Mortgage Loans 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 mortgage loans may not be received or recovered. The Diligence Provider may not have discovered all of the factors that could affect how the Mortgage Loans will perform and in certain instances it may have discovered factors that Freddie Mac may not have initially assessed as factors that could affect how the Mortgage Loans will perform. The process for identifying and determining such factors is inherently subjective.

Investors are encouraged to make their own determination as to the extent to which they place reliance on the limited review procedures of Freddie Mac and the Diligence Provider engaged by Freddie Mac.

See "*General Mortgage Loan Purchase and Servicing — Due Diligence Review*".

Underwriting Standards Used by Many of Freddie Mac's Underlying Sellers May be Less Stringent than Required by Freddie Mac's Guide

As described under *"General Mortgage Loan Purchase and Servicing — Underwriting Standards"* below, many of Freddie Mac's sellers have negotiated contracts with Freddie Mac that enable such sellers to sell mortgage loans to Freddie Mac under TOBs that vary from, and may be less stringent than, the terms of Freddie Mac's Guide. Mortgage loans originated pursuant to TOBs that are less stringent than the underwriting standards in the Freddie Mac Guide may experience a higher rate of losses than mortgage loans originated in accordance with the Guide. Some of the Mortgage Loans may have been originated pursuant to TOBs that are less stringent than the underwriting standards set forth in the Guide, which may result in such Mortgage Loans experiencing a higher rate of losses than mortgage loans originated in accordance with the Guide. In addition, because the Purchase Documents vary by Underlying Seller, the performance of the Mortgage Loans within the Mortgage Pool may not be uniform or consistent, which may adversely impact the Certificates.

A Recurrence of Turbulence in the Residential Mortgage Market and/or Financial Markets and/or Lack of Liquidity for Mortgage-Related Securities May Adversely Affect the Performance and Market Value of the Certificates

While the 2016 single-family housing market was stronger by many measures than it had been in the previous decade, a recurrence of turbulence in the residential mortgage market and/or financial markets and/or lack of liquidity for mortgage-related securities may adversely affect the performance and market value of the Certificates. Prior to 2016, there was a significant inventory of seriously delinquent loans and real estate owned (**"REO"**) properties in the market. The serious delinquency rate of our single-family loans declined during that time period, but the serious delinquency rate of the loans originated from 2005 through 2008 that we acquired remains high compared to similar rates for the loans we acquired in years prior to 2005 (despite strengthening home prices in the last several years) due to high unemployment in some geographic areas, extended foreclosure timelines and continued challenges faced by servicers in processing 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 originated during the years 2005 through 2008 has been significantly worse than in any year since the 1930s. A recurrence of these past problems could adversely affect the performance and market value of the Certificates.

Market and economic conditions during the past decade caused significant disruption in the credit markets. Any 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 may contribute to future 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.

During the recession, losses on all types of residential mortgage loans increased due to declines in residential real estate values, resulting in reduced home equity. Although home prices since 2014 have shown greater stability and increased in some geographic areas, there can be no assurance that a decline will not resume and continue for an indefinite period of time in the future. A decline in property values or the failure of property values to increase where the outstanding balances of the mortgage loans and any secondary financing on the related mortgaged properties are close to or in excess of the value of the mortgaged properties may result in higher delinquencies, foreclosures and losses. Any decline in real estate values may be more severe for mortgage loans secured by high cost properties than those secured by low cost properties. Declining property values may create an oversupply of homes on the market, which may increase negative home equity. Nationwide home price appreciation rates generally were negative from late 2007 through 2012, and this trend may recur at any time. Higher loan-to-value ratios generally result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realized had property values remained the same or continued to appreciate.

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, unemployment rates, rising government debt levels, prospective Federal Reserve policy shifts, the withdrawal of government interventions into the financial markets, changing U.S. consumer spending patterns, potential military conflicts 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. See *"— Governance and Regulation"* below when considering the impact of regulation on Certificateholders. Continued concerns about the economic conditions in the United States, China and Europe, including downgrades of the long-term debt ratings of the European Economic and Monetary Union (**"Eurozone"**) nations and the United States, generally have contributed to increased market volatility and diminished growth expectations for the U.S. economy.

In addition, on June 23, 2016, the United Kingdom voted (the **"Brexit Vote"**) to exit the Eurozone. On March 29, 2017, Article 50 of the Lisbon Treaty was invoked which began a two year negotiation period between the United Kingdom and the European Counsel for the United Kingdom's exit from the Eurozone. The results of the Brexit Vote and the triggering of Article 50 have resulted in volatility and disruption of the capital and credit markets in the United Kingdom and the Eurozone. In addition, the political, legal and regulatory uncertainty surrounding the exit by the United Kingdom, currently scheduled for March 19, 2019 (unless extended by all 28 European Union members), has raised concerns as to the economic stability of the United Kingdom and the viability of the Eurozone. The United Kingdom's exit from the Eurozone could significantly impact volatility, liquidity and/or the market value of securities, including the Certificates. An investment in the Certificates should only be made by investors who understand such risks and are capable of bearing such risks.

Subsequent to the financial crisis and over the past decade, 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 began to reduce the quantitative easing and in October 2014 announced the end of the quantitative easing program. On June 14, 2017, the Federal Reserve increased its benchmark interest rate for the fourth time since the financial crisis. To the extent that interest rates continue to rise as a result of the Federal Reserve's action, the availability of refinancing alternatives for the Mortgage Loans may be reduced. In addition, on September 20, 2017, the Federal Reserve announced plans to begin shrinking its balance sheet "beginning in October 2017," which would have

the effect of removing recession era support of the U.S. residential mortgage market. The economic conditions experienced from 2007 to 2014 were 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 Mortgage Loans and, accordingly, may increase the occurrence of delinquencies and the rate at which Mortgage Loans become Constructive Default Loans thus impacting the amount and timing of any PC Participation Interest being deposited into the SPI Trust and may adversely affect the amount of Liquidation Proceeds realized in connection with Liquidated Mortgage Loans. Further, the time periods to resolve defaulted Mortgage Loans may be long, and those periods may be further extended because of mortgagor bankruptcies, related litigation and any federal and state legislative, regulatory and/or administrative actions or investigations. Such impacts may increase the amount of Realized Losses allocated to the Certificates.

Further, the secondary market for mortgage-related securities has experienced periods of extremely limited liquidity. These conditions may re-emerge and could worsen in the future. Limited liquidity in the secondary market for mortgage securities could adversely affect a Certificateholder's ability to sell their Certificates or the price such Certificateholder receives for the Certificates and may continue to have a severe adverse effect on the market value of mortgage securities, especially those that are more sensitive to prepayment or credit risk.

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

The Rate and Timing of Principal Payment Collections on the Mortgage Loans Will Affect the Yield on the Certificates

The rate and timing of distributions of principal and the yield to maturity on the Certificates will be directly related to payments on the Participation Interests, which payments are directly related to the rate and timing of collections of principal payments on the Mortgage Loans and the amount and timing of defaults by mortgagors that may result in Realized Losses on the Mortgage Loans. Mortgagors are permitted to prepay their Mortgage Loans, in whole or in part, at any time, without penalty.

The principal distribution characteristics of the Certificates have been designed so that the Certificates amortize based on the collections of principal payments on the Mortgage Loans. See *"Description of the Certificates — Principal — Allocation of Principal Remittance Amount"*. Investors should make their own determination as to the effect of these features on the Certificates.

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 Mortgage Loans, 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 Mortgage Loans, the rate of principal prepayments would generally be expected to decrease.

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

- the amortization schedules of the Mortgage Loans,
- the rate and timing of partial prepayments and full prepayments by mortgagors, due to refinancing, certain job transfers, changes in property value or other factors,
- liquidations of, or modifications resulting in the reduction of the mortgage balance (*e.g.*, principal reduction) or deferral of repayment of principal (*i.e.*, principal forbearance) of, the Mortgage Loans,
- the time it takes for defaulted Mortgage Loans to be modified or liquidated,
- the availability of loan modifications for delinquent or defaulted Mortgage Loans, and
- the rate and timing of payment in full of Mortgage Loans or other removals from the Mortgage Pool.

In addition, the repurchase of a Participation Interest from the SPI Trust (or the payment of an indemnification payment in the case of a Liquidated Mortgage Loan) by the Seller, as described in *"The Pooling Agreement — Repurchases"*, in each case, has the same effect on the Mortgage Pool as a prepayment in full. As such, the rate and timing of repurchases (and any such indemnification payments) will also affect the yield on the Certificates.

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 Mortgage Loans or as to the yield to maturity of any Class of Certificates. In addition, there can be no assurance that any of the Mortgage Loans 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 Certificates based on the anticipated yield to maturity of that Class of Certificates resulting from its purchase price and the investor's own determination as to anticipated Mortgage Loan prepayment and loss rates under a variety of scenarios. The extent to which the Certificates are purchased at a discount or a premium and the degree to which the timing of distributions on the Certificates is sensitive to prepayments will determine the extent to which the yield to maturity of the Certificates may vary from the anticipated yield.

If investors are purchasing Certificates at a discount, such prospective investors should consider the risk that if principal payments on the Mortgage Loans occur at a rate slower than such prospective investors expected, such prospective investors' yield will be lower than expected. If prospective investors are purchasing Certificates at a premium, such prospective investors should consider the risk that if principal payments on the Mortgage Loans 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 Certificates. 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 Mortgage Loans, 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 Certificates may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments. See *"Prepayment and Yield Considerations — Yield Considerations With Respect to the Certificates"*.

For a more detailed discussion of these factors, see *"Prepayment and Yield Considerations"* and *"Description of the Mortgage Loans"*.

The Performance of the Mortgage Loans Backing the Participation Interests are Dependent on the Underlying Servicers

As described herein, the Participation Interests are backed by the Mortgage Loans. The performance of the Underlying Servicers servicing the Mortgage Loans could have an impact on the amount and timing of principal collections on the Mortgage Loans and the rate and timing of the occurrence of Realized Losses and prepayments with respect thereto. As described under *"General Mortgage Loan Purchase and Servicing — Servicing Standards"* below, the Underlying Servicers are generally required to service the Mortgage Loans in accordance

with the Servicing Requirements. The Underlying Servicers are servicing for the benefit of Freddie Mac and have no duties or obligations to service for the benefit of investors in the Certificates. The Master Servicer is required to monitor and oversee the Underlying Servicers, who are obligated to service the Mortgage Loans in accordance with the Servicing Requirements, *provided, however,* that so long as a PC Participation Interest with respect to a Mortgage Loan remains in a PC Trust, the Master Servicer will delegate this oversight responsibility with respect to such Mortgage Loan to the PC Administrator. The PC Administrator, in accordance with the Master Servicer's delegation, will take any and all actions it deems necessary to monitor and oversee the Underlying Servicers' servicing activities with respect to the related Mortgage Loans. Either the Master Servicer or the PC Administrator, as applicable, may pursue remedies for material violations of the Servicing Requirements. If a PC Participation Interest is removed from a PC Trust and deposited into the SPI Trust, the Master Servicer will oversee and monitor the Underlying Servicer with respect to the servicing of the related Mortgage Loan. We cannot assure you that any monitoring and oversight of the Underlying Servicers that the Master Servicer or the PC Administrator, as applicable, may undertake will be sufficient to determine material compliance by the Underlying Servicers of their contractual obligations. The Mortgage Loans will be serviced by the Underlying Servicers and the individual performance of the Underlying Servicers will vary. As a result, the performance of the Mortgage Loans may similarly vary, which may adversely affect the Participation Interests and thus, the Certificates. For example, the servicing practices of each Underlying Servicer could have an impact on the timing of loss mitigation strategies, which as a result may impact the rate at which Mortgage Loans become Constructive Default Loans, and the timing and amount of principal distributions made on, and Realized Losses and Certificate Writedown Amounts allocated to, the Certificates.

Although as Master Servicer or PC Administrator, as the case may be, we have a duty to monitor and oversee the Underlying Servicers' performance in servicing of the Mortgage Loans, we permit each Underlying Servicer to have some discretion in servicing mortgage loans. To the extent an Underlying Servicer fails to fully perform its obligations, we may pursue a number of options in order to rectify a problem. Certificateholders should understand that the servicing of the Mortgage Loans is required to conform with the Servicing Requirements and will be similar to the servicing of mortgage loans that Freddie Mac purchases for which Freddie Mac does not transfer credit risk. As a result, it is possible that the Certificateholders could experience delays or reductions in distributions on, or other losses with respect to, the Certificates as we work with an Underlying Servicer to rectify a problem.

Investors should note that if an Underlying Servicer fails to service the Mortgage Loans in accordance with our standards, we have certain contractual remedies, including the ability to require such Underlying Servicer to pay us compensatory or other fees. Under no circumstances will the payment of compensatory fees or similar fees be for the benefit of the Certificateholders or result in a Subsequent Recovery being allocated to the Certificates.

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

As described under *"General Mortgage Loan Purchase and Servicing — Servicing Standards"* below, some of our Underlying Servicers have negotiated contracts with us that enable such Underlying Servicers to service Mortgage Loans for us under TOBs that vary from the terms of our Guide. Some of the Mortgage Loans are being serviced pursuant to the TOBs that have different requirements than the servicing standards set forth in the Guide. There is a risk that Mortgage Loans that are serviced by an Underlying Servicer that follows servicing requirements that contain provisions that are different from the requirements set forth in the Guide, may experience a higher rate of Realized Losses than if the Mortgage Loans had been serviced in accordance with the Guide. Also, in the normal course of our business we may make periodic changes to the servicing provisions of the Purchase Documents and may negotiate new terms with an Underlying Servicer. Any such future changes or additional terms may become applicable to the servicing of the Mortgage Loans at such future time. We cannot assure you that any future changes will not have an adverse impact on the Mortgage Loans and the Certificates.

Servicing Transfers May Result in Decreased or Delayed Collections and Losses

Freddie Mac has the right to terminate Underlying Servicers as described under *"General Mortgage Loan Purchase and Servicing — Managing REO Properties — Servicer Termination Event"* below. The transfer of

servicing, by removal or otherwise, from one servicer to another servicer may pose some risk of disruption in collections due to data input errors, misapplied or misdirected payments, inadequate mortgagor notification, system incompatibilities and other reasons. As a result, any such affected Mortgage Loans 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 underlying servicer. There can be no assurance as to the extent or duration of any disruptions associated with the transfer or removal of servicing to another servicer or as to the resulting effects on the yields on the Certificates. To the extent Mortgage Loans become delinquent as a result of any such servicing transfers, such delinquencies may result in Mortgage Loans becoming Constructive Default Loans and may result in Realized Losses or Certificate Writedown Amounts being allocated to the Certificates.

Each Underlying Servicer's Discretion Over the Servicing of the Related Mortgage Loans May Impact the Amount and Timing of Funds Available to Make Distributions on the Certificates

Each Underlying Servicer is obligated to service the related Mortgage Loans in accordance with applicable law and the Servicing Requirements. See *"General Mortgage Loan Purchase and Servicing — Servicing Standards"*. Each Underlying Servicer has some discretion in servicing the related Mortgage Loans as it relates to the application of the Servicing Requirements. Maximizing collections on the related Mortgage Loans is not the Underlying Servicer's only priority in connection with servicing the related Mortgage Loans. Consequently, the manner in which an Underlying 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 Mortgage Loans, including the rate at which Mortgage Loans become Constructive Default Loans, which may impact the amount and timing of principal distributions to be made on, and Realized Losses and Certificate Writedown Amounts allocated to, the Certificates.

The Performance of Underlying Sellers and Underlying Servicers May Adversely Affect the Performance of the Mortgage Loans

The financial difficulties of a seller or servicer 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 Underlying Sellers and Underlying Servicers to perform their obligations to us with respect to the Mortgage Loans, which could affect the amount and timing of principal collections on the Mortgage Loans and the rate and timing of the occurrence of losses with respect thereto. For any seller or servicer that becomes subject to a bankruptcy proceeding, Freddie Mac may receive distributions from the bankruptcy estate on account of liabilities and/or contingent liabilities of such seller or servicer to Freddie Mac, 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 and servicing related breaches, no portion of these settlement proceeds that Freddie Mac may receive will be available to the SPI Trust. Notwithstanding the foregoing, if any Underlying Seller or Underlying Servicer becomes subject to a bankruptcy proceeding, any Mortgage Loan sold or serviced by such Underlying Seller or Underlying Servicer that becomes a Liquidated Mortgage Loan will be subjected to a non-performing loan review as described under *"The Participation Interest Trust Agreement — Review of Mortgage Loans"*, provided it has not already been sampled and reviewed as part of a prior quality control loan review, the applicable representations and warranties made to Freddie Mac by such Underlying Seller or Underlying Servicer are still in effect and the loan age is less than five years. At its discretion, Freddie Mac may also review any Liquidated Mortgage Loans with a loan age of five years or greater. If an Underwriting Defect is found after such review, the Seller will repurchase the

related Credit Participation Interest, and if applicable, the related PC Participation Interest from the SPI Trust (or make an indemnification payment in the case of a Liquidated Mortgage Loan).

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

While the Underlying Servicers are prohibited from specifically soliciting our mortgagors for refinancing or segregating mortgage loans in their own portfolio from the Mortgage Loans for different treatment in terms of refinance advertising, offers or practices, the servicers and other mortgage lenders are not precluded from conducting broad based consumer advertising and solicitations of mortgagors in general to refinance their mortgage loans. These refinancings may increase the rate of prepayment of the Mortgage Loans. The refinancing of a portion of the Mortgage Loans may lead to an erosion of the credit quality of the Mortgage Loans remaining in the Mortgage Pool and a resulting increase in the rate of losses that may result in Realized Losses and Certificate Writedown Amounts being allocated to the Certificates. In addition, a Certificateholder may receive less interest on the Certificates as a result of prepayments on such Mortgage Loans 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 Mortgage Loans

As of the Cut-Off Date, approximately 6.9% of the Mortgage Loans by aggregate 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 Mortgage Loans and considered in the underwriting of such Mortgage Loans. 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 Mortgage Loan, 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 losses on such Mortgage Loan. The existence of subordinate mortgage liens may adversely affect default rates because the related mortgagors must make two 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 Mortgage Loans, it may affect prepayment rates on the Mortgage Loans and could result in increased losses with respect to the Mortgage Loans, which could result in Realized Losses and Certificate Writedown Amounts being allocated to the Certificates. Further, with respect to any Mortgage Loans that have subordinate lien mortgages encumbering the same mortgaged properties, the risk of Realized Losses 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 the mortgaged properties securing the Mortgage Loans, and any information provided in this Memorandum as to subordinate liens on any mortgaged properties securing the Mortgage Loans is based solely on the representation made by the related Underlying Seller in connection with our acquisition of the related Mortgage Loans.

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

As of the Cut-Off Date, approximately 48.4% of the Mortgage Loans by aggregate 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 Mortgage Loans, the Mortgage Loans may experience higher rates of Realized Losses, which could result in higher prepayments or losses on the Certificates. In addition to California, states in the Gulf coast region and southeastern and northeastern Atlantic coast, the New England area, Oklahoma, Colorado 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 Mortgage Loans secured by the mortgaged properties that might be damaged by such natural disasters or on any other Mortgage Loans. 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 mortgage loan, to affected mortgagors.

Any deterioration in housing prices in a state or region due to adverse economic conditions, natural disasters or other factors, and 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 Mortgage Loans may increase the rate at which Mortgage Loans become Constructive Default Loans and may result in Realized Losses and Certificate Writedown Amounts being allocated to the Certificates.

See Appendix A for further information regarding the geographic concentration of the Mortgage Loans.

Impacts of Hurricane Harvey, Hurricane Irma and Hurricane Maria on Mortgage Loans

On August 25, 2017, the Gulf Coast was hit by Hurricane Harvey, a category 4 hurricane. On September 10, 2017, Florida was hit by Hurricane Irma, a category 4 hurricane. On September 20, 2017, Puerto Rico was hit by Hurricane Maria, a category 5 hurricane. As a result of these storms, FEMA designated certain counties as major disaster areas and authorized individual assistance to assist homeowners in such counties. Freddie Mac decided to exclude from the Mortgage Pool all mortgage loans in the Purchase Population that were located in counties designated by FEMA for individual assistance as of October 4, 2017. However, the full extent of the impact of the hurricanes is unknown as of the date hereof. After the Closing Date, Freddie Mac will not remove additional Mortgage Loans from the Mortgage Pool solely due to the mortgaged properties being located within counties that FEMA may declare after October 4, 2017 to be major disaster areas affected by Hurricane Harvey, Hurricane Irma or Hurricane Maria. Investors should be aware of the possibility that Mortgage Loans located outside of the counties that FEMA has designated as major disaster areas but nonetheless impacted by Hurricane Harvey, Hurricane Irma or Hurricane Maria may remain in the Mortgage Pool. Further, certain Mortgage Loans located outside of the counties designated by FEMA as a major disaster area may be owned by mortgagors whose businesses and places of employment were affected by Hurricane Harvey, Hurricane Irma and Hurricane Maria and may affect such mortgagors' ability to make timely payments on a Mortgage Loan.

The Rate of Losses 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 10.3% of the Mortgage Loans by aggregate Cut-Off Date Balance are secured by properties acquired as second homes or investment properties. Mortgage premises 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 losses than properties that are principal residences. 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 Mortgage Loans 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 a principal residence. 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 mortgaged premises, and any information provided in this Memorandum as to owner occupancy is based solely on the representation made by the related mortgagor in connection with the origination of the related Mortgage Loan and as provided by the Underlying Seller at the time the Mortgage Loan was sold to us.

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

As of the Cut-Off Date, approximately 13.3% of the Mortgage Loans by aggregate 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 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 losses 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

Realized Losses on certain Mortgage Loans may be higher as a result of the related mortgagors' circumstances. Mortgagors of certain Mortgage Loans 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. In addition, as of the Cut-Off Date, approximately 2.3% of the Mortgage Loans by Cut-Off Date Balance were originated under the Home Possible® and Home Possible Advantage® programs. These programs, designed to make responsible homeownership accessible to more first-time homebuyers and other qualified borrowers, offer mortgage loans requiring low down payments for low- to moderate-income homebuyers or buyers in high-cost or underserved communities, and, in certain circumstances, allow for lower than standard mortgage insurance coverage. See *"General Mortgage Loan Purchase and Servicing — Underwriting Standards — Home Possible® and Home Possible Advantage® Mortgages"*. Such programs may result in borrowers with mortgage loans with higher LTVs. These mortgagors may present a greater risk of default as a result of their circumstances. Investors should consider that a higher number of mortgagors that have Mortgage Loans with high LTVs or that are subject to the circumstances described above may result in increased losses on the Mortgage Loans that would result in Realized Losses and Certificate Writedown Amounts being allocated to the Certificates.

Proposals to Acquire Mortgage Loans by Eminent Domain May Adversely Affect Your Certificates

The County Board of Supervisors of San Bernardino, California in 2012 approved a joint exercise of powers agreement among the County of San Bernardino, California, the City of Ontario, California and the City of Fontana, California to establish a joint powers authority (the **"Authority"**) to implement a program to assist homeowners in those jurisdictions who are obligated on residential mortgage loans with outstanding balances in excess of the market value of the mortgaged properties. The proposed program included authorization for the Authority to acquire any such mortgage loans by voluntary purchase or eminent domain and to modify those mortgage loans to allow homeowners to continue to own and occupy their homes. Although the Authority has since rejected such a program, other local governments have taken similar steps to consider how the power of eminent domain could be used to acquire residential mortgage loans.

There is no certainty as to whether any governmental entity will take steps to acquire any mortgage loans under such a program, whether any mortgage loans sought to be purchased will be mortgage loans held in securitization trusts, what purchase price would be paid for any such mortgage loans, and whether additional governmental entities may consider and ultimately pass similar legislation. Any such actions could have a material adverse effect on the market value of residential mortgage-backed certificates such as the Certificates. There is also no certainty as to whether any such action without the consent of investors would face legal challenge, and, if so, the outcome of any such challenge.

If a governmental entity implements a program under which it has the power to acquire residential mortgage loans through the exercise of eminent domain, and the governmental entity proposes to acquire a Mortgage Loan, Freddie Mac, as PC Administrator or Master Servicer, as the case may be, will cause the related Underlying Servicer to obtain a valuation on the related mortgaged property in the form of a broker's price opinion or another valuation method that it deems appropriate. The Master Servicer may also engage a third party to review

each such Mortgage Loan to determine whether the payment offered by such governmental entity is the fair market value of the Mortgage Loan, and it may engage legal counsel to assess the legality of the governmental entity's proposed action and whether there are bona fide legal grounds for contesting the acquisition. Based on the results of these determinations, the Master Servicer may contest such an acquisition through appropriate legal proceedings. These procedures may take substantial time, which could result in delays, increased costs and losses to Certificateholders.

Statutory and Judicial Limitations on Foreclosure Procedures May Delay Recovery in Respect of the Mortgaged Properties and, in Some Instances, Limit the Amount That May Be Recovered by the Underlying Servicers, Resulting in Realized Losses on the Mortgage Loans That Might Be Allocated to the Certificates

Foreclosure procedures may vary from state to state. Two primary methods of foreclosing a mortgage instrument are judicial foreclosure, involving court proceedings, and non-judicial foreclosure pursuant to a power of sale granted in the mortgage instrument. A foreclosure action is subject to most of the delays and expenses of other lawsuits if defenses are raised or counterclaims are asserted. Delays may also result from difficulties in locating necessary defendants. Non-judicial foreclosures may be subject to delays resulting from state laws mandating the recording of notice of default and notice of sale and, in some states, notice to any party having an interest of record in the real property, including junior lienholders. Some states have adopted "anti-deficiency" statutes that limit the ability of a lender to collect the full amount owed on a loan if the property sells at foreclosure for less than the full amount owed. In addition, United States courts have traditionally imposed general equitable principles to limit the remedies available to lenders in foreclosure actions that are perceived by the court as harsh or unfair. The effect of these statutes and judicial principles may be to delay and/or reduce distributions in respect of the Certificates. See *"Certain Legal Aspects of the Mortgage Loans — Foreclosure"*.

Several lawsuits were filed in numerous jurisdictions challenging Freddie Mac's statutory exemption from transfer taxes imposed on the transfer of real property for which Freddie Mac was the grantor or grantee. Many jurisdictions refused to honor Freddie Mac's exemption during the pendency of the lawsuits, requiring the payment of transfer taxes in order to record deeds transferring property to and/or from Freddie Mac following the foreclosure of a mortgage. Freddie Mac successfully defended these lawsuits, and Freddie Mac's statutory exemption from transfer taxes has been upheld by the courts.

Stricter Enforcement of Foreclosure Rules and Documentation Requirements May Cause Delays and Increase the Risk of Loss

Recently courts and administrative agencies have been enforcing more strictly existing rules regarding the conduct of foreclosures and, in some circumstances, have been imposing new rules regarding foreclosures. Some courts have delayed or prohibited foreclosures based on alleged failures to comply with technical requirements. State legislatures have been enacting new laws regarding foreclosure procedures. In some cases, law enforcement personnel have been refusing to enforce foreclosure judgments. At least one county was reported to prohibit foreclosure sales to be conducted on the courthouse steps. In addition, more mortgagors are bringing legal actions, or filing for bankruptcy, to attempt to block or delay foreclosures. As a result, the Underlying Servicers for the Mortgage Loans may be subject to delays in conducting foreclosures and the expense of foreclosures may increase, resulting in delays or reductions in distributions on the Certificates. See *"Certain Legal Aspects of the Mortgage Loans — Foreclosure"*.

Mortgagors have been increasingly successful in challenging or delaying foreclosures based on technical grounds, including challenges based on alleged defects in the mortgage loan documents and challenges based on alleged defects in the documents under which the mortgage loans were securitized. In a number of cases, such challenges have delayed or prevented foreclosures. It is possible that there will be an increase in the number of successful challenges to foreclosures by mortgagors. Curing defective documents required to conduct a foreclosure will cause delays and increase costs, which could result in Realized Losses being allocated to the Certificates. Further, the final servicing rules promulgated by the Consumer Financial Protection Bureau (**"CFPB"**), which took effect on January 10, 2014, and which were revised and amended several times, most recently in August 2016, require servicers, among other things, to exhaust all loss mitigation options made available by owners of the mortgage loans before proceeding with foreclosures, which will have the effect of delaying foreclosures of Mortgage Loans in certain instances.

Insurance Related to the Mortgaged Properties May Not Be Sufficient to Compensate for Losses

Although the mortgaged properties securing the Mortgage Loans may be covered by insurance policies, such as hazard insurance or flood insurance, no assurance can be made that the proceeds from such policies will be used to repay any amounts owed in respect of such Mortgage Loans or will be used to make improvements to the mortgaged properties that have values that are commensurate with the value of any of the damaged improvements. In addition, even though an insurance policy may cover the "replacement cost" of the improvements on any mortgaged property, the proceeds of such insurance policy may not be sufficient to cover the actual replacement cost of such improvements or the appraised value of the improvements on any mortgaged property. No assurance can be given that the insurer related to any insurance policy will have sufficient financial resources to make any payment on any insurance policy or that any such insurer will not challenge any claim made with respect to any such insurance policy resulting in a delay or reduction of the ultimate insurance proceeds, which could have a material adverse effect on the performance of the Certificates. Furthermore, to the extent any mortgaged property becomes an unoccupied REO Property and such vacancy is verified by a property condition certificate (**"PCC"**), Freddie Mac may, but is not obligated to, acquire third-party hazard insurance on such property. In the event Freddie Mac does not maintain hazard insurance on such REO Property, the SPI Trust will incur an incremental Realized Loss, equal to the amount of any costs and expenses related to the repair of such REO Property that would otherwise be covered by insurance. In the event hazard insurance is obtained, insurance premiums will be reimbursed by the SPI Trust to the Master Servicer upon liquidation of the related REO Property.

Mortgage Loans Without Mortgage Insurance Policies Will Not Have the Benefit of Any Mortgage Insurance Credit Amounts to Cover Losses

As of the Cut-Off Date, approximately 67.9% of the Mortgage Loans by aggregate Cut-Off Date Balance do not have the benefit of mortgage insurance. Pursuant to the Guide, each mortgage loan with an original loan-to-value ratio that is greater than 80% is typically required to have a mortgage insurance policy in place when sold to Freddie Mac, except in limited circumstances, including but not limited to (i) when Freddie Mac has obtained an alternative credit enhancement (which alternative credit enhancements do not apply to any of the Mortgage Loans) that, at a minimum, covers Freddie Mac for losses that would have been otherwise covered by the mortgage insurance policy, (ii) if Freddie Mac obtained such mortgage loan in a bulk mortgage loan sale and based on certain limited property related data reviewed, Freddie Mac determined that such mortgage loan had a current loan-to-value ratio of 80% or less, or (iii) where state or local laws limit the ability to require mortgage insurance. The related servicer is required to maintain either a borrower paid or lender paid mortgage insurance policy unless and until the related mortgage loan qualifies for the cancellation of mortgage insurance under the Guide. Borrower paid mortgage insurance generally qualifies for cancellation when the current loan-to-value ratio of a mortgage loan is determined by the related servicer to be 80% or less, subject to borrower performance requirements. Such determination by the related servicer may be based on either the original appraisal or an updated property value. There can be no assurance that such original appraisal or updated property value reflects the current market value of the property at the time of the cancellation of mortgage insurance, and there can be no assurance that the loan-to-value ratio of any Mortgage Loan determined at any time in the future will be less than or equal to the loan-to-value ratio determined in connection with any cancellation of mortgage insurance. Additionally, borrower paid mortgage insurance on mortgage loans secured by 1-unit primary residences or second homes is automatically cancelled, subject to borrower performance requirements, when the mortgage loan balance is scheduled to reach 78% or less of the original value of the mortgaged property. Lender paid mortgage insurance cannot be cancelled. No Mortgage Insurance Credit Amount will be available to cover any losses if a Mortgage Loan becomes a Liquidated Mortgage Loan unless such Mortgage Loan was covered by a mortgage insurance policy as of the Cut-Off Date and such policy was not subsequently cancelled as permitted or required by the Guide. The full claim amount under any available mortgage insurance policy will not be available in the event the mortgage insurer determines the loss associated with the mortgaged property is due to physical damage to such mortgaged property. For further discussion relating to the calculation of LTVs and details as to why certain Mortgage Loans may not have mortgage insurance, see *"General Mortgage Loan Purchase and Servicing — Underwriting Standards — Loan-to-Value Ratio"* herein.

Delays in Liquidation; Liquidation Proceeds May Be Less Than Mortgage Loan Balance

Substantial delays in distribution of principal on the Certificates could be encountered in connection with the liquidation of delinquent Mortgage Loans. Delays in foreclosure proceedings may ensue in certain states experiencing increased volumes of delinquent mortgage loans. Further, reimbursement of advances made by or caused to be made by the Master Servicer (or by the PC Administrator prior to depositing the related PC Participation Interest into the SPI Trust) and liquidation expenses such as legal fees, real estate taxes, accrued delinquent interest and maintenance and preservation expenses will reduce the Net Liquidation Proceeds related to such Mortgage Loans and could result in greater Realized Losses being allocated to the Certificates. Under the Pooling Agreement, the Master Servicer is required to advance, and is entitled to reimbursement of any such advance, interest and principal due, at the related Trust PI Percentage, on each Mortgage Loan that is not a Stop Advance Loan, Servicing Advances and Forgiveness Advances, if any, which could result in a substantial reduction in the amount of any Liquidation Proceeds received with respect to the related Mortgage Loans. For any Mortgage Loan that becomes a Constructive Default Loan and for which Freddie Mac, as Seller, has deposited the PC Participation Interest into the SPI Trust, previous advances of interest and principal made by the PC Administrator in respect of such PC Participation Interest will be deemed to have been made by the Master Servicer.

Helping Families Save Their Homes Act

The Helping Families Save Their Homes Act of 2009, Public Law 111-22, 123 Stat. 1632, effective as of May 20, 2009, amended the Truth in Lending Act (**"TILA"**) to require creditors that are the new owner or assignee of a mortgage loan secured by a borrower's principal dwelling to mail or deliver notice to borrowers of the sale or transfer of their mortgage loan no later than 30 days after a sale or transfer. In implementing this change to TILA, the CFPB amended Regulation Z, effective January 1, 2011 to impose this requirement on a newly defined category of "covered persons", including those who are not creditors, when that covered person acquires a mortgage loan. In connection with the acquisition of each Mortgage Loan by Freddie Mac, Freddie Mac caused the mailing and delivery of these notices reflecting the ownership of the Mortgage Loans by Freddie Mac. No additional notices reflecting ownership of the Mortgage Loans by any other entity will be provided to borrowers. Failure to comply with these notice requirements may result in civil claims for compensatory and punitive damages against the PI Trust. Any judgment against, or settlement by, the PI Trust relating to these violations would reduce the funds otherwise available for distribution to investors, and may result in shortfalls or losses on the Certificates.

Investors Will Be Dependent on Certain Third Parties Performing Their Responsibilities in an Accurate and Timely Manner

The Mortgage Loans are serviced by the Underlying Servicers who have no contractual obligation to the PI Trust or the SPI Trust. Investors are subject to the risks associated with inadequate or untimely servicing for reasons such as errors or miscalculations.

In recent years, many servicers experienced higher delinquencies and defaults than they had historically experienced and, as a result, for those servicers who are still managing larger portfolios of mortgage loans with delinquencies and defaults, there is a risk that their operational infrastructures cannot properly process this increased volume. To the extent an Underlying Servicer fails to fully perform its obligations, the Certificates could experience losses as the Master Servicer has complete discretion as to how to manage the Underlying Servicers. To the extent the Master Servicer decides to transfer servicing of all or a portion of the Mortgage Loans, such transfer could cause a disruption in collections due to data input errors, misapplied or misdirected payments, inadequate mortgagor notification, system incompatibilities and other reasons, which could result in the affected Mortgage Loans experiencing 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 files and records and all the other relevant data have been obtained by the new servicer. Moreover, a delay in the transfer of servicing could in turn delay necessary servicing actions with respect to such Mortgage Loans, which could delay mortgagor payments or reduce the value realized from such Mortgage Loans.

In addition, Certificateholders (including Freddie Mac, other than in its capacities as Master Servicer, Participation Agent, PC Administrator, Master Document Custodian and PI Trustee) do not have the right to directly enforce remedies against an Underlying Servicer and instead must rely on the SPI Trustee or the Master Servicer, as the case may be, to enforce their rights under the Pooling Agreement. If the SPI Trustee or the Master Servicer is required to take action under the terms of the Pooling Agreement, or if the applicable party fails to take action, Certificateholders could experience losses.

To the extent that a Master Servicer Event of Default exists, investors are limited in their rights against the Master Servicer. If such Event of Default occurs and certain conditions are satisfied, holders of more than 50% of the aggregate Voting Rights of all of the Classes of Subordinate Certificates and the Class X Certificate can direct the SPI Trustee to pursue legal remedies against the Master Servicer. The SPI Trustee is required to pursue such actions only under the limited circumstances described in this Memorandum. It may be difficult to obtain the number of Certificateholder votes needed to direct the SPI Trustee to pursue such an action. Furthermore, there can be no assurance that if the SPI Trustee pursues any such action, that such action will be successful. Moreover, FHFA could require Freddie Mac to resign as Master Servicer.

Regulators May Require Freddie Mac to Employ Certain Strategies Which May Result in Losses to Certificates

Real estate properties owned (**"REO Properties"**) by Freddie Mac, as the Participation Agent, will be managed by HomeSteps, a Freddie Mac branded program. FHFA, our regulator and conservator, may require HomeSteps to employ community stabilization strategies, such as maintaining properties at potentially higher than the minimum standards and leasing REO Properties, potentially at below market rents, in lieu of prompt liquidation, to address various national housing policy goals (*e.g.*, to house victims of natural disasters, reduce community blight and related risks to decreased housing prices in a community). While such strategies may have a positive impact on a community by stabilizing prices and reducing crime and vandalism as well as having a macro economic benefit to investors in the housing and mortgage industry as a whole, the additional expenses to employ such strategies and the impact on the ultimate liquidation value of the REO, absent a sufficient rise in housing prices, could result in Realized Losses being allocated to the Certificates.

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 Mortgage Loans cannot be determined at this time. Prospective investors should consider the possible effects on delinquency, default and prepayment experience of the Mortgage Loans. 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.

The Servicemembers Civil Relief Act (the **"Relief Act"**), similar state military relief laws and Freddie Mac's policies relating to servicemembers may require payment reduction or foreclosure forbearance to some mortgagors and their dependents. Moreover, federal and state agencies have deferred, reduced or forgiven and may continue to defer, reduce or forgive payments and delay foreclosure proceedings for mortgage loans to mortgagors affected in some way by possible future military action, deployment or terrorist attacks whether or not they are servicemembers or their dependents. Any such delays with respect to the Mortgage Loans may impact the Certificates. However, any resulting interest rate reductions will not be borne by the SPI Trust or Certificateholders, as the Master Servicer is required to remit interest to the SPI Trust at the Trust Mortgage Rate, which does not give effect to such reduction.

Mortgage Loan Historical Information is Not Indicative of Future Performance of the Mortgage Loans

The information with respect to the Mortgage Loans and Freddie Mac's mortgage loans generally in this Memorandum or otherwise made available to investors is historical in nature and should not be relied upon as indicative of the future performance of the Mortgage Loans. 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 SPI Trust

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 the purchase and servicing of loans, in substantial and unforeseeable ways and have an adverse effect on the Mortgage Loans and the operations of our Underlying Sellers and Underlying Servicers. The Dodd-Frank Act and related current and future regulatory changes could affect the servicing value of the Mortgage Loans, require Freddie Mac and its Underlying Sellers and Underlying Servicers to change certain business practices relating to the Mortgage Loans 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 Mortgage Loans.

Implementation of the Dodd-Frank Act was accomplished through numerous rulemakings by the CFPB and other federal agencies and entities. For example, the CFPB has issued a final rule, which became effective on January 10, 2014, and which was revised and amended several times, most recently in August 2016, specifying the characteristics of a "qualified mortgage". In addition, certain legislative initiatives, if adopted, could modify Dodd-Frank Act requirements and related regulatory requirements. It could be difficult for Freddie Mac and its sellers and servicers, including the Underlying Sellers and Underlying 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 Mortgage Loans, limit default management and our loss mitigation options and lead to an increased likelihood of Certificate Realized Losses or Certificate Writedown Amounts.

Further, the final servicing rules promulgated by the CFPB to implement certain sections of the Dodd-Frank Act, effective January 10, 2014, and which were revised and amended several times, most recently in August 2016, require servicers to, among other things, make good faith early intervention efforts to notify delinquent mortgagors of loss mitigation options and, to the extent that loss mitigation options are offered to mortgagors, to implement loss mitigation procedures and if feasible, exhaust all loss mitigation options before initiating foreclosure. All of the Mortgage Loans secured by principal residences are subject to the CFPB servicing rules. It is possible that an Underlying Servicer's failure to comply with the new servicing protocols could adversely affect the Certificates.

Risks Associated With Mortgage Loan Origination or Ownership

As described in *"— Violation of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans,"* TILA provides that subsequent purchasers of mortgage loans originated in violation of certain requirements specified in TILA may have liability for such violations. As described more fully above under *"— The Dodd-Frank Act and Related Regulation May Adversely Affect Our Business Activities and the SPI Trust"*, the CFPB has issued regulations, which became effective in January 2014, specifying the standards for a "qualified mortgage" that would have the benefit of a safe harbor from such liability if certain requirements are satisfied, or a rebuttable presumption from such liability if only certain of these requirements are satisfied. The regulations apply only to mortgage loans for which an application was received on or after the effective date of January 10, 2014. Except for business purpose loans (approximately 7.2% of the Mortgage Loans by aggregate Stated Principal Balance as of the Cut-Off Date are secured by investor properties and are referred to as "business purpose loans"), which are "exempt", all of the Mortgage Loans are subject to the Ability to Repay Rules (**"ATR Rules"**), which amends Regulation Z to require that creditors make a good faith determination that a consumer will have a reasonable ability to repay a residential mortgage loan according to its terms. Various state and local legislatures may adopt similar or more onerous provisions in the future. We are unable to predict how these laws and regulations relating to assignee liability may affect the value of the Certificates.

Mortgage Loans with High Loan-to-Value Ratios Leave the Related Mortgagors with Little or No Equity in the Related Mortgaged Properties, Which May Result in Delinquencies

Approximately 32.1% of the Mortgage Loans by aggregate Cut-Off Date Balance were originated with loan-to-value ratios greater than 80%. Mortgage Loans with high loan-to-value ratios may present a greater risk of borrower default relative to Mortgage Loans with lower loan-to-value ratios to the extent the mortgagors for the Mortgage Loans with high loan-to-value ratios have limited or no equity in the related mortgaged properties. In addition, an overall decline in the residential real estate market, a rise in interest rates over a period of time and the general condition of the related mortgaged property, as well as other factors, may have the effect of reducing the value of the related mortgaged property from the value at the time the Mortgage Loan was originated and mortgagors may experience reduced incentives to continue making their required monthly payments. If the value of a mortgaged property decreases, the loan-to-value ratio may increase over what it was at the time the related Mortgage Loan was originated, which may further reduce the incentives for the mortgagor to continue their required monthly payment. There can be no assurance that the loan-to-value ratio of any Mortgage Loan determined at any time after origination will be less than or equal to its original loan-to-value ratio. Furthermore, a mortgagor may have obtained at or around the time of origination, or may obtain at any time thereafter, additional subordinate financing, which would further reduce the equity the mortgagor would otherwise have in the related mortgaged property. Investors should consider the risk that Mortgage Loans with high loan-to-value ratios may experience higher rates of delinquencies, and thus higher rates of such Mortgage Loans becoming Constructive Default Loans relative to Mortgage Loans with lower loan-to-value ratios. Higher rates of delinquency may result in higher Realized Losses being allocated to the Certificates.

Governmental Actions May Affect Servicing of Mortgage Loans and May Limit the Underlying Servicer's Ability to Foreclose

The federal government, state and local governments, consumer advocacy groups and others continue to urge servicers to be aggressive in modifying mortgage loans to avoid foreclosure, and federal, state and local governmental authorities have enacted and continue to propose numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly. For example, the CFPB released final rules relating to mortgage servicing, which became effective on January 10, 2014, that prohibit a servicer from, among other things, commencing a foreclosure until a mortgage loan secured by a principal residence is more than 120 days delinquent and could delay foreclosure even beyond that time period if the mortgagor applies for a loss mitigation option, such as a modification (*e.g.*, interest payments on the Mortgage Loans could be reduced and, in certain instances, forgiveness of amounts due under the note). If the rate of modifications due to government actions increase it could have an adverse effect on the Certificates. The final rules, among other things, also require servicers to provide certain notices, follow specific procedures relating to loss mitigation and foreclosure alternatives and establish protocols such as assuring that the mortgagor be able to contact a designated person(s) at the servicer to facilitate communications. In August 2016, the CFPB released final rules that revise and amend provisions regarding force-placed insurance notices, policies and procedures, early intervention and loss mitigation requirements under Regulation X's servicing provisions, prompt crediting and periodic statement requirements under Regulation Z's servicing provisions, and compliance under certain servicing requirements when a person is a potential or confirmed successor in interest, is a debtor in bankruptcy, or sends a cease communication request under the Fair Debt Collection Practices Act. The expense of complying with these new CFPB servicing standards for a servicer may be substantial.

Any of these laws, regulations and rules may provide new defenses to foreclosure, insulate a servicer from liability for modification of loans without regard to the terms of the Guide or result in limitations on upward adjustment of mortgage interest rates, reduced payments by mortgagors, permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable servicing expenses may result in delays in payments on the Mortgage Loans, all of which may lead to increased Realized Losses and Certificate Writedown Amounts. In addition, these laws, regulations and rules may increase the likelihood of a modification of a Mortgage Loan with respect to a delinquent mortgagor rather than a foreclosure.

Several courts and state and local governments and their elected or appointed officials also have taken steps to slow the foreclosure process or prevent foreclosures altogether. A number of these laws have been enacted,

including in California. These laws, regulations and rules will result in delays in the foreclosure process, and may lead to reduced payments by mortgagors or increased reimbursable servicing expenses. For example, on February 9, 2012, HUD, and attorneys general representing 49 states and the District of Columbia reached a settlement agreement with five large mortgage servicers in connection with servicing and foreclosure issues. Consent judgments implementing the agreement were filed in the U.S. District Court in Washington, D.C. in March 2012. The settlement agreement provides for financial relief for homeowners, including mortgage loan principal reduction, refinancing and increased benefits and protections for servicemembers and veterans, and requires a comprehensive reform of mortgage servicing practices for the five servicers. It is possible that future actions against additional servicers will result in similar agreements with similar terms, or that regulations or rules enacted by the CFPB or other governmental entities could require a servicer to implement these types of reforms with respect to the Mortgage Loans. In addition, the State of California enacted in 2012 a "Homeowner's Bill of Rights", which requires similar changes in delinquent loan servicing and foreclosure procedures and creates a private right of action permitting mortgagors to bring legal actions against lenders who violate the law. Any such changes to the servicing procedures could lead to increased Realized Losses (as well as increase the severity of Realized Losses) and therefore result in an increase in Certificate Realized Losses, Certificate Writedown Amounts or reductions in yield.

Certificateholders will bear the risk that future regulatory and legal developments may result in losses on their Certificates. The effect on the Certificates could be more severe if any of these future legal and regulatory developments occur in one or more states in which there is a significant concentration of mortgaged properties.

The long-term impact of the Dodd-Frank Act and related current and future regulatory changes impacting the Mortgage Loans and the financial services industry in general will depend on a number of factors that are difficult to predict, including actions taken by Congress and/or the presidential administration, the ability to successfully implement any changes to business operations, changes in consumer behavior, and Underlying Sellers' and Underlying Servicers' responses to the Dodd-Frank Act and related current and future regulatory changes.

Legislative or Regulatory Actions Could Adversely Affect Our Business Activities, the Mortgage Loans, the PI Trust and/or the SPI Trust

In addition to the Dodd-Frank Act and the possible reform of Freddie Mac and Fannie Mae discussed in this Memorandum, our business operations and those of our sellers and servicers may be adversely affected by other legislative and regulatory actions by federal, state, and local governments, including by legislation or regulatory action that changes the loss mitigation, pre-foreclosure, foreclosure and REO management and disposition 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 Realized Losses and Certificate Writedown Amounts. 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. Freddie Mac and its servicers could be affected by any legislative or regulatory changes that would mandate that Freddie Mac and its servicers pursue foreclosure if they are unable to enter into an alternative to foreclosure or otherwise sell or donate mortgage loans generally to a third party, despite the fact that the foreclosure process and resulting maintenance and disposition of the related REO Property, including any liability and clean-up costs associated with a property, present a risk of ownership (e.g., environmental or similar owner/operator liability) that exceeds the value of the property. These laws and regulatory changes could significantly expand mortgage costs and liabilities leading to negative effects on the PI Trust, the SPI Trust or the Certificateholders. The PI Trust or the SPI Trust 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 forgiveness with respect to certain delinquent Mortgage Loans, any such forgiven amount with respect to a Distribution Date could result in an increased amount of unscheduled principal (to the extent amounts are forgiven), which will lead to an increased amount of principal being paid on the related Certificates for such Distribution Date). These laws and regulations are sometimes created with little or no advance warning

and Freddie Mac and our sellers and servicers may have limited ability to participate in the legislative or regulatory process. In the event that a Mortgage Loan is granted any forgiveness and subsequently defaults, the Master Servicer will be reimbursed from the SPI Trust for any prior Forgiveness Advances.

In August 2014, the SEC adopted substantial revisions to Regulation AB and other rules regarding the offering process, disclosure and reporting for asset-backed securities. Among other things, the changes 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 asset representations reviewer if certain trigger events occur and (iii) periodic assessments of an asset-backed security issuer's continued ability to conduct shelf offerings. Also in August 2014, the SEC issued final rules encompassing a broad category of new and revised rules applicable to NRSROs. These rules include provisions that require (i) issuers or underwriters of rated asset-backed securities to furnish a Form ABS-15G that contains the findings and conclusions of reports of third-party due diligence providers, (ii) third-party due diligence providers to provide a form with certain information to NRSROs regarding their due diligence services, findings and conclusions, and a certification as to their review and (iii) NRSROs to make publicly available the forms provided by any third-party due diligence providers. In addition, pursuant to the Dodd-Frank Act, in October 2014, the SEC and other regulators adopted risk retention rules, effective for non-exempt residential mortgage-backed securities transactions issued on or after December 24, 2015, that require, among other things, that a sponsor, its affiliate or certain other eligible parties retain at least 5% of the credit risk underlying a non-exempt securitization, and in general prohibit the transfer or hedging of, and restrict the pledge of, the retained credit risk. We cannot predict what effect these rules will have on the marketability of asset-backed securities. See *"Description of the Mortgage Loans — Credit Risk Retention"* for a discussion of the application of these rules in this transaction and for the initial credit risk retained by Freddie Mac.

Effective January 1, 2014, EU Regulation 575/2013 imposes on European Economic Area (**"EEA"**) credit institutions and investment firms investing in securitizations issued on or after January 1, 2011, or in securitizations issued prior to that date where new assets are added or substituted after December 31, 2014: (a) a requirement (the **"Retention Requirement"**) that the originator, securitization sponsor or original lender of such securitization has explicitly disclosed that it will retain, on an ongoing basis, a material net economic interest which, in any event, will not be less than 5%; and (b) a requirement (the **"Due Diligence Requirement"**) that the investing credit institution or investment firm has undertaken certain due diligence in respect of the securitization and the underlying exposures and has established procedures for monitoring them on an ongoing basis.

National regulators in EEA member states impose penal risk weights on securitization investments in respect of which the Retention Requirement or the Due Diligence Requirement has not been satisfied in any material respect by reason of the negligence or omission of the investing credit institution or investment firm. If the Retention Requirement or the Due Diligence Requirement is not satisfied in respect of a securitization investment held by a non-EEA subsidiary of an EEA credit institution or investment firm then an additional risk weight may be applied to such securitization investment when taken into account on a consolidated basis at the level of the EEA credit institution or investment firm.

Requirements similar to the Retention Requirement and the Due Diligence Requirement (the **"Similar Requirements"**): (i) apply to investments in securitizations by investment funds managed by EEA investment managers subject to the Alternative Investment Fund Managers Directive (EU Directive 2011/61/EU); (ii) apply to investments in securitizations by EEA insurance and reinsurance undertakings subject to the Solvency II Directive (EU Directive 2009/138/EC, as amended); and (iii) subject to the adoption of certain secondary legislation, will apply to investments in securitizations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities.

None of Freddie Mac, the Initial Purchasers, the Securities Administrator, their respective affiliates or any other person intends to commit to retain on an ongoing basis a material net economic interest in the securitization constituted by the issuance of the Certificates in accordance with the Retention Requirement or to take any other action which may be required by EEA-regulated investors for the purposes of their compliance with the Retention Requirement, the Due Diligence Requirement or Similar Requirements. Consequently, the Certificates are not a suitable investment for EEA credit institutions, investment firms or the other types of EEA regulated investors mentioned above. As a result, the price and liquidity of the Certificates in the secondary market may be

adversely affected. EEA-regulated investors are encouraged to consult with their own investment and legal advisors regarding the suitability of the Certificates for investment.

On September 30, 2015, the European Commission (the **"Commission"**) published a proposal to amend EU Regulation 575/2013 (the **"Draft CRR Amendment Regulation"**) and a proposed regulation relating to a European framework for simple, transparent and standardised securitisation (such proposed regulation, including any implementing regulation, technical standards and official guidelines related thereto, the **"Securitisation Framework"** and, together with the Draft CRR Amendment Regulation, the **"Securitisation Regulation"**) which would, amongst other things, re-cast the EU risk retention rules as part of wider changes to establish a "Capital Markets Union" in Europe. The Presidency of the Council of Ministers of the European Union (the **"Council"**) has also published compromise proposals concerning the Securitisation Regulation. On December 8, 2016, the Economic and Monetary Affairs Committee of the European Parliament (**"ECON"**) agreed to a number of compromise amendments to the Securitisation Regulation (the **"ECON Amendments"**). The next step in the legislative process will be trilogue discussions among the Commission, the Council and representatives of the European Parliament. It is unclear at this time when the Securitisation Regulation will become effective and which, if any, of the ECON Amendments will be included in the final regulations. Investors should be aware that there are material differences between the Retention Requirement, the Due Diligence Requirement and Similar Requirements, which are required under the Securitisation Regulation and the ECON Amendments. The Securitisation Regulation may also enter into force in a form that differs from the published proposals and drafts.

There can therefore be no assurances as to whether the transaction described herein will be affected by a change in law or regulation relating to the Retention Requirement, the Due Diligence Requirement or Similar Requirements, including changes made by the Securitisation Regulation or changes recommended in future reports or reviews. Each prospective investor in the Certificates should therefore make itself aware of the Securitisation Regulation, in addition to any other regulatory requirements that are (or may become) applicable to them and/or with respect to their investment in the Certificates.

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 and the Federal Deposit Insurance Corporation (the **"FDIC"**) 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 Certificate and what impact any such regulatory capital treatment and reporting requirements may have on the liquidity or market value of the Certificates.

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

Risks Associated With the Investment Company Act

The Issuer has not registered with the SEC as an investment company pursuant to the Investment Company Act, in reliance of the exception provided in Rule 3a-7 under the Investment Company Act, although other exceptions may be applicable. The Issuer has been structured with the intent that it not constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act.

If the SEC or a court of competent jurisdiction were to find that the Issuer is required to register as an investment company under the Investment Company Act, but had failed to do so, possible consequences include, but are not limited to, the following: (i) an application by the SEC to a district court to enjoin the violation; and (ii) any contract to which the Issuer is party that is made in violation of the Investment Company Act or whose performance involves such violation may be deemed unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Issuer be subjected to any or all of the foregoing, the Issuer and Certificateholders could be materially and adversely affected.

In December 2013, the banking regulators and other agencies principally responsible for banking and financial market regulation in the United States implemented the final rule under the so-called Volcker Rule

under the Dodd-Frank Act, which in general prohibits "banking entities" (as defined therein) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring certain "covered funds" (broadly defined to include any entity that would be an investment company under the Investment Company Act but for the exemptions provided in Section 3(c)(1) or 3(c)(7) thereof) and certain similar funds and (iii) entering into certain relationships with such funds.

Although the Issuer does not rely upon the exemptions in Section 3(c)(1) or 3(c)(7) of the Investment Company Act for an exemption from being an investment company under the Investment Company Act, the general effects of the final rules implementing the Volcker Rule remain uncertain.

Any prospective investor in the Certificates, including a U.S. or foreign bank or an affiliate or subsidiary thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule and regulatory implementation.

Risks Related to the Potential Elimination or Reduction of the Mortgage-Interest Tax Deduction

Various tax reform proposals continue to circulate in Congress, some of which would change the manner in which home interest deductions are treated. It is unclear whether any of the pending tax reform proposals will be enacted, either piecemeal as revenue raisers or as part of a more comprehensive package of tax reforms. Elimination or further restrictions on the mortgage-interest tax deduction could negatively affect the U.S. housing market, the market value of residential mortgage loans and the Certificates.

Violation of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans

Applicable state and local laws generally regulate interest rates and other charges, require specific disclosure and require licensing of the originator. In addition, other state and local laws, public policy and general principles of equity relating to the protection of consumers, unfair and deceptive practices and debt collection practices may apply to the origination, servicing and collection of the Mortgage Loans.

The Mortgage Loans are also subject to federal laws, including:

- the Federal Truth-in-Lending Act (**"TILA"**) and Regulation Z promulgated thereunder (including the TILA-RESPA Know Before You Owe Integrated Disclosure Rule (**"TRID"**)) for substantially all mortgage loan applications received on or after October 3, 2015, which require specific disclosures to mortgagors regarding the terms of mortgage loans;
- the Homeownership and Equity Protection Act (**"HOEPA"**), as amended by the Dodd-Frank Act, and state, county and municipal "high cost" laws and ordinances enacted to combat predatory or abusive lending;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act, in the extension of credit;
- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the mortgagor's credit experience; and
- the Real Estate Settlement and Procedures Act (**"RESPA"**), as amended, and Regulation X promulgated thereunder, which impose requirements pertaining to the (a) disclosure of certain terms of mortgage loans prior to origination and during the servicing life of the loan, and (b) mitigation and foreclosure activities, among other requirements.

Depending on the provisions of the applicable law and the specific facts and circumstances involved, violations of these federal or state laws, policies and principles may limit the ability to collect all or part of the principal of, or interest on, the Mortgage Loans, may result in a defense to foreclosure or an "unwinding" or rescission of the Mortgage Loans and may entitle the mortgagor to a refund of amounts previously paid, which may reduce the Liquidation Proceeds received with respect to a Mortgage Loan and therefore, may, absent repurchase of the Mortgage Loan by the Seller, increase the Realized Losses allocated to the Certificates. See *"Certain Legal Aspects of the Mortgage Loans"*.

Violations of TRID May Result in Losses

The CFPB has promulgated TRID, which became effective for mortgage loans whose applications were received on or after October 3, 2015. The purpose of TRID is to reconcile and improve overlapping disclosure obligations under TILA and RESPA relating to residential mortgage loans. A number of violations of TRID have been reported in the marketplace since it became effective. There are interpretive uncertainties under TRID, both as to the liability associated with some of the violations and as to whether and how some of the violations may be cured. Although TRID provides for a mechanism to cure certain non-numerical "clerical" errors in the closing disclosure, uncertainties remain as to liability for violating other requirements in the closing disclosure and in the loan estimate, including some minor or technical violations that may not be covered by TRID's cure mechanism. On December 29, 2015, the Director of the CFPB released a letter that provides informal guidance with respect to some of these uncertainties (the **"CFPB Director's Letter"**). The CFPB Director's Letter is not binding on the CFPB, any other regulator or the courts and does not necessarily reflect how courts and regulators, including the CFPB, may view liability for TRID violations in the future. On July 29, 2016, the CFPB proposed amendments to TRID. Comments on the proposed amendments were due by October 18, 2016. The CFPB stated in its notice of proposed rulemaking that it does not intend to further clarify TRID's cure provisions in this rulemaking. No assurance can be given that the results of any final rulemaking by the CFPB will clarify the ambiguities of TRID or that future CFPB rulemaking with respect to TRID's cure provisions, if any, will be consistent with the CFPB Director's Letter.

Liability under TILA for violations of TRID may include actual damages, statutory damages, attorney's fees and court costs. Further, for certain loans, the right of rescission may be extended to three years from consummation if there were errors in certain "material disclosures" required under TRID. Assignees of the mortgage loan may be liable for violating TRID where the violation is apparent on the face of the disclosure and the assignment was voluntary. All of the Mortgage Loans are subject to TRID. Freddie Mac and the Diligence Provider did not conduct a post-purchase mortgage loan file review for any of the Mortgage Loans for technical compliance with TRID; however, consistent with current practices, Freddie Mac and the Diligence Provider did evaluate whether the correct disclosure forms were used in connection with the origination of the Mortgage Loans that were reviewed by Freddie Mac and the Diligence Provider as described herein under *"General Mortgage Loan Purchase and Servicing — Due Diligence Review"*. As a result, it is possible that certain Mortgage Loans that are subject to TRID may have violations of TRID of which Freddie Mac is not aware.

Special Assessments, Energy Efficiency and Homeowner Association Liens May Take Priority Over the Mortgage Lien

Mortgaged properties securing the Mortgage Loans may be subject to the lien of special property taxes and/or special assessments and liens that secure payment of periodic dues to homeowner associations. These liens may be superior to the liens securing the Mortgage Loans, irrespective of the date of the mortgage.

In some instances, individual mortgagors may be able to elect to enter into contracts with governmental agencies for Property Assessed Clean Energy (**"PACE"**) or similar assessments that are intended to secure the payment of energy and water efficiency and distributed energy generation improvements that are permanently affixed to their properties, possibly without notice to or the consent of the mortgagee. These assessments may also have lien priority over the mortgages securing the Mortgage Loans or may survive a foreclosure action, thereby impacting the subsequent disposition of an REO Property subject to a PACE lien. No assurance can be given that any mortgaged property so assessed will increase in value to the extent of the assessment lien. Additional indebtedness secured by the assessment lien would reduce the amount of the value of the mortgaged property available to satisfy the affected Mortgage Loan if certain losses were to occur, and could therefore reduce the Net Liquidation Proceeds received with respect to such Mortgage Loan (and ultimately increase Certificate Realized Losses or Certificate Writedown Amounts).

In numerous states, unpaid dues owed to a homeowner or condominium association may result in a lien on the related mortgaged property that has priority over the lien of a mortgage. If the holder of such a homeowner association lien forecloses on the related mortgaged property, the lien of the mortgage may be extinguished, resulting in losses on the related mortgage loan.

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, 2016, which is incorporated in this Memorandum by reference.

The Conservator May Repudiate Freddie Mac's Contracts and Other Obligations Related to the Certificates

On September 6, 2008, the FHFA was appointed Freddie Mac's conservator by the FHFA director. See *"Freddie Mac — Conservatorship and Related Matters"*. The conservator has the right to transfer or sell any asset or liability of Freddie Mac, without any approval, assignment or consent. If the conservator were to transfer Freddie Mac's obligations (including any repurchase and indemnification obligations as Seller) to another party, holders of the Certificates would have to rely on that party for satisfaction of such repurchase and indemnification obligations and would be exposed to credit risk of that party. Freddie Mac, in various capacities in this transaction, has certain obligations with respect to the Mortgage Loans, including but not limited to making advances of interest and principal and, in certain situations, repurchasing Participation Interests held in the SPI Trust. If the Conservator were to transfer any of Freddie Mac's obligations to another party, Certificateholders would have to rely on that party for satisfaction of such obligations and would be exposed to credit risk of that party.

Future Legislation and Regulatory Actions Will Likely Affect the Role of Freddie Mac

Future legislation will likely materially affect the role of Freddie Mac, its business model, its structure and future results of operations. Some or all of Freddie Mac's functions could be transferred to other institutions, and it could cease to exist as a stockholder-owned company or at all.

On February 11, 2011, the Obama Administration delivered a report to Congress that laid out its 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 Fannie Mae, stating that the Obama Administration would 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 recommends using a combination of policy levers to wind down Freddie Mac and Fannie Mae, shrink the government's footprint in housing finance, and help bring private capital back to the mortgage market, including: (i) increasing guarantee fees; (ii) increasing private capital ahead of Freddie Mac and Fannie Mae guarantees and phasing in a 10% down payment requirement; (iii) reducing conforming loan limits; and (iv) winding down Freddie Mac and Fannie Mae's investment portfolios. On January 20, 2017, a new presidential administration took office. We have no ability to predict what regulatory and legislative policies or actions this presidential administration will pursue with respect to Freddie Mac.

In addition to legislative actions, FHFA has expansive regulatory authority over Freddie Mac, and the manner in which FHFA will use, or may be directed to use, its authority in the future is unclear. FHFA could take a number of regulatory actions that could materially adversely affect Freddie Mac, such as changing or reinstating current capital requirements, which are not binding during conservatorship.

FHFA Could Terminate the Conservatorship by Placing Us into Receivership, Which Could Adversely Affect Our Performance under the Pooling Agreement and the PI Trust 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.

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 Freddie Mac was

placed 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 its obligations in the ordinary course of business; a weakening of its condition due to unsafe or unsound practices or conditions; critical undercapitalization; the likelihood of losses that will deplete substantially all of its capital; or by consent. A receivership would terminate the conservatorship. The appointment of FHFA (or any other entity) as Freddie Mac's receiver would terminate all rights and claims that its creditors may have against Freddie Mac's assets or under its charter arising as a result of their status as creditors, other than the potential ability to be paid upon Freddie Mac's liquidation. Unlike a conservatorship, the purpose of which is to conserve Freddie Mac's assets and return it to a sound and solvent condition, the purpose of a receivership is to liquidate Freddie Mac's assets and resolve claims against Freddie Mac.

In the event of a liquidation of Freddie Mac's assets, there can be no assurance that there would be sufficient proceeds to pay the secured and unsecured claims of the company, repay the liquidation preference of any series of its preferred stock or make any distribution to the holders of its common stock. To the extent that Freddie Mac is placed in receivership and does not or cannot fulfill its contractual obligations to the holders of its mortgage-related securities, including the Certificates, such holders could become unsecured creditors of Freddie Mac with respect to claims made under Freddie Mac's contractual obligations.

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 Pooling Agreement or the PI Trust 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 Certificates under the Pooling Agreement or the PI Trust 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. Any deterioration in our financial position and any discontinued support of the Treasury could impact our performance under the PI Trust Agreement and the Pooling Agreement. See *"Freddie Mac — Purchase Agreement."*

Freddie Mac's Changes in Business Practices May Negatively Impact the Certificateholders

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 Memorandum. 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, or its Conservator, 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 Certificateholders. See *"General Mortgage Loan Purchase and Servicing — Freddie Mac Quality Control Process"*. Moreover, Freddie Mac has the sole discretion to change its current practice with respect to repurchasing mortgage loans, including the PC Participation Interests, from PC

trusts, which could affect when a Mortgage Loan becomes a Constructive Default Loan. In undertaking any changes to its practices or its policies and procedures, Freddie Mac may exercise complete discretion and may undertake changes that negatively impact the Certificateholders 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 Certificates

The Certificates May Not Be Repaid in Full

The Certificates do not represent obligations of any person or entity other than the SPI Trust and do not represent a claim against any assets other than those of the SPI Trust. No governmental agency or instrumentality or any other person will guarantee or insure distributions on the Certificates. If the SPI Trust is unable to make distributions on the Certificates, no other assets will be available to you for payment of the deficiency, and you will bear the resulting loss. Moreover, as described herein, investors may suffer losses on certain of the Certificates to the extent that certain scheduled principal payments on the Mortgage Loans are diverted to cover interest shortfalls resulting from interest rate modifications or reimbursement of Expenses.

Credit Support Available to the Subordinate Certificates Is Limited and May Not Be Sufficient to Prevent Loss

Although subordination provided by (i) the Class B, Class M-2 and Class M-1 Certificates for the benefit of the Class X Certificate, (ii) the Class B and Class M-2 Certificates for the benefit of the Class M-1 Certificates, and (iii) the Class B Certificates for the benefit of the Class M-2 Certificates is intended to reduce the risk of exposure of the Certificates to the reduction of their Class Principal Amounts from the allocation of Realized Losses and Certificate Writedown Amounts, the amount of such subordination will be limited and may decline under certain circumstances described in this Memorandum. Further the Class B Certificates are subordinate to all the other Classes of Certificates and therefore the Class B Certificates do not benefit from any credit enhancement.

Because the Class B Certificates are subordinate to the Class M-2, Class M-1 and Class X Certificates, the Class B Certificates will be more sensitive than the Class M-2, Class M-1 and Class X Certificates to the allocation of Realized Losses and Certificate Writedown Amounts. Similarly, because the Class M-2 Certificates are subordinate to the Class M-1 and Class X Certificates, the Class M-2 Certificates will be more sensitive than the Class M-1 and Class X Certificates to the allocation of Realized Losses and Certificate Writedown Amounts after the Class Principal Amount of the Class B Certificates is reduced to zero. Further, because the Class M-1 Certificates are subordinate to the Class X Certificate, the Class M-1 Certificates will be more sensitive than the Class X Certificate to the allocation of Realized Losses and Certificate Writedown Amounts after the Class Principal Amount of the Class M-2 Certificates is reduced to zero.

The Certificates, including interest thereon, are not guaranteed by Freddie Mac or by the United States and do not constitute debts or obligations (or interests in debts or obligations) of the United States or any agency or instrumentality of the United States.

Moreover, certain principal payments on the Mortgage Loans backing the Participation Interests in the SPI Trust may be included in the Interest Remittance Amount and distributed to Certificateholders as interest, thereby eliminating or reducing interest shortfalls to the Certificates (other than the Class B Certificates) resulting from reimbursement of Expenses or modifications to Mortgage Loans that provide for interest rate reductions. See *"Description of the Certificates — Modifications and Expenses"*. Any such principal payments that are remitted to Certificateholders in the form of interest will result in an equal amount of Realized Loss allocated to the Class B Certificates, thereby reducing credit support to the other Certificates.

Changes in the Market Value of the Certificates May Not Be Reflective of the Performance or Anticipated Performance of the Mortgage Loans

The market value of the Certificates 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 Mortgage Loans. 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 Mortgage Loans can adversely and materially affect the market value of the Certificates.

Legal and Regulatory Provisions Affecting Investors Could Adversely Affect the Liquidity of the Certificates, Which May Limit Investors' Ability to Sell the Certificates

We note that regulatory or legislative provisions applicable to certain investors may have the effect of limiting or restricting their ability to hold or acquire securities such as the Certificates, which in turn may adversely affect the ability of investors in the Certificates who are not subject to those provisions to resell their Certificates in the secondary market. For example, Section 619 of the Dodd-Frank Act added a provision, commonly referred to as the **"Volcker Rule"**, to federal banking laws to generally prohibit various covered banking entities from, among other things, engaging in proprietary trading in securities and derivatives, subject to certain exemptions. Section 619 became effective on July 21, 2012, and final regulations were issued on December 10, 2013. Conformance with the Volcker Rule's provisions was required by July 21, 2015. The Volcker Rule and those regulations restrict certain purchases or sales of securities generally and derivatives by banking entities if conducted on a proprietary trading basis. The Volcker Rule's provisions may adversely affect the ability of banking entities to purchase and sell the Certificates.

The Certificates May be Retired Early

The Certificates may be retired early if we exercise our right of Optional Termination as described under "*Summary of Terms — Optional Termination*" and *"Description of the Certificates — Principal Distribution on the Maturity Date"* in the Memorandum. Any such Optional Termination may result in the receipt of principal on or allocation of Realized Losses to the Certificates prior to the Final Scheduled Distribution Date or the date anticipated by investors and may reduce prospective investors' yield or cause prospective investors to incur losses on investments in the Certificates.

A Reduction, Withdrawal or Qualification of the Ratings on the Rated Certificates, or the Issuance of an Unsolicited Rating on the Rated Certificates, May Adversely Affect the Market Value of Those Certificates and/or Limit an Investor's Ability to Resell Those Certificates

We have engaged the Rating Agency and will pay them a fee to assign ratings on the Class M-1 and Class M-2 Certificates. We have not engaged any other nationally recognized statistical rating organization (**"NRSRO"**). We note that the Rating Agency may have a conflict of interest where, as is the industry standard and the case with the rating of such Rated Certificates, the issuer pays the fees charged by the engaged Rating Agency for their ratings services. We are not aware that any other NRSRO has assigned ratings on the Rated Certificates. However, under effective SEC rules, information provided by or on behalf of us to an engaged NRSRO for the purpose of assigning or monitoring the ratings on the Rated Certificates is required to be made available to all NRSROs in order to make it possible for non-engaged NRSROs to assign unsolicited ratings on the Rated Certificates. An unsolicited rating could be assigned at any time, including prior to the Closing Date, and none of Freddie Mac, the Initial Purchasers or any affiliates of the Initial Purchasers will have any obligation to inform you of any unsolicited ratings assigned after the date of this Memorandum. NRSROs, including the Rating Agency, have different methodologies, criteria, models and requirements. If any non-engaged NRSRO assigns unsolicited ratings on the Rated Certificates or issues other commentary on the Rated Certificates, there can be no assurance that such ratings will not be lower than the ratings provided by the Rating Agency or that the commentary will not imply a lower rating, which may adversely affect the market value of the Rated Certificates and/or limit an investor's ability to resell the Rated Certificates. In addition, if we fail to make available to the non-engaged NRSROs any information provided to the Rating Agency for the purpose of assigning or monitoring the ratings on the Rated Certificates, the Rating Agency could withdraw its ratings on the Rated Certificates, which may adversely affect the market value of those Certificates and/or limit an investor's ability to resell the Certificates.

The Ratings on the Rated Certificates May Not Reflect All Risks

The ratings on the Class M-1 and Class M-2 Certificates may not reflect the potential impact of all risks related to the structure of, or the market for, such Rated Certificates, or the additional factors discussed herein and other factors that may affect the value of such Rated Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the Rating Agency. Investors should be aware that legislative, regulatory or other events involving Freddie Mac could negatively affect the ratings of the Rated Certificates.

The Class X Certificate, the Class B Certificates and the Residual Certificate Will Not Be Rated by the Rating Agency on the Closing Date

We have not engaged a NRSRO to rate the Class X Certificate, the Class B Certificates or the Residual Certificate 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 Class X Certificate, the Class B Certificates and the Residual Certificate and thus may affect the market value of such Certificates. In addition, the lack of a rating may reduce the potential for, or increase the cost of, financing the purchase and/or holding of the Class X Certificate, the Class B Certificates and the Residual Certificate. Investors subject to capital requirements may be required to hold more capital against the Class X Certificate, the Class B Certificates or the Residual Certificate than would have been the case had such Class of Certificates been rated. An unsolicited rating could be assigned to the Class X Certificate, the Class B Certificates or the Residual Certificate and none of Freddie Mac, the Initial Purchasers or any affiliates of the Initial Purchasers will have any obligation to inform you of any such unsolicited rating. In addition, if in the future Freddie Mac were to issue certificates similar to the Class X Certificate, the Class B Certificates and the Residual Certificate 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 Class X Certificate, the Class B Certificates and the Residual Certificate may be impaired because they are not so rated.

There May be Limited Liquidity of the Certificates, Which May Limit Investors' Ability to Sell the Certificates

The Certificates will constitute classes of securities issued in the first transaction of this type. The Certificates are not required to be listed on any national securities exchange or traded on any automated quotation systems of any registered securities association. The Initial Purchasers will have no obligation to make a market in the Certificates. As a result, there can be no assurance as to the liquidity of the market that may develop for the Certificates, or if it does develop, that it will continue. It is possible that investors who desire to sell their Certificates 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 Certificates 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 Certificates.

We make no representation as to the proper characterization of the Certificates for legal investment, regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Certificates under applicable legal investment or other restrictions or as to the consequences of an investment in the Certificates for such purposes or under such restrictions. The liquidity of trading markets for the Certificates 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 Certificates independent of the credit performance of the Mortgage Loans. We have no obligation to continue to issue securities similar to the Certificates or with similar terms. 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 Certificates.

Investors Have No Direct Right to Enforce Remedies

Certificateholders (including Freddie Mac, other than in its capacities as Master Servicer and PC Administrator) do not have the right to institute any action against an Underlying Servicer or Underlying Seller.

These provisions may limit your personal ability to enforce the provisions of the Pooling Agreement. In no event will the Certificateholders have the right to direct the PC Administrator, the PI Trustee, the Participation

Agent, the Master Servicer or the SPI Trustee to investigate an Underlying Servicer, to inspect the mortgage loan files or servicing files, or to review whether or not a breach of a representation or warranty has occurred. With respect to an Underlying Servicer, Freddie Mac will have the sole discretion (i) to determine whether to undertake an investigation or review, (ii) upon undertaking such investigation or review, to determine whether an Underwriting Finding exists, and (iii) upon concluding that an Underwriting Finding exists, to determine whether to terminate the Underlying Servicer, impose additional requirements or waive requirements of the Underlying Servicer.

A Master Servicer Event of Default will not trigger a removal of Freddie Mac from the role of Master Servicer. A Certificateholder's sole course of action in such event is for Certificateholders representing more than 50% of the aggregate Voting Rights of all of the Classes of Subordinate Certificates and Class X Certificate to vote to request the SPI Trustee to take legal action to enforce the Master Servicer's obligation. To the extent that such vote does not occur, you will have no remedies upon a Master Servicer Event of Default. Certificateholders may not be successful in obtaining the required percentage of votes because it may be difficult to locate enough investors to achieve the required voting thresholds.

One or more purchasers of Certificates may purchase substantial portions of one or multiple Classes of Certificates. If any Certificateholder or group of Certificateholders holds more than 50% of the aggregate Voting Rights of the Classes of Subordinate Certificates and disagrees with any proposed action, suit or proceeding requiring consent of more than 50% of the aggregate Voting Rights of the Classes of Subordinate Certificates, that Certificateholder or group of Certificateholders may block the proposed action, suit or proceeding. In some circumstances, the holders of a specified percentage of the Certificates 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 Certificates, regardless of whether you agree with such direction, consent or approval.

Legality of Investment

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

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

The Subordinate Certificates will be issued as Book-Entry Certificates and will be held through the book-entry system of DTC, and, as applicable, Euroclear and Clearstream. Transactions in the Book-Entry Certificates 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 Book-Entry Certificates to entities that do not participate in the DTC, Euroclear or Clearstream system, or to otherwise act with respect to the Certificates, may be limited due to the lack of a physical certificate for such Book-Entry Certificates,
- under a book-entry format, an investor may experience delays in the receipt of distributions, because distributions will be made by the Securities Administrator to DTC, Euroclear or Clearstream and not directly to an investor,
- investors' access to information regarding the Book-Entry Certificates 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 distributions on Book-Entry Certificates in the event of misapplication of distributions 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 Certificates, see *"Description of The Certificates — Form, Registration and Transfer of the Certificates*".

The SPI Trust or the REMIC Pool Could be Subject to Federal Income Tax

On the Closing Date, we will receive an opinion from Shearman & Sterling LLP generally to the effect that, assuming compliance with the PI Trust Agreement, the PC Trust Agreement, the Pooling Agreement and other relevant transaction documents, (i) the REMIC Pool will be classified as a REMIC for federal income tax purposes and (ii) (a) the overall arrangement pursuant to which the SPI Trust owns Participation Interests in the Mortgage Loans and, with respect to each such Mortgage Loan, accepts potential credit losses with respect to the entire Mortgage Loan, will be treated as a senior subordinated grantor trust arrangement for federal income tax purposes and (b) none of that arrangement or any portion thereof or the SPI Trust or any portion thereof will be a publicly traded partnership, a taxable mortgage pool or an association taxable as a corporation, each for federal income tax purposes.

Potential investors in the Certificates should be aware that there is no relevant authority that directly addresses the federal income tax characterization of the SPI Trust, and we have received no ruling from the Internal Revenue Service (**"IRS"**) in connection with the issuance of the Certificates. Accordingly, the federal income tax characterization of the SPI Trust is not certain. Furthermore, opinions of counsel are not binding on the IRS. The treatment of the SPI Trust and the arrangement pursuant to which the SPI Trust owns Participation Interests in the Mortgage Loans is not binding on the IRS, and the IRS may treat the SPI Trust, the arrangement or some portion thereof in some other manner that would subject the SPI Trust to taxation as a corporation for federal income tax purposes. Any tax imposed on the SPI Trust would reduce cashflow that would be available to make payments on the Certificates and could cause losses which could adversely affect the Certificates. Potential investors should consult their own tax advisors regarding the Certificates.

In addition, pursuant to the Pooling Agreement, a REMIC election is required to be made in respect of the REMIC Pool. Under the Code, if during any taxable year, an entity intending to qualify as a REMIC fails to satisfy one or more of the REMIC requirements, then such entity will not be treated as a REMIC for that taxable year or any taxable year thereafter. If the REMIC Pool were not a REMIC for federal income tax purposes, it likely would be treated as a corporation subject to federal income tax at corporate rates on its taxable income (generally, the income from the Credit Participation Interests, reduced by the interest deductions, if any, on any Subordinate Certificates treated as debt for federal income tax purposes). The corporation could not be consolidated with any other entity for federal income tax purposes. The Subordinate Certificates would be treated either as debt instruments or stock in a corporation. Lack of REMIC status likely would cause the amount of cashflow available with respect to the Subordinate Certificates to be substantially reduced and could also result in the beneficial owners of the reclassified Subordinate Certificates recognizing income and other tax items with respect to their Subordinate Certificates that differ significantly, in amount, timing and character, from that recognized were such Subordinate Certificates treated, in whole or in part, as REMIC regular interests for federal income tax purposes. Any such consequences could be materially adverse to such Certificateholders. See "*Certain Federal Income Tax Consequences*" herein.

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

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. In addition, on October 10, 2014, S&P downgraded Finland's sovereign debt rating to AA+ from AAA, citing weak economic development and on January 26, 2015, S&P downgraded Russia's sovereign debt rating to BB+ from BBB–, citing the Russian Federation's weakened monetary policy flexibility and economic growth prospects. Also, on August 5, 2011, S&P lowered the long-term sovereign credit rating of U.S. government debt obligations from AAA to AA+ and on August 8, 2011, S&P downgraded the long-term credit ratings of U.S. government-

sponsored enterprises. In addition, on June 23, 2016, the United Kingdom voted to exit the Eurozone. As a result, S&P downgraded the United Kingdom's credit rating from AAA to AA and Fitch Ratings, Inc. (**"Fitch"**) changed its rating from AA+ to AA. It is uncertain what effect this vote to exit the Eurozone will have on the remaining countries in the Eurozone or on the value or liquidity of the Certificates.

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 Certificates.

The Interests of Freddie Mac, the Initial Purchasers and Others May Conflict With and be Adverse to the Interests of the Certificateholders

Freddie Mac Will Serve in Various Roles in the PI Trust, the PC Trusts and the SPI Trust

Freddie Mac will serve in a number of capacities with respect to the SPI Trust, the PI Trust and the PC Trusts. With respect to the SPI Trust, Freddie Mac will be the Seller, Master Servicer and Custodian. With respect to the PI Trust, Freddie Mac will be the PI Trustee, PC Administrator, Master Servicer, Master Document Custodian, Participation Agent and Depositor. With respect to each PC Trust, Freddie Mac will be the Depositor, Trustee, Guarantor and Administrator. The PC Master Trust Agreement pursuant to which our PCs are issued provides that in determining whether a mortgage will be repurchased from the related PC Trust, we may in our capacities as the Administrator under the PC Master Trust Agreement and Guarantor under the PC Master Trust Agreement of our PCs consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator) and possible exposure under our guarantee (in the case of the Guarantor). There is no independent third party engaged with respect to the PCs or Certificates to monitor and supervise our activities in our various roles. In connection with our roles as the Administrator and Guarantor of the PCs that we issue, we may take certain actions with respect to the Mortgage Loans that may adversely affect holders of the Certificates. Similar conflicts between our various roles in the transactions and related securities and the interests of Certificateholders could result.

The Relationships Among Freddie Mac, Servicers and Sellers are Multifaceted and Complex

We have various multifaceted and complex relationships with our servicers and sellers. This complexity increased as a result of the economic conditions experienced in 2007 and the periods that followed and as a result of disputes regarding various matters, including responsibility for deteriorations in the value of mortgage loans and mortgage securities. We purchase a significant portion of our mortgage loans from several lenders. These lenders are among the largest mortgage loan originators in the U.S. Further, we have many other relationships with these parties or their affiliates, including as counterparties to debt funding and derivative transactions. As discussed in more detail below, these various relationships can create circumstances, including disputes, that result in interests and incentives that are or may be inconsistent with or adverse to the interests of holders of mortgage securities, including the Certificates.

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

In conducting our business, including the acquisition, financing, securitization and servicing of mortgage loans, we maintain on-going relationships with our sellers and servicers. As a result, while we may have contractual rights to enforce obligations that our sellers and servicers 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 servicers and maximizing interests of the taxpayers) without taking into account the interests of the Certificateholders. In 2011, FHFA, as Conservator for Freddie Mac and Fannie Mae, filed lawsuits against various financial institutions and related defendants seeking to recover losses and damages allegedly sustained by Freddie Mac and Fannie Mae as a result of their investments in certain mortgage securities issued or sold by these financial institutions or their affiliates. These institutions include some of our largest sellers, servicers and underwriters, including the Initial Purchasers for this offering. In these actions, FHFA claimed that the sellers, and various affiliates, made misrepresentations regarding mortgage loans that backed the residential mortgage-backed securities purchased by Freddie Mac and Fannie Mae. These actions include claims under various state

and federal statutes and with respect to some of these actions, claims under state common law theories such as fraud, fraudulent inducement, fraudulent concealment, negligent misrepresentation, and aiding and abetting fraud. The claims are predicated upon various factual allegations, including that the offering materials for the mortgage securities issued in connection with the securitizations falsely represented, among other things: (1) various characteristics of the mortgage loans (including loan-to-value and debt-to-income ratios and home occupancy status); and (2) that the mortgage loans were originated in accordance with certain underwriting guidelines. In connection with these lawsuits, our Conservator has taken the position that mortgage loan originators abandoned their own underwriting standards and issued loans without regard to borrowers' ability to repay them. In addition, Freddie Mac has directed certain trustees to file lawsuits against certain sellers of mortgage loans alleging breach of contract with respect to certain residential mortgage-backed securities purchased by Freddie Mac between 2006 and 2008. 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 in conducting our business may be adverse to the interests of the Certificateholders. Freddie Mac, through the issuance of the Certificates (other than the Residual Certificate) is transferring certain credit risk that it would otherwise bear with respect to the Mortgage Loans to the extent that the Class Principal Amounts of the Certificates are subject to absorbing Realized Losses as described in this Memorandum. We, in our capacity as (i) Master Servicer and PC Administrator, may take action or refrain from taking any action, that may not be in the best interests of the Certificateholders but may be required by FHFA or law. Such action may include revising provisions of the Guide to provide for alternative modification programs or to provide less or more stringent servicing requirements. See *"— Risks Relating to the Mortgage Loans — Servicers May Not Follow the Requirements of the Guide and Servicing Standards May Change Periodically"* above. In implementing new provisions in the Guide, we do not differentiate between the Mortgage Loans held by the PI Trust or mortgage loans backing any other Freddie Mac issued securities or owned by Freddie Mac. In addition, in connection with our various roles, we will be acting solely for our own benefit and not as agent or fiduciary on behalf of investors. Also, there is no independent third party engaged with respect to the Certificates to monitor and supervise our activities as Master Servicer.

Potential Conflicts of Interest of the Initial Purchasers and their Affiliates

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

The Initial Purchasers 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 Initial Purchasers 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 Certificates, and do so without consideration of the fact that the Initial Purchasers acted as Initial Purchasers for the Certificates. Such transactions may result in the Initial Purchasers 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 Initial Purchasers 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 Certificates. The positions of the Initial Purchasers and their respective affiliates or their clients in such derivative transactions may increase in value if the Certificates default or decrease in value. In conducting such activities, none of the Initial Purchasers or their respective affiliates will have any obligation to take into account the interests of the holders of the Certificates or any possible effect that such activities could have on them. The Initial Purchasers 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 Certificates or the holders of the Certificates. Additionally, none of the Initial Purchasers and their respective affiliates will have any obligation to disclose any of these securities or derivatives transactions to you in your capacity as a Certificateholder.

To the extent the Initial Purchasers or one of their respective affiliates makes a market in the Certificates (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 Certificates. 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 Certificates. The prices at which the Initial Purchasers or one of their respective affiliates may be willing to purchase the Certificates, if they make a market for the Certificates, will depend on market conditions and other relevant factors and may be significantly lower than the issue prices for the Certificates and significantly lower than the prices at which they may be willing to sell the Certificates.

Furthermore, the Initial Purchasers expect that a completed offering will enhance their ability to assist clients and counterparties in transactions related to the Certificates and in similar transactions (including assisting clients in additional purchases and sales of the Certificates and hedging transactions). The Initial Purchasers 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 Initial Purchasers' relationships with various parties, facilitate additional business development and enable them to obtain additional business and to generate additional revenue.

None of the Initial Purchasers nor their respective affiliates will have any obligation to monitor the performance of the Certificates or the actions of Freddie Mac, in any capacity, the Underlying Sellers, the Underlying Servicers, the Securities Administrator or any other transaction party and will have no authority to advise any such party or to direct their actions.

Furthermore, as set forth in the table below, one of the Initial Purchasers is affiliated with the specified Underlying Seller and Underlying Servicer of Mortgage Loans and the aggregate Cut-Off Date Balance of the Mortgage Loans purchased from and serviced by such Underlying Seller and Underlying Servicer exceeded 1% of the aggregate Cut-off Date Balance of the Mortgage Loans.

Initial Purchaser	Affiliated Underlying Seller and Underlying Servicer	% of Mortgage Loans (by Cut-Off Date Balance)
Wells Fargo Securities, LLC	Wells Fargo Bank, N.A.	13.9%

In such capacities as an affiliated seller and servicer, the interests of the above-referenced Underlying Seller and Underlying Servicer with respect to the Mortgage Loans may be adverse to the interests of the Certificateholders. In its roles as seller and servicer, the above-referenced Underlying Seller and Underlying Servicer is not obligated to consider the interests of the Certificateholders in taking or refraining from taking any action. It is expected that Wells Fargo Bank, N.A. will continue to act as a seller and/or servicer for mortgage loans that are not included in the PI Trust.

There May Be Conflicts of Interest Between the Classes of Certificates

There may be conflicts of interest between the Classes of Certificates due to differing distribution priorities and terms. Investors in the Certificates should consider that certain decisions may not be in the best interests of each Class of Certificates and that any conflict of interest among different Certificateholders may not be resolved in favor of investors in the Certificates. For example, Certificateholders 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 Certificateholders. Moreover, Freddie Mac will initially retain 5% of the initial Class Principal Amount of each of the Class M-1, Class M-2 and Class B Certificates and 100% of the Class X Certificate. Freddie Mac may also purchase, repurchase or otherwise acquire some or all of any Class of Certificates in the open market or otherwise. In addition, to the extent Freddie Mac continues to retain the Class X Certificate, any Class X Certificate Writeup Amount will increase the voting rights held by Freddie Mac. Freddie Mac will have the same right to exercise voting rights with respect to the Certificates it holds as other investors and any voting interest of the Classes retained by Freddie Mac could be exercised by Freddie Mac in a manner that could adversely impact the Certificates.

Variability of Yield

The yield to maturity of the Class X and Subordinate Certificates will be extremely sensitive to the Realized Loss experience on the Mortgage Loans and will be progressively more sensitive to the rate and timing of

mortgagor defaults and the severity of ensuing Realized Losses on the Mortgage Loans. In addition, delinquencies not advanced by or on behalf of the Master Servicer, shortfalls arising from interest rate modifications on the Mortgage Loans, shortfalls in interest received in the event of a prepayment or liquidation between due dates, to the extent the Master Servicer fails to pay Compensating Interest, and other shortfalls in collections of interest on the Mortgage Loans will adversely affect the yield on the Class X and Subordinate Certificates. Certain loss scenarios could lead to the failure of the investors in the Class X and Subordinate Certificates to fully recover their investment.

The Subordinate Certificates are subordinated in right of payment to the Class X Certificate. The rights of the holders of each Class of the Subordinate Certificates to receive distributions with respect to the Mortgage Loans underlying the Participation Interests will be further subordinated to such rights of the holders of the Class or Classes of Subordinate Certificates that are senior to such Class of Subordinate Certificates. For information on the allocation of Realized Losses and Certificate Writedown Amounts, see "*Description of the Certificates — Principal — Reductions in Class Principal Amounts Due to Allocation of Realized Losses"* and *"— Reductions in Class Principal Amounts due to Allocation of Certificate Writedown Amounts"* herein. There is no credit enhancement to protect the holders of the Class B Certificates against Realized Losses or Certificate Writedown Amounts.

The yield to maturity on the Class X Certificate and Subordinate Certificates will also be affected by the rate and timing of payments of principal (including principal prepayments, defaults and liquidations) on the Mortgage Loans. Investors should note that any Class X Certificate Writeup Amount allocated to the Class X Certificate resulting from the deposit of one or more PC Participation Interests into the SPI Trust subsequent to the Closing Date will defer principal distributions to the Subordinate Certificates and increase the risk that Realized Losses are allocated to the Subordinate Certificates.

If prepayments occur faster for Mortgage Loans with higher mortgage rates than for Mortgage Loans with lower mortgage rates, the Net WAC will be reduced, which would in turn reduce the rate at which interest accrues on the Subordinate Certificates.

Allocation of Realized Losses and Certificate Writedown Amounts

As described under "*Description of the Certificates — Principal — Reductions in Class Principal Amounts Due to Allocation of Realized Losses"* and *"— Reductions in Class Principal Amounts Due to Allocation of Certificate Writedown Amounts",* Realized Losses on the Mortgage Loans and Certificate Writedown Amounts will be allocated, *first*, to reduce the Class Principal Amount of the Class B Certificates until such amount has been reduced to zero; *second*, to reduce the Class Principal Amount of the Class M-2 Certificates until such amount has been reduced to zero; *third*, to reduce the Class Principal Amount of the Class M-1 Certificates until such amount has been reduced to zero and, *fourth,* to reduce the Class Principal Amount of the Class X Certificate until such amount has been reduced to zero. Any such reduction to a Class of Certificates will result in a permanent loss of the right to receive distributions to which the holders of such Class of Certificates otherwise would have been entitled in the absence of such a reduction. In addition, any such reduction will result in a future reduction of interest distributions, because interest at the applicable Class Coupon will be accruing on a lower Class Principal Amount. If the purchaser of a Certificate calculates its anticipated yield based on an assumed rate of default and an amount of Realized Losses that is lower than the default rate and the amount of Realized Losses actually incurred, its actual yield to maturity may be lower than that so calculated and could be negative. The timing of defaults and Realized Losses will also affect an investor's actual yield to maturity, even if the average rate of defaults and severity of Realized Losses are consistent with an investor's expectations. In general, the earlier a Realized Loss occurs, the greater the effect on an investor's yield to maturity.

Moreover, certain principal payments on the Mortgage Loans backing the Participation Interests in the SPI Trust may be included in the Interest Remittance Amount and distributed to Certificateholders as interest, thereby eliminating or reducing interest shortfalls to the Certificates (other than the Class B Certificates) resulting from reimbursements of Expenses or modifications to Mortgage Loans that provide for interest rate reductions. See *"Description of the Certificates — Modification and Expenses"* in this Memorandum. Any such principal payments that are remitted to Certificateholders in the form of interest will result in an equal amount of Realized Loss allocated to the Class B Certificates.

It is anticipated that Realized Losses will occur on the Mortgage Loans.

There is a Risk that Interest Payments on the Mortgage Loans May Be Insufficient to Pay Interest on Your Certificates

When a Mortgage Loan is prepaid in full, the mortgagor is charged interest only up to the date on which payment is made, rather than for an entire month. When a mortgagor makes a partial principal prepayment on a Mortgage Loan, the mortgagor is not charged interest on the prepayment for the month in which such prepayment is received. This may result in a shortfall in interest collections otherwise available for distribution on the next Distribution Date. The Master Servicer is required to make a Compensating Interest payment with respect to any such portion of the shortfall in interest collections that are attributable to curtailments, prepayments in full or reinstatements on the applicable Mortgage Loans. If the Master Servicer defaults on its obligations to make a Compensating Interest payment, the resulting interest shortfalls will be borne by the Class B, Class M-2, Class M-1 and Class X Certificates, in that order, in each case up to the Interest Distribution Amount for such Class as described under *"Description of the Certificates — Distributions of Interest"*.

In addition, interest available for distribution to the Certificates will be reduced by any modifications of Mortgage Loans resulting in lower interest rates on the Mortgage Loans and will be further reduced by any Expenses reimbursed from interest collected or advanced in respect of the Participation Interests. The Class Coupons, and therefore the accrued interest, of the Certificates will not be reduced as a result of any such modifications or the reimbursement of Expenses. The aggregate Modification Rate Loss and Expenses for such Distribution Date will be borne by the Class B Certificates up to the amount of the Class B's accrued interest. If, for any Distribution Date, the aggregate Modification Rate Loss and Expenses exceeds the amount of interest accrued on the Class B Certificates, certain principal payments on the Mortgage Loans may be used to cover interest rate shortfalls that would otherwise be borne by the Class X Certificate or the Rated Certificates. However, any such Redistribution Amount will result in an equal amount of Realized Loss reducing the Class Principal Amount of the Class B Certificates and the credit enhancement available to the Class X Certificate and Rated Certificates. See *"Description of the Certificates — Glossary of Terms — Interest Remittance Amount"*, *"Description of the Certificates — Distributions of Interest"* and, *"Description of Certificates — Modifications and Expenses"* in the Memorandum.

Lack of Liquidity

The Certificates are being offered in a private placement to a limited number of institutional investors that are QIBs and will not be registered under the Securities Act or the securities laws of any state. Accordingly, no transfer of a Certificate may be made unless such transfer is to another QIB and is itself exempt from the registration requirements of the Securities Act and any applicable state securities laws. In addition, the Residual Certificate is subject to additional restrictions, including restrictions on ownership by foreign persons. The Seller will provide to any holder of a Certificate and any prospective transferees designated by any such holder, information regarding the related Certificates and the Mortgage Loans and such other information as is necessary to satisfy the condition to eligibility set forth in Rule 144A(d)(4) for transfer of any such Certificate without registration thereof under the Securities Act pursuant to the registration exemption provided by Rule l44A. The holder of any Certificate asserts and agrees, by its acceptance of such Certificate, that it is a QIB and it will indemnify the SPI Trustee, the Securities Administrator and Freddie Mac against any liability that may result if any such transfer is not exempt or is not made in accordance with such federal and state laws. In addition, transfers of the Residual Certificate are permissible only if the transferee executes a Transferee Letter and delivers it to Freddie Mac and the Securities Administrator.

The Certificates are subject to additional restrictions on transfer to or for the benefit of employee benefit plans and other retirement arrangements subject to ERISA or Code Section 4975 or Similar Law. See *"Certain ERISA Considerations"* in this Memorandum.

Transfers of a Certificate will not be registered unless the transfer complies with the applicable restrictions stated above. As a result, a secondary trading market for the Certificates may not develop and prospective investors must be prepared to bear the risk of their investment in the Certificates until the maturity thereof.

Combination or "Layering" of Multiple Risk Factors May Significantly Increase the Risk of Loss on Your Certificates

Although the various risks discussed in this Memorandum are generally described separately, prospective investors in the Certificates should consider the potential effects on the Certificates of the interplay of multiple risk factors. Where more than one significant risk factor is present, the impact to and risk of loss on your Certificates may be significantly increased. In considering the potential effects of layered risks, you should carefully review the descriptions of the Mortgage Loans and the Certificates. See *"Description of the Mortgage Loans"* and "*Description of the Certificates*".

DESCRIPTION OF THE PARTICIPATION INTERESTS AND THE MORTGAGE LOANS

General

Unless otherwise noted, the statistical information presented in this Memorandum is based on the characteristics of the Mortgage Loans as of the Cut-Off Date. In addition, unless otherwise noted, references to a percentage of Mortgage Loans refer to a percentage of the aggregate Stated Principal Balance of the Mortgage Loans as of the Cut-Off Date.

This section and Appendix A generally describe certain of the material characteristics of the Mortgage Loans. Certain loan-level information for each Mortgage Loan may be accessed through the Securities Administrator's website at www.usbank.com/abs or at www.freddiemac.com.

3,561 mortgage loans purchased between April 2017 and July 2017 (the **"Purchase Population"**) were initially selected for inclusion in this transaction. The table below summarizes (i) the mortgage loans in the Purchase Population that were excluded from the Mortgage Pool due to delinquencies, payoffs, borrower bankruptcy filings, quality control removals and data reconciliation or corrected data removals, as applicable, as well as the mortgage loans in the Purchase Population that were excluded from the Mortgage Pool because they were located in one of the areas that the President has declared a major disaster and designated by FEMA as eligible for individual assistance to homeowners as a result of Hurricane Harvey or Hurricane Irma, and (ii) the Mortgage Loans in the Mortgage Pool.

Category	Number of Mortgage Loans
Purchase Population	3,561
Less mortgage loans removed due to:	
hurricane-related reasons[(1)]	199
prior securitization[(2)]	46
diligence and quality control reviews[(3)]	11
repayment in full	36
delinquency	26
various factors	12
Mortgage Pool	**3,231**

(1) Represents each mortgage loan in the Purchase Population for which the related mortgaged property is located in a county that the President has declared, as of October 4, 2017, to be a major disaster area and in which FEMA has authorized individual assistance to assist homeowners as a result of Hurricane Harvey or Hurricane Irma.
(2) Represents mortgage loans deposited directly into PC trusts unrelated to this transaction.
(3) See *"General Mortgage Loan Purchase and Servicing — Due Diligence Review"*.

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

On the Closing Date, the assets of the SPI Trust will include 3,231 Credit Participation Interests, each of which represents a 4% beneficial interest in a corresponding Mortgage Loan deposited into the PI Trust. The Mortgage Pool, which has an aggregate Stated Principal Balance of $1,252,221,957.09 as of the Cut-Off Date,

consists of 3,231 fixed-rate Mortgage Loans which have original terms to maturity of 25 to 30 years. Freddie Mac purchased the Mortgage Loans from the Underlying Sellers between April 2017 and July 2017. Each of the Underlying Sellers voluntarily agreed to sell such loans to Freddie Mac, pursuant to existing contracts with Freddie Mac.

Each Mortgage Loan was sold to us through our cash window and deposited into the PI Trust. The PI Trust then issued two Participation Interests for each Mortgage Loan, the related Credit Participation Interest and the related PC Participation Interest, which together represent the entire beneficial interest of such Mortgage Loan. The Credit Participation Interests will be deposited into the SPI Trust on the Closing Date and the PC Participation Interests were or will be deposited into one or more PC Trusts prior to the Closing Date.

The underwriting guidelines generally applied by the Underlying Sellers in originating the Mortgage Loans are described under *"General Mortgage Loan Purchase and Servicing — Underwriting Standards."*

Credit Risk Retention

Freddie Mac, as the sponsor of the securitization in which the Certificates are to be issued will not, other than as described in this Memorandum, retain credit risk pursuant to provisions of FHFA's Credit Risk Retention Rule (12 C.F.R. Part 1234) (the **"Risk Retention Rule"**) governing residential single-family securitizations because FHFA, as conservator of Freddie Mac and in furtherance of the goals of the conservatorship, has exercised its authority under Section 1234.12(f)(3) of the Risk Retention Rule to direct Freddie Mac to sell or otherwise hedge the credit risk that Freddie Mac otherwise would be required to retain under the Risk Retention Rule and has instructed Freddie Mac to take such action necessary to effect this outcome. Although Freddie Mac will not be required to retain risk pursuant to the Risk Retention Rule, Freddie Mac, with FHFA's approval, has elected to initially retain the Class X Certificate and approximately 5% of the initial Class Principal Amount of each of the Class M-1, Class M-2 and Class B Certificates. No party will be responsible for monitoring whether Freddie Mac retains and holds any Certificates.

GENERAL MORTGAGE LOAN PURCHASE AND SERVICING

Mortgage loans are evidenced by promissory notes or other similar evidences of indebtedness (each, a **"mortgage note"**) secured by first-lien mortgages, deeds of trust or similar security instruments on residential properties consisting of one- to four-unit residential properties (each, a **"mortgaged property"**). Each mortgage note and related mortgage loan are obligations of one or more mortgagors (individually or collectively as to a particular mortgage loan, 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 mortgage loans that Freddie Mac may purchase, as described below. Freddie Mac purchases "single-family mortgages," which are mortgage loans that are secured by one- to four-unit residential properties. The Mortgage Loans are comprised of both "conforming" and "super-conforming" mortgages. A "conforming mortgage" is a mortgage secured by a property with an original principal balance that does not exceed $424,100 for a one-unit residence (the **"Base Conforming Loan Limit"**). Higher Base Conforming Loan Limits apply to properties in Alaska, Hawaii, Guam and the US. Virgin Islands and multi-unit residences. A "super-conforming mortgage" is a mortgage secured by a property located in a designated high-cost area with an original principal balance exceeding the Base Conforming Loan Limit, up to 115% of the median house price for certain geographic areas, not to exceed $636,150 for a one-unit residence (the **"Super Conforming Loan Limit"**). Higher Super Conforming Loan Limits apply to properties in Alaska, Hawaii, U.S. Virgin Islands and Guam and to multi-unit residences.

Approximately 50.7% of the Mortgage Loans by Cut-Off Date Balance are conforming mortgages and approximately 49.3% of the Mortgage Loans by Cut-Off Date Balance are super-conforming mortgages.

The Freddie Mac Act also establishes LTV limitations on the mortgage loans that Freddie Mac may purchase. The LTV is a ratio of (a) the outstanding principal balance of a mortgage loan to (b) the value of the mortgaged property at origination. Under the Freddie Mac Act, Freddie Mac 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. See *"— Loan-to-Value Ratio"* for the LTV calculation used in the underwriting evaluation process.

Approximately 32.1% of the Mortgage Loans by Cut-Off Date Balance had an LTV greater than 80% at origination and are covered by mortgage insurance as of the Cut-Off-Date.

In addition to the standards in the Freddie Mac Act, which we cannot change, Freddie Mac seeks to manage the credit risk with respect to mortgage loans we purchase through our underwriting and servicing standards reflected in the Guide. The Guide sets forth Freddie Mac's standard underwriting criteria for loans acceptable for purchase by Freddie Mac. In addition, the Guide details Freddie Mac's standard requirements for servicing mortgage loans. The terms of the Guide are revised from time to time, usually several times a year to update the underwriting and servicing standards that govern the mortgage loans Freddie Mac purchases. The Guide updates are summarized in a Bulletin cover letter. 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 "The Guide and Forms" and then on "AllRegs®". In addition, certain sellers have negotiated TOBs, which may amend, waive or otherwise alter certain underwriting terms of the Guide. TOBs are periodically reviewed and are subject to change. The underwriting standards generally applied by sellers in originating their respective mortgage loans are described under *"— Underwriting Standards"*.

Freddie Mac will not consider the impact to Certificateholders when approving, reviewing and changing any Purchase Document that applies to the Mortgage Loans.

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 provided by the mortgagor, the number of mortgagors, the product features of the mortgage, 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 Purchase Documents' provisions under which they were delivered to us, as well as certain federal and state anti-predatory lending laws and regulations, and the Freddie Mac responsible lending policy (formerly known as the Freddie Mac anti-predatory lending policy).

Summarized below are Freddie Mac's general underwriting, servicing and quality control standards. See *"Risk Factors — Risks Relating to the Mortgage Loans — Underwriting Standards Used by Many of Freddie Mac's Underlying Sellers May be Less Stringent than Required by Freddie Mac's Guide"* and "*— Servicers May Not Follow the Requirements of the Guide and Servicing Standards May Change Periodically"*.

Approved Underlying Sellers and Servicers

Freddie Mac approves sellers and servicers 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.

Underwriting Standards

We use a process of delegated underwriting for the mortgage loans we purchase. In this process, our Purchase Documents with sellers set forth mortgage underwriting standards and requirements, and the sellers 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 the Guide.

Freddie Mac employs a variety of data integrity checks 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/servicer's contract with Freddie Mac.

Approximately 99% of the non-relief refinance mortgage loans purchased or guaranteed by Freddie Mac in the 2016 were underwritten using an automated underwriting system (**"AUS"**), — either (i) our proprietary system, Loan Product Advisor℠ (**"LPA℠"**), (ii) the seller's own system, or (iii) Fannie Mae's proprietary system, Desktop Underwriter® (**"DU®"**). In permitting a seller to use an AUS other than LPA, 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 loan file that 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 (**"TLTV"**, also referred to as **"CLTV"** in the appendices and our loan-level disclosure) ratio up to 95%.

Some sellers may have TOBs that amend, waive or otherwise alter certain terms of the Guide.

The following is a list of frequently used TOBs included in sellers' 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 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 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.
4. ***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.

One or more of the Underlying Sellers have some of the TOBs set forth above. One or more of the Underlying Sellers also have TOBs that Freddie Mac considers to be low risk and/or operational in nature. Prior to approving a TOB, Freddie Mac undertakes 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 Mortgage Loans — Underwriting Standards Used by Many of Freddie Mac's Underlying Sellers May be Less Stringent than Required by Freddie Mac's Guide*".

Home Possible® and Home Possible Advantage® Mortgages

The Home Possible® and Home Possible Advantage® programs are designed to make responsible homeownership accessible to more first-time homebuyers and other qualified borrowers by offering mortgage loans requiring low down payments for low- to moderate-income homebuyers or buyers in high-cost or underserved communities. Home Possible® offers qualified borrowers 15- to 30-year fixed-rate mortgages or 5/1, 7/1 and 10/1 adjustable rate mortgages on 1-4 units, condominiums, PUDs and manufactured homes, which are eligible with certain restrictions. No cash-out refinancing option is available for borrowers who occupy the property. Under the Home Possible® program, mortgage loans can have a maximum LTV and TLTV of 95%. Home Possible Advantage® offers qualified borrowers conforming conventional fixed-rate mortgage loans with a term up to 30 years on a single unit property or for a no cash-out refinance of an existing mortgage. Under the Home Possible Advantage® program, mortgage loans can have a maximum LTV of 97% and the maximum TLTV is 105%. Home Possible Advantage® also requires that first-time homebuyers participate in an acceptable

borrower education program. Both programs allow for lower than standard insurance coverage requirements for certain qualifying mortgage loans. In addition, both programs allow the borrower to make a down payment from a variety of sources, including family, employer-assistance programs and secondary financing. 94 Mortgage Loans in the Mortgage Pool are either Home Possible® or Home Possible Advantage® mortgage loans.

The Application

The information provided in each mortgage application was evaluated by LPA, or another AUS acceptable to us or was manually underwritten to determine the appropriate credit decision and documentation requirements for the loan transaction. LPA indicates the minimum income and asset verification, credit-related documentation and other requirements necessary to complete processing of the mortgage loan file. These requirements are based on the specific risk factors present in each mortgage application. If the mortgage loan did not receive an acceptable risk classification from LPA or other AUS, the seller must manually underwrite the mortgage loan 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. A **"Credit Score"** is a number reported by a credit bureau, based on statistical models, that summarizes 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. If there is no established credit history, the loan approval may be conditioned upon the documentation of an acceptable alternative 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 mortgage loans. LPA evaluates the mortgagor's credit profile and determines if it is acceptable. In some cases, LPA may accept Credit Scores below 620 based on compensating factors.

None of the mortgagors with respect to the Mortgage Loans had a Credit Score below 620 at origination.

Loan-to-Value Ratio

As part of the underwriting evaluation, the LTV is calculated. The LTV used in the underwriting evaluation 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 ratio for mortgage loans must not be greater than 97%. Freddie Mac generally requires an approved mortgage insurance policy for any mortgage loan for which its outstanding principal balance at the time of purchase exceeds 80% of the value of the related mortgaged property at origination. For purchase money mortgage loans, the LTV ratio is generally calculated using the lower of the purchase price and the appraised value. For mortgaged properties located in the State of New York, however, only the appraised value of such mortgaged property on the date of the related mortgage note is used to determine whether mortgage insurance is required or should be canceled. Consequently, no mortgage insurance coverage will be shown for certain mortgaged properties located in the State of New York notwithstanding that Freddie Mac has calculated the corresponding LTV in excess of 80%.

Approximately 32.1% of the Mortgage Loans by aggregate Cut-Off Date Balance as reported to us by the Underlying Sellers, had an LTV at origination greater than 80%.

None of the Mortgage Loans had an LTV greater than 97% at origination.

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. Additionally, pursuant to our Guide, the seller's calculation of DTI is dependent upon a number of factors. The seller's decision to include or exclude any such factors in the calculation of the mortgagor's total income or total debts will affect the DTI originally reported to us by the seller. Our subsequent review of any DTI may determine that the seller included or excluded certain factors that would have resulted in a higher or lower DTI calculation. Freddie Mac's limited review of a sample of mortgage loans covers only some of the defects that could lead to losses and may not detect all relevant defects. The Guide provides that the DTI for mortgage loans must not be greater than 45% unless the loan is underwritten through LPA or DU, in which case the DTI may exceed 45% provided compensating factors exist. Freddie Mac does not provide TOBs for DTI beyond our Guide or other AUS requirements.

None of the Mortgage Loans had a DTI above 50% at origination.

Loans with Subordinate Financing

Contemporaneously with the origination of the first lien mortgage loan, a mortgagor may have received one or more mortgage loans secured by the subject property in addition to the first lien mortgage loan purchased by Freddie Mac. These additional mortgage loans have subordinate priority to the first lien 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. The Guide and any applicable TOBs provide that mortgage loans cannot have a CLTV greater than 97% (excluding government-insured loans and/or HARP loans).

If any subordinate financing is a home equity line of credit (**"HELOC"**), the Original HELOC Combined Loan to Value (**"HCLTV"**) reflects the maximum loan amount available under the HELOC, not the disbursed amount as of the closing of the first lien mortgage loan.

One of the Mortgage Loans had a CLTV greater than 97% and an HCLTV greater than 97% at origination.

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 that are evaluated by LPA and 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. For assets that are listed on the application and in a checking account the seller must provide a bank statement covering the most recent one month if those assets are required to qualify the applicant for the mortgage loan. 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 LPA and receive a Standard Documentation designation. Under Standard Documentation, for qualifying income for a salaried mortgagor the seller must provide 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. For assets that are listed on the application and are in a checking account the seller must provide a bank statement covering the most recent two months if those assets are required to qualify the applicant for the mortgage loan.

Collateral Valuation

We require sellers to conduct a valuation of the mortgaged property as collateral for each mortgage loan. With few exceptions (*i.e.*, less than 1% of the mortgage loans we purchase) this collateral valuation is determined by an appraiser who sets forth his or her opinion on an appraisal report of the estimated value of the mortgaged property following an inspection of it and the neighborhood. 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 currently 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. Servicers are required to ensure ongoing flood insurance coverage for mortgaged properties in flood zones and to ensure mortgagors obtain new flood insurance policies if federal flood zones change and, subsequently, cover the mortgaged property. Generally, evidence of acceptable property insurance coverage on the mortgaged property is a requirement for loan approval. Upon any Mortgage Loan becoming an unoccupied REO Property, such vacancy verified by a PCC obtained from the REO Property real estate broker (such vacated mortgaged property, a **"Vacated REO Property"**), the Master Servicer will not be required to and may no longer carry hazard or flood insurance coverage on such mortgaged property.

None of the Mortgage Loans is secured by property located in a geographical location declared by FEMA as of the Closing Date to be in a disaster area.

Title Insurance

Each mortgage loan must be covered by either a fully paid mortgage title insurance policy meeting the requirements of the Purchase Documents or an attorney's title opinion or certificate meeting the requirements of the Purchase Documents. 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 that may arise after the loan is made. Examples of super liens include liens for local real estate taxes, utilities and common interest association (**"CIO"**) assessments, depending upon the jurisdiction wherein the mortgaged property is located. CIO liens are usually for an amount calculated by the number of months the mortgagor is delinquent in payment of the assessments. While some states do not allow CIO superliens, most allow up to six months of assessments and some allow over 6 months. Where a superlien exists and a mortgaged property is sold at foreclosure, the superlien will take priority over the first lien securing the mortgage loan on such mortgaged property. See "*Risk Factors — Governance and Regulation — Special Assessments, Energy Efficiency and Homeowner Association Liens May Take Priority Over the Mortgage Lien*".

Servicing Standards

General

"Servicing" includes all activities concerning the calculation, collection and processing of mortgage loan 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, loan level reporting and repurchasing mortgage loans or honoring agreements to make Freddie Mac whole on losses or indemnification agreements (**"Repurchase Alternatives"**) for breaches of the servicing obligations agreed to by our servicers. Servicing also includes remitting payments to Freddie Mac and various types of investor and default reporting. Generally, Freddie Mac details its requirements for servicing mortgage loans in Series 7000, 8000 and 9000 of the Guide and any applicable servicing provisions which may amend, waive or otherwise alter certain servicing requirements of the Purchase Documents.

With respect to the servicing of the Mortgage Loans, we note that the terms of the Guide are revised from time to time, usually several times a year, with these revisions summarized in bulletins (**"Bulletins"**). The Mortgage Loans will not be serviced differently from other mortgage loans that we own or have securitized in any PC trust unrelated to this transaction. The descriptive summaries of our servicing standards contained in this Memorandum are not exhaustive but are drawn from the Guide and applicable TOBs. See *"Risk Factors — Risks Relating to the Mortgage Loans — Servicers May Not Follow the Requirements of the Guide, and Servicing Standards May Change Periodically"*.

When a mortgage loan is sold to Freddie Mac "servicing retained", the seller services the mortgage loan for Freddie Mac and assumes the servicing responsibilities itself or assigns or sells the rights to service the mortgage loan 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. Generally, Freddie Mac does not itself conduct servicing activities. With respect to any servicer, Freddie Mac retains the right to revoke, re-assign or terminate, in whole or in part, with or without cause, or approve a servicer's request to transfer the right to service Freddie Mac mortgage loans, 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. Under the Guide, Freddie Mac servicers must obtain Freddie Mac's prior approval of any proposed sale of MSRs. We generally monitor the servicers' compliance with their servicing obligations and may seek remedies for breach of contract if a servicer fails to perform certain obligations according to the servicing requirements 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

Servicers are required to service and administer mortgage loans in accordance with the Servicing Requirements, including any and all applicable federal, state and local laws and the terms of the related loan documents. The Servicing Requirements in the Guide 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. 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 Bulletin, 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 and, as applicable, mortgage insurers;
- maintenance of 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 through alternatives to foreclosure such as reinstatements, repayment plans, forbearance of payments, loan modifications, short sales, and deed-in-lieu of foreclosure transactions;
- supervising foreclosures and taking title to the mortgaged property whether at foreclosure or via a deed-in-lieu of foreclosure transaction;
- 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 a servicer may not solely target the mortgage loans as part of a solicitation program of refinances. However, under current Servicing Requirements the servicers must engage in collection

efforts with delinquent mortgagors no later than the 36th day of delinquency to attempt to resolve the delinquency by bringing the mortgage loan current or, no later than the 45th day of delinquency, solicit mortgagors to apply for an alternative to foreclosure, such as a loan modification.

We delegate the primary servicing function to our servicers; accordingly, if our Underlying Servicers lack appropriate process controls, experience a failure in their controls, or experience an operating disruption in their ability to service the Mortgage Loans, the Mortgage Loans could be adversely affected. See *"Risk Factors — Risks Relating to the Participation Interests and Mortgage Loans — The Performance of the Mortgage Loans Backing the Participation Interests are Dependent on the Underlying Servicers"* and *"— The Performance of Underlying Sellers and Underlying Servicers May Adversely Affect the Performance of the Mortgage Loans."* The Mortgage Loans also are exposed to (i) the risk that Underlying Servicers might fail to service the Mortgage Loans in accordance with the Servicing Requirements and (ii) transfers or removals of servicing that could result in disruptions of servicing, each resulting in increased Realized Losses. For example, the servicers have an active role in our loss mitigation efforts; as a result, if a servicer's performance declines it could reduce the anticipated benefits of our loss mitigation plans.

We generally monitor and oversee the servicers' servicing of the mortgage loans according to the Servicing Requirements. To the extent that a servicer requests a waiver from a provision of the Servicing Requirements or we initiate a pilot to test a servicing policy, we may permit such waiver, negotiate a voluntary TOB, or issue a mandatory TOB, which sets forth, among other things, the specific waiver or changes to servicing requirements and the goals or requirements for the servicer. These servicing TOBs may cover all of the mortgage loans serviced by that servicer or only selected portfolios. Some commonly issued TOBs related to servicing are:

- allow or require the servicer to offer different loss mitigation options to mortgagors, such as a loan modification with terms that differ from our Guide-based modification programs;
- 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 or borrowers in order to evaluate whether to roll 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.

One or more of the Underlying Servicers have some of the TOBs set forth above. One or more of the Underlying Servicers have a TOB permitting such Underlying Servicer to grant deferred payment modifications that allow a borrower, that is one or two months delinquent, to pay the previously delinquent payments at the maturity date or when the mortgage loan is otherwise paid off without incurring additional interest charges or penalties on the delinquent portion of the mortgage loan. One or more of the Underlying Servicers also have TOBs that Freddie Mac considers to be low risk and/or operational in nature. Freddie Mac did not and will not consider the interests of Certificateholders in granting such waivers or implementing such policies. We do not permit waivers for servicing performance that jeopardize the first-lien position of a 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 interest bearing unpaid principal balance of each of the mortgage loans they service, which may only be retained upon receipt of a full mortgage payment from the related mortgagor that is posted to the mortgagor's account (such amount so determined on a monthly basis, the **"Servicing Fee"**). We also pay special incentives for certain loss mitigation activities and reimburse servicers for certain expenses and advances made in connection with loss mitigation activities and default management. These incentive payments vary based upon the kind of activity, the rates of success and other factors. To the extent that we pay any incentives for loss mitigation activities on the Mortgage Loans, we will not seek reimbursement from the PI Trust or the SPI Trust.

There can be no assurance, and no representation is made, as to the actual performance of an Underlying Servicer with respect to the Mortgage Loans. The actual loss experience on the Mortgage Loans will depend, among other things, on the value of the mortgaged properties securing such Mortgage Loans and the ability of mortgagors to make required payments.

An Underlying Servicer performs services for our benefit but does not owe any duties or obligations to the Certificateholders, the SPI Trustee or the Securities Administrator. Freddie Mac, as Master Servicer, is the only party that owes duties and obligations to the Certificateholders, the SPI Trustee or the Securities Administrator. Accordingly, none of the Certificateholders, the SPI Trustee or the Securities Administrator will be able to cause an Underlying Servicer to perform its obligations for the benefit of the Certificateholders or enforce any Servicing Requirements on their behalf.

Mortgage Loan Life Cycle

Servicers are required to service mortgage loans from the date they sell such mortgage loans to us or upon a transfer or other assignment of the mortgage servicing right (**"MSR"**) from another servicer until the disposition of the mortgage loan or transfer or other assignment of the MSR to another servicer. For a performing mortgage loan, servicing activity concludes when the mortgage note is satisfied and the mortgaged property is released from the lien of the mortgage. For a non-performing mortgage loan (*i.e.*, a loan that is delinquent or is otherwise in default under the terms of the mortgage note at some point), servicers 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 and obtaining title to the mortgaged property. During these activities servicers regularly report to Freddie Mac the status of the mortgage loans and Freddie Mac conducts monitoring and quality assurance reviews of the servicers' servicing activities. 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 and are summarized in related Bulletins.

Collection and Other Servicing Procedures

Servicers generally will be required to make reasonable efforts to collect all payments called for under the mortgage loans and maintain contact with the mortgagors. Servicers are required to generally follow the same collection procedures that they use for their own portfolio of mortgages so long as they are consistent with the Guide. Servicers may charge the mortgagor for special services rendered, for example, sending a payoff statement or faxing an account history, subject to applicable law. Servicers 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, servicers, 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. Servicers will be responsible for the administration of each escrow account required by the terms of the mortgage loans, the Purchase Documents and applicable law, and generally will be obliged to make advances to those accounts when a deficiency exists in any of those escrow accounts.

Under the Guide, a servicer is required to deposit principal and interest amounts it receives from a mortgagor into a custodial account it holds in the name of Freddie Mac. As required by the Guide, the servicers forward principal and interest payments received, including prepayments and liquidation proceeds, to a Freddie Mac master account.

With respect to the Mortgage Loans, all such remittances from Underlying Servicers of amounts due to the SPI Trust will be transferred, within two Business Days of their due date to Freddie Mac, to a segregated non-interest bearing trust account in the name of the SPI Trust maintained at the Securities Administrator's offices.

Property Insurance

The Guide requires the servicer to verify that a policy of property insurance covering the related 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 100% of the full 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. If the mortgagor does not voluntarily maintain a property insurance policy, allows his or her policy to lapse or obtains unacceptable insurance coverage, the servicer must obtain replacement insurance, commonly known as "force placed insurance" or "lender placed insurance" (**"LPI"**). The premium for LPI is often significantly higher than the premium for the mortgagor's voluntary policy. The costs for LPI are the responsibility of the mortgagor. However, the costs of any such LPI will be borne by the SPI Trust to the extent the mortgagor defaults on the Mortgage Loan and liquidation of the mortgaged property results in a Realized Loss.

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 and Mitigation Administration.

The Guide permits a servicer to obtain and maintain a blanket policy insuring against property losses on a PUD in lieu of maintaining a property insurance policy for any mortgaged property in such PUD. 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.

The Guide does not require an Underlying Servicer to maintain hazard insurance on Vacated REO Properties.

The Master Servicer is not required to, and may elect not to, obtain hazard insurance on any Vacated REO Properties. Accordingly, any losses on any Vacated REO Properties may be greater than they would be if hazard insurance were maintained and insurable losses were sustained on the related mortgage property. To the extent the Master Servicer obtains insurance on a Vacated REO Property, insurance premiums, if any, on REO Properties will be deemed Servicing Advances reimbursable to the Master Servicer.

Default Management

Servicers are required to develop, follow and maintain prudent and efficient written procedures that meet our Servicing Requirements for promptly curing defaults and delinquencies and complying with applicable laws. Servicers are required to employ an experienced and skilled staff in financial consulting and mortgage collection techniques. Servicers may also hire subservicers, which may be a specialty servicer, and outsource vendors to conduct some or all of these activities and, in some circumstances, Freddie Mac, as Master Servicer or PC Administrator, as applicable, may require a servicer to do so if we reasonably believe 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 (although the mortgagor is in default under the terms of the note and related mortgage) 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 are situations where a late fee could be waived based on the unique circumstances of a mortgagor, such as when the mortgagor is performing in accordance with the terms of an alternative to foreclosure, a repayment plan, forbearance plan or trial period plan.

The servicer is required by the Servicing Requirements 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's objective in contacting the mortgagor or the mortgagor's trusted advisor (e.g., housing counselor) is to establish a

quality right-party contact responsible and authorized to discuss with the mortgagor the most appropriate options for resolving the delinquency. The servicer must make every attempt to achieve right party contact to (a) determine the reason for the delinquency and whether it is temporary or permanent in nature, (b) determine the mortgagor's ability to repay, (c) set payment expectations and educate the mortgagor on alternatives to foreclosure and (d) 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. We emphasize early intervention by servicers in delinquent mortgage loans and provide a suite of 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 one year or less. Forbearance agreements provide additional time for the mortgagor to resolve the hardship before undertaking efforts to return to compliance with the original terms of the mortgage loan or to implement another loan workout. During 2016, the typical time period granted for completed short-term forbearance agreements was between two and three months.
- *Full Reinstatement*, where the mortgagor restores a delinquent mortgage loan to current status by paying any delinquent amounts in one lump sum payment.
- *Partial Reinstatement*, where the mortgagor makes a lump sum payment to cover some, but not all, past due amounts. A partial reinstatement is typically followed by a repayment plan.
- *Repayment plans,* which are contractual plans to make up past due amounts by requiring the mortgagor to pay an additional amount in excess of the monthly mortgage payment due. These may or may not be preceded by a partial reinstatement. These plans assist mortgagors in returning to compliance with the original terms of their mortgage loan. During 2016, 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, 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. Principal forbearance is a change to a loan's terms to designate a portion of the unpaid principal balance (after capitalizing delinquent amounts) as non-interest-bearing and non-amortizing with such forbearance amount due as a balloon payment upon the maturity date of the loan, or earlier, upon sale or transfer of the mortgaged property or refinancing of the interest-bearing balance. Freddie Mac has several loan modification programs as detailed in Topic 9200 of the Guide.
  - *Flex Modification,* where a mortgage loan may be modified up to three times under our Flex Modification (**"Flex Modification"**) program. Our Flex Modification employs a trial period payment plan feature, which allows eligible mortgagors to make the new modified monthly payment 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 trial period plan. A Flex 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 also offers a streamlined Flex Modification to mortgagors who are 90 or more days delinquent or who have a step-rate mortgage and have become 60 or more days delinquent. Under the streamlined offer for the Flex Modification program, 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 the new modified 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 loan 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 trial period plan.

    - *Disaster Relief Modification*, which is limited to borrowers that became delinquent because their home or place of employment was impacted by an eligible disaster. Servicers may consider such borrowers for this modification once their hardship has been resolved if they were less than 31 days delinquent as of the date of the disaster, are between 59 and 361 days delinquent at the time of evaluation and are able to resume making their contractual payments but are unable to make their loan current through a reinstatement or repayment plan. Under the "Disaster Relief Modification", the servicer capitalizes arrearages and then extends the term of the mortgage loan in monthly increments until the monthly principal and interest due under the modified terms equal the pre-modification monthly principal and interest. The servicer may not extend the term more than 480 months from the modification effective date. The servicer must evaluate the borrower for the Flex Modification if they are unable to achieve the pre-modification monthly payment by extending the term of the mortgage loan to the 480-month limit.

- *Short sales,* which allow a mortgagor to sell a mortgaged property to an unrelated third party for an amount that is not sufficient 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 such 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. 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 title to a mortgaged property is not sold to a third party but is conveyed directly to Freddie Mac. Deed-in-lieu of foreclosure transactions with respect to any mortgaged property related to a Mortgage Loan will evidence the conveyance of such mortgaged property to the Participation Agent.

- *Mortgage assumption*, where a new party assumes the obligations of the mortgagor under the mortgage note or as modified in connection with a simultaneous assumption and loan modification. The servicer evaluates the new party for his/her ability to pay the mortgage loan before allowing the assumption; however, with respect to a simultaneous assumption and loan modification, the ability-to-pay assessment is based on the modified loan terms and less stringent underwriting criteria than would be required in connection with an assumption of a mortgage loan unaccompanied by a modification.

If a loan workout has not been reached by the 121st day of delinquency on a mortgage property serving as the mortgagor's principal residence (earlier for second homes and investment properties), we generally demand the servicer to accelerate payment of principal and all delinquent amounts due 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 in an effort to mitigate potential losses. If, after acceleration and demand for all sums due under the mortgage, 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 mortgagor, 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 Freddie Mac 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, security instrument and state law provide mortgagees the right to commence a proceeding against the mortgagor to foreclose on the mortgage loan and/or enforce the mortgage note, provided certain requirements concerning endorsement of the note and/or assignment of the mortgage instrument are met. The servicer is responsible for most aspects of foreclosure beginning with sending appropriate pre-foreclosure notices, referring the mortgage to foreclosure counsel or a mortgage trustee, instructing and supervising foreclosure counsel or the mortgage 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 required under the Guide or as otherwise instructed by us, and is the winning bidder, then the servicer is responsible for securing a deed providing clear title to the mortgaged property and presenting the deed to the property to Freddie Mac, in its capacity as Participation Agent. 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 mortgage loans.

Mortgage Insurance Claims

If a mortgage loan is covered by mortgage insurance and there is a loss resulting from a foreclosure sale, short sale, or the acceptance of a deed in lieu of foreclosure, Freddie Mac is required to file a claim with the applicable mortgage insurer and manage the payment process thereof. The servicer, in support of Freddie Mac's claim filing, is required to provide to the mortgage insurer all information and documentation pertaining to the claim no later than 60 days after the foreclosure sale, short sale or acceptance of a deed in lieu of foreclosure, or within any shorter time frame as specified by the mortgage insurance master policy or Freddie Mac. Certain mortgage insurers may not pay claims timely or may make reduced payments due to financial impairment. If the mortgage insurer reduces or denies the claim due to the servicer's actions, or inaction, the servicer is required to reimburse Freddie Mac for the reduced amount of the claim, or the entirety of the claim in the event of a claim denial. The full claim amount under any available mortgage insurance policy will not be available in the event the mortgage insurer determines the loss associated with the related Mortgage Loan is due to physical damage to the related mortgaged property. The Master Servicer is required to remit from its own funds without reimbursement therefor to the SPI Trust the excess, if any, of the mortgage insurance claim amounts made by the Master Servicer with respect to any Mortgage Loan over the actual amount of mortgage insurance payments received directly or indirectly by the SPI Trust from a mortgage insurance company with respect to such Mortgage Loan, provided such excess, if not remitted by the Master Servicer, would result in a Realized Loss being allocated to any Class of Certificates.

Managing REO Properties

General

The Participation Agent will obtain title to REO Properties (i) when it, or the Underlying Servicer on its behalf, is the highest bidder at foreclosure sales of properties that secure non-performing Mortgage Loans or (ii) when a delinquent mortgagor chooses to transfer title to the mortgaged property to the Participation Agent in lieu of going through the foreclosure process (*i.e.*, deed-in-lieu of foreclosure). Upon the Participation Agent acquiring title to an REO Property, the Master Servicer will determine an estimated market value, establish a marketing plan to sell the REO Property as soon as practicable, and typically list it for sale with a real estate broker. Alternative methods of disposition, such as an auction, bulk REO sales or sealed bids, may be used if the traditional real estate disposition channels do not yield the best results. Certain jurisdictions require a period of time after foreclosure during which the mortgagor may redeem the property subject to state regulations. During the period when the mortgagor may redeem the property, the Master Servicer may not have the option to market the property. In addition, the Master Servicer generally does not market occupied properties with an active eviction or properties that are undergoing repairs. As a result, the Participation Agent's holding period for these properties will be extended which will result in higher management, property preservation and related expenses, such as insurance costs, property taxes, and condominium or home owners' association assessments.

HomeSteps®, a Freddie Mac branded program responsible for the marketing and selling of Freddie Mac REO homes, will manage all REO Properties held by the Participation Agent in the same manner that it manages Freddie Mac REO properties. HomeSteps' mission is to manage credit losses through effective and responsible REO property management strategies while stabilizing home values and supporting communities. REO property performance goals focus on achieving a balance between financial recovery, timelines, Freddie Mac's mission, FHFA regulatory and conservator housing policies and reputation.

HomeSteps employs various sales and marketing strategies to attract owner occupant buyers or investors, and approves and monitors asset expenditures on REO properties. HomeSteps utilizes a combination of specialized vendors, analytical tools and procedures to establish an estimated market value of REO properties, while managing property preservation and maintenance expenses and related property costs in an effort to preserve value and help stabilize communities. In an effort to maximize financial recovery and reduce liability risks, HomeSteps utilizes a flexible business model – hybrid outsourcing – to manage Freddie Mac's REO. The outsourcers use Freddie Mac's applications and supplier networks, which allows for considerable scalability and ensures consistent practices across the country. However, as Freddie Mac's REO properties volume has decreased, its reliance on certain outsourcers has diminished.

HomeSteps utilizes an extensive network of licensed, experienced and well-trained service providers, including, among others, repair contractors, eviction attorneys, listing brokers, auction companies, inspection companies, rental management companies and national title closing vendors. Service providers are subject to Freddie Mac's procurement and contracting requirements. In addition, Freddie Mac's staff provides training, on the ground support and monthly, quarterly and annual performance reviews for its vendors and monthly reviews of property inspections performed by listing brokers on REO properties. REO property is typically marketed through traditional real estate channels, although alternative marketing strategies are utilized as needed, including auction, bulk sales, and sealed bid channels. The Participation Agent will contract either directly with HomeSteps' vendors and other service providers or indirectly through the applicable Underlying Servicer with respect to REO Properties.

HomeSteps manages its REO properties with teams organized into functional areas.

- Redemption — Monitor REO properties throughout the redemption period.
- Eviction — Monitor occupant and personal property evictions and alternative solutions.
- Rental Management — Manage rental properties while marketing the REO for sale, if possible.
- Title — Monitor and manage title issues affecting clear title and marketability.
- Pre-List — Assess the REO property's current condition and prepare it for market.

- Valuation — Determine REO property's market value using valuation tools such as broker price opinions (BPOs), appraisals, and desktop reviews from external national valuation vendors and listing brokers.
- Preservation and Maintenance — Initial property preservation and ongoing maintenance.
- Repair — Manage the rehabilitation and repair process.
- Listing and Sales — Market REO properties and negotiate offers through external listing broker network or via the auction or bulk sales processes.
- Closing and Settlement — Manage the closing of the sale.
- Hazard Insurance — File and collect third party hazard insurance claims for damages incurred during occupancy of an REO property. Hazard insurance may not be retained after vacancy of the REO property.
- Repurchase and Repurchase Alternatives — Manage repurchase submissions and collections from servicers.
- Vendor Relationship and Performance Management — Monitor vendor performance, undertake remedies against vendors for contractual violations, and conduct regular account reviews.
- Quality Assurance — Review and assess external vendor performance and compliance with related controls, risks, policies and procedures. Coordinate all activities associated with internal/external exams or audits, including deliverables and remediation. Review and assess internal business unit performance related to controls, risks, and compliance.

To the extent that FHFA directs us to pursue an initiative that impacts REO properties, any REO Properties will be subject to such an initiative and, as a result, such REO Properties, and thus, the SPI Trust, may incur additional losses. For example, in connection with the Neighborhood Stabilization Initiative, which seeks the best disposition of distressed properties in particularly hard hit areas, certain low value properties may be donated to the community, demolished or repaired. The costs and losses associated with any such activities will be borne by the SPI Trust and may result in further Realized Losses that are allocated to the Certificates.

As of the Cut-Off Date, none of the Mortgage Loans are included in the Neighborhood Stabilization Initiative or other such initiatives.

The REO Intake Process

After a foreclosure sale is reported to us, property information is sent to HomeSteps and proprietary business systems assign a pre-approved listing broker to the property according to their geographical coverage area and available capacity. Freddie Mac personnel do not direct business to any listing broker or vendor, except in special circumstances. Once the listing broker accepts an assignment, they will perform an initial assessment of the property's condition and occupancy status.

Redemption and Confirmation Periods

Initial activities on an REO property are impacted by whether or not the property is located in a redemption state. Approximately one-third of all states have a redemption period during which the former owner may pay Freddie Mac an amount calculated by statute to "redeem" the REO property (*i.e.*, regain title to the property). The amount paid by the former owner usually corresponds to the sales price at foreclosure or the total indebtedness owed to Freddie Mac on the mortgage loan, depending upon the state. During the redemption period there is a possibility that the property may be occupied either by the former mortgagor or a tenant in place at the time of foreclosure, which can lead to increased levels of damage to the REO property and heighten the chances that an eviction will be necessary. The listing broker is assigned to perform periodic drive-by inspections, and HomeSteps monitors the property status based upon these inspections. A key goal is to shorten the redemption period if the property is voluntarily vacated prior to the end of the redemption period. If the property is determined to be abandoned, Freddie Mac may seek to have the redemption rights waived through the local courts. Once the redemption period expires and the property is released, the same disposition process used

for properties in non-redemption states is followed. Some states may also have a confirmation period during which the former owner may contest the foreclosure sale before a court declares the sale to be final or "confirmed." Confirmation periods range from several weeks to months. Depending upon the state, HomeSteps may not have title or possession of the REO property during the confirmation period.

Preservation & Maintenance

After title to a property comes into HomeSteps' inventory and is free from any applicable redemption or confirmation periods, the assigned listing broker checks the condition and the occupancy status of the property. If the property is occupied, the property is referred to an eviction team and the assigned attorneys begin the eviction process. If the property is vacant, the listing broker will initiate securing of the property. The broker or assigned preservation and maintenance company will prepare it for market. Listing brokers are required to inspect the properties weekly to ensure HomeSteps' preservation and maintenance standards are being applied consistently and monitor for any changes to the properties. Freddie Mac also uses national inspection companies to conduct additional property inspections each month.

Rental Management/Eviction

If properties are occupied, the occupants may be provided with options including the opportunity to accept relocation assistance (Cash for Keys) or to participate in the REO Rental Program (for qualified occupants to remain in qualified properties). When there are tenants with a valid existing lease, HomeSteps may be required by applicable state or local law to accept the existing lease or work with the tenants to establish a new Freddie Mac lease agreement. Freddie Mac may be able to market the property during the tenancy. As a matter of policy, HomeSteps continues to abide substantially by the terms of the Federal Protecting Tenants from Foreclosure Act even though such law has lapsed, and also complies with similar applicable state laws.

If the occupant must be evicted, HomeSteps works with the assigned attorney to initiate the eviction process. The Cash for Keys program may be utilized to encourage the occupants to vacate in return for a cash payment to assist them in their relocation.

Title

Upon foreclosure, servicers are required to deliver to Freddie Mac clear and marketable title to the mortgaged property. HomeSteps works to ensure that Freddie Mac has clear title to the properties that secured Freddie Mac owned mortgages by working with external service providers to proactively resolve identified title issues so that the property is sold with clear and insurable title. Title is generally cleared prior to listing the property for sale; however, some complex title issues are submitted to HomeSteps to work with the appropriate servicer to buy back the property. HomeSteps will apply the same standards and processes to ensure that the Participation Agent has clear title to the properties that secure any foreclosed Mortgage Loan.

Property Valuation and Disposition

When Freddie Mac, as Master Servicer or as the Participation Agent, has the legal right to access the property, the assigned listing broker will determine occupancy status and alert Freddie Mac to any damage that may be covered by a hazard insurance policy that was in place prior to the vacancy of the REO property. Property valuation by Freddie Mac utilizes a variety of inputs, such as one or more BPOs or an appraisal. HomeSteps monitors daily performance, as well as overall trends in the valuation performance for the entire portfolio of REO properties owned by Freddie Mac. Once Freddie Mac has established the estimated value, a marketing strategy and budget is developed for the property.

To establish an estimated market value for an REO property, HomeSteps currently utilizes a valuation process requiring at least three opinions of value: (i) a broker's price opinion (BPO) from the listing broker, (ii) a second independent BPO from a national valuation vendor and (iii) an automated value from Freddie Mac's automated valuation model, Home Value Explorer® (HVE®). Based on the variance between the two BPOs and HVE, Freddie Mac's proprietary valuation methodology calculates the estimated market value. However, if the variance is excessive, HomeSteps may either order an appraisal of the property by a licensed appraiser or conduct a desktop review to determine the estimated market value of the property. Validation processes are in place to

achieve the final estimate of fair market value in an effort to reflect the most probable price which a property should bring in a competitive and open market under all conditions requisite for a fair sale, assuming that the buyer and seller, each act prudently and knowledgeably, and that the price is not affected by undue stimulus.

Special Sales Programs

HomeSteps maintains several special programs in order to encourage owner-occupants to purchase its REO properties. The “First Look” program allows potential owner occupants and non-profit organizations to make offers on REO properties for the first 20 days (30 days for REO properties located in Nevada, Cook County, IL and the City of Detroit, MI) that the REO property is listed for sale without competition from investor buyers. During the First Look period HomeSteps will not consider offers from buyers seeking to acquire REO properties for investment purposes. While HomeSteps will accept the highest and best offer received during the First Look period, the lower number of competitive bidders may lead to REO property being sold at prices that are less than may have been gained if investors’ offers had been considered.

HomeSteps also has an agreement with the National Community Stabilization Trust wherein it will allow non-profit organizations and local governments to inspect and submit offers to purchase REO before the REO is inspected and listed for sale. In these cases the REO is sold to the National Community Stabilization Trust participating buyers at a discount to estimated fair market value.

HomeSteps also maintains a “Borrower Buy-Back” program allowing certain former owners or non-profit companies acting on behalf of a former owner to purchase the REO property. The former owner agrees to occupy the REO property and not re-sell it for at least one year. When a non-profit purchases the REO it agrees to re-sell the REO property to the former owner or rent the REO property to the former owner for at least one year. In each case the REO property may be sold with incentives and discounts that result in the sales price falling below fair market value.

Repurchase and Repurchase Alternatives

In the event that a seller or servicer did not originate or service the loan according to the Purchase Documents, Freddie Mac may require the seller or servicer, as applicable, to repurchase the loan or REO property, make Freddie Mac whole on any losses and/or indemnify Freddie Mac against future losses associated with the loan or REO property. A demand for repurchase or a Repurchase Alternative, which may provide for an opportunity to cure, may be issued for several reasons, including: non-marketable title issues, mortgage insurance/hazard insurance policies prematurely cancelled or premiums not paid, improper foreclosure and various collateral issues (*e.g.*, environmental, encroachments, ingress/egress, etc.). Any portion of the proceeds of a Repurchase Alternative that compensates Freddie Mac for losses incurred by the Certificateholders will be remitted by Freddie Mac to the SPI Trust. See *“Risk Factors — Risks Relating to the Mortgage Loans — The Performance of the Mortgage Loans Could be Dependent on the Underlying Servicers.”*

Quality Assurance

HomeSteps evaluates vendors to determine compliance with its policies and procedures as well as with certain external laws and regulations that, if not followed, may result in liability to Freddie Mac. HomeSteps is also responsible for managing internal and external audits and exams. The HomeSteps team works very closely with Freddie Mac’s Internal Audit department, external auditors, regulators and other government entities.

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 FHFA, the Mortgage Loans 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: (i) change, among other things, the way servicers communicate and work with delinquent mortgagors; (ii) bring greater consistency and accountability to the servicing industry; and (iii) help more financially distressed mortgagors 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 servicing standards, we pay incentives to servicers based on results in servicing delinquent mortgage loans. We also assess compensatory fees if servicers do not achieve minimum performance benchmarks with respect to servicing delinquent mortgage loans. Any incentive fees will not be an expense of either the PI Trust or the SPI Trust. Moreover, any compensatory fees, in addition to the portion of any proceeds from Repurchase Alternatives intended to compensate Freddie Mac for damages that it suffers, that the Master Servicer receives will be retained by Freddie Mac and will not be passed on to the SPI Trust.

Monitoring Servicing Performance, Freddie Mac Servicer Success Program

Servicers must report regularly to us on servicing activities related to the mortgages they are servicing. The servicers must report, among other things, adverse matters, charge-offs approved by Freddie Mac, reports to credit repositories, foreclosures, monthly delinquencies, REO repurchases and transfers of ownership. The servicers are 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 Purchase Documents 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 Purchase Documents in all material respects throughout the year, or, if the servicer failed to comply with the Purchase Documents 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 **"Servicing Success Program"**). 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 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 *"— Freddie Mac 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 Purchase Documents, as applicable, regarding completed short sales.
- Loan Modification Compliance Review: An assessment of the servicer's compliance with the requirements of the Purchase Documents, as applicable, regarding completed modifications.

Freddie Mac may modify or expand the types of file reviews it conducts from time to time. No assurances are made that any of the Mortgage Loans will be subject to such a review.

Freddie Mac considers factors such as trends in performance, adequacy of staffing, audit results, the results of the Servicer Success Scorecard, Servicer Success File Reviews, and/or compliance with the Servicing Requirements in evaluating whether the servicer's overall performance is unacceptable for purposes of continued

eligibility as an approved servicer. If a servicer is placed in the bottom 25% of its peer group of servicers based on results from our Servicer Success Scorecard, the servicer is presumed to have an unacceptable Servicer Success Scorecard result. If a servicer's overall performance is deemed unacceptable or a servicer does not meet the goals set forth in the Purchase Documents, we may terminate the servicer's right to service, either partially or in full, with or without cause. Under our Servicing Success Program, Freddie Mac evaluates a servicer's performance with respect to all mortgages that such servicer services on behalf of Freddie Mac and will not separately measure performance with respect to the Mortgage Loans serviced by an Underlying 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 Mortgage Loans —Servicing Transfers May Result in Decreased or Delayed Collections and Losses"*.

Servicer Termination Event

We may terminate all or any portion of servicing by a servicer at any time with cause or without cause, in whole or in part. 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 the Servicing Requirements, 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. See *"Risk Factors — Risks Relating to the Mortgage Loans — Servicing Transfers May Result in Decreased or Delayed Collections and Losses"*.

Due Diligence Review

General

In connection with the issuance of the Certificates, Freddie Mac engaged the Diligence Provider to conduct a review of certain aspects of the Mortgage Loans on a sample of the proposed Pool (the **"Diligence Provider Review"**). The fees and expenses of the Diligence Provider were paid by Freddie Mac and the scope and design of the review were determined by Freddie Mac in consultation with the Diligence Provider. The Diligence Provider periodically selected a random sample of the mortgage loans for the Diligence Provider Review. The results of the review were provided to the Initial Purchasers.

Of the Purchase Population, 852 mortgage loans were specifically designated for this transaction upon acquisition from the Underlying Sellers. The remaining 2,709 mortgage loans were selected for inclusion in this transaction following purchase by Freddie Mac. One mortgage loan included within the Purchase Population was prepaid in full prior to the Purchase Population being made available to the Diligence Provider. Of the Purchase Population made available to the Diligence Provider, 311 mortgage loans were selected for review by the Diligence Provider (the **"Due Diligence Sample"**). The Due Diligence Sample included at least one loan from each state that has anti-predatory lending laws that may result in assignee liability. The Due Diligence Sample was assessed by both the Diligence Provider and Freddie Mac as described herein. The review by Freddie Mac was completed in accordance with its quality control process described under *"— Freddie Mac Quality Control Process"*.

Each of the 311 mortgage loans in the Due Diligence Sample (approximately 8.7% of the Purchase Population by loan count) was subject to a credit review, an appraisal review and a data integrity review. In addition, 67 mortgage loans (approximately 1.9% of the Purchase Population by loan count) were subject to an additional review for compliance with laws that may result in assignee liability and for compliance with laws that restrict points and fees (the **"Compliance Review Sample"**). The compliance review did not include examination of documents to ensure that the mortgage loans in the Compliance Review Sample comply with all local, state and federal laws.

Four (4) of the mortgage loans in the Due Diligence Sample were identified by the Diligence Provider as having underwriting findings; therefore, 4 mortgage loans were excluded from the Mortgage Pool as a result of

the Diligence Provider Review. Of those 4 mortgage loans, 2 mortgage loans had been determined to have underwriting findings through Freddie Mac's quality control process. A repurchase request was issued to the related Underlying Seller. Seven (7) additional mortgage loans were excluded from the Mortgage Pool as a result of the Freddie Mac quality control review process, which determined that such mortgage loans had underwriting findings.

Upon completion of the Diligence Provider Review and Freddie Mac's quality control procedures, 46 mortgage loans were deposited directly into certain PC trusts and accordingly are not available for this transaction but are nonetheless included in the results of the Diligence Provider Review and Freddie Mac's quality control review below.

Additionally, 199 mortgage loans in the Purchase Population were excluded from the Mortgage Pool as a result of the related mortgaged properties being located in counties declared by the President to be a major disaster area and designated by the Federal Emergency Management Agency (**"FEMA"**) as eligible for individual assistance to homeowners. See "*Risk Factors — Risks Relating to the Participation Interests and the Mortgage Loans — Impacts of Hurricane Harvey, Hurricane Irma and Hurricane Maria on Mortgage Loans*".

Credit Reviews

The Diligence Provider performed a credit review on all of the mortgage loans in the Due Diligence Sample. The Diligence Provider employed processes and procedures that were agreed to with Freddie Mac to review the mortgage loans. These processes and procedures included reviewing the terms of the mortgage loans and the information in the related mortgage loan files in order to assess whether the mortgage loans complied with Freddie Mac's eligibility requirements set forth in the Purchase Documents.

The Diligence Provider's credit review of the Due Diligence Sample determined that four (4) of the mortgage loans (approximately 1.3% of the Due Diligence Sample by loan count) were found to have an underwriting findings. The table below describes the exceptions found by the Due Diligence Provider on the four (4) mortgage loans:

Exceptions	**Number of Loans**	**As a Percentage of the Due Diligence Sample**
Income/Employment	2	0.64
DTI (Debt-to-income)	1	0.32
Flood Certification Documentation	1	0.32
Total	**4**	**1.28**

Appraisal Reviews

The Diligence Provider was able to obtain property valuations on all the mortgage loans in the Due Diligence Sample. The values that the Diligence Provider was able to obtain were primarily obtained through the Diligence Provider's proprietary automated valuation model (**"AVM"**), which did not utilize interior or exterior property inspections of the properties and such values were not determined by certified licensed appraisers in accordance with the USPAP. The results of these retrospective valuations were compared to the original appraised values. From this comparison, the Diligence Provider ordered desk reviews for sixty-four (64) mortgage loans (approximately 20.6% of the Due Diligence Sample by loan count) that had a negative AVM variance of over 10% or the Diligence Provider was unable to obtain an AVM value. 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 obtained an independent field review for 4 mortgage loans (approximately 1.3% of the Diligence Sample by loan count) as the Diligence Provider was unable to obtain a desk review due to lack of available data. The field review was performed by a licensed review appraiser who completed the field report that included an onsite inspection in accordance with the USPAP.

One of the four mortgage loans for which an independent field review was completed had a negative valuation variance of over 10% from the original appraisal. This mortgage loan, which was also determined to have an underwriting finding as a result of the credit review component of the Diligence Provider Review, was excluded from the Mortgage Pool. Investors should expect that, to the extent valuation variances as described in this paragraph are identified in the future on any other Mortgage Loans, they will not be treated as possible underwriting findings.

Data Integrity Reviews

Freddie Mac, in its role as Seller, prepared a mortgage loan data tape that included certain characteristics of the Mortgage Loans. That data tape was used to generate the statistical information regarding the Mortgage Loans included in this Memorandum.

For each mortgage loan in the Due Diligence Sample, the Diligence Provider compared 28 fields between the data tape and the mortgage loan files including: product type, property state, postal code, first payment date, maturity date, original interest rate (aka original note rate), original unpaid principal balance, loan purpose, property type, number of units, occupancy status, number of borrowers, Credit Score, original loan-to-value (LTV), original combined loan-to-value (CLTV), original home equity line of credit (HELOC) combined loan-to-value (HCLTV), original debt-to-income (DTI) ratio, first time homebuyer, prepayment penalty indicator (aka prepayment penalty mortgage (PPM) flag), mortgage insurance percentage (MI%), original loan term, mortgage insurance company name, lien position, property valuation type, property valuation date, mortgage insurance (MI) lender or borrower paid, home equity line of credit (HELOC) indicator and channel.

With respect to 28 mortgage loans individually identified in Appendix B (approximately 9.0% of the mortgage loans in the Due Diligence Sample by loan count), 31 discrepancies (approximately 0.36% of the total fields reviewed) were identified by the Diligence Provider, exclusive of original DTI discrepancies that were within 5%, plus or minus, of the value provided in the data tape; 11 mortgage loans had original DTI differences that were greater than or equal to 2% but less than or equal to 5%.

The following table summarizes the top 5 discrepancy types identified by the Diligence Provider relative to the Due Diligence Sample, exclusive of differences in DTI calculations that were within +/–5.0%.

	Number of Mortgage Loans with Discrepancies	Percentage of Due Diligence Sample
Origination Channel	7	2.3%
DTI greater than 5% lower	6	1.9%
DTI greater than 5% higher	5	1.6%
MI Company Name	3	1.0%
First Time Homebuyer	3	1.0%

Compliance Reviews

The Diligence Provider reviewed the Compliance Review Sample for compliance with certain federal and state anti-predatory lending and regulations, and the Freddie Mac responsible lending policy (formerly known as the Freddie Mac anti-predatory lending policy).

The compliance portion of the Diligence Provider Review was limited to assessing whether the mortgage loans in the Compliance Review Sample complied with certain laws in states that may result in assignee liability and for compliance with laws restricting points and fees. 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 possible underwriting findings. None of the mortgage loans in the Compliance Review Sample were determined to have underwriting defects and no mortgage loans were excluded from the Mortgage Pool on such basis. Investors should also be aware that the Diligence Provider Review did not include any specific review for technical compliance with TRID.

Limitations of the Diligence Provider's Review Process

As noted above under the risk factor captioned *"Risk Factors — Risks Relating to the Mortgage Loans — Limited Scope and Size of the Diligence Provider's Review of the Mortgage Loans May Not Reveal Aspects of the Due Diligence Sample Which Could Lead to Realized Losses,"* there can be no assurance that the review conducted by the Diligence Provider uncovered all relevant factors relating to the origination of the Mortgage Loans, their compliance with applicable laws and regulations or uncovered all relevant factors that could affect the future performance of the Mortgage Loans. The review was performed on a sample that did not include all of the Mortgage Loans in the Mortgage Pool and the Mortgage Loans that were included in the review may have characteristics that were not discovered, noted or analyzed as part of the Diligence Provider Review that could, nonetheless, result in those Mortgage Loans 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 Freddie Mac and the Initial Purchasers. 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 is not responsible for any decision to include any Mortgage Loan in the Mortgage Pool. 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 as part of this review.

Freddie Mac Quality Control Process

General

When Freddie Mac purchases 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 responsible lending statutes and other applicable laws.
- The seller/servicers' compliance with the Purchase Documents.

The document custodians check certain stated terms of the mortgage loan documents, but we generally do not independently verify the terms in the mortgage loan documents. Moreover, our quality control processes are not designed to uncover all violations of applicable representation and warranties related to the mortgage loans. See *"Risk Factors — Risks Relating to the Mortgage Loans — Freddie Mac's Limited Review of a Sample of the Mortgage Loans May Not Reveal All Aspects Which Could Lead to Losses"*.

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 Purchase Documents and any applicable Purchase Documents. 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 appear to have underwriting defects. The most common underwriting findings found in the reviews of all loans purchased by Freddie Mac during 2016 related to insufficient income and inability to calculate income. Other common findings include insufficient funds to close, excessive obligations and ineligible properties. We give our seller/servicers an opportunity to appeal repurchase requests resulting from our quality control review of any mortgage loan.

Freddie Mac reviewed 34 additional mortgage loans in the Purchase Population as part of its ongoing performing loan quality control process, separate from the Due Diligence Sample. As a result of these reviews, one (1) mortgage loan was identified as having an underwriting findings. A repurchase request was issued to the related Underlying Seller and this mortgage loan was excluded from the Mortgage Pool. None of the remaining 33 mortgage loans were identified as having an underwriting findings, and, consequently, such remaining mortgage loans were included in the Mortgage Pool.

Freddie Mac Due Diligence Review

At the same time the Diligence Provider was reviewing the mortgage loans in the Due Diligence Sample, as discussed in *"— Due Diligence Review"*, we reviewed the same sample of mortgage loans (i) to verify that each mortgage loan reviewed (a) was made to a mortgagor from whom repayment of the mortgage loan can be expected and (b) is secured by collateral that supports the value and marketability of the mortgaged property, (ii) to perform a data integrity review and (iii) with respect to the Compliance Review Sample, to monitor compliance with certain laws that may result in assignee liability and/or compliance with laws restricting points and fees.

Results of the Freddie Mac Due Diligence Credit Review and Appraisal Review

All mortgage loans in the Due Diligence Sample were reviewed by Freddie Mac 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 was reviewed against (i) a value from our automated valuation model, HVE, when available, and (ii) additional tools, when appropriate by an underwriter, in order to assess if the original appraisal report supported the value and marketability of the subject property. We require each Underlying Seller to have appraisal guidelines that include adherence to the requirements set forth in the Purchase Documents 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 Underlying Seller may not be used to influence or attempt to influence the valuation. To the extent the HVE value indicated that the original appraisal report significantly exceeded the actual value, we used other tools, including review appraisals, to determine if value and marketability of the mortgaged property was supported. 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 would have required the Underlying Seller to repurchase any mortgage loan that was originated with parties on the exclusionary list. None of the mortgage loans in the Due Diligence Sample had origination parties on the exclusionary list.

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.

Freddie Mac concurred with the results identified by the Diligence Provider described in *"— Due Diligence Review — Credit Reviews"* and "*— Due Diligence Review — Appraisal Reviews*".

Results of the Freddie Mac Due Diligence Compliance Review

Some mortgage loans in the Due Diligence Sample were selected for responsible lending reviews, and were reviewed to assess whether those mortgage loans were originated in compliance with our responsible lending policy and laws that restrict points and fees. In general, our responsible lending 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. Any mortgage loan that violates our charter or responsible lending policy would have been excluded from the Mortgage Pool. However, we may make certain exceptions for mortgage loans with minor technical violations or missing documentation that, notwithstanding the related violations, we determine to be acceptable mortgage loans. No such violations were found in the Freddie Mac compliance review.

Freddie Mac concurred with the results identified by the Diligence Provider described in *"— Due Diligence Review — Compliance Reviews"*.

Limitations of Freddie Mac's Due Diligence Review

As noted under the Risk Factor captioned *"Risks Relating to the Mortgage Loans — Freddie Mac's Limited Review of a Sample of the Mortgage Loans May Not Reveal All Aspects Which Could Lead to Losses,"* there can be no assurance that our review uncovered all relevant factors relating to the origination of the Mortgage Loans, the Underlying Sellers' 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 Mortgage Loans. We reviewed a sample of the Mortgage Loans (which review may not detect all underwriting findings for loans that were reviewed) and the Mortgage Loans 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 Mortgage Loans failing to perform in the future.

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 percentage of the Mortgage Loans as part of our review.

HISTORICAL INFORMATION

Loan-level credit performance data on a portion of fixed-rate single-family mortgage loans originated between January 1, 1999 and September 30, 2016 is available online at http://www.freddiemac.com/news/finance/sf_loanlevel_dataset.html (the **"Single Family Loan-Level Dataset"**). The Single Family Loan-Level Dataset provides actual loss and monthly loan performance data, including credit performance information up to and including property disposition, through March 31, 2017. Specific credit performance information in the Single Family Loan-Level Dataset includes voluntary prepayments and mortgage loans that were foreclosure alternatives and REOs. Specific actual loss data in the Single Family Loan-Level Dataset includes net sales proceeds, mortgage insurance recoveries, non-mortgage insurance recoveries, expenses, current deferred unpaid principal balance and the due date of the last paid installment. 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 the Mortgage Loans. These differing characteristics include, among others, product type, credit quality, geographic concentration, average principal balance, weighted average interest rate and weighted average loan-to-value ratio. We do not, and the Securities Administrator does not, 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 Mortgage Loans.

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 Memorandum. Various factors may affect the prepayment, delinquency and loss performance of the Mortgage Loans over time.

The Mortgage Loans 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. Prior to 2009, Freddie Mac did not buy super-conforming mortgage loans and, accordingly, the Single Family Loan-Level Dataset does not include such mortgage loans prior to such time. Additionally, 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 have 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 Mortgage Loans compared to the performance of prior vintages of mortgage loans. See also *"Risk Factors — Risks Relating to the Mortgage Loans — Underwriting Standards Used by Many of Freddie Mac's Underlying Sellers May be Less Stringent than Required by Freddie Mac's Guide"* and *"— Servicers May Not Follow the Requirements of the Guide and Servicing Standards May Change Periodically"*.

DESCRIPTION OF THE CERTIFICATES

General

On the Closing Date, the Seller will sell the Credit Participation Interests to the SPI Trust and the SPI Trust will issue the Certificates pursuant to the Pooling Agreement. The Certificates will represent interests in the assets of the SPI Trust, which will consist of (i) the Credit Participation Interests, (ii) such assets as from time to time are identified as deposited in respect of the Participation Interests in the Collection Account and the Certificate Account and (iii) any PC Participation Interests as from time to time are deposited into the SPI Trust.

The Subordinate Certificates have the approximate initial Class Principal Amounts set forth on the cover page of this Memorandum. The Class Principal Amount of the Class X Certificate will initially be zero, but will increase by the PC Investor Balance of each PC Participation Interest, if any, deposited into the SPI Trust after the Closing Date by Freddie Mac as described herein. The Class Coupon for each Class of Certificates will be the per annum rate set forth on page ii of this Memorandum. The Subordinate Certificates will be offered only in book-entry form on the book entry system of The Depository Trust Company. The Class X Certificate and the Residual Certificate will be issued only in fully-registered form (**"Definitive Certificates"**). The Residual Certificate will not have a Class Principal Amount or Class Coupon. The Class X Certificate will initially be retained by Freddie Mac and will not be offered hereby.

The Certificates will receive distributions of principal and interest in accordance with the distribution rules set forth in the Pooling Agreement. The Class X Certificate and the Subordinate Certificates will be subject to allocations of Realized Losses and Certificate Writedown Amounts, which will reduce their Certificate Principal Amounts without the distribution of any principal in respect thereof.

Structure of Transaction

This transaction is structured as a single-tier REMIC. The Class X Certificate will not constitute an interest in any REMIC.

Form, Registration and Transfer of the Certificates

The Subordinate Certificates will be Book-Entry Certificates and will be available as Definitive Certificates only in limited circumstances described below. The Class X Certificate and the Residual Certificate will be Definitive Certificates.

The Class X Certificate will be issued on the Closing Date with an initial Class Principal Amount of zero. On each Distribution Date, if applicable, the Class X Certificate will be increased by the Class X Certificate Writeup Amount. The Class X Certificate will not have any minimum denomination.

The Subordinate Certificates are issued, held and transferable in minimum denominations of $10,000 and additional increments of $1. The Subordinate Certificates 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 Certificate of each Class may be issued in an amount different (but not less) than the minimum denominations described above. The Residual Certificate will not have a principal or notional amount. The Residual Certificate will be issued in a percentage interest of 100%.

The Securities Administrator will initially serve as paying agent, certificate registrar and transfer agent for purposes of making calculations and distributions with respect to the Certificates and providing for registration, transfers and exchanges of the Certificates. In addition, the Master Servicer will perform certain reporting and other administrative functions.

Book-Entry Certificates. The Subordinate Certificates will be book-entry Certificates (the **"Book-Entry Certificates"**). Persons acquiring beneficial ownership interests in the Book-Entry Certificates (**"Certificate Owners"**) will hold such Certificates 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 Certificates 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 Subordinate Certificates in minimum denominations of $10,000. Except as described below, no Certificate Owner will be entitled to receive a Definitive Certificate. Unless and until Definitive Certificates are issued, it is anticipated that the only Certificateholder of the Book-Entry Certificates will be Cede & Co., as nominee of DTC. Certificate Owners will not be Certificateholders as that term is used in the Pooling Agreement. Certificate Owners are only permitted to exercise their rights indirectly through Participants, Indirect Participants, Clearstream, Euroclear and DTC.

The Securities Administrator or another designated institution will act as the custodian for Book-Entry Certificates on DTC and as the **"Common Depository"** for the Book-Entry Certificates which clear and settle through Euroclear and Clearstream.

A Certificate Owner's ownership of a Book-Entry Certificate will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a **"Financial Intermediary"**) that maintains the Certificate Owner's account for such purpose. In turn, the Financial Intermediary's ownership of such Book-Entry Certificate 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 Certificate 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.

Certificate Owners will receive all distributions of principal and interest on the Book-Entry Certificates from the Securities Administrator, on behalf of the Issuer, through DTC (and Clearstream or Euroclear, as applicable) and Participants. While the Book-Entry Certificates 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 Certificates and is required to receive and transmit distributions of principal of, and interest on, the Book-Entry Certificates. Participants and Indirect Participants with whom Certificate Owners have accounts with respect to Book-Entry Certificates are similarly required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Certificate Owners. Accordingly, although Certificate Owners will not possess certificates representing their respective interests in the Book-Entry Certificates, the Rules provide a mechanism by which Certificate Owners will receive distributions and will be able to transfer their interest. It is expected that distributions by Participants and Indirect Participants to Certificate Owners will be governed by such standing instructions and customary practices. However, distributions of principal and interest in respect of such Book-Entry Certificates 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 Securities Administrator once paid or transmitted by them.

As indicated above, Certificate Owners will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Certificates, except under the limited circumstances described below. Unless and until Definitive Certificates are issued, Certificateholders of Book-Entry Certificates who are not Participants may transfer ownership of Book-Entry Certificates only through Participants and Indirect Participants by instructing such Participants and Indirect Participants to transfer Book-Entry Certificates, by book-entry transfer, through DTC (or Clearstream or Euroclear, as applicable), for the account of the purchasers of such Book-Entry Certificates, 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 Certificates 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 Certificate Owners.

The laws of some states require that certain persons take physical delivery of securities in definitive certificated form. Consequently, this may limit a Certificate Owner's ability to transfer its interests in a Book-Entry Certificate 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 Certificate 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 Certificates in book-entry form may reduce the liquidity of such Certificates in the secondary market because certain prospective investors may be unwilling to purchase Certificates 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 Certificates 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 Certificates, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Certificates will be subject to the Rules, as in effect from time to time. Certificate Owners will not receive written confirmation from DTC of their purchase, but each Certificate 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 Certificate 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 depositary 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 three hundred thousand (300,000) 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.

Distributions on the Book-Entry Certificates will be made on each Distribution Date by the Securities Administrator to Cede & Co., as nominee of DTC. DTC will be responsible for crediting the amount of such distributions to the accounts of the applicable DTC Participants in accordance with DTC's normal procedures. Each DTC Participant will be responsible for disbursing such distributions to the Certificate Owners of the Book-Entry Certificates 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 Certificate Owners of the Book-Entry Certificates that it represents.

Under a book-entry format, Certificate Owners may experience some delay in their receipt of distributions, since such distributions will be forwarded by the Securities Administrator to Cede & Co. Distributions with respect to Certificates 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 distributions will be subject to tax reporting in accordance with relevant U.S. federal tax laws and regulations. See *"Certain Federal Income Tax Consequences — Taxation of Certain Foreign Investors", "— Backup Withholding"* and *"— Reporting and Administrative Matters"*.

DTC has advised the Securities Administrator that unless and until Definitive Certificates for the Subordinate Classes are issued or modified, DTC will take any action the holders of the Book-Entry Certificates are permitted to take under the Pooling Agreement only at the direction of one or more Financial Intermediaries to whose DTC accounts the Book-Entry Certificates are credited, to the extent that such actions are taken on behalf of Financial Intermediaries whose holdings include such Book-Entry Certificates. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Certificateholder under the Pooling 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 Certificates which conflict with actions taken with respect to other Book-Entry Certificates.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Certificates 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. The Securities Administrator will not have any responsibility for the performance by any system or their respective direct Participants or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Neither the Trustee nor the Securities Administrator will have any responsibility for any aspect of the records relating to or distributions made on account of beneficial ownership interests of the Book-Entry Certificates 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 Certificates are registered, the ability of the Certificate Owners of such Book-Entry Certificates to obtain timely distributions and, if the limits of applicable insurance coverage by the Securities Investor Protection Corporation are exceeded or if such coverage is otherwise unavailable, ultimate distributions, of amounts distributable with respect to such Book-Entry Certificates may be impaired.

Definitive Certificates. With respect to the Subordinate Certificates, Definitive Certificates will be issued to Certificate Owners of the Book-Entry Certificates, or their nominees, rather than to DTC, only if (i) DTC or Freddie Mac advises the Securities Administrator in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depositary with respect to the Book-Entry Certificates and neither Freddie Mac nor the Securities Administrator is able to locate a qualified successor, or (ii) in the case of a particular Book-Entry Certificate, 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 Securities Administrator will be required to notify DTC for the benefit of the applicable Certificate Owners of the occurrence of such event and the availability of Definitive Certificates. Upon surrender by DTC of the global security or securities representing such Book-Entry Certificates and instructions for re-registration, we will issue Definitive Certificates and thereafter the Securities Administrator will recognize the owners of such Definitive Certificates as Certificateholders under the Pooling Agreement. Such Definitive Certificates may also bear additional legends that we deem advisable. None of the Certificates will ever be issuable in bearer form.

Any portion of an interest in such a Book-Entry Certificate transferred or exchanged will be executed, authenticated and delivered only in the required minimum denomination as set forth herein. A Definitive Certificate delivered in exchange for an interest in such a Book-Entry Certificate will bear the applicable legend set forth in the applicable exhibits to the Pooling 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 Securities Administrator.

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

The Securities Administrator will keep in a note register the records of the ownership, exchange and transfer of Definitive Certificates. No service charge will be imposed for any registration of transfer or exchange of a Definitive Certificate, but the Securities Administrator or SPI Trustee may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

Class X Certificate. On the Closing Date, the Class X Certificate will be issued as a Definitive Certificate. The Holder of the Class X Certificate will be required to register it at the office of the Securities Administrator. Upon registration of the Class X Certificate, the Securities Administrator will recognize the owner of such Class X Certificate under the Pooling Agreement. The Class X Certificate will bear the applicable legends set forth in the applicable exhibits to the Pooling 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 Securities Administrator. The Class X Certificate may also bear additional legends that we deem advisable.

The Holder of the Class X Certificate will be able to transfer or exchange the Class X Certificate by surrendering such certificate at the office of the Securities Administrator together with the form of transfer endorsed thereon duly completed and executed, and otherwise in accordance with the provisions of the Pooling

Agreement, and in exchange therefor a new Class X Certificate will be issued having an aggregate Class Principal Amount equal to the remaining Class Principal Amount of the Class X Certificate transferred or exchanged.

The Securities Administrator will keep in a certificate register the records of the ownership, exchange and transfer of the Class X Certificate. No service charge will be imposed for any registration of transfer or exchange of the Class X Certificate, but the Securities Administrator may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

Replacement of Definitive Certificates

The Securities Administrator will replace Definitive Certificates 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 Certificates to the Securities Administrator as well as an indemnity, satisfactory to the SPI Trustee and the Securities Administrator.

Certificates Acquired by Freddie Mac

Freddie Mac will initially retain 5% of the initial Class Principal Amount of each of the Class M-1, Class M-2 and Class B Certificates and 100% of the Class X Certificate. Freddie Mac may purchase, repurchase or otherwise acquire some or all of any Class of Certificates at any price or prices, in the open market or otherwise. We may hold or sell any Certificates that we repurchase. Any Certificates we own will have an equal and proportionate benefit under the provisions of the Pooling Agreement, without preference, priority or distinction as among those Certificates.

Notice

Any notice, demand or other communication that is required or permitted to be given to a holder may be given, in the case of a holder of a Certificate 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.

Distributions

Distributions on the Certificates will be made by the Securities Administrator, 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 November 2017 (each, a **"Distribution Date"**), to the persons in whose names such Certificates are registered as of the Record Date. A **"Business Day"** means a day other than:

- A Saturday or Sunday.
- A day on which the offices of Freddie Mac are authorized or obligated by law or executive order to be closed.
- A day on which banking or savings and loan institutions are authorized or obligated by law or executive order to be closed in the State of New York, any state in which the Securities Administrator or SPI Trustee operate, or any city or state in which the Securities Administrator or SPI Trustee are located or are authorized or obligated by law or executive order to be closed.

Distributions on each Distribution Date will be made by wire transfer in immediately available funds to each Certificateholder's account at a bank or other depositary institution having appropriate wire transfer facilities. Cede & Co. will be the registered holder of the Subordinate Certificates. However, the final distribution on any Certificate will be made in like manner only upon presentation and surrender of such Certificate at the offices of the Corporate Trust Services division of the Securities Administrator located at 111 Fillmore Avenue East, St. Paul, Minnesota 55107, Attention: Bondholder Services or as otherwise indicated on the relevant notice thereof. Distributions will be made to Certificate Owners through the facilities of DTC, as described above under *"— Form, Registration and Transfer of the Certificates"*.

Distributions on the Certificates are to be made by the Securities Administrator, on behalf of the Issuer, without deduction or withholding of taxes, except as otherwise required by law. The Certificates will not provide for any gross-up distributions in the case that distributions on the Certificates become subject to any deduction or withholding on account of taxes.

Reporting Periods

For any Distribution Date and for the purpose of making calculations with respect to the Certificates, the Due Period, the Curtailment Period, the Prepayment in Full Period, the Modification Period, the Loss Period and the Delinquency Determination Date on the Certificates are described under *"Summary of Terms"* and the examples provided below.

For example, on the Distribution Date in December 2017 and for purposes of making calculations with respect to the Certificates:

(1) The Due Period will be from November 16 through December 15,

(2) The Curtailment Period will be from October 16 through November 15,

(3) The Prepayment in Full Period will be from November 3 through December 4,

(4) The Modification Period will be from November 1 through November 30,

(5) The Loss Period will be from November 1 through November 30, and

(6) The Delinquency Determination Date will be no earlier than October 31.

In the event Freddie Mac's operational processes or timelines are revised for mortgage loans serviced in accordance with the Guide, Freddie Mac may revise the dates used to determine any Reporting Periods after providing 60 days' written notice to the Securities Administrator and Certificateholders of such revision. Freddie Mac has announced that certain reporting timelines for servicers will change in May 2019; concurrent with those changes, it is expected that the Curtailment Period will change from a mid-month cycle to a monthly calendar cycle.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the Certificates:

"Capitalization Amount" means for any Distribution Date and any Mortgage Loan modified during the related Modification Period, the positive amount, if any, equal to the unpaid principal balance of such Mortgage Loan upon completion of the modification (inclusive of any related Principal Forbearance Amount), plus any related Forgiveness Advances, minus the Stated Principal Balance of such Mortgage Loan as of the preceding Distribution Date.

"Capitalization Reimbursement Amount" means for any Distribution Date, the aggregate Capitalization Amount.

"Carryover Redistribution Amount" means for any Distribution Date, the excess, if any, of the Maximum Redistribution Amount over the Redistribution Amount.

"CDL Distribution Amount" means for any Distribution Date and any Mortgage Loan that became a Constructive Default Loan since the preceding Distribution Date, the related PC Investor Balance as of the preceding Distribution Date.

"Certificate Realized Loss" means with respect to any Class of Certificates (other than the Residual Certificate) and any Distribution Date, the amount by which the related Certificate Principal Amount is reduced as a result of any Realized Losses allocated to such Class.

"Certificate Writedown Amount" means the amount by which the aggregate Certificate Principal Amount of all the Certificates (other than the Residual Certificate) on any Distribution Date (after giving effect to allocation of the Class X Certificate Writeup Amount, distributions of principal and allocations of Realized

Losses and Subsequent Recoveries on such Distribution Date) exceeds the aggregate Trust Principal Balance of the Mortgage Loans on such Distribution Date.

"Class X Certificate Writeup Amount" means for any Distribution Date, the aggregate CDL Distribution Amount.

On each PC payment date, as defined in the related PC Documents, and with respect to each Constructive Default Loan for such Distribution Date, the PC Administrator will remit or cause to be remitted to holders of the related PCs, the CDL Distribution Amount for such Constructive Default Loan, receiving in exchange the PC Participation Interest previously held by the related PC Trust. The Seller will immediately deposit all rights, title and interests in each such PC Participation Interest into the SPI Trust. As consideration for depositing each such PC Participation Interest into the SPI Trust, the Class Principal Amount of the Class X Certificate will be increased by the Class X Certificate Writeup Amount for such Distribution Date.

"Constructive Default Loan" means for any Distribution Date any Mortgage Loan (including any REO Property attributable to such Mortgage Loan) for which, as of such Distribution Date, the related PC Participation Interest has been repurchased from the related PC Trust and deposited into the SPI Trust.

"Cut-Off Date Balance*"* means for any Mortgage Loan, (a) the PC Investor Balance as of the Cut-Off Date divided by (b) the PC PI Percentage.

"Expenses Cap" means the aggregate annual cap on Expenses applicable to the Securities Administrator, the Seller, the SPI Trustee, the Custodian and the Master Servicer, equal to an aggregate maximum reimbursement of $300,000 in any 12-month period; provided that, (a) (i) as long as the same person is acting as the Securities Administrator and the SPI Trustee, in no event will the aggregate amount reimbursed to the Securities Administrator and the SPI Trustee exceed $100,000 in any 12-month period, and (ii) in the event the SPI Trustee and the Securities Administrator are not the same person, then in no event will the aggregate amount reimbursed to the Securities Administrator exceed $50,000 in any 12-month period and in no event will the aggregate amount reimbursed to the SPI Trustee exceed $50,000 in any 12-month period, and (b) in no event will the aggregate amount reimbursed to the Seller, the Master Servicer and the Custodian exceed $200,000 in any 12-month period; provided, however, that Expenses incurred by the Securities Administrator or SPI Trustee related to or resulting from a Master Servicer Event of Default will not be subject to the cap amount listed in (a) above; and provided further, that neither the Master Servicer nor any affiliate of the Master Servicer may be reimbursed for any Expense related to or arising from a Master Servicer Event of Default. Any Expenses in excess of the aggregate, respective limits described above (**"Excess Expenses"**) will be reimbursable to the Master Servicer, the Securities Administrator, the Custodian, the Seller and the SPI Trustee to the extent of funds available. See *"— Interest"* and *"— Distributions of Interest"*.

"Forgiveness Advance" means with respect to any Distribution Date and any Mortgage Loan for which a forgiveness modification occurs in the related Modification Period, the amount forgiven.

In the event that a Mortgage Loan with a prior Forgiveness Advance becomes a Liquidated Mortgage Loan, the Master Servicer will be reimbursed for any prior Forgiveness Advances from the Collection Account. The Master Servicer will not be reimbursed for any prior Forgiveness Advances if the mortgagor fully repays the Mortgage Loan, as modified.

"Insurance Proceeds" means, without duplication, all Mortgage Insurance Credit Amounts and all proceeds of any insurance policies with respect to the Mortgage Loans, to the extent such proceeds are not to be applied to the restoration of the related mortgaged property or released to the related mortgagor in accordance with the Servicing Requirements and excluding insured expenses.

"Interest Distribution Amount" means for any Class of Certificates (other than the Residual Certificate), on any Distribution Date, an amount equal to the interest accrued during the related Accrual Period on the related Class Principal Amount as of the preceding Distribution Date at the applicable Class Coupon, together with any unpaid Interest Distribution Amounts for such Class from the preceding Distribution Date.

"Interest Remittance Amount" means with respect to any Distribution Date, without duplication:

(a) the sum of (i) with respect to any Mortgage Loan that is not a Stop Advance Loan, one month's interest, calculated at the Trust Mortgage Rate, on its Trust Principal Balance as of the preceding Distribution Date, including amounts paid by the Master Servicer as Compensating Interest on

such Mortgage Loan; (ii) with respect to any Mortgage Loan that is no longer a Stop Advance Loan (as a result of mortgagor payments, modification, repurchase or otherwise), interest not previously remitted to the SPI Trust that would have been due to the SPI Trust on any prior Distribution Date had the Mortgage Loan not been a Stop Advance Loan; (iii) with respect to any Mortgage Loan that is a Stop Advance Loan, interest, calculated at the Trust Mortgage Rate, on its Stated Principal Balance as of the preceding Distribution Date, for any month in which interest has been received from the mortgagor but not previously remitted to the SPI Trust; (iv) interest included in the determination of the amount in section (a)(ii) of the definition of Realized Loss for any Liquidated Mortgage Loan; (v) any Redistribution Amount; and (vi) the IRA Shortfall Amount as of the preceding Distribution Date;

Minus, without duplication:

(b) the sum of (i) the Master Servicing Fee, (ii) subject to the Expenses Cap, an amount equal to the sum of all related fees (other than the Servicing Fee, the Master Servicing Fee and amounts required to be paid by the Master Servicer from the Master Servicing Fee), charges, indemnity amounts and other costs, including, without limitation, costs incurred by the Master Servicer in challenging any eminent domain proceedings (all such amounts in this clause (ii), **"Expenses"**) payable or reimbursable to the Master Servicer, the Securities Administrator, the Seller, the Custodian, and the SPI Trustee from the SPI Trust under the Pooling Agreement; and (iii) the PRA Shortfall Amount (as defined below);

Plus

(c) an amount, not less than zero, equal to (b) minus (a) above (the **"Master Servicer Shortfall Amount"**).

"IRA Shortfall Amount" means with respect to any Distribution Date, an amount equal to the PRA Shortfall Amount minus the Master Servicer Shortfall Amount.

"Liquidated Mortgage Loan" means a defaulted Mortgage Loan that is liquidated as a result of a foreclosure sale, REO Property sale, short sale, or otherwise, or a Mortgage Loan that is acquired by a governmental authority exercising the power of eminent domain, that is processed by the Master Servicer and is reflected in its system of record as a liquidation during the related Loss Period.

"Liquidation Proceeds" means with respect to any Liquidated Mortgage Loan, (i) all cash amounts (net of selling expenses), including Insurance Proceeds, received in connection with the liquidation of such defaulted Mortgage Loan, whether through a foreclosure sale, REO Property sale, short sale or otherwise or amounts received in connection with any condemnation or partial release of a mortgaged property, (ii) any amounts received by the PI Trust or the SPI Trust from a governmental authority in connection with the acquisition of a Mortgage Loan by eminent domain (to the extent such amounts, with respect to a Mortgage Loan, are less than the outstanding principal balance of the related Mortgage Loan, plus accrued interest) and (iii) any other proceeds (net of selling expenses) received in connection with the disposition of an REO Property.

"Maximum Redistribution Amount" means for any Distribution Date, an amount, not less than zero, equal to (a) the sum of (i) the aggregate Modification Rate Loss, (ii) the excess, if any, of the Maximum Redistribution Amount over the Redistribution Amount, in each case, as of the preceding Distribution Date, and (iii) subject to the Expenses Cap, Expenses, minus (b) interest accrued on the Class B Certificates during the related Accrual Period.

"Modification Rate Loss" means for any Distribution Date and any modified Mortgage Loan, the product of (i) the Trust Principal Balance as of the preceding Distribution Date, (ii) the Trust Mortgage Rate as of the Cut-Off Date minus the Trust Mortgage Rate as of the preceding Distribution Date, and (iii) one-twelfth.

"Mortgage Insurance Credit Amount" means with respect to any Liquidated Mortgage Loan the greater of (a) the amount received from a mortgage insurance company with respect to such Mortgage Loan and (b) the amount that Freddie Mac claims is payable under any effective mortgage insurance policy relating to such Mortgage Loan, provided, that such Mortgage Insurance Credit Amount will be limited to the amount that would be necessary to reduce Realized Losses on the Liquidated Mortgage Loan to zero. Any Mortgage Insurance

Credit Amount reported by Freddie Mac will be included as a component of Net Liquidation Proceeds irrespective of Freddie Mac's receipt of such amounts from the related mortgage insurance company. The Mortgage Insurance Credit Amount will not be reduced or otherwise affected as a result of (i) any insolvency of the related mortgage insurance company or (ii) any settlement or agreement between Freddie Mac and the related mortgage insurance company resulting in the reduction in a claim payment or the commutation or cancellation of coverage under the related mortgage insurance policy.

"Net Liquidation Proceeds" means with respect to any Liquidated Mortgage Loan, the related Liquidation Proceeds net of any related Advances and any Forgiveness Advances.

"Net Mortgage Rate" means with respect to each Mortgage Loan, the related mortgage rate as of the Cut-Off Date reduced by the Servicing Fee Rate and by the Master Servicing Fee Rate.

"Net WAC" means for any Distribution Date, a per annum rate, expressed as a percentage, equal to the weighted average of the Net Mortgage Rates of the Mortgage Loans (without giving effect to any interest rate modifications occurring after the Cut-Off Date), weighted by their Trust Principal Balances as of the preceding Distribution Date.

"PC" means a mortgage participation certificate issued pursuant to the PC Trust Agreement and disclosed in the related PC Offering Circular and backed by PC Participation Interests in Mortgage Loans, which Mortgage Loans also back Credit Participation Interests deposited into the SPI Trust.

"PC Administrator" means Freddie Mac, in its corporate capacity, as administrator or guarantor of the PCs.

"PC Documents" means with respect to each PC, the Freddie Mac PC Master Trust Agreement dated February 2, 2017, as amended or superceded (**"PC Master Trust Agreement"**) and as supplemented by the related pool supplement (collectively, for such PC, the **"PC Trust Agreement"**), and the Freddie Mac Mortgage Participation Certificates Offering Circular dated March 27, 2017, and any related supplement (collectively, for such PC, the **"PC Offering Circular"**).

"PC Investor Balance" means for any Mortgage Loan and any date of determination, the principal balance to which the related PC Trust, as holder of the related PC Participation Interest, is entitled after giving effect to any principal distributions made or to be made by the PC Administrator in respect of such PC Participation Interest in the month of such date of determination.

"PC PI Percentage" means for any PC Participation Interest, the percentage beneficial interest in the related Mortgage Loan to which the holder of such Participation Interest is entitled, such percentage as stipulated on the related Participation Interest certificate. The PC PI Percentage with respect to each Mortgage Loan will be 96.00%.

"Preliminary PRA" means for any Distribution Date, the Principal Remittance Amount calculated without giving effect to any Redistribution Amount.

"Principal Forbearance Amount" means for any Distribution Date the total amount of principal deferred without accruing interest in connection with a servicing modification during the related Modification Period.

"Principal Remittance Amount" means with respect to any Distribution Date, without duplication:

(a) for any Mortgage Loan that is not a Constructive Default Loan as of such Distribution Date, the product of (i) the related Trust PI Percentage divided by the PC PI Percentage; and (ii) the PC Investor Balance as of the preceding Distribution Date minus the PC Investor Balance as of the Distribution Date;

Plus

(b) for any Mortgage Loan that is a Constructive Default Loan as of such Distribution Date, the sum of (i) all scheduled payments of principal due during the related Due Period or any prior Due Period, to the extent received or advanced; (ii) scheduled payments of principal due subsequent to the Due Period, to the extent received; (iii) Net Liquidation Proceeds less interest included under clause (a)(iv) of the definition of Interest Remittance Amount; (iv) Subsequent Recoveries; and

(v) all partial prepayments of principal and full prepayments of principal reported to the Master Servicer during the related Curtailment Period and the related Prepayment in Full Period, respectively;

Plus

(c) the sum of (i) the aggregate Trust Principal Balance as of the preceding Distribution Date of Participation Interests repurchased by the Seller; (ii) Forgiveness Advances made by the Master Servicer; and (iii) on the Distribution Date on which the SPI Trust is to be terminated pursuant to either a Mandatory Termination or an Optional Termination, the sum of (1) the aggregate Trust Principal Balance of the Mortgage Loans (other than with respect to the REO Properties) and (2) the market value of any REO property multiplied by the related Trust PI Percentage.

Minus

(d) the sum of (i) Subsequent Losses; (ii) any Capitalization Reimbursement Amount; (iii) any Redistribution Amount; and (iv) any PRA Shortfall Amount as of the preceding Distribution Date;

Plus

(e) an amount, not less than zero, equal to the amount in clause (d) minus the amounts in clauses (a), (b) and (c) above (the **"PRA Shortfall Amount"**).

"Realized Loss" means for any Distribution Date, an amount (without duplication) equal to the sum of:

(a) With respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the related Loss Period, an amount (not less than zero), equal to (i) the Stated Principal Balance as of the preceding Distribution Date, plus (ii) interest calculated at the Trust Mortgage Rate, on its Stated Principal Balance as of the preceding Distribution Date, for any month in which interest has not been previously remitted to the SPI Trust, up to and including the last day of the Accrual Period, minus (iii) the Net Liquidation Proceeds,

(b) the amount by which, in the event of bankruptcy of a mortgagor, a bankruptcy court reduces the unpaid principal balance of any Mortgage Loan, as reported to the Master Servicer and recorded in its system of record,

(c) the Principal Forbearance Amount for such Distribution Date,

(d) the Redistribution Amount for such Distribution Date, and

(e) subsequent losses on any Mortgage Loan that became a Liquidated Mortgage Loan in a prior Loss Period (**"Subsequent Loss"**).

"Redistribution Amount" means for any Distribution Date, the lesser of (i) the Maximum Redistribution Amount, (ii) the Class Principal Amount of the Class B Certificates as of the preceding Distribution Date, (iii) the Preliminary PRA, and (iv) the product of (a) the aggregate Class Principal Amount of the Subordinate Certificates as of the preceding Distribution Date and (b) the Redistribution Percentage Cap.

"Redistribution Percentage Cap" means a percentage equal to 0.10%.

"Repurchase Indemnification Amount" means for any Liquidated Mortgage Loan for which an indemnification payment is to be made by the Seller on any Distribution Date, the aggregate amount of any Realized Losses, net of any Subsequent Recoveries, attributed to such Liquidated Mortgage Loan on any Distribution Date.

"Repurchase Price" means for any Mortgage Loan that is not a Liquidated Mortgage Loan for which the related Participation Interest is to be repurchased by the Seller on any Distribution Date, the sum of (a) the Trust Principal Balance of such Mortgage Loan as of the date of repurchase, (b) interest on such Mortgage Loan, calculated at the Trust Mortgage Rate, on the Trust Principal Balance for each Accrual Period from the due date as to which interest was last paid or advanced to the SPI Trust up to and including the last day of the related Accrual Period and (c) any Realized Losses, net of any Subsequent Recoveries, attributed to such Mortgage Loan on any Distribution Date.

"Stated Principal Balance" means for the Cut-Off Date, any Distribution Date and any Mortgage Loan or related REO Property, the principal balance to which the holders of the related Credit Participation Interest and PC Participation Interest are then entitled, the amount, not less than zero, being equal to:

(a) the Cut-Off Date Balance of such Mortgage Loan; plus

(b) the total Capitalization Amount for such Mortgage Loan for any Distribution Date; minus

(c) all principal payments for such Mortgage Loan (including, without duplication, the principal portion of monthly payments received or advanced by the Master Servicer or PC Administrator, partial or full prepayment, Net Liquidation Proceeds, Forgiveness Advances and Insurance Proceeds) that have been applied by the Master Servicer and included in the Principal Remittance Amount on any Distribution Date or that have been applied by the PC Administrator, and reflected in the PC Investor Balance for such Mortgage Loan on such Distribution Date, but excluding any CDL Distribution Amount related to such Mortgage Loan; minus

(d) any Realized Losses for such Mortgage Loan allocated to the Certificates on any Distribution Date.

Unless otherwise noted, references to the aggregate Stated Principal Balance of Mortgage Loans will also include the aggregate Stated Principal Balance of any REO Properties.

"Stop Advance Loan" means for any Distribution Date, any Constructive Default Loan as of the preceding Distribution Date that is an REO property or was at least 60 days delinquent as of the related Delinquency Determination Date.

"Subsequent Recoveries" means for any Distribution Date, amounts recovered (whether from the mortgagor, insurance providers, the Seller or otherwise) or adjustments made during the related Loss Period with respect to any Mortgage Loan for which a Realized Loss was allocated on a prior Distribution Date, such that the cumulative Realized Loss for such Mortgage Loan is reduced.

"Termination Price" means the sum of: (i) the aggregate Trust Principal Balance of the Mortgage Loans (other than with respect to the REO properties), (ii) the market value of any REO Properties related to any Participation Interests held in the SPI Trust and (iii) any remaining unreimbursed Advances and any other amounts payable to the Securities Administrator, the Master Servicer, the Custodian, the SPI Trustee or the Seller.

"Trust Mortgage Rate" means with respect to any Mortgage Loan and any Distribution Date, the related mortgage rate (after giving effect to any interest rate modifications occurring after the Cut-Off Date), reduced by the Servicing Fee Rate with respect to such Mortgage Loan.

"Trust Principal Balance" means for the Cut-Off Date, any Distribution Date and any Mortgage Loan or related REO Property, the product of (i) the Stated Principal Balance of such Mortgage Loan and (ii) the Trust PI Percentage of such Mortgage Loan.

"Trust PI Percentage" means for any Distribution Date and any Mortgage Loan, the total beneficial interest in such Mortgage Loan held by the SPI Trust as represented by the related Credit Participation Interest deposited into the SPI Trust by the Seller on or before the Closing Date and by the related PC Participation Interest, if any, deposited by Freddie Mac, as Seller, into the SPI Trust after the Closing Date following such Mortgage Loan becoming a Constructive Default Loan. The Trust PI Percentage will be 4.00% on the Closing Date.

"Underwriting Defect" means with respect to any Mortgage Loan, a condition resulting from such Mortgage Loan containing an Underwriting Finding and the occurrence of any of the following: (i) the repurchase of such Mortgage Loan by the Underlying Seller or Underlying Servicer, (ii) the election by Freddie Mac in its sole discretion to waive the enforcement of a remedy against the Underlying Seller or Underlying Servicer in respect of such Underwriting Finding or (iii) the bankruptcy, an insolvency proceeding or a receivership of the party responsible for the representations and warranties with respect to such Mortgage Loan.

"Underwriting Finding" means with respect to any Mortgage Loan, a determination by Freddie Mac in its sole discretion that: (a) a material violation of the underwriting guidelines and other requirements in the Guide

(as modified by the terms of the related Underlying Seller's Purchase Documents) exists with respect to such Mortgage Loan, (b) as of the origination date, collateral securing such Mortgage Loan was inadequate or (c) as of the origination date, repayment in full on such Mortgage Loan from the related Mortgagor could not be expected. For the avoidance of doubt, any Mortgage Loan with minor technical violations or missing documentation, which in each case Freddie Mac determines to be an acceptable Mortgage Loan, will not result in an Underwriting Finding.

"Voting Rights" means the portion of the voting rights of all the Certificates that is allocated to any Certificate for purposes of the voting provisions of the Pooling Agreement. At all times during the term of the Pooling Agreement, all Voting Rights will be allocated to the Class X, Class M-1, Class M-2 and Class B Certificates in proportion to their respective Certificate Principal Amounts. No Certificate with a Class Principal Amount equal to zero will have any Voting Rights. The Class R Certificate will not have any Voting Rights.

Interest

The Class Coupon and Accrual Period for each Class of Certificates for each Distribution Date is as described in the *"Summary of Terms — Interest"*.

On each Distribution Date, each Class of Certificates (other than the Residual Certificate) will be entitled to receive interest accrued during the related Accrual Period at the applicable Class Coupon on the related Class Principal Amount as of the preceding Distribution Date, together with any unpaid Interest Distribution Amount for such Class from the preceding Distribution Date.

Interest will be calculated and payable on the basis of a 30-day Accrual Period and a 360-day year.

The determination by the Securities Administrator of the Class Coupons on the applicable Classes of Certificates and the determination of any distribution on any Certificate (or any interim calculation in the determination of any such interest rate or distribution) will, absent manifest error, be final and binding on all parties.

See *Prepayment and Yield Considerations.*

Distributions of Interest

On each Distribution Date, the Interest Remittance Amount will be distributed in the following order of priority:

First, to the Class X Certificate, in an amount up to its applicable Interest Distribution Amount for such Distribution Date;

Second, to the Class M-1 Certificates, an amount up to its applicable Interest Distribution Amount for such Distribution Date;

Third, to the Class M-2 Certificates, an amount up to its applicable Interest Distribution Amount for such Distribution Date;

Fourth, to the Class B Certificates, an amount up to its applicable Interest Distribution Amount for such Distribution Date;

Fifth, to the Master Servicer, the Securities Administrator, the Custodian, the Seller and the SPI Trustee in proportion to their respective unpaid Excess Expenses as of the preceding Distribution Date, an amount up to their respective unpaid Excess Expenses;

Sixth, to the Class X, Class M-1, Class M-2 and Class B Certificates, sequentially, in that order, to reimburse any previously allocated Realized Losses and Certificate Writedown Amounts; and

Seventh, to the Residual Certificate.

As described under "— *Modifications and Expenses*", certain principal payments on the Mortgage Loans may be included in the Interest Remittance Amount and distributed in accordance with the priorities above, thereby reducing or eliminating interest shortfalls to the Certificates (other than the Class B Certificates) resulting from interest rate modifications or reimbursement of Expenses.

Principal

Allocation of Class X Certificate Writeup Amount

On each Distribution Date and prior to the distribution of the Principal Remittance Amount, the allocation of the Class X Certificate Writeup Amount will increase the Class Principal Amount of the Class X Certificate.

Allocation of Principal Remittance Amount

On each Distribution Date subsequent to the allocation of any Class X Certificate Writeup Amount, the Principal Remittance Amount will be distributed in the following order of priority:

First, to the Class X Certificate, until the Class Principal Amount of such Class is reduced to zero;

Second, to the Class M-1 Certificates, until the Class Principal Amount of such Class has been reduced to zero;

Third, to the Class M-2 Certificates, until the Class Principal Amount of such Class has been reduced to zero; and

Fourth, to the Class B Certificates, until the Class Principal Amount of such Class has been reduced to zero.

Reductions in Class Principal Amounts Due to Allocation of Realized Losses

Subsequent to the allocation of the Class X Certificate Writeup Amount and the distribution of the Principal Remittance Amount in the order of priority set forth above, on each Distribution Date, Realized Losses will be allocated as follows:

First, to reduce the Class Principal Amount of the Class B Certificates until such amount has been reduced to zero;

Second, to reduce the Class Principal Amount of the Class M-2 Certificates until such amount has been reduced to zero;

Third, to reduce the Class Principal Amount of the Class M-1 Certificates until such amount has been reduced to zero; and

Fourth, to reduce the Class Principal Amount of the Class X Certificate until such amount has been reduced to zero.

Increases in Class Principal Amounts Due to Allocation of Subsequent Recoveries

Subsequent to the allocation of the Class X Certificate Writeup Amount, the distribution of the Principal Remittance Amount and the allocation of Realized Losses in the order of priorities set forth above, on each Distribution Date, any Subsequent Recoveries will be allocated as follows:

First, to the Class X Certificate, until the cumulative Subsequent Recoveries allocated are equal to the cumulative Certificate Writedown Amounts and Certificate Realized Losses allocated to the Class X Certificate on or prior to such Distribution Date; and

Second, to the Class M-1, Class M-2 and Class B Certificates, sequentially, in that order, until the cumulative Subsequent Recoveries allocated are equal to the cumulative Certificate Writedown Amount and Certificate Realized Losses, allocated to such Class of Certificates on or prior to such Distribution Date.

In the event any Subsequent Recoveries are allocated to any Class of Certificates, the related Class Principal Amount will be increased by the amount of such allocated Subsequent Recoveries. For the avoidance of doubt, the allocation of Subsequent Recoveries above does not directly result in any principal distributions to any Certificate.

Reductions in Class Principal Amounts Due to Allocation of Certificate Writedown Amounts

Subsequent to the allocation of the Class X Certificate Writeup Amount, the distribution of the Principal Remittance Amount, the allocation of Realized Losses and the allocation of any Subsequent Recoveries in the order of priorities set forth above, on each Distribution Date, Certificate Writedown Amounts will be allocated as follows:

First, to reduce the Class Principal Amount of the Class B Certificates until such amount has been reduced to zero;

Second, to reduce the Class Principal Amount of the Class M-2 Certificates until such amount has been reduced to zero;

Third, to reduce the Class Principal Amount of the Class M-1 Certificates until such amount has been reduced to zero; and

Fourth, to reduce the Class Principal Amount of the Class X Certificate until such amount has been reduced to zero.

Principal Distribution on the Maturity Date

On the Maturity Date, subsequent to the allocation of the Class X Certificate Writeup Amount and the distribution of the Principal Remittance Amount, the outstanding Class Principal Amount for the Class X Certificate and each Class of Subordinate Certificates will be reduced to zero through the allocation of Realized Losses or Certificate Writedown Amounts.

Advances

The Master Servicer is required to make advances of delinquent principal and interest at the related Trust PI Percentage (**"P&I Advances"**) on each Master Servicer Remittance Date with respect to the applicable Mortgage Loans that are not Stop Advance Loans. The P&I Advances required to be made with respect to any delinquent Mortgage Loan will be equal to the related Trust PI Percentage of the payments of principal and interest at the Trust Mortgage Rate on the Mortgage Loans that were due on the related due date and not received by the Master Servicer on or before the Master Servicer Remittance Date. Additionally, for any Mortgage Loan that becomes a Constructive Default Loan and for which Freddie Mac, as Seller, has deposited the PC Participation Interest into the SPI Trust, previous principal and interest advances made by the PC Administrator in respect of such PC Participation Interest shall be deemed to have been made by the Master Servicer.

Each Underlying Servicer is required to advance amounts necessary to preserve the PI Trust's interests in the mortgaged properties or the mortgages, such as property taxes or insurance premiums that the applicable mortgagor failed to pay (**"Servicing Advances"**). To the extent that an Underlying Servicer fails to make the Servicing Advances or the Mortgage Loan becomes an REO Property, the Master Servicer will be required to make such Servicing Advances. The Servicing Advances, together with P&I Advances, are referred to as **"Advances"**. The Master Servicer will be entitled to reimbursement for Advances made to reimburse the Underlying Servicers or Advances made directly by or deemed to have been made by the Master Servicer.

An Advance will be reimbursable to the Master Servicer from (i) subsequent mortgagor payments or Liquidation Proceeds on the related Mortgage Loan, (ii) principal payments on other Mortgage Loans or (iii) the Termination Price.

In addition, if a forgiveness modification occurs on a Mortgage Loan in any Modification Period, the Master Servicer will be required to remit to the SPI Trust the Forgiveness Advance on the related Distribution Date. In the event that a Mortgage Loan or REO Property with a prior Forgiveness Advance becomes a Liquidated Mortgage Loan, the Master Servicer will be reimbursed for any prior Forgiveness Advances. The Master Servicer will not be reimbursed for any prior Forgiveness Advances if the related mortgagor fully repays the Mortgage Loan, as modified.

Modifications and Expenses

Mortgagors who become eligible for modification programs available under the Guide, as described under *"General Mortgage Loan Purchase and Servicing — Servicing Standards — Default Management,"* may receive, in connection with such modifications, favorable adjustments to the terms of their Mortgage Loans. Such adjustments may include one or more of the following: a reduction in the rate at which interest accrues, extension of the final maturity date with an associated reamortization of the payments due over the life of the Mortgage Loan, and a forbearance of part of the unpaid principal balance on which no interest will accrue.

Principal Forbearance Amounts are included as Realized Losses on the Distribution Date immediately following the month in which the modification is completed, with such Realized Losses allocated to Certificates, as described under *"General Mortgage Loan Purchase and Servicing — Servicing Standards — Default Management."*

Because the respective Class Coupons of the Subordinate Certificates are calculated without regard to modifications completed after the Cut-Off Date, modifications in which the mortgagor's interest rate is reduced will result in a shortfall between the interest due on such Certificates and the Trust PI Percentage of interest accrued on the related Mortgage Loan that backs the related Participation Interests. Subject to the constraints described below, interest shortfalls will be funded by certain principal payments on the Mortgage Loans that back the related Participation Interests. Any such principal payments on the Mortgage Loans that back the Participation Interests that are remitted to Certificateholders in the form of interest will result in an equal amount of Realized Losses, with such Realized Losses allocated to the Class B Certificates as described under *"— Principal — Reductions in Class Principal Amounts Due to Allocation of Realized Losses."*

With respect to any Distribution Date, the Preliminary PRA will be available to fund any interest shortfalls resulting from interest rate modifications and reimbursement of Expenses, in an amount not to exceed:

- The aggregate Class Principal Amount of the Subordinate Certificates as of the preceding Distribution Date multiplied by the Redistribution Percentage Cap.
- The amount by which shortfalls arising from interest rate modifications or reimbursement of Expenses, together with any Carryover Redistribution Amount, exceeds the interest accrued on the Class B Certificates for such Distribution Date.
- The Class Principal Amount of the Class B Certificates as of the preceding Distribution Date.

THE PARTICIPATION INTEREST TRUST AGREEMENT

The following summary describes certain provisions of the Participation Interest Trust Agreement, not otherwise described in this Memorandum.

Freddie Mac as PI Trustee, PC Administrator, Master Servicer, Master Document Custodian, Participation Agent and Depositor

Freddie Mac, a corporate instrumentality of the United States created and existing under the Freddie Mac Act, is the Depositor of the Mortgage Loans into the PI Trust and will be appointed as the PI Trustee, PC Administrator, Master Document Custodian and Participation Agent under the Participation Interest Trust Agreement (the **"PI Trust Agreement"**). In addition, Freddie Mac, as Master Servicer will be a party to the PI Trust Agreement. Freddie Mac's principal office is located at 8200 Jones Branch Drive, McLean, Virginia 22102. Freddie Mac currently has approximately 5,400 employees in the McLean, Virginia headquarters and in regional offices located in New York, New York, Atlanta, Georgia, Chicago, Illinois, Carrolton, Texas and Los Angeles, California. Freddie Mac conducts business in the U.S. secondary mortgage market by working with a national network of experienced single-family seller/servicers to purchase single-family homes and to set servicing standards for such mortgage loans. Freddie Mac performs in-house quality control reviews of single-family loans but does not directly originate loans or service loans for third-party investors.

Prior to the Closing Date, Freddie Mac, as Depositor, will deposit the Mortgage Loans into the PI Trust. For each Mortgage Loan deposited into the PI Trust, the PI Trust will issue to the Depositor (i) a credit participation

interest representing a 4% beneficial interest in such Mortgage Loan (each a **"Credit Participation Interest"**) and (ii) a PC participation interest representing a 96% beneficial interest in such Mortgage Loan (each a **"PC Participation Interest"** and together with its corresponding Credit Participation Interest, the **"Participation Interests"**).

Freddie Mac will serve as the Master Servicer with respect to all of the Mortgage Loans and will, among other things, be responsible for the master servicing and administration of the Mortgage Loans pursuant to the Servicing Requirements, *provided, however,* that so long as a PC Participation Interest remains in a PC Trust, the PC Administrator, as delegated to it by the Master Servicer, will take any and all actions it deems necessary to monitor and oversee the Underlying Servicers' servicing activities with respect to the related Mortgage Loans. Either the Master Servicer or the PC Administrator, as applicable, may pursue remedies for material violations of the Servicing Requirements.

Freddie Mac has extensive experience overseeing servicers, including, processing distressed loans in asset resolution through extensions, forbearance, short sale, modification, foreclosure and other loss mitigation activities. See *"General Mortgage Loan Purchase and Servicing"* in this Memorandum. Freddie Mac's master servicing operations consist of separate teams that handle surveillance activities, mortgagor transactions, asset resolution and REO.

As Master Servicer, Freddie Mac is required to oversee the servicing of the Mortgage Loans by the Underlying Servicers, *provided, however,* that so long as a PC Participation Interest remains in a PC Trust with respect to any Mortgage Loan, the Master Servicer will delegate this oversight responsibility for such Mortgage Loan to the PC Administrator. Freddie Mac has developed detailed operating policies, procedures and controls across the various servicing functions to determine servicer compliance with the Purchase Documents and to manage the Underlying Servicers' servicing of the Mortgage Loans. Freddie Mac's servicing policies and procedures, as reflected in the Servicing Requirements, are updated as necessary to keep pace with changes in Freddie Mac's servicing parameters. The Mortgage Loans are required to be serviced in accordance with the terms set forth in the Servicing Requirements.

Freddie Mac will be the Master Document Custodian of the Mortgage Loans and is required to oversee the Underlying Servicers' relationships with the Underlying Document Custodians that will retain custody of certain original documents relating to the Mortgage Loans on behalf of the PI Trust. The Underlying Document Custodians will serve in such capacity pursuant to the Purchase Documents.

Freddie Mac will act as PI Trustee under the PI Trust Agreement. Freddie Mac, as PI Trustee, may only resign from its duties under the PI Trust Agreement if FHFA directs it to do so in writing. The resignation of the PI Trustee will not become effective until a successor trustee is appointed. A resigning PI Trustee will be responsible for the payment of all reasonable expenses incurred in connection with such resignation and discharge and the appointment of a successor trustee. A PI Trustee (other than Freddie Mac) may resign at any time.

Under the PI Trust Agreement, the PI Trustee may consult with counsel and rely upon the written advice of counsel and the PI Trustee will not be liable for any action taken or suffered or omitted by it in good faith in reliance thereon.

Freddie Mac's senior long-term debt ratings are "AA+" by Standard & Poor's, "Aaa" by Moody's, and "AAA" by Fitch. Its short-term debt ratings are "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch.

Freddie Mac continues to operate under the conservatorship of the FHFA that commenced on September 6, 2008. From time to time, Freddie Mac is a party to various lawsuits and other legal proceedings arising in the ordinary course of business and is subject to regulatory actions that could materially adversely affect its operations and its ability to master service the Mortgage Loans pursuant to the Pooling Agreement. See *"Risk Factors — Risks Relating to Freddie Mac"*.

The information set forth in this section has been provided by Freddie Mac. No person other than Freddie Mac makes any representation or warranty as to the accuracy or completeness of such information. Certain duties and obligations of Freddie Mac as the Master Servicer and the provisions of the PI Trust Agreement are

described herein. Freddie Mac's ability to waive or modify any terms, fees, penalties or payments on the Mortgage Loans and the effect of that ability on the potential cash flows from the Mortgage Loans are described under *"Description of the Mortgage Loans"*.

Assignment of Mortgage Loans

Pursuant to the PI Trust Agreement, on a day prior to the Closing Date (such day, the **"Delivery Date"**), Freddie Mac, as Depositor, will transfer, assign, set over, deposit with and otherwise convey to the PI Trustee, without recourse, in trust, all the right, title and interest of the Depositor, without limitation, in and to (i) the Mortgage Loans; (ii) all of the Depositor's rights under the Purchase Documents with respect to the Mortgage Loans; (iii) all of the Depositor's right, title or interest in the related REO Properties and the proceeds thereof; (iv) all of the Depositor's rights under any Insurance Proceeds related to the Mortgage Loans; and (v) the Depositor's security interest in any collateral pledged to secure the Mortgage Loans, including the related mortgaged properties (collectively, the "**PI Trust Assets**"). Pursuant to the PI Trust Agreement, Freddie Mac as Depositor will agree to recognize the PI Trust as the owner of the Mortgage Loans transferred thereunder, and Freddie Mac will be appointed as Master Servicer of the Mortgage Loans.

After a PC Participation Interest is removed from a PC Trust and deposited into the SPI Trust, the Master Servicer will oversee and monitor the Underlying Servicer with respect to the servicing of the related Mortgage Loan.

The PI Trust Agreement requires that, with respect to each Mortgage Loan, the mortgage note or other promissory note, the Mortgage and any assumption, consolidation, modification agreement or power of attorney have been delivered to the related Underlying Document Custodian approved by the Master Document Custodian to receive such documents on behalf of the PI Trust by the Delivery Date. From and after the Delivery Date, the Master Document Custodian will hold the Mortgage Loan documents, directly or through an Underlying Document Custodian acting as its agent or through the related Underlying Seller or related Underlying Servicer of the Mortgage Loans, for the benefit of the PI Trust and the holders of the related Participation Interests, subject to policies and procedures that the Master Document Custodian may adopt, modify and waive from time to time.

Mortgage Loan Representations and Warranties

Holders of the Certificates will benefit from representations and warranties included in the Purchase Documents and made by Underlying Sellers as part of the delivery of the related Mortgage Loans to Freddie Mac to the extent described below. No party, including Freddie Mac as Seller of the Credit Participation Interests to the SPI Trust under the Pooling Agreement, will make representations and warranties to the SPI Trust concerning the Mortgage Loans.

Review of Mortgage Loans

As part of its quality control procedures, Freddie Mac reviews certain mortgage loans that become delinquent, enter foreclosure or become subject to a foreclosure alternative for compliance with the applicable contract guidelines in place at the time Freddie Mac purchased the mortgage loans. Additionally, for this transaction, any Mortgage Loan that becomes a Liquidated Mortgage Loan will be subject to such a review, provided it has not already been sampled and reviewed as part of a prior quality control loan review, the applicable representations and warranties are still in effect and the loan age is less than five years; at its discretion, Freddie Mac may also review any Liquidated Mortgage Loan with a loan age of five years or greater. These non-performing loan reviews are conducted to verify that the applicable mortgage loan (i) was made to a mortgagor from whom repayment could be expected, (ii) is secured by collateral that is adequate for the transaction and (iii) otherwise complied with our underwriting guidelines and other requirements set forth in the Purchase Documents. If through any quality control review, Freddie Mac determines in its sole judgment that a breach of a representation and warranty exists with respect to a Mortgage Loan and (a) such Mortgage Loan is repurchased by the related Underlying Seller or, if applicable, the related Underlying Servicer, (b) Freddie Mac in its sole discretion elects to waive the enforcement of a remedy against the related Underlying Seller or, if applicable, the related Underlying Servicer in respect of such breach or (c) the party responsible for the

representations and warranties with respect to the Mortgage Loan becomes subject to a bankruptcy, an insolvency proceeding or a receivership, the Mortgage Loan will be deemed to contain an "Underwriting Defect." The Seller will be required to repurchase the related Credit Participation Interest and, if applicable, the related PC Participation Interest from the SPI Trust (or make an indemnification payment in the case of a Liquidated Mortgage Loan) in the event that the related Mortgage Loan contains an Underwriting Defect.

Sunset of Representations and Warranties

With respect to each Mortgage Loan underlying the related Participation Interests, representations and warranties made by the related Underlying Seller relating to (i) the underwriting of the mortgagor, (ii) the underwriting of the mortgaged property or (iii) the underwriting of the project in which the mortgaged property is located, will remain in effect until the earliest of:

- the date on which the mortgagor made the 36th monthly payment due following the date Freddie Mac purchased the Mortgage Loan, provided (a) such 36th payment was not 30 days or more delinquent, (b) none of the first 36 payments were ever 60 days delinquent, and (c) no more than two of any such payments were ever 30 days delinquent;
- the date of completion by Freddie Mac of a quality control review in which Freddie Mac determines that such Mortgage Loan complies with the Purchase Documents; or
- the date such Mortgage Loan becomes subject to an agreement whereby the related Underlying Seller or Underlying Servicer and Freddie Mac settle claims for outstanding and future breaches of origination representations and warranties;

provided, however, that an Underlying Seller or Underlying Servicer will not be relieved at any time from the enforcement of breaches of its representations and warranties on any Mortgage Loan with respect to (i) compliance with the Freddie Mac Act; (ii) misstatements, misrepresentations and omissions; (iii) data inaccuracies; (iv) clear title/first-lien enforceability; (v) compliance with laws and responsible lending practices; (vi) single-family mortgage product eligibility; and (vii) systemic fraud.

In March 2017, we announced that we will provide sellers, including the Underlying Sellers, with immediate relief from certain of their repurchase obligations for representations and warranties relating to property value, condition and marketability for mortgages which are processed through tools that are part of the Loan Advisor Suite®, our end-to-end technology solution that assesses credit, capacity and collateral to help lenders validate the quality of the loans they originate, and which meet the eligibility requirements set forth in the Guide. Accordingly, any representations or warranties made by an Underlying Seller with respect to value, condition, and marketability of the mortgaged property securing the related Mortgage Loan will no longer be available (**"Day 1 Relief"**) to the extent such Mortgage Loan was processed through the Loan Advisor Suite®.

Approximately 16.0% of the Mortgage Loans by Cut-Off Date Balance are subject to Day 1 Relief.

To the extent that none of the above referenced conditions are satisfied with respect to a Mortgage Loan, the representations and warranties will remain in effect and we will continue to have recourse to the related Underlying Seller or Underlying Servicer for breaches of any such representations and warranties.

Further information regarding each of these "life-of-loan" exclusions is found in our Guide. We publish guidance to our sellers and servicers through our Guide, and related "Bulletins" to provide clarity to our sellers and servicers regarding our interpretation of each of these exclusions, including guidance on how we intend to enforce these exclusions. This guidance is subject to change at our discretion. Future changes to such guidance and interpretations may be applied retroactively and therefore could be applied to the Mortgage Loans. See *"Risk Factors — Risks Relating to Freddie Mac — Freddie Mac's Changes in Business Practices May Negatively Impact the Certificateholders"*.

Custodial Account

Under the Guide, each servicer must open a principal and interest custodial account (a **"Segregated Account"**) to deposit principal and interest payments collected solely for the mortgage loans, including the

Mortgage Loans, it services for Freddie Mac. Among other requirements, the servicer's books and records must reflect that the funds in a Segregated Account are held in a custodial capacity for the benefit of Freddie Mac and/or other specified parties, and must identify the respective interests of all such persons. The servicer must deposit all principal and interest payments, less its servicing fee, and any liquidation proceeds it receives on the mortgage loans, including the Mortgage Loans, into the related Segregated Account no later than the first Business Day after it receives them. Funds deposited into a Segregated Account are subsequently remitted to a Freddie Mac account (the **"Custodial Account"**) in accordance with timelines established in the Guide based on the remittance cycle selected by the seller at the time Freddie Mac purchased the related mortgage loans.

Events of Default

An **"Event of Default"** means a default under any one of the events of default set forth in the PC Master Trust Agreement as it applies to PC Participation Interests held in a related PC Trust or the Pooling Agreement as it applies to PC Participation Interests and Credit Participation Interests held in the SPI Trust. The remedies for any such Event of Default are set forth in the PC Master Trust Agreement or Pooling Agreement, as applicable. If a remedy for an Event of Default in the PC Master Trust Agreement with respect to a specific PC Participation Interest is the removal of Freddie Mac, as the PC Administrator, and the certificateholders, in accordance with the provisions of the PC Master Trust Agreement, determine to take such action, the PC Administrator will be replaced by a successor PC Administrator, but only with respect to such PC Participation Interest.

Amendment

The PI Trust Agreement may be amended by the mutual agreement of the parties thereto, without the consent of any of the holders of the Participation Certificates to (i) cure any ambiguity or to correct any provision therein if the amendment does not materially or adversely affect the holders of the Participation Interest, (ii) correct, modify or supplement any provision that may be inconsistent with the PC Master Trust Agreement or Pooling Agreement, (iii) correct, modify or supplement any provision that may be inconsistent with any other provision therein or to correct any error, (iv) make any other provisions with respect to matters or questions arising thereunder that shall not be inconsistent with the then existing provisions thereof, (v) modify, alter, amend, add to or rescind any of the provisions to comply with any rules or regulations promulgated from time to time by the Securities and Exchange Commission or the FHFA, (vi) add to Freddie Mac's covenants for holders of the Participation Interests' benefit or to surrender any right or power conferred upon Freddie Mac, (vii) cure any inconsistency between the PI Trust Agreement and the provisions of the Purchase Documents, (viii) make any other provisions that may be inconsistent with the then existing provisions thereof, *provided* that such provisions apply only to Mortgage Loans delivered to the PI Trust and Participation Interests issued after the date of such amendment, or (ix) evidence the succession of another entity to Freddie Mac and its assumption of Freddie Mac's covenants.

The PI Trust Agreement may also be amended from time to time as to any Participation Interest by the mutual agreement of the parties thereto, with the written consent of the holders of such Participation Interests for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the PI Trust Agreement or of modifying in any manner the rights of such holders of the Participation Interests; *provided, however,* that such amendment will only apply to the holders of such Participation Interests that so consented.

Governing Law

The PI Trust Agreement and the rights and obligations of holders of the Participation Interests 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 PI Trust Agreement or the transactions governed by the PI Trust Agreement, then the local laws of the State of New York will be deemed to reflect the federal laws of the United States.

THE POOLING AGREEMENT

The following summary describes certain provisions of the Pooling Agreement, not otherwise described in this Memorandum.

Freddie Mac as Master Servicer, Custodian and Seller

On the Closing Date, Freddie Mac will sell the Credit Participation Interests to the SPI Trust. In addition, from time to time after the Closing Date, Freddie Mac will deposit any related PC Participation Interests that have been repurchased from a PC Trust into the SPI Trust. Freddie Mac will be appointed as the Master Servicer and the Custodian of the SPI Trust. The Master Servicer is required to monitor and oversee the Underlying Servicers, who are obligated to service the Mortgage Loans in accordance with the Servicing Requirements, *provided, however,* that so long as a PC Participation Interest with respect to a Mortgage Loan remains in a PC Trust, the Master Servicer will delegate the oversight responsibility with respect to such Mortgage Loan to the PC Administrator. The PC Administrator, as delegated to it by the Master Servicer, will take any and all actions it deems necessary to monitor and oversee the Underlying Servicers' servicing activities with respect to the related Mortgage Loans. Either the Master Servicer or the PC Administrator, as applicable, may pursue remedies for material violations of the Servicing Requirements. The Master Servicer will remain solely liable to the Certificateholders for any breach of the duties owed by the Master Servicer set forth in the Pooling Agreement.

As Seller, Freddie Mac will be a party to the Pooling Agreement and will be the only party with whom the SPI Trust will have any rights with respect to the repurchase of any Participation Interest due to Underwriting Defects relating to the Mortgage Loans. As Custodian, Freddie Mac will be required to maintain custody of certain legal documents relating to the Participation Interests deposited into the SPI Trust.

Freddie Mac has extensive experience overseeing servicers, including, processing distressed loans in asset resolution through extensions, forbearance, short sale, modification, foreclosure and other loss mitigation activities. See *"General Mortgage Loan Purchase and Servicing"* in this Memorandum. Freddie Mac's master servicing operations consist of separate teams that handle surveillance activities, mortgagor transactions, asset resolution and REO.

Freddie Mac has developed detailed operating policies, procedures and controls across the various servicing functions to determine servicer compliance with the Purchase Documents and to manage the servicers' servicing of mortgage loans. Freddie Mac's servicing policies and procedures, as reflected in the Servicing Requirements, are updated as necessary to keep pace with changes in Freddie Mac's servicing parameters. The Mortgage Loans are required to be serviced in accordance with the terms set forth in the Servicing Requirements. As Master Servicer, Freddie Mac has the ability to waive or modify any terms, fees, penalties or payments on the Mortgage Loans backing the Participation Interests. See *"General Mortgage Loan Purchase and Servicing — Servicing Standards."* Any waivers or modifications of the Mortgage Loans could have an adverse effect on the potential cash flows from the Mortgage Loans backing the Participation Interests. See *"Risk Factors — Investment Factors and Risk Related to the Certificates — Investors Have No Direct Right to Enforce Remedies."*

The Master Servicer, the Custodian and various related persons and entities will be entitled to be indemnified by the SPI Trust for certain losses and liabilities incurred by such parties. The Master Servicer and the Custodian, will be indemnified, subject to the Expenses Cap, against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by, or asserted against it in connection with, related to, or arising out of the Pooling Agreement, the transactions contemplated thereby, or the Certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) as a result of any willful misfeasance, bad faith, fraud or negligence of such party in the performance of its obligations and duties under the Pooling Agreement or the negligent disregard by such party of its duties and obligations thereunder.

Freddie Mac's senior long-term debt ratings are "AA+" by Standard & Poor's, "Aaa" by Moody's, and "AAA" by Fitch. Its short-term debt ratings are "A-1+" by Standard & Poor's, "P-1" by Moody's and "F1+" by Fitch.

Freddie Mac continues to operate under the conservatorship of the FHFA that commenced on September 6, 2008. From time to time, Freddie Mac is a party to various lawsuits and other legal proceedings arising in the ordinary course of business and is subject to regulatory actions that could materially adversely affect its operations and its ability to master service the Mortgage Loans pursuant to the Pooling Agreement. See *"Risk Factors — Risks Relating to Freddie Mac"*.

The information set forth in this section has been provided by Freddie Mac. No person other than Freddie Mac makes any representation or warranty as to the accuracy or completeness of such information.

The SPI Trustee and the Securities Administrator

U.S. Bank National Association (**"U.S. Bank"**) will act as SPI Trustee (the **"SPI Trustee"**) and as Securities Administrator (the **"Securities Administrator"**) under the Pooling Agreement.

U.S. Bancorp, with total assets exceeding $464 billion as of June 30, 2017, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of June 30, 2017, U.S. Bancorp served approximately 18 million customers and operated over 3,000 branch offices in 25 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

U.S. Bank has one of the largest corporate trust businesses in the country, with office locations in 53 domestic and 2 international cities. The Pooling Agreement will be administered from U.S. Bank's corporate trust office located at One Federal Street, 3rd Floor, Mailcode EX-MA-FED, Boston, Massachusetts 02110 (and for certificate transfer services, 111 Fillmore Avenue, St. Paul, Minnesota 55107, Attention: Bondholder Services — Freddie STACR 2017-SPI1).

U.S. Bank has provided corporate trust services since 1924. As of June 30, 2017, U.S. Bank was providing securities administrator services on more than 201 transactions with $20,538,600,000 of outstanding mortgage-backed securities prime structured products. The Securities Administrator is required to make each monthly statement available to the Certificateholders via the Securities Administrator's internet website at www.usbank.com/abs. Certificateholders with questions may direct them to the Securities Administrator's bondholder services group at (800) 934-6802.

Since 2014 various plaintiffs or groups of plaintiffs, primarily investors, have filed claims against U.S. Bank, in its capacity as trustee or successor trustee (as the case may be) under certain residential mortgage backed securities (**"RMBS"**) trusts. The plaintiffs or plaintiff groups have filed substantially similar complaints against other RMBS trustees, including Deutsche Bank, Citibank, HSBC, Bank of New York Mellon and Wells Fargo Bank, N.A. The complaints against U.S. Bank allege the trustee caused losses to investors as a result of alleged failures by the sponsors, mortgage loan sellers and servicers for these RMBS trusts and assert causes of action based upon the trustee's purported failure to enforce repurchase obligations of mortgage loan sellers for alleged breaches of representations and warranties concerning loan quality. The complaints also assert that the trustee failed to notify securityholders of purported events of default allegedly caused by breaches of servicing standards by mortgage loan servicers and that the trustee purportedly failed to abide by a heightened standard of care following alleged events of default.

Currently U.S. Bank is a defendant in multiple actions alleging individual or class action claims against the trustee with respect to multiple trusts as described above with the most substantial case being: *BlackRock Balanced Capital Portfolio et al v. U.S. Bank National Association*, No. 605204/2015 (N.Y. Sup. Ct.) (class action alleging claims with respect to approximately 794 trusts) and its companion case *BlackRock Core Bond Portfolio et al v. U.S Bank National Association*, No. 14-cv-9401 (S.D.N.Y.). Some of the trusts implicated in the aforementioned Blackrock cases, as well as other trusts, are involved in actions brought by separate groups of plaintiffs related to no more than 100 trusts per case.

U.S. Bank cannot make assurances as to the outcome of any of the litigation, or the possible impact of these litigations on the Securities Administrator or the RMBS trusts. However, U.S. Bank denies liability and believes that it has performed its obligations under the RMBS trusts in good faith, that its actions were not the cause of losses to investors and that it has meritorious defenses, and it intends to contest the plaintiffs' claims vigorously.

Under the terms of the Pooling Agreement, U.S. Bank is responsible for securities administration, which includes pool performance calculations, distribution calculations and the preparation of monthly distribution reports. The distribution reports will be reviewed by an analyst and then by a supervisor using a transaction-specific review spreadsheet. Any corrections identified by the supervisor will be corrected by the analyst and reviewed by the supervisor. The supervisor also will be responsible for the timely delivery of reports to the administration unit for processing all cash flow items. As Securities Administrator, U.S. Bank is also responsible for the preparation and filing of all REMIC tax returns. In the past three years, the Securities Administrator has not made material changes to the policies and procedures of its securities administration services for residential mortgage backed securities.

The foregoing information concerning the SPI Trustee and the Securities Administrator has been provided by U.S. Bank. None of the Seller, the Initial Purchasers, the Master Servicer, or the Custodian or any of their affiliates takes any responsibility for this information or makes any representation or warranty as to its accuracy or completeness.

Duties of the Securities Administrator and the SPI Trustee

The Securities Administrator will, among other duties set forth in the Pooling Agreement, (i) authenticate and deliver the Certificates, (ii) serve as registrar for purposes of registering the Certificates and the transfers and exchanges of the Certificates, (iii) calculate the principal and interest distributions due on the Certificates on each Distribution Date, (iv) hold the Class X Certificate, as custodian for Freddie Mac, (v) record any increases or decreases of the Certificate Principal Amount of the Class X Certificate on each Distribution Date, (vi) pay, or cause to be paid on behalf of Freddie Mac, the amounts due in respect of the Certificates, (vii) prepare the "Certificateholder Report", (viii) prepare and make available to the SPI Trustee at the CUSIP level, information in respect of the Certificates necessary for Certificateholders to file their tax returns, (ix) prepare all REMIC tax returns and all information returns, including Schedule Q, (x) invest funds in the Collection Account and Certificate Account as directed by, and for the benefit of, the Master Servicer or SPI Trustee, as the case may be, (xi) make certain information available on its website as described herein and (xii) be responsible for transmitting such data for the SPI Trust to Bloomberg and Intex for external disclosure. Further, the Securities Administrator will hold the Book-Entry Certificates as custodian for DTC (for both U.S. and offshore depositories) pursuant to its agreement with DTC. The SPI Trust will provide indemnification, subject to the Expenses Cap, to the Securities Administrator against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by, or asserted against it in connection with, related to, or arising out of the Pooling Agreement, the transactions contemplated thereby, or the Certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) as a result of any willful misfeasance, bad faith, fraud or negligence of the Securities Administrator in the performance of its obligations and duties under the Pooling Agreement or the negligent disregard by the Securities Administrator of its duties and obligations thereunder.

Under the Pooling Agreement, legal title to the assets of the SPI Trust will be in the name of the SPI Trustee. The SPI Trustee may resign from its obligations and duties under the Pooling Agreement by giving not less than 30 days' prior written notice to the Seller, the Master Servicer, the Custodian and all Certificateholders. The resignation of the SPI Trustee will not become effective until a successor trustee is appointed. A resigning SPI Trustee will be responsible for the payment of all reasonable expenses incurred in connection with such resignation and discharge and the appointment of a successor trustee.

Under the Pooling Agreement, the SPI Trustee may consult with counsel and rely upon the written advice of counsel and the SPI Trustee will not be liable for any action taken or suffered or omitted by it in good faith in reliance thereon. The SPI Trustee is entitled to be paid or reimbursed by the SPI Trust for its reasonable expenses and disbursements, subject to the Expenses Cap.

The SPI Trustee and various related persons and entities will be entitled to be indemnified by the SPI Trust for certain losses and liabilities incurred by such parties. The SPI Trustee, will be indemnified, subject to the Expenses Cap, against any and all losses, liabilities, damages, claims, judgments, costs, fees, penalties, fines, forfeitures or other expenses (including reasonable legal fees and expenses) that may be imposed on, incurred by,

or asserted against it in connection with, related to, or arising out of the Pooling Agreement, the transactions contemplated thereby, or the Certificates, other than any loss, liability, damage, claim, judgment, cost, fee, penalty, fine, forfeiture or other expense (including reasonable legal fees and expenses) as a result of any willful misfeasance, bad faith, fraud or negligence of such party in the performance of its obligations and duties under the Pooling Agreement or the negligent disregard by such party of its duties and obligations thereunder.

The SPI Trustee must at all times be, and will be required to resign if it fails to be, (i) a corporation, national bank, trust company or national banking association, organized and doing business under the laws of any state or the United States of America or the District of Columbia, authorized under such laws to exercise corporate trust powers and to accept the trust conferred under the Pooling Agreement, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by federal or state authority and, may not be an affiliate of the Seller, the Master Servicer or the Custodian, (ii) an institution insured by the Federal Deposit Insurance Corporation and (iii) an institution whose long term senior unsecured debt is rated "A" or higher by Fitch and "Aa3" or higher by Moody's (or "A2" or higher by Moody's if such institution's short term unsecured debt obligations are rated "P-1" or higher by Moody's).

If at any time the SPI Trustee ceases to be eligible to continue as the SPI Trustee under the Pooling Agreement and fails to resign after written request by the Seller, the Master Servicer, or the Custodian, the Master Servicer will be authorized to remove the SPI Trustee and appoint a successor trustee. In addition, holders of the Certificates entitled to at least 51% of the voting rights may without cause (at any time) remove the SPI Trustee under the Pooling Agreement and appoint a successor trustee acceptable to Freddie Mac. In addition, the Seller will have the right (at any time) to remove, with cause, the SPI Trustee under the Pooling Agreement and appoint a successor trustee. Any successor trustee must be an institution that meets the requirements of the immediately preceding paragraph. Further, if the ratings of the SPI Trustee fall below the ratings required by the immediately preceding paragraph, Freddie Mac will have the right to remove the trustee and appoint a successor trustee that meets the standards set forth in the Pooling Agreement and who is otherwise acceptable to Freddie Mac in its sole discretion.

Assignment of Participation Interests

Freddie Mac will sell, assign and transfer all of its right, title and interest in the Credit Participation Interests, as of the Closing Date, and any related PC Participation Interests repurchased from a PC Trust, from time to time, and all rights and obligations related thereto to the SPI Trust pursuant to the terms of the Pooling Agreement. In connection with the transfer of the Participation Interests into the SPI Trust, Freddie Mac will not make any representations and warranties concerning the Participation Interests or the Mortgage Loans backing such Participation Interests. Any representations and warranties concerning the Mortgage Loans made by the Underlying Sellers or Underlying Servicers in connection with Freddie Mac's acquisition of the Mortgage Loans will remain with Freddie Mac and will not be assigned to the SPI Trust. See "— *Mortgage Loan Representations and Warranties*".

Pursuant to the Pooling Agreement, Freddie Mac as Seller will agree to recognize the SPI Trust as the owner of the Credit Participation Interests transferred as of the Closing Date and any related PC Participation Interests subsequently transferred to the SPI Trust, and Freddie Mac will be appointed as Master Servicer of the SPI Trust.

Repurchases

The Seller will not make any representations and warranties to the SPI Trust. At the time the Seller purchased the Mortgage Loans, it received certain representations and warranties from each of the Underlying Sellers. To the extent that we determine that the origination of a Mortgage Loan has an Underwriting Finding relating to a representation or warranty given by an Underlying Seller and results in an Underwriting Defect, the related Credit Participation Interest and PC Participation Interest, if any, in the SPI Trust will be repurchased. Any such repurchases will be at the Repurchase Price, or if such Mortgage Loan is a Liquidated Mortgage Loan, at a price equal to the Repurchase Indemnification Amount, and will have the same effect as a prepayment in full of the related Mortgage Loan.

Collection Account and Certificate Account

The Master Servicer is required to deposit funds held in the Custodial Account in respect of the Mortgage Loans into an account maintained by the Securities Administrator for the benefit of the SPI Trust (the **"Collection Account"**) within two (2) Business Days of such funds being due to Freddie Mac from the related Underlying Servicers. In addition, the Master Servicer is required to deposit into the Collection Account additional funds to be distributed to Certificateholders on the Distribution Date, including but not limited to, Liquidation Proceeds, any Repurchase Price, and Repurchase Indemnification Amounts.

The principal portion of monthly payments that relate to payments due on or before the Cut-Off Date, regardless of when received, belong to the Seller and will not be deposited into the Collection Account. The Master Servicer is not required to deposit, but rather can retain, any compensatory fees. The Collection Account will be a segregated non-interest bearing trust account; however, funds in the Collection Account can be invested at the written direction of the Master Servicer in certain permitted investments, including, but not limited to, Freddie Mac debt obligations. In the absence of timely written instructions from the Master Servicer, amounts on deposit in the Collection Account will remain uninvested. In no event will the Securities Administrator be liable for any losses on investments made in accordance with the Master Servicer's instructions.

The Master Servicer may withdraw, or cause the withdrawal of, amounts from the Collection Account only for the following purposes:

- To deposit in the Certificate Account the amounts required to be so remitted pursuant to the Pooling Agreement;
- To reimburse itself for any unreimbursed P&I Advances, including any P&I Advances made by the PC Administrator in respect of any PC Participation Interest that has been removed from a PC Trust and deposited into the SPI Trust (such reimbursement being limited to amounts received on the related Mortgage Loan that represent late recoveries of principal and/or interest respecting which such P&I Advance was made);
- To reimburse itself for a prior Forgiveness Advance made to the SPI Trust as a result of a forgiveness modification on a Mortgage Loan, but only to the extent that such Mortgage Loan becomes a Liquidated Mortgage Loan;
- To reimburse itself from Liquidation Proceeds for any other Advances, including any Advances made by the PC Administrator in respect of any PC Participation Interest that has been removed from a PC Trust and deposited into the SPI Trust;
- To reimburse itself for any Master Servicer Shortfall Amounts from a previous period;
- To reimburse itself for any portion of a prior Mortgage Insurance Credit Amount remitted to the SPI Trust, provided that such Mortgage Insurance Credit Amount net of such reimbursement remains sufficient to reduce to zero the aggregate Realized Loss on the related Liquidated Mortgage Loan;
- To pay itself as master servicing compensation any investment income on funds in the Collection Account;
- To reimburse itself for any Subsequent Losses and any Capitalization Reimbursement Amount;
- To reimburse itself for a prior Forgiveness Advance made to the SPI Trust as a result of a forgiveness modification on a Mortgage Loan, but only to the extent that such Mortgage Loan becomes a Liquidated Mortgage Loan;
- To pay itself the Master Servicing Fee to the extent such amounts are not paid by the Securities Administrator out of funds in the Certificate Account;
- To transfer funds in the Collection Account maintained at a particular depository to the Collection Account maintained at a different depository;

- To withdraw amounts deposited in the Collection Account in error; and
- To clear and terminate the account.

No later than 1:00 p.m. New York time on the Business Day prior to each Distribution Date (the **"Master Servicer Remittance Date"**), the Securities Administrator will transfer the Interest Remittance Amount, the Principal Remittance Amount and the aggregate amount of fees and expenses to be paid by the Securities Administrator on such Distribution Date to the certificate account (the **"Certificate Account"**), which is a segregated non-interest bearing trust account for the benefit of the SPI Trust and the Certificateholders The Securities Administrator will make distributions to the Certificateholders from amounts in the Certificate Account prior to 12:00 p.m. New York time on each Distribution Date.

The Securities Administrator may withdraw amounts from the Certificate Account only for the following purposes:

- To pay to the Master Servicer the Master Servicing Fee for such Distribution Date;
- To pay to the Securities Administrator any amounts that the Securities Administrator is permitted to be paid or reimbursed from the assets of the SPI Trust pursuant to the terms of the Pooling Agreement, subject to the Expenses Cap (any amounts in excess thereof being reimbursable in accordance with the Pooling Agreement);
- To pay to the SPI Trustee any amounts that the SPI Trustee is permitted to be paid or reimbursed from the assets of the SPI Trust pursuant to the terms of the Pooling Agreement, subject to the Expenses Cap (any amounts in excess thereof being reimbursable in accordance with the Pooling Agreement);
- To remit funds to the Certificateholders in the amounts and the manner provided for in the Pooling Agreement;
- To pay to the SPI Trustee earnings on or investment income with respect to funds in or credited to the Certificate Account;
- To repay any amounts deposited in the Certificate Account in error; and
- To clear and terminate the Certificate Account upon the termination of the Pooling Agreement.

Each of the Collection Account and the Certificate Account must be:

- a deposit account or accounts maintained with a federal or state chartered depository institution, or
- a trust account or accounts maintained within the corporate trust department of a federal or state chartered depository institution or trust company;

in each case, the deposits of which are insured by the Federal Deposit Insurance Corporation to the applicable limits and the short-term unsecured debt obligations of which (or, in the case of a depository institution that is a subsidiary of a holding company, the short-term unsecured debt obligations of such holding company) are rated at least "A-2" by S&P and "P-2" by Moody's (or a comparable rating if another rating agency is specified by the Trustee by written notice to the Master Servicer) at the time any deposits are held on deposit therein. The Collection Account and Certificate Account may be maintained at the Securities Administrator's, or any of its affiliates' offices, if these qualifications are met.

The amount on deposit in each of the Certificate Account and Collection Account, to the extent such funds are invested, will be invested in permitted investments as described in the Pooling Agreement. Permitted investments must mature no later than the day prior to the Distribution Date. Any investment income earned on the Collection Account and Certificate Account will be paid to the Master Servicer and the SPI Trustee, respectively, as additional compensation. If there is a loss incurred in the Certificate Account or the Collection Account because of an investment, the SPI Trustee or the Master Servicer, respectively, must deposit immediately as realized into such account the amount of such loss, without right of reimbursement.

Master Servicer Reports

In accordance with the terms of the Purchase Documents, each Underlying Servicer is required to prepare and distribute to the Master Servicer certain reports related to the Mortgage Loans. The Master Servicer is required to prepare and make available to the Securities Administrator loan level files for the related Distribution Date no later than seven (7) Business Days prior to such Distribution Date.

The Master Servicer also will forward to the Securities Administrator no later than seven (7) Business Days prior to each Distribution Date, (i) a statement setting forth the activity in the Collection Account for the prior calendar month showing the aggregate amount of deposits into and withdrawals from such account for the calendar month and (ii) a statement as of the prior month end setting forth the amount due to the Master Servicer from the Collection Account or due to the Collection Account from the Master Servicer.

Securities Administrator Reports

The Securities Administrator is required to prepare the Certificateholder Report and make it available no later than one Business Day prior to each Distribution Date. The Certificateholder Report will include, but not be limited to, the following for that Distribution Date:

- the amount applied to reduce the Class Principal Amount of each Class of Certificates;
- the Interest Remittance Amount for such Distribution Date;
- the Principal Remittance Amount for such Distribution Date;
- the amount of the Master Servicing Fee to be paid to, or retained by, the Master Servicer on such Distribution Date;
- the aggregate amount, if any, of P&I Advances outstanding as of the preceding Distribution Date;
- the amount of Forgiveness Advances outstanding;
- the Certificate Realized Losses and Certificate Writedown Amounts for such Distribution Date;
- a statement for each Mortgage Loan with a Realized Loss for the related Loss Period detailing such Realized Loss;
- a statement for each Mortgage Loan with a modification for the related Modification Period detailing such modification;
- the Interest Distribution Amount for each Class of Certificates for such Distribution Date;
- any Redistribution Amount and Carryover Redistribution Amount for such Distribution Date;
- the aggregate Stated Principal Balance and the Trust Principal Balance of the Mortgage Loans as of the Distribution Date; the mortgage rates (in incremental ranges) and the weighted average remaining term of the Mortgage Loans;
- the number and Stated Principal Balance of the Mortgage Loans that were (A) delinquent (exclusive of Mortgage Loans in foreclosure) (1) 30 to 59 days, (2) 60 to 89 days and (3) 90 or more days, (B) in foreclosure and (C) in bankruptcy, all as of the Delinquency Determination Date relating to the Distribution Date;
- all modifications with respect to Mortgage Loans that were processed during the Modification Period relating to the Distribution Date, and to the extent a modification includes principal forbearance, the Principal Forbearance Amount;
- the number and Trust Principal Balance of the Mortgage Loans that were repurchased by the Seller;
- the amount of Subsequent Recoveries on the Mortgage Loans;
- the Class Principal Amount of each Class of Certificates (other than the Residual Certificate) after giving effect to the distribution of principal on that Distribution Date;

- the aggregate amount of (A) prepayments in full reported to the Master Servicer during the applicable Prepayment in Full Period, (B) partial prepayments reported to the Master Servicer during the applicable Curtailment Period and (C) Liquidation Proceeds received during the applicable Loss Period;
- the Class X Certificate Writeup Amount;
- if the interest actually distributed to any Class of Certificates is less than the Interest Distribution Amount for such Class, the amount of such unpaid interest shortfall; and
- any applicable notices regarding changes in the Reporting Periods.

The Securities Administrator is required to make such statement available to Certificateholders, and to potential or beneficial owners of the Certificates that provide appropriate certification in the form furnished by the Securities Administrator (which may be submitted electronically via the Securities Administrator's website) through the Securities Administrator's website.

The Securities Administrator also is required to make available loan level information provided to it by Freddie Mac relating to the Mortgage Loans. Such information will be available on the Securities Administrator's website. Any person seeking access to the loan level data must agree to the terms and conditions set forth on the website prior to obtaining the information.

In addition, at the end of each calendar year, the Securities Administrator is required to provide to each person who was a holder at any time during that year customary information required by the Internal Revenue Service (**"IRS"**). The Securities Administrator will make the Certificateholder Report (and, at its option, any additional files containing the same information in an alternative format) available each month to the holders and to the parties to the Pooling Agreement on its internet website. The Securities Administrator's internet website will initially be located at "www.usbank.com/abs". If you need assistance in using the website, you should call the Securities Administrator's customer service desk at (800) 934-6802. You may have a paper copy of the report mailed to you by requesting a copy from the Securities Administrator customer service desk.

Servicing Compensation and Reimbursement of Advances

The Master Servicer will be paid the Master Servicing Fee. The Master Servicer is entitled to retain any compensatory fees collected from the Underlying Servicers with respect to the Mortgage Loans and is required to pay out of its own account without right of reimbursement, any incentive fees paid to Underlying Servicers for any loss mitigation activities with respect to the Mortgage Loans. Each Underlying Servicer is entitled to retain a servicing fee of 0.25% per annum (the **"Servicing Fee Rate"**) with respect to the interest bearing unpaid principal balance of each Mortgage Loan it services, which may only be retained upon receipt of a full mortgage payment from the related mortgagor that is posted to the mortgagor's account. Each Underlying Servicer is entitled to retain as additional servicing compensation incentive fees paid by Freddie Mac for loss mitigation activities and all ancillary fees related to the Mortgage Loans it services to the extent such fees are collected from mortgagors, including, all assumption fees, non-sufficient funds fees and late fees.

The rights of the Master Servicer to receive funds from the Collection Account, such as the Master Servicing Fee or other compensation, reimbursement of Advances, expenses or otherwise (all as more fully described under *"— Collection Account and Certificate Account"*), are senior to the rights of the Certificateholders.

Various Matters Regarding Freddie Mac

The Pooling 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 or for errors in judgment under the Pooling Agreement. However, Freddie Mac will not be protected against any liability imposed by reason of willful misfeasance, bad faith, fraud or negligence or by reason of negligent disregard of obligations and duties. Freddie Mac may employ agents or independent contractors to perform our responsibilities under the Pooling Agreement.

Freddie Mac, in its capacity as Master Servicer, Custodian and Seller, will not be subject to the control of Certificateholders in any manner in the discharge of our responsibilities under the Pooling Agreement. We will have no liability to you other than for any direct damage resulting from our failure to exercise that degree of ordinary care that we exercise in the conduct and management of our own affairs. We will have no liability of any nature for consequential damages.

Events of Default

A Master Servicer **"Event of Default"** under the Pooling Agreement will consist of:

- any failure by us (or our agent), in our capacity as Master Servicer, to remit principal or interest, determined in accordance with the Pooling Agreement, that continues unremedied for two (2) days;
- any failure by us, in our capacity as Master Servicer, to perform in any material way any other obligation under the Pooling Agreement if the failure continues unremedied for sixty (60) days after we receive notification of such failure to perform from the Certificateholders representing more than 50% of the aggregate Voting Rights of all of the Classes of the Subordinate and Class X Certificates; 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. The Reform Act also provides that no person may exercise any rights or powers 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 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.

See *"Risk Factors — Investment Factors and Risks Related to the Certificates — Investors Have No Direct Right to Enforce Remedies"*.

Rights Upon Event of Default

If an Event of Default under the Pooling Agreement continues unremedied, Certificateholders of more than 50% of the aggregate Voting Rights of all of the Classes of the Subordinate Certificates and the Class X Certificate may authorize the SPI Trustee to take legal action against the Master Servicer.

No Certificateholder has any right under the Pooling 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 remedy, unless:

- the Certificateholders of more than 50% of the aggregate Voting Rights of all of the Classes of the Subordinate and Class X Certificates have given the SPI Trustee written notice to take action as necessary to enforce the Master Servicer's obligations under the Pooling Agreement; and
- the Event of Default continues uncured for sixty (60) days (or two (2) days for a failure to remit principal or interest) following such notice.

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

The SPI Trustee will cause notice to be provided to the Certificateholders of any Event of Default that a responsible officer thereof has received written notice of such Event of Default. Certificateholders of more than 50% of the aggregate Voting Rights of all of the Classes of the Subordinate and Class X Certificates may waive such Event of Default within ninety (90) days of the receipt of notice from the SPI Trustee of the occurrence of such Event of Default; *provided, however*, that an Event of Default for failure by the Master Servicer to (i) timely remit funds to the Collection Account or (ii) duly observe or perform in any material respect the covenants or agreements in the Pooling Agreement may only be waived by 100% of the Certificateholders of the affected Classes.

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

Amendment

The parties to the Pooling Agreement may amend the Pooling Agreement and the terms of the Certificates without Certificateholder consent:

- to cure any ambiguity or to correct any provision in the Pooling Agreement if the amendment does not materially and adversely affect any Certificateholder;
- to add to our covenants for Certificateholders' benefit or to 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 Certificates to, or cure any ambiguity or discrepancy resulting from any changes in, the rules or regulations promulgated by the SEC; or
- in any other manner we may determine that will not adversely affect your interests in any material way.

With the written consent of the Certificateholders of at least 66 2/3% of the Voting Rights allocated to each of the Classes of Certificates that are materially affected, we may amend the terms of those Certificates, but that amendment may not, without the written consent or affirmative vote of each affected Certificateholder:

- change the Maturity Date or any monthly Distribution Date of the Certificates;
- reduce the Class Principal Amount (other than as provided for in the Pooling Agreement), delay the principal distribution of (other than as provided for in the Pooling Agreement), or materially modify the rate of interest or the calculation of the rate of interest on, the Certificate;
- decrease any payments received or advanced by any party, that adversely impact Certificateholders; or
- reduce the percentage of Certificateholders whose consent or affirmative vote is necessary to amend the terms of the Certificates.

Notwithstanding these rights, we will not be permitted to make any amendment to the Pooling Agreement and the terms of the Certificates 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, Certificateholders will not recognize any adverse tax consequences as a result of such amendment and the SPI Trustee and Securities Administrator each receives an opinion that such proposed amendment is authorized or permitted pursuant to the terms of the Pooling Agreement.

A quorum at any meeting of Certificateholders called to adopt a resolution will be Certificateholders entitled to vote a majority of the Voting Rights of each Class of Certificates at the time outstanding. At any reconvened meeting adjourned for lack of a quorum, a quorum will be achieved with 25% of the Voting Rights of each Class of Certificates at the time outstanding. In both cases, this will exclude any such Certificates owned by us. See *"Risk Factors — Investment Factors and Risks Related to the Certificates — Investors Have No Direct Right to Enforce Remedies"*.

As provided in the Pooling Agreement, the SPI Trustee is required to establish a record date for the determination of Certificateholders entitled to vote at any meeting of Certificateholders, to grant any consent regarding Certificates and for the purpose of providing notice of any such meeting or consent.

Any instrument given by a Certificateholder on your behalf relating to a consent will be irrevocable once given and will be conclusive and binding on all subsequent Certificateholders of that Certificate or any substitute

or replacement Certificate, and whether or not notation of any amendment is made upon the Certificates. Any amendment of the Pooling Agreement or of the terms of Certificates will be conclusive and binding on all Certificateholders of those Certificates, whether or not they have given such consent or were present at any meeting (unless by the terms of the Pooling Agreement a written consent or an affirmative vote of such Certificateholders is required), and whether or not notation of any such amendment is made upon the Certificates.

Notice

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 Pooling Agreement and the rights and obligations of Certificateholders and Freddie Mac with respect to the Certificates 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 Pooling Agreement or the transactions governed by the Pooling Agreement, then the local laws of the State of New York will be deemed to reflect the federal laws of the United States.

PREPAYMENT AND YIELD CONSIDERATIONS

Realized Losses

The amount and timing of Realized Losses on the Mortgage Loans will affect the yield on the Participation Interests and the Certificates. To the extent that Realized Losses are allocated to a Class of Certificates, the Class Principal Amount of such Class of Certificates will be reduced, without any corresponding payment of principal, by the amount of such Certificate Realized Losses. As described under *"Description of the Certificates — Principal — Reductions in Class Principal Amounts Due to Allocation of Realized Losses"* in the Memorandum, Realized Losses will be allocated to reduce the Class Principal Amounts of the Certificates in the following order of priority, *first*, to the Class B Certificates, *second*, to the Class M-2 Certificates, *third*, to the Class M-1 Certificates and *fourth*, to the Class X Certificate until such amount has been reduced to zero. Because the Class B Certificates are subordinate to the Class M-2 Certificates, the Class M-1 Certificates and the Class X Certificate, the Class B Certificates will be the most sensitive to Realized Losses on the Participation Interests and Mortgage Loans. Because the Class M-2 Certificates are subordinate to the Class M-1 Certificates, the Class M-2 Certificates will be more sensitive than the Class M-1 Certificates to Realized Losses after the Class Principal Amount of the Class B Certificates is reduced to zero.

Realized Losses (including, but not limited to, Realized Losses resulting from modifications) can be caused by, but are 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 any Realized Losses on the Mortgage Loans will be affected by the general economic condition of the region of the country in which the related mortgaged properties are located. See *"Risk Factors — Risks Relating to the Mortgage Loans — Geographic Concentration May Increase Risk of Losses Due to Adverse Economic Conditions or Natural Disasters"* in this Memorandum. The risk of Realized Losses 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 Subordinate Certificates and the rate and timing of Realized Losses on the Mortgage Loans may also be affected by servicing decisions by the applicable Underlying Servicer.

Prepayment Considerations and Risks

The rate of principal payments on the Subordinate Certificates and the yield to maturity (or to Optional Termination) of the Subordinate Certificates and Class X Certificate purchased at a price other than par are directly related to the rate and timing of payments of principal on the Mortgage Loans. The principal payments on the Mortgage Loans 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 Mortgage Loans.

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, Underlying Servicer decisions and homeowner mobility.

- In general, if prevailing mortgage interest rates fall significantly below the mortgage rates on the Mortgage Loans, the Mortgage Loans are likely to prepay at higher rates than if prevailing mortgage interest rates remain at or above the mortgage rates on the Mortgage Loans.
- Conversely, if prevailing mortgage interest rates rise above the mortgage rates on the Mortgage Loans, 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 Mortgage Loans 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 Subordinate Certificates 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 Subordinate Certificate purchased at a discount that a slower than anticipated rate of payments in respect of principal (including prepayments) on the

Mortgage Loans will have a negative effect on the yield to maturity of such Subordinate Certificate. Prospective investors should also consider the risk, in the case of a Subordinate Certificate purchased at a premium, that a faster than anticipated rate of payments in respect of principal (including prepayments) on the Mortgage Loans will have a negative effect on the yield to maturity of such Subordinate Certificate. Prospective investors must make decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase Subordinate Certificates.

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. In addition, the repurchase of a Participation Interest from the SPI Trust (or the payment to the SPI Trust of a Repurchase Indemnification Amount in the case of a Liquidated Mortgage Loan) by the Seller has the same effect on the Principal Remittance Amount as prepayments in full. As such, the rate and timing of repurchases (and any such indemnification payments) also affect the yield on the Certificates. See *"Prepayment and Yield Considerations"* in the Memorandum.

If prepayments occur faster for Mortgage Loans with higher mortgage rates than for Mortgage Loans with lower mortgage rates, the Net WAC will be reduced, which may in turn reduce the rate at which interest accrues on the Class X Certificate and the Subordinate Certificates.

The Mortgage Loans include "due-on-sale" clauses, which allow the holder of such Mortgage Loans to demand payment in full of the remaining principal balance upon sale or certain transfers of the mortgaged property securing such Mortgage Loan.

Assumptions Relating to Declining Balances Tables, Cumulative Realized Losses Table and Yield Tables

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

(a) the Mortgage Loans have the characteristics shown in Appendix D;

(b) the initial Class Principal Amounts for the Certificates are as set forth in the tables on the cover page and page ii and the Class Coupons are as set forth on page ii;

(c) the scheduled monthly payment for each Mortgage Loan is based on its outstanding principal balance, current mortgage rate and remaining term to maturity so that it will fully amortize in amounts sufficient for the repayment thereof over its remaining term to maturity;

(d) (i) in the Weighted Average Life Tables, Cumulative Realized Losses Table, Cumulative Certificate Realized Loss Tables and Yield Tables, the Mortgage Loans experience defaults at the indicated constant default rate (**"CDR"**) percentages and there is no lag between the related default and the application of any Realized Losses and (ii) with respect to the Declining Balances Tables, the Mortgage Loans do not experience any Realized Losses;

(e) each monthly payment of scheduled principal and interest on the Mortgage Loans is timely received on the first day of each month beginning in November 2017 (except in the case of the Cumulative Realized Losses Table);

(f) principal prepayments in full on the Mortgage Loans are received, together with thirty (30) days' interest thereon, on the last day of each month beginning in October 2017;

(g) there are no partial principal prepayments on the Mortgage Loans;

(h) the Mortgage Loans prepay at the indicated constant prepayment rate (or **"CPR"**) percentages;

(i) no Mortgage Loans are purchased or removed from the Mortgage Pool and no Mortgage Loans are substituted for the Mortgage Loans included in the Mortgage Pool on the Closing Date;

(j) there are no modifications in connection with the Mortgage Loans;

(k) there is no Optional Termination (except in the case of "Weighted Average Life (years) to Optional Termination Date");

(l) the Certificates are issued on October 25, 2017;

(m) distributions on the Certificates are received on the twenty-fifth (25th) day of each month beginning in November 2017;

(n) the Master Servicing Fee Rate is equal to 0.05% per annum, and the Servicing Fee Rate is equal to 0.25% per annum and other fees and Expenses are assumed to be zero;

(o) there are no Subsequent Recoveries related to the Mortgage Loans;

(p) there are no delinquencies related to the Mortgage Loans; and

(q) defaulted Mortgage Loans have a Loss Severity of 25% and all recoveries related to defaulted Mortgage Loans are received by the SPI Trust at the time of liquidation.

Although the characteristics of the Mortgage Loans for the Weighted Average Life Tables, Declining Balances Tables, Cumulative Realized Losses Table, Cumulative Certificate Realized Loss Tables and Yield Tables have been prepared on the basis of the weighted average characteristics of the Mortgage Loans, there is no assurance that the Modeling Assumptions will reflect the actual characteristics or performance of the Mortgage Loans or that the performance of the Certificates will conform to the results set forth in the tables.

Weighted Average Lives of the Certificates

Weighted average life of a Class of Subordinate Certificates refers to the average amount of time that will elapse from the date of issuance of such Class of Subordinate Certificates until its Class Principal Amount is reduced to zero. The weighted average lives of the Subordinate Certificates will be influenced by, among other things, the rate at which principal of the Mortgage Loans 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 any Realized Losses, Certificate Writedown Amounts and Subsequent Recoveries to the Subordinate Certificates. The interaction of the foregoing factors may have different effects on each Class of Subordinate Certificates 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 Subordinate Certificates. For an example of how the weighted average lives of the Subordinate Certificates are affected by the foregoing factors at various rates of prepayments and Realized Losses, 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 Memorandum for the Mortgage Loans is a 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 Mortgage Loans. The percentages of CPR in the tables below do not purport to be historical correlations of relative prepayment experience of the Mortgage Loans or predictions of the anticipated relative rate of prepayment of the Mortgage Loans. Variations in the prepayment experience and the aggregate Stated Principal Balance of the Mortgage Loans that prepay may increase or decrease the percentages of initial Class Principal Amounts (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 Mortgage Loans equals any of the specified percentages of CPR.

When a Mortgage Loan defaults and experiences a Realized Loss, it will incur a related loss severity. The loss severity is calculated by dividing the Realized Loss by the Stated Principal Balance of the Mortgage Loan at liquidation (the **"Loss Severity"**). A Loss Severity of 25% assumes that 25% of the Stated Principal Balance of the Mortgage Loan in default is not recovered at liquidation. Any Loss Severity assumption used herein does not purport to be a prediction of the anticipated Loss Severity on the Mortgage Loans. The rate and extent of

Realized Losses experienced on the Mortgage Loans are likely to differ from those assumed and may differ significantly. Further, it is unlikely the Mortgage Loans will incur Realized Losses at any specified Loss Severity rate.

It is unlikely that the Mortgage Loans will prepay or experience Realized Losses at any of the rates specified or times assumed or that Realized Losses will be incurred according to one particular pattern. The Weighted Average Life Tables, Cumulative Realized Losses Table, Cumulative Certificate Realized Loss Tables and Yield Tables below assume a constant rate of Mortgage Loans incurring defaults each month relative to the then outstanding Stated Principal Balance of the Mortgage Loans. The CDR percentages in the tables do not purport to be a prediction of the anticipated rate of defaults on the Mortgage Loans. The rate and extent of actual defaults experienced on the Mortgage Loans are likely to differ from those assumed and may differ significantly. A rate of 1% CDR assumes defaults occur on Mortgage Loans at an annual rate of 1%, which remains in effect through the remaining lives of such Mortgage Loans. Further, it is unlikely the Mortgage Loans will incur defaults at any specified percentage of CDR and a constant Loss Severity percentage.

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 Subordinate Certificates shown at various CPR percentages, CDR percentages and a 25% Loss Severity.

Class M-1 Weighted Average Life to Maturity (in Years)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	3.80	2.11	1.44	1.08	0.85	0.70	0.59	0.51
0.25%	4.43	2.30	1.52	1.12	0.88	0.72	0.60	0.52
0.50%	6.06	2.70	1.68	1.21	0.93	0.75	0.63	0.53
0.75%	9.25	3.27	1.89	1.31	0.99	0.79	0.65	0.55
1.00%	14.76	4.19	2.16	1.43	1.06	0.83	0.68	0.57
1.50%	16.75	9.20	3.06	1.76	1.22	0.93	0.74	0.61
2.00%	9.65	11.31	6.03	2.34	1.46	1.05	0.81	0.66
2.50%	6.96	10.49	7.67	3.98	1.84	1.22	0.91	0.72
3.00%	5.49	6.96	8.29	5.48	2.61	1.48	1.03	0.79

Class M-2 Weighted Average Life to Maturity (in Years)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	13.09	7.70	5.25	3.91	3.08	2.50	2.09	1.77
0.25%	15.88	8.77	5.73	4.17	3.24	2.61	2.16	1.83
0.50%	19.97	11.75	6.85	4.72	3.55	2.81	2.30	1.92
0.75%	16.98	14.16	8.97	5.51	3.96	3.05	2.45	2.03
1.00%	10.28	13.59	10.35	7.01	4.53	3.36	2.64	2.15
1.50%	5.71	7.54	9.79	7.99	6.25	4.45	3.17	2.47
2.00%	4.02	4.68	6.17	7.49	6.35	5.21	4.18	3.01
2.50%	3.11	3.46	4.03	5.48	6.00	5.20	4.39	3.64
3.00%	2.54	2.76	3.07	3.58	5.06	4.96	4.36	3.74

Class B Weighted Average Life to Maturity (in Years)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	19.68	15.52	11.88	9.32	7.52	6.22	5.23	4.47
0.25%	14.33	13.48	10.93	8.79	7.20	6.00	5.09	4.36
0.50%	5.23	8.33	8.89	7.75	6.58	5.61	4.82	4.17
0.75%	3.15	3.69	5.44	6.36	5.83	5.15	4.52	3.97
1.00%	2.27	2.51	2.89	3.99	4.86	4.60	4.17	3.73
1.50%	1.47	1.56	1.67	1.82	2.07	2.83	3.25	3.16
2.00%	1.09	1.14	1.19	1.25	1.34	1.46	1.67	2.29
2.50%	0.87	0.90	0.93	0.96	1.01	1.06	1.14	1.26
3.00%	0.73	0.74	0.76	0.79	0.81	0.85	0.89	0.94

Declining Balances Tables

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

Percentages of Initial Class Principal Amounts and Weighted Average Lives

	Class M-1							
	CPR Prepayment Assumption							
Date	**5%**	**10%**	**15%**	**20%**	**25%**	**30%**	**35%**	**40%**
Closing Date	100	100	100	100	100	100	100	100
October 25, 2018	84	72	60	48	36	24	12	1
October 25, 2019	69	47	27	7	0	0	0	0
October 25, 2020	54	25	0	0	0	0	0	0
October 25, 2021	41	5	0	0	0	0	0	0
October 25, 2022	28	0	0	0	0	0	0	0
October 25, 2023	15	0	0	0	0	0	0	0
October 25, 2024	4	0	0	0	0	0	0	0
October 25, 2025 and after	0	0	0	0	0	0	0	0
Weighted Average Life (years) to Final Scheduled Distribution Date	3.47	2.00	1.39	1.05	0.84	0.69	0.58	0.50
Weighted Average Life (years) to Optional Termination Date*	3.47	2.00	1.39	1.05	0.84	0.69	0.58	0.50

* Based on assumption that the Optional Termination Date occurs on the first eligible Distribution Date.

	Class M-2							
	CPR Prepayment Assumption							
Date	**5%**	**10%**	**15%**	**20%**	**25%**	**30%**	**35%**	**40%**
Closing Date	100	100	100	100	100	100	100	100
October 25, 2018	100	100	100	100	100	100	100	100
October 25, 2019	100	100	100	100	87	66	47	29
October 25, 2020	100	100	98	70	44	22	3	0
October 25, 2021	100	100	69	38	13	0	0	0
October 25, 2022	100	85	45	14	0	0	0	0
October 25, 2023	100	65	25	0	0	0	0	0
October 25, 2024	100	48	8	0	0	0	0	0
October 25, 2025	91	33	0	0	0	0	0	0
October 25, 2026	78	20	0	0	0	0	0	0
October 25, 2027	66	8	0	0	0	0	0	0
October 25, 2028	55	0	0	0	0	0	0	0
October 25, 2029	44	0	0	0	0	0	0	0
October 25, 2030	34	0	0	0	0	0	0	0
October 25, 2031	24	0	0	0	0	0	0	0
October 25, 2032	15	0	0	0	0	0	0	0
October 25, 2033	6	0	0	0	0	0	0	0
October 25, 2034 and after	0	0	0	0	0	0	0	0
Weighted Average Life (years) to Final Scheduled Distribution Date	11.69	7.13	4.97	3.76	2.98	2.44	2.05	1.74
Weighted Average Life (years) to Optional Termination Date*	11.69	7.13	4.97	3.76	2.98	2.44	2.05	1.74

* Based on assumption that the Optional Termination Date occurs on the first eligible Distribution Date.

Date	Class B							
	CPR Prepayment Assumption							
	5%	10%	15%	20%	25%	30%	35%	40%
Closing Date	100	100	100	100	100	100	100	100
October 25, 2018	100	100	100	100	100	100	100	100
October 25, 2019	100	100	100	100	100	100	100	100
October 25, 2020	100	100	100	100	100	100	100	82
October 25, 2021	100	100	100	100	100	89	66	48
October 25, 2022	100	100	100	100	86	61	42	28
October 25, 2023	100	100	100	93	63	42	27	17
October 25, 2024	100	100	100	72	46	28	17	10
October 25, 2025	100	100	92	56	34	19	11	6
October 25, 2026	100	100	76	44	25	13	7	3
October 25, 2027	100	100	62	34	18	9	4	2
October 25, 2028	100	96	51	26	13	6	3	1
October 25, 2029	100	83	42	20	9	4	2	1
October 25, 2030	100	72	34	16	7	3	1	*
October 25, 2031	100	62	28	12	5	2	1	*
October 25, 2032	100	53	23	9	3	1	*	*
October 25, 2033	100	46	18	7	2	1	*	*
October 25, 2034	97	39	15	5	2	1	*	*
October 25, 2035	87	33	12	4	1	*	*	*
October 25, 2036	77	28	9	3	1	*	*	*
October 25, 2037	68	23	7	2	1	*	*	*
October 25, 2038	59	19	6	2	*	*	*	*
October 25, 2039	50	15	4	1	*	*	*	*
October 25, 2040	43	12	3	1	*	*	*	*
October 25, 2041	35	10	2	1	*	*	*	*
October 25, 2042	28	7	2	*	*	*	*	*
October 25, 2043	21	5	1	*	*	*	*	*
October 25, 2044	15	4	1	*	*	*	*	*
October 25, 2045	9	2	*	*	*	*	*	*
October 25, 2046	4	1	*	*	*	*	*	*
October 25, 2047	0	0	0	0	0	0	0	0
Weighted Average Life (years) to Final Scheduled Distribution Date	22.48	16.65	12.44	9.64	7.72	6.35	5.33	4.54
Weighted Average Life (years) to Optional Termination Date**	21.30	14.79	10.66	8.15	6.49	5.32	4.46	3.80

* Indicates a value greater than zero but less than 0.5%.

** Based on assumption that the Optional Termination Date occurs on the first eligible Distribution Date.

Yield Considerations with Respect to the Certificates

The weighted average life of, and the yield to maturity on, the Certificates will be sensitive to the rate and timing of prepayments and Realized Losses on the Mortgage Loans. If the actual rate of Realized Losses on the Mortgage Loans is higher than those assumed by prospective investors, the actual yield to maturity of a Certificate may be lower than the expected yield. The timing of prepayments and Realized Losses on Mortgage Loans may also affect prospective investors' actual yield to maturity, even if the rate of Realized Losses is consistent with prospective investors' expectations.

Cumulative Realized Losses Table

Based upon the Modeling Assumptions, the following Cumulative Realized Losses Table indicates the cumulative projected Realized Losses as a percentage of the aggregate Stated Principal Balance as of the Cut-Off Date shown at various CPR percentages, CDR percentages and a 25% Loss Severity.

Cumulative Realized Losses (as % of Mortgage Pool's Aggregate Cut-Off Date Balance)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
0.25%	0.7%	0.5%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%
0.50%	1.3%	0.9%	0.7%	0.5%	0.4%	0.3%	0.3%	0.2%
0.75%	1.9%	1.3%	1.0%	0.8%	0.6%	0.5%	0.4%	0.4%
1.00%	2.5%	1.7%	1.3%	1.0%	0.8%	0.7%	0.6%	0.5%
1.50%	3.7%	2.5%	1.9%	1.5%	1.2%	1.0%	0.8%	0.7%
2.00%	4.7%	3.3%	2.5%	1.9%	1.6%	1.3%	1.1%	0.9%
2.50%	5.7%	4.0%	3.0%	2.4%	1.9%	1.6%	1.4%	1.2%
3.00%	6.6%	4.7%	3.5%	2.8%	2.3%	1.9%	1.6%	1.4%

Cumulative Certificate Realized Loss Tables

Based upon the Modeling Assumptions, the following Cumulative Certificate Realized Loss Tables indicate the projected cumulative reduction of the initial Class Principal Amount of a Class due to allocation of Realized Losses and Certificate Writedown Amounts as a percentage of the initial Class Principal Amount, shown at various CPR percentages, CDR percentages and a 25% Loss Severity.

Class M-1 Cumulative Certificate Realized Loss Amount (as % of Initial Class Principal Amount)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.25%	0.0%	0.0%	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%	0.0%	0.0%
0.75%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.00%	11.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.50%	80.2%	11.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2.00%	100.0%	57.3%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%
2.50%	100.0%	100.0%	39.7%	0.7%	0.0%	0.0%	0.0%	0.0%
3.00%	100.0%	100.0%	71.7%	26.5%	0.0%	0.0%	0.0%	0.0%

Class M-2 Cumulative Certificate Realized Loss Amount (as % of Initial Class Principal Amount)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.25%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.50%	23.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.75%	69.9%	24.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.00%	100.0%	55.1%	20.9%	0.0%	0.0%	0.0%	0.0%	0.0%
1.50%	100.0%	100.0%	65.3%	34.4%	13.4%	0.0%	0.0%	0.0%
2.00%	100.0%	100.0%	100.0%	68.1%	41.1%	21.6%	6.9%	0.0%
2.50%	100.0%	100.0%	100.0%	100.0%	68.0%	44.2%	26.2%	12.1%
3.00%	100.0%	100.0%	100.0%	100.0%	94.3%	66.4%	45.3%	28.6%

Class B Cumulative Certificate Realized Loss Amount (as % of Initial Class Principal Amount)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	27.3%	18.4%	13.3%	10.2%	8.2%	6.7%	5.6%	4.8%
0.25%	67.4%	45.5%	33.1%	25.5%	20.4%	16.8%	14.1%	12.0%
0.50%	100.0%	89.7%	65.5%	50.5%	40.5%	33.3%	28.0%	23.9%
0.75%	100.0%	100.0%	97.2%	75.1%	60.3%	49.7%	41.9%	35.8%
1.00%	100.0%	100.0%	100.0%	99.3%	79.8%	66.0%	55.6%	47.5%
1.50%	100.0%	100.0%	100.0%	100.0%	100.0%	97.9%	82.7%	70.8%
2.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	93.7%
2.50%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
3.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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 Subordinate Certificates at various CPR percentages and CDR percentages and a 25% Loss Severity and at the indicated assumed prices (as a percentage of the related initial Class Principal Amount).

Class M-1 Pre-Tax Yield to Maturity (Assumed Price = 101.34435%)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	3.55%	3.21%	2.86%	2.48%	2.09%	1.69%	1.26%	0.81%
0.25%	3.61%	3.28%	2.92%	2.54%	2.15%	1.74%	1.31%	0.87%
0.50%	3.71%	3.38%	3.02%	2.64%	2.25%	1.84%	1.41%	0.96%
0.75%	3.80%	3.48%	3.12%	2.75%	2.35%	1.94%	1.51%	1.05%
1.00%	3.35%	3.59%	3.23%	2.85%	2.45%	2.04%	1.60%	1.14%
1.50%	(1.28)%	2.88%	3.45%	3.06%	2.66%	2.24%	1.80%	1.34%
2.00%	(16.32)%	(1.76)%	2.94%	3.28%	2.87%	2.44%	2.00%	1.53%
2.50%	(28.99)%	(11.87)%	(2.03)%	3.46%	3.10%	2.66%	2.21%	1.73%
3.00%	(41.80)%	(27.75)%	(7.37)%	(1.62)%	3.35%	2.88%	2.42%	1.94%

Class M-2 Pre-Tax Yield to Maturity (Assumed Price = 93.64680%)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	4.67%	5.01%	5.40%	5.82%	6.27%	6.75%	7.26%	7.81%
0.25%	4.58%	4.91%	5.29%	5.71%	6.16%	6.64%	7.16%	7.71%
0.50%	3.52%	4.73%	5.12%	5.54%	5.99%	6.47%	6.98%	7.54%
0.75%	0.22%	3.14%	4.91%	5.35%	5.80%	6.29%	6.80%	7.36%
1.00%	(12.17)%	0.40%	2.98%	5.12%	5.60%	6.10%	6.62%	7.18%
1.50%	(35.30)%	(20.35)%	(2.60)%	0.47%	3.24%	5.64%	6.21%	6.79%
2.00%	(58.30)%	(45.57)%	(26.19)%	(5.34)%	(1.96)%	1.15%	4.29%	6.34%
2.50%	(80.28)%	(68.96)%	(54.17)%	(26.44)%	(7.83)%	(4.22)%	(0.82)%	2.66%
3.00%	*	(90.60)%	(78.07)%	(60.82)%	(16.04)%	(10.07)%	(6.27)%	(2.59)%

Class B Pre-Tax Yield to Maturity (Assumed Price = 58.00000%)

CDR	5% CPR	10% CPR	15% CPR	20% CPR	25% CPR	30% CPR	35% CPR	40% CPR
0.10%	6.38%	7.47%	8.75%	10.17%	11.73%	13.41%	15.24%	17.23%
0.25%	2.79%	4.76%	6.27%	7.79%	9.39%	11.10%	12.93%	14.92%
0.50%	(21.95)%	(2.36)%	1.49%	3.51%	5.31%	7.12%	9.00%	11.01%
0.75%	(49.94)%	(37.01)%	(7.93)%	(1.64)%	0.82%	2.90%	4.92%	7.01%
1.00%	(76.89)%	(65.59)%	(50.85)%	(13.57)%	(4.58)%	(1.74)%	0.60%	2.85%
1.50%	*	*	*	(91.66)%	(73.48)%	(17.24)%	(9.72)%	(6.33)%
2.00%	*	*	*	*	*	*	(86.90)%	(19.52)%
2.50%	*	*	*	*	*	*	*	*
3.00%	*	*	*	*	*	*	*	*

* Less than (99.99)%.

Prospective investors should make investment decisions based on determinations of anticipated rates of prepayments, Certificate Realized Losses and Certificate Writedown Amounts under a variety of scenarios. Prospective investors should fully consider the risk that the occurrence of Realized Losses on the Mortgage Loans could result in the failure to fully recover investments.

USE OF PROCEEDS

The net proceeds from sales of the Certificates will be used as the consideration to Freddie Mac for the transfer of the Credit Participation Interests to the SPI Trust.

CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS

The following discussion provides general summaries of certain legal aspects of mortgage loans which are general in nature. The summaries do not purport to be complete. They do not reflect the laws of any particular state nor the laws of all states in which the mortgaged properties may be situated. This is because these legal aspects are governed in part by the law of the state that applies to a particular mortgaged property and the laws of the states may vary substantially. You should refer to the applicable federal and state laws governing the Mortgage Loans.

Security Instruments

Mortgages and Deeds of Trust. Mortgage loans are evidenced by promissory notes or other similar evidences of indebtedness secured by first mortgages, deeds of trust or similar security instruments (each, a **"mortgage"**), depending upon the prevailing practice and law in the state in which the related mortgaged property is located, on residential properties consisting of one- to four-unit dwelling units, townhouses, individual condominium units, individual units in planned unit developments, individual co-operative units or manufactured homes. Each mortgage note and related mortgage loan are obligations of one or more mortgagors and require the related mortgagor to make monthly payments of principal and interest. In some states, a mortgage or deed of trust creates a lien upon the real property encumbered by the mortgage or deed of trust. However, in other states, the mortgage or deed of trust conveys legal title to the property, respectively, to the mortgagee or to a trustee for the benefit of the mortgagee subject to a condition subsequent (*i.e.*, the payment of the indebtedness secured thereby). The lien created by the mortgage or deed of trust is not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers. Priority between mortgages depends on their terms or on the terms of separate subordination or inter-creditor agreements, on the knowledge of the parties in some cases and generally on the order of recordation of the mortgages in the appropriate recording office. There are two parties to a mortgage, the mortgagor, who is homeowner, and the mortgagee, who is the lender. In the case of a land trust, there are three parties because title to the property is held by a land trustee under a land trust agreement of which the mortgagor is the beneficiary; at origination of a mortgage loan, the mortgagor executes a separate undertaking to make payments on the mortgage note. Although a deed of trust is similar to a mortgage, a deed of trust has three parties: the trustor, who is the mortgagor-homeowner; the beneficiary, who is the lender; and a third-party grantee called the trustee. Under a deed of trust, the mortgagor grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale, to the trustee to secure payment of the obligation. The trustee's authority under a deed of trust, the grantee's authority under a deed to secure debt and the mortgagee's authority under a mortgage are governed by the law of the state in which the real property is located, the express provisions of the deed of trust or mortgage, and, in deed of trust transactions, the directions of the beneficiary.

Foreclosure

Foreclosing Mortgages and Deeds of Trust. Foreclosure of a deed of trust in most states is generally most efficiently accomplished by a non-judicial trustee's sale under a specific provision in the deed of trust which authorizes the trustee to sell the property upon any default by the mortgagor under the terms of the note or deed of trust. In addition to any notice requirements contained in a deed of trust, in some states the trustee must record a notice of default and send a copy to the trustor and to any person who has recorded a request for a copy of notice of default and notice of sale. In addition, the trustee must provide notice in some states to any other individual having an interest of record in the real property, including any junior lienholders. If the deed of trust is not reinstated within a specified period, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers in a specified manner prior to the date of trustee's sale. In addition, some state laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property.

In some states, the trustor has the right to reinstate the loan at any time following default until shortly before the trustee's sale. Generally in these states, the mortgagor, or any other person having a junior encumbrance on the real estate, may, during a reinstatement period, cure the default by paying the entire amount in arrears plus the costs and expenses incurred in enforcing the obligation.

Generally, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating necessary parties. Over the past few years, judicial foreclosure proceedings have become increasingly contested, with challenges often raised to the right of the foreclosing party to maintain the foreclosure action. The resolution of these proceedings can be time-consuming.

In the case of foreclosure under either a mortgage or a deed of trust, the sale by the sheriff or other designated officer or by the trustee is a public sale. The proceeds received by the referee or trustee from the sale are applied first to the costs, fees and expenses of the sale and then in satisfaction of the indebtedness secured by the mortgage or deed of trust under which the sale was conducted. Any remaining proceeds are generally payable to the holders of junior mortgages or deeds of trust and other liens and claims in order of their priority, whether or not the mortgagor is in default under such instruments. Any additional proceeds are generally payable to the mortgagor or trustor. The payment of the proceeds to the holders of junior mortgages may occur in the foreclosure action of the senior mortgagee or may require the institution of separate legal proceedings. It is common for the lender to purchase the property from the trustee, sheriff or other designated officer for a credit bid less than or equal to the unpaid principal amount of the note plus the accrued and unpaid interest and fees due under the note and the expense of foreclosure. If the credit bid is equal to, or more than, the mortgagor's obligations on the loan, the mortgagor's debt will be extinguished. However, if the lender purchases the property for an amount less than the total amount owed to the lender, it preserves its right against a mortgagor to seek a deficiency judgment if such a remedy is available under state law and the related loan documents, in which case the mortgagor's obligation will continue to the extent of the deficiency. Regardless of the purchase price paid by the foreclosing lender, the lender will be responsible to pay the costs, fees and expenses of the sale, which sums are generally added to the mortgagor's indebtedness. In some states, there is a statutory minimum purchase price which the lender must offer for the property and generally, state law controls the maximum amount of foreclosure costs and expenses, including attorneys' fees, which may be recovered by a lender. Thereafter, subject to the right of the mortgagor in some states to remain in possession during any redemption period, the lender will assume the burdens of ownership, including obtaining hazard insurance, paying taxes and making the repairs at its own expense as are necessary to render the property suitable for sale. Generally, the lender will obtain the services of a real estate broker and pay the broker's commission in connection with the subsequent sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the loan and, as described above, in some states, the lender may be entitled to a deficiency judgment. Any such loss in connection with a Mortgage Loan will be treated as a Realized Loss experienced on such Mortgage Loan.

Foreclosure proceedings are governed by general equitable principles. Some of these equitable principles are designed to relieve the mortgagor from the legal effect of its defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and expensive actions to determine the causes for the mortgagor's default and the likelihood that the mortgagor will be able to reinstate the loan. In some cases, courts have substituted their judgment for the lender's judgment and have required that lenders reinstate loans or recast payment schedules in order to accommodate mortgagors who are suffering from temporary financial disability. In other cases, courts have limited the right of the lender to foreclose if the default under the mortgage instrument is not monetary, such as the mortgagor's failure to adequately maintain the property or the mortgagor's execution of a second mortgage or deed of trust affecting the property. Finally, some courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that mortgagors under deeds of trust or mortgages receive notices in addition to the statutorily-prescribed minimums. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust, or under a mortgage having a power of sale, does not involve sufficient state action to afford constitutional protection to the mortgagor.

Under certain loan modification programs, to the extent a servicer is considering qualifying the related mortgagor for a loan modification after foreclosure proceedings have already been initiated, the foreclosure proceedings must be halted until the servicer has determined whether the mortgagor has qualified for the loan modification. This is a requirement under the Guide and became part of the CFPB's regulatory amendments that became effective for all mortgage servicers on January 10, 2014. In all cases the Underlying Servicers of the

Mortgage Loans will be required to service the Mortgage Loans in accordance with applicable law, including the CFPB servicing regulations.

In response to an unusually large number of foreclosures in recent years, a growing number of states have enacted laws that subject the holder to certain notice and/or waiting periods prior to commencing a foreclosure. For example, in Massachusetts, the Attorney General's Office may review and possibly terminate the foreclosure of any 1-4 family residential mortgage that is secured by the mortgagor's principal dwelling. In some instances, these laws require the servicer of the mortgage to consider modification of the mortgage or an alternative option prior to proceeding with foreclosure. The effect of these laws has been to delay foreclosure in particular jurisdictions.

The mortgages or the "Assignments of Mortgage" for some of the Mortgage Loans may have been recorded in the name of Mortgage Electronic Registration Systems, Inc. (**"MERS"**), solely as nominee for the originator and its successors and assigns. Subsequent assignments of those Mortgages are registered electronically through the MERS system. The recording of mortgages in the name of MERS has been challenged in a number of states. Although many decisions have accepted MERS as mortgagee, some courts have held that MERS is not a proper party to conduct a foreclosure and have required that the mortgage be reassigned to the entity that is the economic owner of the mortgage loan before a foreclosure can be conducted. In states where such a rule is in effect, there may be delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of mortgaged properties. In addition, mortgagors are raising new challenges to the recording of mortgages in the name of MERS, including challenges questioning the ownership and enforceability of mortgage loans registered in MERS. An adverse decision in any jurisdiction may delay the foreclosure process.

With respect to any mortgage loans registered on the MERS system, the servicer will comply with all of the requirements of MERS regarding instituting foreclosure proceedings. In addition, mortgage loans registered in the MERS system will be required to be removed from the MERS system by the servicer upon 90 days of delinquency.

Rights of Redemption

The purpose of a foreclosure action in respect of a mortgaged property is to enable the lender to realize upon its security and to bar the mortgagor, and all persons who have interests in the property that are subordinate to that of the foreclosing lender, from exercise of their "equity of redemption." The doctrine of equity of redemption provides that, until the property encumbered by a mortgage has been sold in accordance with a properly conducted foreclosure and foreclosure sale, those having interests that are subordinate to that of the foreclosing lender have an equity of redemption and may redeem the property by paying the entire debt with interest. Those having an equity of redemption must generally be made parties and joined in the foreclosure proceeding and provided statutorily prescribed notice, in the case of a non-judicial foreclosure, in order for their equity of redemption to be terminated.

The equity of redemption is a common-law (non-statutory) right which should be distinguished from post-sale statutory rights of redemption. In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the mortgagor and foreclosed junior lienors are given a statutory period in which to redeem the property. In some states, statutory redemption may occur only upon payment of the foreclosure sale price. In other states, redemption may be permitted if the former mortgagor pays only a portion of the sums due. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property because the exercise of a right of redemption would defeat the title of any purchase through a foreclosure. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired. In some states, a post-sale statutory right of redemption may exist following a judicial foreclosure, but not following a trustee's sale under a deed of trust.

Anti-Deficiency Legislation and Other Limitations on Lenders

Some states have imposed statutory prohibitions which limit the remedies of a beneficiary under a deed of trust or a mortgagee under a mortgage. In some states (including California), statutes limit the right of the beneficiary or mortgagee to obtain a deficiency judgment against the mortgagor following non-judicial

foreclosure by power of sale. A deficiency judgment is a personal judgment against the former mortgagor equal in most cases to the difference between the net amount realized upon the public sale of the real property and the amount due to the lender. In the case of a mortgage loan secured by a property owned by a trust where the mortgage note is executed on behalf of the trust, a deficiency judgment against the trust following foreclosure or sale under a deed of trust, even if obtainable under applicable law, may be of little value to the mortgagee or beneficiary if there are no trust assets against which the deficiency judgment may be executed. Some state statutes require the beneficiary or mortgagee to exhaust the security afforded under a deed of trust or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the mortgagor. In other states, the lender has the option of bringing a personal action against the mortgagor on the debt without first exhausting the security; however, in some of these states, the lender, following judgment on the personal action, may be deemed to have elected a remedy and may be precluded from exercising other remedies, including with respect to the security. Consequently, the practical effect of the election requirement, in those states permitting the election, is that lenders will usually proceed against the security first rather than bringing a personal action against the mortgagor. This also allows the lender to avoid the delays and costs associated with going to court. Finally, in some states, statutory provisions limit any deficiency judgment against the former mortgagor following a foreclosure to the excess of the outstanding debt over the fair value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary or mortgagee from obtaining a large deficiency judgment against the former mortgagor as a result of low or no bids at the foreclosure sale.

In addition to laws limiting or prohibiting deficiency judgments, numerous other federal and state statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon collateral or enforce a deficiency judgment. For example, under the United States Bankruptcy Code, virtually all actions (including foreclosure actions and deficiency judgment proceedings) to collect a debt are automatically stayed upon the filing of the bankruptcy petition and, often, no interest or principal payments are made during the course of the bankruptcy case. The delay and the consequences thereof caused by the automatic stay can be significant. Also, under the United States Bankruptcy Code, the filing of a petition in a bankruptcy by or on behalf of a junior lienor may stay the senior lender from taking action to foreclose out the junior lien. Moreover, with respect to federal bankruptcy law, a court with federal bankruptcy jurisdiction may permit a debtor through his or her Chapter 11 or Chapter 13 rehabilitative plan to cure a monetary default in respect of a mortgage loan on a debtor's residence by paying arrearage within a reasonable time period and reinstating the original mortgage loan payment schedule even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court (provided no sale of the residence had yet occurred) prior to the filing of the debtor's petition. Some courts with federal bankruptcy jurisdiction have approved plans, based on the particular facts of the reorganization case, that effected the curing of a mortgage loan default by paying arrearage over a number of years.

Courts with federal bankruptcy jurisdiction have also indicated that the terms of a mortgage loan secured by property of the debtor may be modified. These courts have allowed modifications that include reducing the amount of each monthly payment, changing the rate of interest, altering the repayment schedule, forgiving all or a portion of the debt and reducing the lender's security interest to the value of the residence, thus leaving the lender a general unsecured creditor for the difference between the value of the residence and the outstanding balance of the loan. Generally, however, the terms of a mortgage loan secured only by a mortgage on real property that is the debtor's principal residence may not be modified pursuant to a plan confirmed pursuant to Chapter 13 except with respect to mortgage payment arrearages, which may be cured within a reasonable time period.

Tax liens arising under the Code may have priority over the lien of a mortgage or deed of trust. In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws and their implementing regulations. These laws and regulations include the federal Truth-in-Lending Act and Regulation Z, the Real Estate Settlement Procedures Act and Regulation X, the Equal Credit Opportunity Act and Regulation B, the Fair Credit Billing Act and Regulation Z, the Fair Credit Reporting Act and Regulation V and related statutes. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. Further, violations of the laws could result in a mortgagor's defense to foreclosure or an unwinding or rescission of the transaction. In some cases, this liability may affect assignees of the mortgage loans.

Environmental Legislation

Under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (**"CERCLA"**), and under state law in some states, a secured party that participates in managing a mortgaged property, takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale or operates a mortgaged property may become liable for the costs of cleaning up hazardous substances regardless of whether the secured party has contaminated the property. CERCLA imposes strict, as well as joint and several, liability on several classes of potentially responsible parties, including current owners and operators of the property who did not cause or contribute to the contamination. Furthermore, liability under CERCLA is not limited to the original or unamortized principal balance of a loan or to the value of the property securing a loan. Such excess cleanup liabilities could become the responsibility of an Underlying Servicer and could reduce the assets available to make distributions to Certificateholders. Lenders may be held liable under CERCLA as owners or operators unless they qualify for the secured creditor exemption to CERCLA. This exemption exempts from the definition of owners and operators those who, without participating in the management of a facility, hold indicia of ownership primarily to protect a security interest in the facility.

The Asset Conservation, Lender Liability and Deposit Insurance Act of 1996 (the **"Conservation Act"**) amended, among other things, the provisions of CERCLA with respect to lender liability and the secured creditor exemption. The Conservation Act offers substantial protection to lenders by defining the activities in which a lender can engage and still have the benefit of the secured creditor exemption. In order for a lender to be deemed to have participated in the management of a mortgaged property, the lender must participate in the operational affairs of the property of the mortgagor, whether directly or indirectly. The Conservation Act provides that "merely having the capacity to influence, or unexercised right to control" operations does not constitute participation in management. A lender will lose the protection of the secured creditor exemption only if it exercises decision-making control over the mortgagor's environmental compliance and hazardous substance handling and disposal practices, assumes day-to-day management of all operational functions of the mortgaged property, or imposes limitations on a mortgagor's spending for such purposes. The Conservation Act also provides that a lender will continue to have the benefit of the secured creditor exemption even if it forecloses on a mortgaged property, purchases it at a foreclosure sale or accepts a deed-in-lieu of foreclosure provided that the lender seeks to sell the mortgaged property at the earliest practicable commercially reasonable time on commercially reasonable terms and complies with other requirements.

Other federal and state laws may impose liability on a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property on which contaminants other than CERCLA hazardous substances are present, including petroleum, agricultural chemicals, asbestos, radon, and lead-based paint. The cleanup costs may be substantial. It is possible that the cleanup costs could become a liability of the PI Trust and reduce the amounts otherwise payable to the Certificateholders. Moreover, federal and state statutes may impose a lien for any cleanup costs incurred by the state on the property that is the subject of the cleanup costs. All subsequent liens on the property generally are subordinated to the lien and, in some states, even prior recorded liens are subordinated to such lien. In the latter states, the security interest of the Trustee in a related parcel of real property that is subject to the lien could be adversely affected.

Traditionally, many residential mortgage lenders have not taken steps to evaluate whether contaminants are present with respect to any mortgaged property prior to the origination of the mortgage loan or prior to foreclosure or accepting a deed-in-lieu of foreclosure. Accordingly, none of the originators nor any other party has made the evaluations prior to the origination of the related Mortgage Loan. The Master Servicer will not be required by the Pooling Agreement to undertake, or cause the Underlying Servicers to undertake, these evaluations prior to foreclosure or accepting a deed-in-lieu of foreclosure. No party other than the Seller has made any representations or warranties or assumes any liability with respect to the absence or effect of contaminants on any related real property or any casualty, personal injury or other liability resulting from the presence or effect of contaminants. However, an Underlying Servicer will not be obligated to foreclose on related real property or accept a deed-in-lieu of foreclosure if it knows or reasonably believes that there are material contaminated conditions on the property. A failure to foreclose may reduce the amounts otherwise available to Certificateholders.

Consumer Protection Laws

In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws. These laws include TILA, the Real Estate Settlement Procedures Act, TRID, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act and related statutes and regulations promulgated thereunder. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. In some cases, this liability may affect assignees of the mortgage loans. In particular, an originator's failure to comply with certain requirements of TILA and Regulation Z promulgated thereunder, could subject both originators and assignees of such obligations to monetary penalties and could result in obligors' rescinding the mortgage loans either against the originators or assignees or in a defense to foreclosure of the loan. Further, the failure of the mortgagor to use the correct form of notice of right to cancel in connection with non-purchase money transactions could subject the originator and assignees to extended mortgagor rescission rights.

The CFPB issued a significant rule under the Dodd-Frank Act (the **"ATR Rule"**), effective January 10, 2014 and revised and amended in August 2016, that amends Regulation Z to require that creditors make a good faith determination that a consumer will have a reasonable ability to repay a residential mortgage loan according to its terms. The ATR Rule generally sets forth eight underwriting factors that creditors must use in making this determination. However, the ATR Rule also provides that if creditors make a special type of loan, known as a "qualified mortgage" as defined in the ATR Rule, the creditor will be presumed to have met the general ATR requirement. Qualified mortgages with annual percentage rates under certain thresholds qualify for a safe harbor from liability under the ATR Rule, while qualified mortgages with annual percentage rates that exceed those thresholds will only have a rebuttable presumption of compliance with the ATR Rule. TILA and the ATR Rule impose specific statutory liabilities upon creditors and certain assignees who fail to comply with the ATR Rule, including: (1) actual damages; (2) specified statutory damages; (3) attorneys fees and costs; and (4) closing costs and up to 3 years' worth of finance charges, which may affect assignees of such loans.

Federal and State Anti-Predatory Lending Laws and Restrictions on Servicing

Under the anti-predatory lending laws of some states, the mortgagor is required to meet a net tangible benefits test in connection with the origination of the mortgage loan. This test may be highly subjective and open to interpretation. As a result, a court may determine that a mortgage loan does not meet the test even if the originator reasonably believed that the test was satisfied. Any determination by a court that the Mortgage Loan does not meet the test will result in a violation of the state anti-predatory lending law, in which case the Seller will be required to purchase that Mortgage Loan from the PI Trust.

Notably, in rules promulgated under the Dodd-Frank Act by the CFPB, effective with respect to applications for loans taken on or after January 10, 2014, the thresholds for coverage under HOEPA, the primary anti-predatory lending law, have been lowered and that statute has become more stringent. State laws that replicate HOEPA have also become more onerous in their respective requirements.

Local, state and federal legislatures, state and federal banking regulatory agencies, state attorneys general offices, the Federal Trade Commission, the Department of Justice, the Department of Housing and Urban Development and state and local governmental authorities have continued to focus on lending and servicing practices by some companies, primarily in the non-prime lending industry, sometimes referred to as "predatory lending" and "abusive servicing" practices. Sanctions have been imposed by various agencies for practices such as charging excessive fees, imposing higher interest rates than the credit risk of some mortgagors warrant, failing to disclose adequately the material terms of loans to mortgagors and abrasive servicing and collections practices.

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act, which is designed to improve accountability and transparency in the financial system and to protect consumers from abusive financial services practices, creates various new requirements affecting mortgage servicers, including mandatory escrow accounts for certain mortgage loans; notice requirements for consumers who waive escrow services; certain prohibitions related to mortgage servicing with respect to force-placed hazard insurance, qualified written requests, requests to correct certain servicing errors, and requests concerning the identity and contact information for an owner or assignee of a loan; requirements for prompt crediting of payments, processing of payoff

statements, and monthly statements with certain disclosures for adjustable rate mortgage loans; and late fee restrictions on high cost loans. In addition, a new executive agency and consumer financial regulator, the CFPB, was established in the Federal Reserve System under the Dodd-Frank Act. On July 21, 2011, the regulation of the offering and provision of consumer financial products or services, including mortgage servicing, under federal consumer financial laws, was generally transferred and consolidated into the CFPB.

The Dodd-Frank Act sets forth certain objectives for and the functions of the CFPB. The objectives of the CFPB, as identified under the Dodd-Frank Act, are to ensure that: (1) consumers are provided with timely and understandable information to make responsible decisions about financial transactions; (2) consumers are protected from unfair, deceptive, or abusive acts and practices and from discrimination; (3) outdated, unnecessary, or unduly burdensome regulations are regularly identified and addressed in order to reduce unwarranted regulatory burdens; (4) federal consumer financial law is enforced consistently, without regard to the status of a person as a depository institution, in order to promote fair competition; and (5) markets for consumer financial products and services operate transparently and efficiently to facilitate access and innovation. The primary functions of the CFPB under the Dodd-Frank Act are: (1) conducting financial education programs; (2) collecting, investigating, and responding to consumer complaints; (3) collecting, researching, monitoring, and publishing information relevant to the functioning of markets for consumer financial products and services to identify risks to consumers and the proper functioning of such markets; (4) subject to certain sections of the Dodd-Frank Act, supervising covered persons for compliance with federal consumer financial law, and taking appropriate enforcement action to address violations of federal consumer financial law; (5) issuing rules, orders, and guidance implementing federal consumer financial law; and (6) performing such support activities as may be necessary or useful to facilitate the other functions of the CFPB.

Several federal, state and local laws, rules and regulations have been adopted, or are under consideration, that are intended to protect consumers from predatory lending and abusive servicing practices, and in some instances establish or propose a servicing standard and duty of care for mortgage servicers. On January 4, 2011, the CFPB implementation team entered into an information sharing memorandum of understanding with the Conference of State Bank Supervisors to promote state and federal cooperation and consistent examination procedures among regulators of providers of consumer financial products and services, including mortgage servicers.

Further, in a rule that became effective on April 1, 2011 under Regulation Z and future rule-making under the Dodd-Frank Act, sweeping changes with respect to permissible and prohibited loan originator compensation were implemented that prohibit loan originator compensation based on loan terms or conditions (other than the amount of the principal), dual compensation of loan originators and various loan steering activities.

In 2008, Congress enacted the Mortgage Disclosure Improvement Act of 2008 (the **"MDIA"**), which requires creditors to furnish early TILA disclosures for all closed-end mortgage transactions that are secured by a consumer's dwelling, including loans secured by primary, secondary or vacation homes, and regardless of whether the loans are for purchase money or non-purchase money transactions. While the early TILA disclosure must still be given within three Business Days of application, the MDIA and MDIA rule now require that the early TILA disclosure be provided at least seven Business Days prior to consummation of the transaction. Further, if the disclosed annual percentage rate exceeds certain tolerances as set forth in TILA and Regulation Z, the creditor must provide corrected disclosures disclosing an accurate annual percentage rate and all changed terms no later than 3 Business Days before consummation. Significantly, this means that multiple early TILA disclosures may be required.

In addition, the Federal Reserve Board adopted an amendment to Regulation Z on July 14, 2008 (the **"July Rule"**). Notably, the July Rule, which took effect on October 1, 2009: (i) created a new category of loans called "higher-priced mortgage loans"; (ii) instituted new protections for both this new category of "higher-priced mortgage loans" as well as for the existing category of "high cost mortgages" under HOEPA; (iii) enacted certain prohibited acts and practices for all closed-end credit transactions secured by a consumer's principal dwelling; (iv) revised the disclosures required in advertisements for credit secured by a consumer's dwelling and prohibited certain practices in connection with closed-end mortgage advertising; and (v) required disclosures for closed-end mortgages secured by a consumer's principal dwelling to be provided earlier in the transaction and before consumers pay any fee except for a fee for obtaining a consumer's credit history. Effective January 10, 2014, the

ATR Rules superseded the underwriting requirements applicable to these "higher-priced mortgage loans," but the requirements applicable to appraisals and homeownership counseling still apply to that class of loans.

Enforceability of Due-On-Sale Clauses

The Mortgage Loans include "due-on-sale clauses" which allow the holder of such Mortgage Loan to demand payment in full of the remaining principal balance upon sale or certain transfers of the property securing such Mortgage Loan. The enforceability of these clauses has been the subject of legislation or litigation in many states, and in some cases the enforceability of these clauses was limited or denied. However, The Garn-St. Germain Depository Institutions Act of 1982 (the **"Garn-St Germain Act"**) preempts state constitutional, statutory and case law that prohibits the enforcement of due-on-sale clauses and permits lenders to enforce these clauses in accordance with their terms, subject to limited exceptions. The Garn-St Germain Act does "encourage" lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

The Garn-St Germain Act also sets forth nine specific instances in which a mortgage lender covered by the Garn-St Germain Act may not exercise a due-on-sale clause, notwithstanding the fact that a transfer of the property may have occurred. These include, amongst others, certain intra-family transfers, some transfers by operation of law, leases of fewer than three years and the creation of a junior encumbrance. Under the Guide, Freddie Mac expanded the scope of permissible transfers of property beyond the Garn-St Germain Act protected classes, such as broadening the scope of permissible intra-family transfers and, in these circumstances, servicers may not exercise a due-on-sale clause. Regulations promulgated under the Garn-St Germain Act also prohibit the imposition of a prepayment penalty upon the acceleration of a loan pursuant to a due-on-sale clause.

The inability to enforce a due-on-sale clause may result in Mortgage Loans bearing an interest rate below the current market rate being assumed by the buyers rather than being paid off, which may have an impact upon the average life of such Mortgage Loans and the number of Mortgage Loans which may be outstanding until maturity.

Subordinate Financing

When a mortgagor encumbers mortgaged property with one or more junior liens, the senior lender is subjected to additional risk. First, the mortgagor may have difficulty servicing and repaying multiple loans. In addition, if the junior loan permits recourse to the mortgagor (as junior loans often do) and the senior loan does not, a mortgagor may be more likely to repay sums due on the junior loan than those on the senior loan. Second, acts of the senior lender that prejudice the junior lender or impair the junior lender's security may create a superior equity in favor of the junior lender. For example, if the mortgagor and the senior lender agree to an increase in the principal amount of or the interest rate payable on the senior loan, the senior lender may lose its priority to the extent an existing junior lender is harmed or the mortgagor is additionally burdened. Third, if the mortgagor defaults on the senior loan and/or any junior loan or loans, the existence of junior loans and actions taken by junior lenders can impair the security available to the senior lender and can interfere with or delay the taking of action by the senior lender. Moreover, the bankruptcy of a junior lender may operate to stay foreclosure or similar proceedings by the senior lender. In addition, the consent of the junior lender is required in connection with certain loan modifications, short sales and deeds-in-lieu of foreclosure, which may delay or prevent the loss mitigation actions taken by the senior lender.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980 (**"Title V"**) provides that state usury limitations shall not apply to some types of residential first mortgage loans originated by some lenders after March 31, 1980. A similar federal statute was in effect with respect to mortgage loans made during the first three months of 1980. The Office of the Comptroller of the Currency is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to reimpose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Some states have taken action to reimpose interest rate limits or to limit discount points or other charges.

Forfeitures in Drug and RICO Proceedings

Federal law provides that property owned by persons convicted of drug-related crimes or of criminal violations of the Racketeer Influenced and Corrupt Organizations statute (**"RICO"**) can be seized by the government if the property was used in, or purchased with the proceeds of, these crimes. Under procedures contained in the Comprehensive Crime Control Act of 1984, the government may seize the property even before conviction. The government must publish notice of the forfeiture proceeding and may give notice to all parties "known to have an alleged interest in the property," including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in the property if it establishes that: (1) its mortgage was executed and recorded before commission of the crime upon which the forfeiture is based, or (2) the lender was, at the time of execution of the mortgage, "reasonably without cause to believe" that the property was used in, or purchased with the proceeds of, illegal drug or RICO activities.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following generally describes the anticipated material federal income tax consequences of purchasing, owning and disposing of the Certificates. It does not address special rules which may apply to particular types of investors. The authorities on which this discussion is based are subject to change or differing interpretations, and any such change or interpretation could apply retroactively. Investors should consult their own tax advisors regarding the Certificates.

We will elect to treat the applicable portion of the SPI Trust consisting of the Credit Participation Interests as a REMIC under the Code. Assuming (1) such election, (2) compliance with the applicable agreements and (3) compliance with changes in the law, the REMIC Pool will qualify as a REMIC for federal income tax purposes. In that case, a REMIC Pool will not be subject to tax. In addition, the Class M-1, Class M-2 and Class B Certificates (the **"Regular Classes"**) will be treated as regular interests in the REMIC Pool and the Class R Certificate (together with the Regular Classes, the **"REMIC Classes"**) will be treated as the residual interest in the REMIC Pool. The Class X Certificate will not constitute an interest in any REMIC.

Status of the Regular Classes

The Regular Classes will constitute assets described in Code Section 7701(a)(19)(C) and "real estate assets" under Code Section 856(c)(4)(A), to the extent the assets of the REMIC Pool are so treated. Interest on the regular interests will be "interest on obligations secured by mortgages on real property or on interests in real property" within the meaning of Code Section 856(c)(3)(B) in the same proportion that the income of the REMIC Pool is so treated. If at all times 95% or more of the assets or income of the REMIC Pool qualifies for any of the foregoing treatments, the Regular Classes (and income on them) will qualify for the corresponding status in their entirety. We anticipate that the Regular Classes will qualify for the foregoing treatments in their entirety. The Regular Classes will be "qualified mortgages" under Code Section 860G(a)(3) for another REMIC.

Treatment of the SPI Trust and the Certificates

On the Closing Date, we will receive an opinion of Shearman & Sterling LLP generally to the effect that, assuming compliance with the PI Trust Agreement, PC Trust Agreement, Pooling Agreement and other relevant transaction documents, (i) the REMIC Pool will be classified as a REMIC for federal income tax purposes and (ii)(a) the overall arrangement pursuant to which the SPI Trust owns participation interests in the underlying Mortgage Loans and, with respect to each such Mortgage Loan, accepts potential credit losses with respect to the entire Mortgage Loan, will be treated as a senior subordinated grantor trust arrangement for federal income tax purposes and (b) none of that arrangement or any portion thereof or the SPI Trust or any portion thereof will be a publicly traded partnership, a taxable mortgage pool or an association taxable as a corporation, each for federal income tax purposes.

There is no relevant authority that directly addresses the federal income tax characterization of the SPI Trust, and we have received no ruling from the IRS in connection with the issuance of the Certificates. Accordingly, the federal income tax characterization of the SPI Trust is not certain. Furthermore, opinions of counsel are not binding on the IRS. The treatment of the SPI Trust and the arrangement pursuant to which the SPI Trust owns participation interests in the Mortgage Loans is not binding on the IRS, and the IRS may treat the SPI Trust, the arrangement or some portion thereof in some other manner that would subject the SPI Trust to taxation as a corporation for federal income tax purposes. Any tax imposed on the SPI Trust would reduce cashflow that would be available to make payments on the Certificates and could cause losses which could adversely affect the Certificates.

In addition, pursuant to the Pooling Agreement, a REMIC election is required to be made in respect of the REMIC Pool. Under the Code, if during any taxable year, an entity intending to qualify as a REMIC fails to satisfy one or more of the REMIC requirements, then such entity will not be treated as a REMIC for that taxable year or any taxable year thereafter. If the REMIC Pool were not a REMIC for federal income tax purposes, it likely would be treated as a corporation subject to federal income tax at corporate rates on its taxable income (generally, the income from the Credit Participation Interests, reduced by the interest deductions, if any, on any

Subordinate Certificates treated as debt for federal income tax purposes). The corporation could not be consolidated with any other entity for federal income tax purposes. The Subordinate Certificates would be treated either as debt instruments or stock in a corporation. Lack of REMIC status likely would cause the amount of cashflow available with respect to the Subordinate Certificates to be substantially reduced and could also result in the beneficial owners of the reclassified Subordinate Certificates recognizing income and other tax items with respect to their Subordinate Certificates that differ significantly, in amount, timing and character, from that recognized were such Subordinate Certificates treated, in whole or in part, as REMIC regular interests for federal income tax purposes. Any such consequences could be materially adverse to such Certificateholders.

Investors should consult their own tax advisors regarding the consequences to them in their particular circumstances of the potential alternative treatment of the Certificates, the SPI Trust or any portion thereof and the REMIC or any portion thereof.

Taxation of the Regular Classes

General

The Regular Classes will be taxed as newly originated debt instruments for federal income tax purposes. Interest, original issue discount and market discount accrued on a regular interest will constitute ordinary income to the beneficial owner. As a beneficial owner of a Regular Class, you must account for interest income on the accrual method.

Original Issue Discount

If a Regular Class is issued with "original issue discount," a beneficial owner would be required to include such original issue discount in income as it accrues, without regard to the timing of distributions. In the absence of guidance which applies specifically to REMIC regular interests, Freddie Mac and the Securities Administrator will report original issue discount, if any, to the IRS and the beneficial owners of the Regular Classes based on regulations under Code Sections 1271 through 1275 (the **"OID regulations"**).

The total amount of original issue discount on a Regular Class is the excess of its "stated redemption price" over its "issue price." The issue price is the price at which a substantial portion of the Regular Classes first sold to the public. The issue price generally includes any pre-issuance accrued interest unless you exclude such amount from the issue price and treat a portion of the stated interest payable on the first Distribution Date as a return of that accrued interest rather than as an amount payable under the instrument.

In general, the stated redemption price is the sum of all distributions except for stated interest actually payable at least annually based on a single fixed rate, certain variable rates, or certain combinations of fixed and variable rates. For this purpose, the discussion below assumes that the sum of such distributions will be based on the **"Pricing Speed"**, which is the assumed rate of prepayment of the related Mortgages used in pricing the regular interests. The Pricing Speed that will be used in determining the rate of accrual of original issue discount and market discount, if any, for federal income tax purposes is 15% CPR, and it will be assumed that the Optional Termination is exercised on the earliest possible Distribution Date, as described in this Memorandum under "*Prepayment and Yield Considerations — Assumptions Relating to Declining Balances Tables, Cumulative Realized Losses Table and Yield Tables.*" A beneficial owner taking a contrary position to these assumptions should consult their tax advisor.

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

Under a *de minimis* rule, original issue discount on a Regular Class will be considered zero and all interest distributions will be excluded from the stated redemption price if the amount of the original issue discount is less than 0.25% of the Class's stated redemption price multiplied by the Class's weighted average maturity. The weighted average maturity of a Regular Class is computed based on the number of full years (*i.e.*, rounding down partial years) each distribution of principal is scheduled to be outstanding. The schedule of such distributions likely should be determined in accordance with the Pricing Speed.

Based on the prices at which the Class M-2 and Class B Certificates will be issued, such Classes will be issued with original issue discount. The beneficial owner of a regular interest generally must include in income the original issue discount accrued for each day on which the beneficial owner holds such interest, including the date of purchase, but excluding the date of disposition. The original issue discount accruing on a regular interest in any period equals:

PV End + Dist − PV Beg

Where:

PV End	=	present value of all remaining distributions to be made as of the end of the accrual period;
Dist	=	distributions made during the accrual period includable in stated redemption price; and
PV Beg	=	present value of all remaining distributions as of the beginning of the accrual period.

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

The daily portions of original issue discount generally will increase if prepayments on the Mortgage Loans exceed the Pricing Speed and decrease if prepayments are slower than the Pricing Speed. If the relative principal distribution priorities of a series of the regular interests change, any increase or decrease in the present value of the remaining distributions to be made on any such class will affect the computation of original issue discount for the period in which the change in distribution priority occurs.

If original issue discount accruing during any accrual period, computed as described above, is negative for any such period, you will be entitled to offset such amount only against future positive original issue discount accruing from your regular interest, and Freddie Mac and the Securities Administrator intend to report income to the IRS in all cases in this manner. The treatment of such negative amounts is not entirely clear. For example, you may be entitled to deduct a loss to the extent that your remaining basis would exceed the maximum amount of future distributions to which you are entitled, assuming no further prepayments of the Mortgages (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed). You should consult your tax advisors regarding a regular interest that has a negative amount of original issue discount during any accrual period.

If you are the initial purchaser of interests in two or more series of the regular interests, you should be aware that the OID regulations may treat such interests as a single debt instrument for purposes of the original issue discount provisions.

If a subsequent beneficial owner of a regular interest acquires such regular interest for a price greater than its "adjusted issue price," but less than its remaining stated redemption price, the daily portion for any day is reduced by an amount equal to the product of (1) such daily portion and (2) a fraction, the numerator of which is the amount by which the price exceeds the adjusted issue price and the denominator of which is the sum of the daily portions for such regular interest for all days on and after the date of purchase. The adjusted issue price of a regular interest on any given day is equal to its issue price, increased by all original issue discount previously includable with respect to that interest and reduced by the amount of all previous distributions with respect to that interest included in its stated redemption price at maturity.

Market Discount

The market discount rules may also apply to you. Market discount with respect to a debt instrument that is issued with original issue discount equals the excess of the adjusted issue price over your initial basis in the regular interest.

The Conference Committee Report accompanying the Tax Reform Act of 1986 provides that, until the Treasury Department issues regulations, market discount would accrue (a) on the basis of a constant interest rate (similar to the method described above for accruing original issue discount) or (b) alternatively, in the ratio of

original issue discount accrued for the relevant period to the total remaining original issue discount at the beginning of such period.

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

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

Under a *de minimis* rule, market discount with respect to a regular interest will be considered to be zero if the amount of the market discount is less than 0.25% of the class's stated redemption price multiplied by the class's weighted average maturity. The weighted average maturity of a regular interest is computed based on the number of full years (*i.e.*, rounding down partial years) that each distribution of principal is scheduled to be outstanding. You should consult your tax advisors regarding the application of the market discount rules as well as the advisability of making any election with respect to market discount.

Premium

An interest in a Regular Class, other than Regular Classes whose stated interest is partially or entirely included in their stated redemption prices, that is purchased at a cost (net of accrued interest) greater than its principal amount generally is considered to be purchased at a premium. You may elect under Code Section 171 to amortize such premium under the constant interest method, using the Pricing Speed. Such premium is an offset to interest income from an interest in a Regular Class, rather than a separate interest deduction. In addition, the Committee Report indicates Congress intended that the methods for determining the accrual of market discount described above which are alternatives to accrual on the basis of a constant interest rate also will apply for purposes of amortizing bond premium on obligations such as the Regular Classes. An election made by you generally would apply to all your debt instruments, unless the election is revoked with the IRS's consent. If your election to amortize bond premium was effective as of October 22, 1986, you may choose to have such election apply to obligations issued after September 27, 1985.

Constant Yield Election

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

Taxation of the Residual Certificate

Taxation of REMIC Income

REMIC taxable income is determined under the accrual method of accounting in the same manner as the taxable income of an individual, except that (i) the limitation on deductibility of investment interest expense and expenses for the production of income do not apply and (ii) all bad debts will be deductible as business bad debts. REMIC taxable income for a REMIC Pool generally means the REMIC Pool's gross income less deductions. A REMIC Pool's gross income includes interest, original issue discount income and market discount income, if any, reduced by amortization of any premium, on the assets in the REMIC Pool, plus any cancellation of indebtedness income upon allocation of a Realized Loss. In this regard, the REMIC Pool will elect to take all such items (except cancellation of indebtedness income, if any) into account by accruing interest based on a constant yield. Deductions include interest and original issue discount expense on the regular interests and

interest paid with respect to the Class X Certificate, any servicing fees on the REMIC Pool's assets and other administrative expenses as well as any recognized loss with respect to the assets. A beneficial owner of a residual interest (a **"Residual Owner"**) will take into account, as ordinary income or loss, the Residual Owner's allocable share of taxable income or net loss of the REMIC Pool.

The taxation of a Residual Owner is based on the income and expense of the REMIC Pool, and not on distributions to the Residual Owner. This method of taxation can produce a significantly less favorable after-tax return for a Residual Owner than would be the case if (1) a residual interest were taxable as a debt instrument or (2) no portion of the taxable income on a residual interest in each period were treated as "excess inclusions" (as defined below). In certain periods, taxable income and the resulting tax liability on a residual interest may exceed any payments received on that Certificate. In addition, a substantial tax may be imposed on certain transferors of a residual interest and certain Residual Owners that are "pass-through" entities. See "— *Transfers of the Residual Interests*". You should consult your tax advisors before purchasing a residual interest.

Basis and Losses

A Residual Owner may recognize a net loss of the REMIC Pool only to the extent of the adjusted basis of its residual interest. The initial adjusted basis of a Residual Owner generally is the amount paid for such residual interest. If a residual interest has a negative value, it is unclear whether such a residual interest could have a negative basis and a negative issue price. The initial adjusted basis will be increased by the amount of taxable income of the REMIC Pool reportable by the Residual Owner and will be decreased (but not below zero), first, by any cash distributions from such REMIC Pool and, second, by the amount of loss of such REMIC Pool reportable by the Residual Owner. A Residual Owner that is a U.S. person (as defined below), however, may carry over any disallowed loss to offset any taxable income generated by the same REMIC Pool.

A Residual Owner may not amortize the cost of its residual interest. The taxable income of the REMIC Pool, however, will not include any cash received by the REMIC Pool that represents a recovery of the REMIC Pool's basis in its assets. Such recovery of basis by the REMIC Pool will have the effect of amortization of the issue price of a residual interest over its life. The period of time over which such issue price is effectively amortized, however, may be longer than the economic life of the residual interest.

A subsequent Residual Owner must report on its federal income returns amounts of taxable income or net loss equal to that which an original Residual Owner must report. Adjustments to reduce (or increase) the income of a subsequent Residual Owner that purchased such an interest at a price greater than (or less than) the adjusted issue price of such interest apparently are not permitted or required.

The Treasury Department has issued final regulations addressing the treatment of a payment made to a transferee on the transfer of a "noneconomic residual interest". A residual interest in a REMIC is a noneconomic residual interest unless, at the time of the transfer, (1) the present value of the expected future distributions on the residual interest at least equals the product of the present value of the anticipated excess inclusions and the highest corporate income tax rate in effect for the year in which the transfer occurs and (2) the transferor reasonably expects that for each anticipated excess inclusion the transferee will receive distributions from the REMIC at or after the time at which taxes accrue on the anticipated excess inclusion in an amount sufficient to satisfy the taxes accrued. The Residual Certificate is expected to constitute a noneconomic residual interest.

Under these regulations, the transferee does not immediately recognize the payment as income. Rather, the payment is recognized as income over a period that is reasonably related to the period during which the REMIC is expected to generate taxable income or net loss allocable to the owner of the noneconomic residual interest. The regulations also provide the following two safe harbor methods for tax accounting for the payment:

- A transferee may recognize the payment for federal income tax purposes in the same amounts and over the same period in which the payment is included in the transferee's income for financial reporting purposes, provided that such period is not shorter than the period over which the REMIC is expected to generate taxable income.
- A transferee may recognize the payment for federal income tax purposes ratably over the "anticipated weighted average life of the REMIC," as defined in the Treasury regulations relating to REMICs (the **"REMIC regulations"**), as determined at the time the transferee acquires a residual interest.

The regulations state that the unamortized amount of the payment must be currently included by a transferee on disposition of a residual interest. Additionally, the regulations provide that a transferee's treatment of the payment is a method of accounting that must be consistently applied to all such payments received by the transferee in connection with noneconomic residual interests. Finally, the regulations state that such payment shall be treated as income from U.S. sources.

If you receive a payment in connection with the acquisition of a residual interest, you should consult your tax advisor as to the proper treatment of such payment.

Treatment of Certain Items of REMIC Income and Expense

Original Issue Discount. As previously discussed with respect to the regular interests, the timing of recognition of negative original issue discount, if any, on a regular interest is uncertain; as a result, the timing of recognition of the related REMIC taxable income is also uncertain. For example, the related REMIC taxable income may be recognized when the adjusted issue price of such regular interest would exceed the maximum amount of future payments with respect to such regular interest, assuming no further prepayments of the Mortgage Loans (or, perhaps, assuming prepayments at a rate equal to the Pricing Speed).

Market Discount. In respect of Mortgage Loans that have market discount, such market discount would be recognized in the same fashion as if it were original issue discount.

Excess Inclusions

A portion of the REMIC taxable income of each Residual Owner will be subject to federal income tax in all events. That portion, referred to as the "excess inclusion," is equal to the excess of REMIC taxable income for the calendar quarter over the daily accruals for such period. The daily accruals are equal to the product of (1) 120% of the federal long-term rate (based on quarterly compounding) under Code Section 1274(d) determined for the month in which a residual interest is issued and (2) the adjusted issue price of such interest at the beginning of such quarter. The federal long-term rate for the month of issuance of a residual interest is published by the IRS on or about the 20th day of the preceding month. The adjusted issue price of a residual interest at the beginning of a quarter is the issue price of the interest, plus the amount of the daily accruals of REMIC income attributable to such interest for all prior quarters, decreased (but not below zero) by any prior distributions. The IRS has authority to promulgate regulations providing that if the aggregate value of a residual interest is not considered to be "significant," then a Residual Owner's entire share of REMIC taxable income will be treated as an excess inclusion. This authority has not been exercised.

"Excess inclusions" may not be offset by unrelated losses or loss carryforwards of a Residual Owner. A Residual Owner's excess inclusion is treated as unrelated business taxable income for an organization subject to the tax on unrelated business income. In addition, under Treasury regulations yet to be issued, if a real estate investment trust, regulated investment company or certain other pass-through entities are Residual Owners, a portion of distributions made by such entities would constitute excess inclusions. Moreover, for purposes of computing alternative minimum tax for taxpayers other than thrift institutions, taxable income is determined without regard to the rule for excess inclusions, and the alternative minimum taxable income of any such Residual Owner is not less than such Residual Owner's excess inclusion for the year, effective for all taxable years beginning after December 31, 1986, unless the Residual Owner elects application only to taxable years beginning after August 20, 1996.

Prohibited Transactions

Income from certain transactions, called prohibited transactions, will not be part of the calculation of income or loss includable in the federal income tax returns of Residual Owners, but rather will be taxed directly to the REMIC Pool at a 100% rate. It is not anticipated that either REMIC Pool will engage in any prohibited transactions.

Sale or Exchange of the REMIC Classes

A beneficial owner generally will recognize gain or loss upon sale or exchange of the REMIC Classes equal to the difference between the amount received and its adjusted basis in the REMIC Classes. A beneficial owner's

adjusted basis in the underlying regular or residual interest generally will equal the cost of the interest (subject to the potential limitations discussed above in the case of a residual interest with a negative value), increased by income previously included and reduced (but not below zero) by previous distributions, in the case of a regular interest, or by previous distributions or net losses allowed as a deduction, in the case of a residual interest.

Except as described below, any gain or loss realized with respect to a regular interest or a residual interest generally will be capital gain or loss and will be long-term or short-term depending on how long the beneficial owner has held such interest. Such gain or loss will be ordinary income or loss (1) for a bank or thrift institution; and (2) in the case of a regular interest, (a) to the extent of any accrued, but unrecognized, market discount or (b) to the extent income recognized by you is less than the income that you would have recognized if the yield on such interest were 110% of the applicable federal rate under Code Section 1274(d).

Whether the termination of the REMIC Pool will be treated as a sale or exchange of a Residual Owner's interest is not clear. If it is, the Residual Owner will recognize a gain or loss at that time in an amount equal to the Residual Owner's remaining adjusted basis in such interest, if any.

Except as provided in Treasury regulations, the wash sale rules of Code Section 1091 will apply to dispositions of a residual interest where the seller of the interest, during the period beginning six months before the sale or disposition of the interest and ending six months after such sale or disposition, acquires (or enters into any other transaction that results in the application of Code Section 1091 with respect to) any residual interest in any REMIC or any interest in a "taxable mortgage pool" (such as a non-REMIC owner trust) that is economically comparable to the residual interest.

Transfers of the Residual Interests

Disqualified Organizations

A transfer of a residual interest to a "disqualified organization" (as defined below) may result in a tax equal to the product of (1) the present value of the total anticipated future excess inclusions with respect to such interest and (2) the highest corporate marginal federal income tax rate. Such a tax generally would be imposed on the transferor of a residual interest, except that if the transfer is through an agent for a disqualified organization, the agent is liable. A transferor is not liable for this tax if the transferee furnishes to the transferor an affidavit that the transferee is not a disqualified organization and, as of the time of the transfer, the transferor does not have actual knowledge that such affidavit is false.

A "pass-through entity" (as defined below) is subject to tax (at the highest corporate marginal federal income tax rate) on excess inclusions to the extent disqualified organizations hold interests in the pass-through entity. However, this tax will not apply if the pass-through entity receives an affidavit that the record holder is not a disqualified organization and does not have actual knowledge that the affidavit is false. For purposes of the tax described in this paragraph, all interests in an electing large partnership, as defined under Code Section 775, will be treated as held by disqualified organizations.

For these purposes, (1) "disqualified organization" means the United States, any state or political subdivision thereof, any foreign government, any international organization, any agency or instrumentality of any of the foregoing, certain organizations that are exempt from taxation under the Code (including tax on excess inclusions) and certain corporations operating on a cooperative basis and (2) "pass-through entity" means any regulated investment company, real estate investment trust, common trust fund, partnership, trust or estate and certain corporations operating on a cooperative basis. Except as may be provided in Treasury regulations, any person holding an interest in a pass-through entity as a nominee for another will, with respect to such interest, be treated as a pass-through entity.

The Pooling Agreement provides that any attempted transfer of a beneficial or record interest in a residual interest will be null and void unless (1) the proposed transferee provides (a) an affidavit that the transferee is not a disqualified organization and is not purchasing such interest on behalf of a disqualified organization and (b) if requested, an opinion of counsel to the effect that the proposed transfer will not cause the residual interest to be held by a disqualified organization; or (2) Freddie Mac consents to the transfer.

Additional Transfer Restrictions

The REMIC regulations provide that a transfer of a noneconomic residual interest is disregarded for all federal income tax purposes if a significant purpose of the transfer is to impede the assessment or collection of tax. Such a purpose exists if, at the time of the transfer, the transferor knew or should have known that the transferee would be unwilling or unable to pay taxes on its share of the taxable income of the REMIC.

Pursuant to a safe harbor, a transferor will be presumed to lack such knowledge (or reason to know) if, after a reasonable investigation, (1) the transferor finds that the transferee historically paid its debts as they came due, and finds no significant evidence that the transferee would not continue to do so, (2) the transferee represents to the transferor that the transferee understands that it might incur tax liabilities in excess of any cash received with respect to the residual interest and that the transferee intends to pay the taxes associated with owning the residual interest as they come due, (3) the transferee represents that it will not cause income from the noneconomic residual interest to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer, and (4) the transfer satisfies either an "asset test" or a "formula test," as set forth in the REMIC regulations.

Under the REMIC regulations, a transfer satisfies the asset test if (1) the transferee's gross assets for financial reporting purposes exceed $100 million and its net assets for financial reporting purposes exceed $10 million at the time of the transfer and at the close of each of the transferee's two fiscal years preceding the year of transfer, (2) the transferee is an eligible corporation (any domestic subchapter C corporation other than a tax-exempt corporation, regulated investment company, real estate investment trust, REMIC or cooperative) other than a foreign permanent establishment of a domestic corporation and agrees in writing than any subsequent transfer of the interest will be to another eligible corporation in a transaction that satisfies the asset test safe harbor, and (3) the facts and circumstances, including the amount of consideration paid to the transferee, do not reasonably indicate to the transferor that the taxes associated with the residual interest will not be paid.

A transfer satisfies the formula test if the present value of the anticipated tax liabilities associated with holding the residual interest does not exceed the sum of (1) the present value of any consideration given to the transferee to acquire the interest, (2) the present value of the expected future distributions on the interest, and (3) the present value of the anticipated tax savings associated with holding the interest as the REMIC generates losses.

The REMIC regulations provide that any transfer of a residual interest (whether or not a noneconomic residual interest) to a non-U.S. person is disregarded for all federal tax purposes if the residual interest has "tax avoidance potential." A residual interest has tax avoidance potential under the REMIC regulations unless, at the time of transfer, the transferor reasonably expects that:

- for each excess inclusion, the REMIC will distribute on the residual interest an amount that will equal at least 30% of the excess inclusion, and
- the transferee will receive each such distribution from the REMIC at or after the time at which the excess inclusion accrues and not later than the close of the calendar year following the calendar year of accrual.

The reasonable expectation requirement will be satisfied if the above test would be met assuming that the Mortgage Loans were to prepay at each rate between 50 percent and 200 percent of the Pricing Speed. The REMIC regulations also provide that a transfer from a non-U.S. person to a U.S. person or to a non-U.S. person engaged in a United States trade or business is disregarded if the transfer has "the effect of allowing the transferor to avoid tax on accrued excess inclusions."

If a residual interest has been held at any time by a non-U.S. person, Freddie Mac (or its agent) will be entitled to withhold (and to pay to the IRS) any portion of any payment on such residual interest that it reasonably determines is required to be withheld. If Freddie Mac (or its agent) reasonably determines that a more accurate determination of the amount required to be withheld from a distribution can be made within a reasonable period after the scheduled date for such distribution, Freddie Mac may hold such distribution in trust for the beneficial owners of any such residual interest, until it can make the more accurate determination.

Certain restrictions will be imposed on transfers of the interests in residual interests, including the requirement that no transfer to a non-U.S. person (or, for certain residual interests, to any person) will be permitted without our written consent. These restrictions, together with those imposed under the REMIC regulations, may have the practical effect of rendering the interests in certain residual interests non-transferable.

The term "non-U.S. person" means any person that is not a "U.S. person." A U.S. person is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any state (other than a partnership that is not treated as a U.S. person under any applicable Treasury regulations), an estate whose income is subject to federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996 and treated as U.S. persons prior to such date, that elect to continue to be treated as a U.S. persons, also will be U.S. persons.

Miscellaneous

If the equity interest in a non-U.S. person investor is held in whole or in part by a U.S. person, the investor or U.S. person should consult its own tax advisors regarding any tax consequences to such U.S. person of the investor's purchase of a residual interest. The Treasury regulations provide that a transferee does not immediately recognize income upon the receipt of an inducement payment in connection with the transfer of a noneconomic residual interest. Rather, the payment is recognized as income over a period that is reasonably related to the period during which the REMIC is expected to generate taxable income or net loss allocable to the holder of the noneconomic residual interest.

The regulations provide the following two safe harbor methods for tax accounting for the payment:

- A transferee may recognize the payment for federal income tax purposes in the same amounts and over the same period in which the payment is included in the transferee's income for financial reporting purposes, provided that such period is not shorter than the period over which the REMIC is expected to generate taxable income.
- A transferee may recognize the payment for federal income tax purposes ratably over the "anticipated weighted average life of the REMIC," as defined in the REMIC regulations, as determined at the time the transferee acquires the residual interest.

The regulations state that the unamortized amount of the payment must be currently included by a transferee on disposition of a residual interest. Additionally, the regulations provide that a transferee's treatment of the payment is a method of accounting that must be consistently applied to all such payments received by the transferee in connection with noneconomic residual interests. Finally, the regulations state that such payment shall be treated as income from U.S. sources.

Certain federal income tax consequences of a payment made to a transferee on the transfer of a residual interest remain unclear. If you receive a payment in connection with the acquisition of a residual interest, you should consult your tax advisor as to the proper treatment of such payment.

Treatment of Servicing Compensation

If you are an individual, estate or trust holding a residual interest, you will be subject to limitation with respect to certain itemized deductions described in Code Section 67, to the extent that such deductions, in the aggregate, do not exceed 2% of your adjusted gross income, and you may not be able to deduct such fees and expenses to any extent in computing your alternative minimum tax liability. Such deductions will include servicing, guarantee and administrative fees paid by the REMIC. These deductions will be allocated entirely to the Residual Owners. As a result, the REMIC Pool will report additional taxable income to Residual Owners in an amount equal to their allocable share of such deductions, and individuals, estates, or trusts holding a residual interest may have taxable income in excess of the cash received.

Taxation of Certain Foreign Investors

Regular Interests

Interest, including original issue discount, distributable to an investor in a regular interest that is a non-U.S. person not engaged in a U.S. trade or business will be considered "portfolio interest" and, therefore, will not be subject to the 30% federal withholding tax provided that the non-U.S. person provides the IRS Form W-8BEN or W-8BEN-E (or an acceptable substitute form), signed under penalties of perjury, identifying the investor and stating, among other things, that the investor in the regular interest is a non-U.S. person. In the case of a regular interest held by a foreign partnership or foreign trust, the form described in the preceding sentence must be provided by the partners or beneficiaries, as the case may be, rather than by the foreign partnership or foreign trust. If this form is not provided, the 30% federal withholding tax may apply unless an income tax treaty reduces or eliminates such tax. If the interest is effectively connected with the conduct of a trade or business within the United States by a non-U.S. person and the non-U.S. person provides an IRS Form W-8ECI (or an acceptable substitute form), the interest payments will not be subject to the 30% federal withholding tax. The non-U.S. person, however, will be subject to federal income tax at regular rates and non-U.S. persons that are corporations for federal income tax purposes may also be subject to an additional branch profits tax. If you are an investor in a regular interest and are a non-U.S. person, you should consult your tax advisors.

Residual Interests

A distribution to a Residual Owner that is a non-U.S. person will not be subject to the 30% withholding tax provided that (1) the conditions described in the preceding paragraph are met and (2) the distribution does not constitute an "excess inclusion." Excess inclusions are subject to a 30% withholding tax in all events when distributions are made (or when a residual interest is disposed of). The Code grants the Treasury Department authority to issue regulations requiring withholding earlier if necessary to prevent avoidance of tax. Treasury regulations issued under this authority may accelerate the time for withholding with respect to excess inclusions allocable to Non-U.S. persons that invest in a partnership (or in another type of pass-through entity) that holds a Residual Certificate. Accordingly, the withholding obligation may apply even in the absence of the receipt of cash by the partnership. Residual Owners that are non-U.S. persons should consult their own tax advisors.

Backup Withholding

Distributions made on the REMIC Classes and proceeds from the sale of the REMIC Classes to or through certain brokers may be subject to a federal "backup" withholding tax on "reportable payments" (including interest accruals, original issue discount and, under certain circumstances, distributions in reduction of principal amount) unless, in general, you comply with certain procedures or are an exempt recipient. Any amounts so withheld from distributions on the REMIC Classes would be refunded by the IRS or allowed as a credit against your federal income tax.

Reporting and Administrative Matters

Reports will be made to the IRS and to holders of record of the Certificates that are not excepted from the reporting requirements.

The Securities Administrator will prepare, sign and file federal income tax returns for the REMIC Pool. To the extent allowable, Freddie Mac will act as the tax matters partner or partnership representative for the REMIC Pool. Each Residual Owner, by the acceptance of a residual interest, agrees that Freddie Mac will act as the beneficial owner's fiduciary in the performance of any duties required of the beneficial owner in the event that the beneficial owner is the tax matters partner or partnership representative.

A Residual Owner is required to treat items on its returns consistently with their treatment on the REMIC Pool's return, unless the beneficial owner owns 100% of a residual interest for the entire calendar year or the beneficial owner either files a statement identifying the inconsistency or establishes that the inconsistency resulted from incorrect information received from the REMIC Pool. The IRS may assess a deficiency resulting from a failure to comply with the consistency requirement without instituting an administrative proceeding at the REMIC level. Any person that holds a residual interest as a nominee for another person may be required to furnish the REMIC Pool, in a manner to be provided in Treasury regulations, the name and address of such other person and other information.

On November 2, 2015, the Bipartisan Budget Act of 2015 (the **"2015 Budget Act"**) was signed into law, which includes new audit rules affecting entities treated as partnerships, their partners and the persons that are authorized to represent entities treated as partnerships in IRS audits and related procedures. Under the 2015 Budget Act, these rules will also apply to REMICs, the holders of REMIC residual interests and the trustees or administrators authorized to represent REMICs in IRS audits and related procedures. These new audit rules are scheduled to become effective for taxable years beginning with 2018 and will apply to both new and existing REMICs.

In addition to other changes, under the 2015 Budget Act, unless a REMIC elects otherwise, taxes arising from IRS audit adjustments are required to be paid by the REMIC rather than by its residual interest holders. The Trustee will have the authority to utilize, and will be directed to utilize, any exceptions available under the new provisions (including any changes) and Treasury regulations so that Residual Owners, to the fullest extent possible, rather than any REMIC itself, will be liable for any taxes arising from audit adjustments to the REMIC's taxable income. It is unclear how any such exceptions may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such exceptions. Investors should consult their own tax advisors regarding the application of the 2015 Budget Act.

Final regulations have been promulgated to implement the Foreign Account Tax Compliance Act (**"FATCA"**) provisions of the Hiring Incentive to Restore Employment Act. Investors should be aware that under the FATCA provisions and related administrative guidance, certain distributions in respect of the REMIC Classes after June 30, 2014 and payments of the gross proceeds from the sale or other disposition of such REMIC Classes after December 31, 2018 received by a non-U.S. entity may be subject to withholding of federal income tax at a rate of 30% if such non-U.S. entity fails to take the required steps to provide certain information regarding its "United States accounts" or its direct or indirect "substantial U.S. owners." The required steps and the information to be provided will depend on whether the non-U.S. entity is considered a "foreign financial institution" for this purpose, and if an intergovernmental agreement exists between the United States and an applicable foreign country that may modify the applicable requirements. Investors should consult their tax advisors regarding the potential application and impact of the FATCA withholding rules based on their particular circumstances, including the applicability of any intergovernmental agreement modifying these rules.

STATE AND LOCAL TAX CONSIDERATIONS

In addition to the federal income tax consequences described in "Certain Federal Income Tax Consequences" above, potential investors should consider the state and local income tax consequences of the acquisition, ownership, and disposition of the Certificates. State and local income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state or local taxing jurisdiction. Therefore, potential investors should consult their own tax advisors with respect to the various tax consequences of investments in the Certificates.

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 Certificates. 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 Certificates.

The Certificates will not constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended (**"SMMEA"**).

The Certificates should not be purchased by prospective investors who are prohibited from acquiring securities having the foregoing characteristics.

None of the Issuer, the Seller, the Initial Purchasers, the SPI Trustee, the Master Servicer, the Custodian, the Securities Administrator or any of their respective affiliates have made or will make any representation as to (i) the proper characterization of the Certificates for legal investment or other purposes, (ii) the ability of

particular prospective investors to purchase Certificates for legal investment or other purposes or (iii) the ability of particular prospective investors to purchase Certificates under applicable investment restrictions. Without limiting the generality of the foregoing, none of the Issuer, the Initial Purchasers, the Securities Administrator, the SPI Trustee, the Seller, the Master Servicer, the Custodian or any of their respective affiliates have made or will make any representation as to the characterization of the Certificates as a United States or non-United States investment under any state insurance code or related regulations. None of the Issuer, the Initial Purchasers, the Securities Administrator 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 Certificates.

CERTAIN ERISA CONSIDERATIONS

If you are:

- a fiduciary of a retirement plan or other employee benefit plan or arrangement subject to the fiduciary responsibility provisions of Title I of ERISA or Code Section 4975 or any provision of federal, state or local law (**"Similar Law"**) materially similar to the foregoing provisions of ERISA or Code Section 4975 (collectively, a **"Plan"**) or
- any other person investing "plan assets" of any Plan,

you should carefully review with your legal advisors whether the acquisition or holding of a Certificate would be a "prohibited transaction" or would otherwise be impermissible under ERISA, Section 4975 of the Code or Similar Law.

If a Plan acquires a Certificate, the assets in the SPI Trust will be deemed to be assets of the investing Plan, unless certain exceptions apply. However, we cannot predict in advance, nor can there be any continuing assurance, whether those exceptions may be applicable because of the factual nature of the rules set forth in the regulations of the U.S. Department of Labor promulgated under ERISA, as modified by Section 3(42) of ERISA, describing what constitutes the assets of a Plan subject to ERISA or Section 4975 of the Code (such Plans, **"ERISA Plans,"** and such regulations, the **"Plan Asset Regulations"**). For example, one of the exceptions in the Plan Asset Regulations states that the underlying assets of an entity will not be considered "plan assets" if less than 25% of the value of each class of equity interests is held by "benefit plan investors," which include ERISA Plans, as well as certain pooled investment vehicles in which ERISA Plans have invested. This exception is tested, however, immediately after each acquisition of a Certificate, whether upon initial issuance or in the secondary market.

The U.S. Department of Labor has issued an individual prohibited transaction exemption to BofA Merrill Lynch, Prohibited Transaction Exemption 93-31 (the **"Exemption"**). The Exemption generally exempts from the application of the prohibited transaction provisions of Sections 406 and 407 of ERISA, and the excise taxes imposed on the prohibited transactions pursuant to Code Sections 4975(a) and (b), certain transactions, among others, relating to the servicing and operation of pools of mortgage loans, such as the pool of Mortgage Loans deposited into the PI Trust, and the acquisition, sale and holding of mortgage pass-through certificates, such as the Class M-1 Certificates (the **"ERISA Eligible Certificates"**), underwritten by the Initial Purchasers, provided that certain conditions set forth in the Exemption are satisfied.

The Exemption sets forth five general conditions that must be satisfied for a transaction involving the acquisition, sale and holding of the ERISA Eligible Certificates to be eligible for exemptive relief. First, the acquisition of the ERISA Eligible Certificates by an ERISA Plan must be on terms (including the price paid for the Certificates) that are at least as favorable to the ERISA Plan as they would be in an arm's length transaction with an unrelated party. Second, the ERISA Eligible Certificates at the time of acquisition by the ERISA Plan must be rated in one of the four highest generic rating categories by at least one NRSRO that meets the requirements of the Exemption (an **"Exemption Rating Agency"**). Third, the SPI Trustee cannot be an affiliate of any other member of the Restricted Group other than an Initial Purchaser. The **"Restricted Group"** consists of any Initial Purchaser, the Seller, the SPI Trustee, the Master Servicer, any Underlying Servicer, any entity that provides insurance or other credit support to the Issuing Entity and any borrower with respect to Mortgage Loans

constituting more than 5% of the aggregate unamortized principal balance of the Mortgage Loans as of the date of initial issuance of the ERISA Eligible Certificates, and any affiliate of any of the foregoing entities. Fourth, the sum of all payments made to and retained by the Initial Purchasers must represent not more than reasonable compensation for underwriting the ERISA Eligible Certificates, the sum of all payments made to and retained by the Seller pursuant to the assignment of the Credit Participation Interests to the Issuer must represent not more than the fair market value of the Credit Participation Interests and the sum of all payments made to and retained by the Master Servicer and any Underlying Servicer must represent not more than reasonable compensation for that person's services under the PI Trust Agreement or the Pooling Agreement and reimbursement of the person's reasonable expenses in connection therewith. Fifth, the investing ERISA Plan must be an accredited investor as defined in Rule 501(a)(1) of Regulation D.

It is a condition of the issuance of the ERISA Eligible Certificates that they have the rating specified in this Memorandum. A fiduciary of an ERISA Plan contemplating purchasing an ERISA Eligible Certificate should determine if the Rating Agency meets the requirements in the Exemption to qualify as an Exemption Rating Agency. The Seller believes that, as of the Closing Date, the third general condition set forth above will be satisfied with respect to the ERISA Eligible Certificates. A fiduciary of an ERISA Plan contemplating acquiring an ERISA Eligible Certificate in the secondary market must make its own determination that, at the time of acquisition, the ERISA Eligible Certificates continue to satisfy the second and third general conditions set forth above. A fiduciary of an ERISA Plan contemplating acquiring an ERISA Eligible Certificate, whether in the initial issuance of the related Certificates or in the secondary market, must make its own determination that the first, fourth and fifth general conditions set forth above will be satisfied with respect to the related ERISA Eligible Certificate.

The Exemption also requires that the Issuer meet the following requirements: (1) the Issuer must consist solely of assets of the type that have been included in other investment pools; (2) certificates in those other investment pools must have been rated in one of the four highest categories by at least one Exemption Rating Agency for at least one year prior to the ERISA Plan's acquisition of ERISA Eligible Certificates; and (3) certificates in those other investment pools must have been acquired by investors other than ERISA Plans for at least one year prior to any ERISA Plan's acquisition of ERISA Eligible Certificates.

If the general conditions of the Exemption are satisfied, the Exemption may provide an exemption from the restrictions imposed by Sections 406(a) and 407(a) of ERISA (as well as the excise taxes imposed by Code Sections 4975(a) and (b) by reason of Code Sections 4975(c)(1)(A) through (D)) in connection with (1) the direct or indirect sale, exchange or transfer of ERISA Eligible Certificates in the initial issuance of Certificates between the Seller or the Initial Purchasers and an ERISA Plan when the Seller, any of the Initial Purchasers, the SPI Trustee, the Master Servicer, any Underlying Servicer or a borrower is a party in interest with respect to the investing ERISA Plan, (2) the direct or indirect acquisition or disposition in the secondary market of the ERISA Eligible Certificates by an ERISA Plan and (3) the holding of ERISA Eligible Certificates by an ERISA Plan. However, no exemption is provided from the restrictions of Sections 406(a)(1)(E), 406(a)(2) and 407 of ERISA for the acquisition or holding of an ERISA Eligible Certificate on behalf of an **"Excluded Plan"** by any person who has discretionary authority or renders investment advice with respect to the assets of the Excluded Plan. For purposes of this Memorandum, an **"Excluded Plan"** is an ERISA Plan sponsored by any member of the Restricted Group.

If certain specific conditions of the Exemption are also satisfied, the Exemption may provide an exemption from the restrictions imposed by Sections 406(b)(1) and (b)(2) of ERISA and the taxes imposed by Code Section 4975(c)(1)(E) in connection with (1) the direct or indirect sale, exchange or transfer of ERISA Eligible Certificates in the initial issuance of Certificates between the Seller or the Initial Purchasers and an ERISA Plan when the person who has discretionary authority or renders investment advice with respect to the investment of assets of the ERISA Plan in those Certificates is (a) a borrower with respect to 5% or less of the fair market value of the Mortgage Loans or (b) an affiliate of that person, (2) the direct or indirect acquisition or disposition in the secondary market of ERISA Eligible Certificates by an ERISA Plan and (3) the holding of ERISA Eligible Certificates by an ERISA Plan.

Further, if certain specific conditions of the Exemption are satisfied, the Exemption may provide an exemption from the restrictions imposed by Sections 406(a), 406(b) and 407(a) of ERISA, and the taxes imposed

by Code Sections 4975(a) and (b) by reason of Code Section 4975(c) for transactions in connection with the servicing, management and operation of the of Mortgage Loans represented by the Credit Participation Interests.

Before acquiring an ERISA Eligible Certificate, a fiduciary of an ERISA Plan should itself confirm that the specific and general conditions and the other requirements set forth in the Exemption would be satisfied at the time of acquisition. In addition to making its own determination as to the availability of the exemptive relief provided in the Exemption, the ERISA Plan fiduciary should consider the availability of any other prohibited transaction exemptions. A purchaser of an ERISA Eligible Certificate should be aware, however, that even if the conditions specified in one or more exemptions are satisfied, the scope of relief provided by an exemption may not cover all acts which might be construed as prohibited transactions.

The characteristics of the Class M-2 and Class B Certificates (the **"ERISA Restricted Certificates"**) do not currently meet the requirements of the Exemption. Consequently, under current law, the acquisition or holding of the ERISA Restricted Certificates by an ERISA Plan may result in non-exempt prohibited transactions and the imposition of excise taxes or civil penalties. Accordingly, the ERISA Restricted Certificates may not be acquired by, on behalf of, or with assets of an ERISA Plan, other than an insurance company general account, which may be able to rely on Sections I and III of Prohibited Transaction Class Exemption (**"PTCE"**) 95-60.

Section III of PTCE 95-60 exempts from the application of the prohibited transaction provisions of Sections 406(a), 406(b) and 407(a) of ERISA and Code Section 4975 transactions in connection with the servicing, management and operation of a trust, such as the Issuer, in which an insurance company general account has an interest as a result of its acquisition of certificates issued by the trust, provided that certain conditions are satisfied. If these conditions are met, insurance company general accounts would be allowed to acquire certificates, such as the ERISA Restricted Certificates, which do not meet the requirements of the Exemption solely because they have not received a rating at the time of acquisition in one of the four highest generic rating categories from at least one Exemption Rating Agency. All other conditions of the Exemption would have to be satisfied in order for PTCE 95-60 to be available. Before acquiring an ERISA Restricted Certificate, an insurance company general account seeking to rely on section III of PTCE 95-60 should itself confirm that all applicable conditions and other requirements have been satisfied.

Neither the Class X Certificate nor the Residual Certificate may be acquired or held by a Plan or any person investing the assets of a Plan.

In addition, any purchaser, transferee or holder of the Certificates or any interest therein that is a benefit plan investor as defined in 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (a **"Benefit Plan Investor"**) or a fiduciary purchasing the Certificates on behalf of a Benefit Plan Investor (a **"Plan Fiduciary"**), should consider the impact of the new regulations promulgated at 29 C.F.R. Section 2510.3-21 (the **"Fiduciary Rule"**). In connection with the Fiduciary Rule, each Benefit Plan Investor will be deemed to represent and warrant by its acquisition of the Certificates that the person making to decision to invest in the Certificates on behalf of the Benefit Plan Investor is an Independent Fiduciary (as defined in (4) below) and such Independent Fiduciary will be deemed to have represented, warranted and agreed by its acquisition of the Certificates that:

(1) neither Freddie Mac, the Master Servicer, the Underlying Servicers nor the Initial Purchasers, nor any of their respective affiliates (the **"Transaction Parties"**) has provided or will provide impartial advice with respect to the acquisition of the Certificates by the Benefit Plan Investor and none of them is undertaking to give any advice in a fiduciary capacity in connection with the Benefit Plan Investor's acquisition of Certificates or any interest therein;

(2) the Plan Fiduciary either:

(a) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the **"Advisers Act"**), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; or

(b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; or

(c) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; or

(d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or

(e) has, and at all times that the Benefit Plan Investor is invested in the Certificates will have, total assets of at least U.S. $50,000,000 under its management or control (provided that this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the Benefit Plan Investor investing in or holding the Certificates in such capacity);

(3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of the Certificates;

(4) the Plan Fiduciary is a "fiduciary" within the meaning of Section 3(21) of ERISA and Section 4975 of the Code and an "independent fiduciary" within the meaning of the Fiduciary Rule with respect to the Benefit Plan Investor and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of the Certificates (an **"Independent Fiduciary"**);

(5) neither the Benefit Plan Investor not the Plan Fiduciary is paying or has paid any fee or other compensation to any of the Transaction Parties for investment advice (as opposed to other services) in connection with the Benefit Plan Investor's acquisition of the Certificates;

(6) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in the Certificates or to negotiate the terms of the Benefit Plan Investor's investment in the Certificates; and

(7) the Plan Fiduciary acknowledges and agrees that it has been informed by the Transaction Parties:

(a) that none of the Transaction Parties is undertaking to provide impartial investment advice or to give advice in a fiduciary capacity in connection with the Benefit Plan Investor's acquisition of the Certificates; and

(b) of the existence and nature of the Transaction Parties' financial interests in the Benefit Plan Investor's acquisition of the Certificates.

These representations are intended to comply with 29 C.F.R. Sections 2510.3-21(a) and (c)(1). If these sections of the Fiduciary Rule are revoked, repealed or no longer effective, these representations shall be deemed to be no longer in effect.

None of the Transaction Parties is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any Certificates by any Benefit Plan Investor.

THE SALE OF ERISA ELIGIBLE CERTIFICATES TO AN ERISA PLAN IS IN NO RESPECT A REPRESENTATION BY THE SELLER OR ANY INITIAL PURCHASER THAT THIS INVESTMENT MEETS ANY RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY ERISA PLANS GENERALLY OR ANY PARTICULAR ERISA PLAN, OR THAT THIS INVESTMENT IS APPROPRIATE FOR ERISA PLANS GENERALLY OR ANY PARTICULAR ERISA PLAN.

Exempt Plan

A Plan, such as a governmental plan as defined in Section 3(32) of ERISA, that is not subject to ERISA or Code Section 4975 may be subject to a federal, state or local law that is, to a material extent, similar to Section 406 of ERISA or Code Section 4975 (any such law, a **"Similar Law"**). A fiduciary of a Plan subject to Similar Law should make its own determination as to the need for and the availability of any exemptive relief under applicable Similar Law.

PLACEMENT

Subject to the terms and conditions set forth in a purchase agreement, dated on or before the Closing Date (the **"Certificate Purchase Agreement"**), by and between us and BofA Merrill Lynch, under which BofA Merrill Lynch is acting for itself and as representative of Wells Fargo Securities, Citigroup and Williams Capital (BofA Merrill Lynch, Wells Fargo Securities, Citigroup and Williams Capital, collectively the **"Initial Purchasers"**), the Initial Purchasers will agree to offer the Certificates (excluding the Class X Certificate, which is not offered by this Memorandum and will initially be retained by Freddie Mac) on a "commercially reasonable best efforts" basis and purchase the Certificates they place with investors from us on the Closing Date as principal for resale to investors. The Initial Purchasers will be acting as Freddie Mac's agents in the placing of the Certificates with no understanding, express or implied, on the Initial Purchasers' part of a commitment to purchase or place the Certificates. Sales of the Certificates may be effected from time to time in one or more negotiated transactions or otherwise at varying prices to be determined at the time of sale. In addition, at the option of Freddie Mac, sales of the Certificates may also be effected pursuant to an auction process, the procedures and parameters of which will be communicated to potential investors in advance of pricing. Upon the completion of any such auction, the Certificates will be allocated to investors in accordance with, and based on, prices bid, terms of the bid and any other factors communicated to the bidders participating in any such auction. Investors in the Class R Certificate will be required to execute a Transferee Letter and an ERISA eligibility letter with respect to the Residual Certificate acquired by them. Freddie Mac has agreed in the Certificate Purchase Agreement to indemnify the Initial Purchasers against certain liabilities.

The Initial Purchasers have represented and agreed that, subject to compliance by the other transaction parties, 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 Certificates or distribute this Memorandum or any other offering material. The Initial Purchasers also have agreed to comply with the selling restrictions relating to the jurisdictions set forth in Appendix E to the Memorandum.

The Certificates are being offered only in transactions exempt from the registration requirements of the Securities Act as set forth below under "*Notice to Investors*."

The Certificates have not been registered under the Securities Act or registered or qualified under any applicable state securities laws, and none of the Issuer, Freddie Mac, the Securities Administrator or any other person is required to so register or qualify the Certificates or to provide registration rights to any investor therein. There currently is no secondary market for the Certificates, 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. While the Initial Purchasers intend to make a market in the Subordinate Certificates, they may discontinue or limit such activities at any time. In addition, the liquidity of the Certificates may be affected by present uncertainties and future unfavorable developments concerning legal investment. Consequently, investors should be aware that they may be required to bear the financial risks of an investment in the Certificates for an indefinite period of time.

NOTICE TO INVESTORS

The Certificates have not been registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Certificates are being offered hereby only to QIBs. In addition, the Residual Certificate will be offered only to an investor (a) that is a U.S. Person (unless Freddie Mac expressly consents otherwise in writing) and (b) that executes and delivers to Freddie Mac and the Securities Administrator a Transferee Letter.

Each purchaser of the Certificates, as applicable, will be deemed to represent to and agree with the Issuer, the Seller, the Initial Purchasers, the SPI Trustee, the Master Servicer, the Custodian and the Securities Administrator as follows:

1. It is a QIB that is aware that the sale of the Certificates to it will be made in reliance on Rule 144A of the Securities Act and is acquiring the Certificates for its own account or for the account of another QIB, and as to each of which the purchaser exercises sole investment discretion, and in a principal amount of not less than the minimum denomination of such Certificate for the purchaser and for each such account. The Certificates may not

at any time be held by or on behalf of any person that is not a QIB. Any purported transfer of the Certificates to a purchaser that does not comply with the requirements of this paragraph shall be null and void *ab initio.* The Issuer may sell any Certificates acquired in violation of the foregoing at the cost and risk of the purported purchase.

2. It acknowledges that none of the Seller, the Issuer or any person representing the Seller or the Issuer has made any representation to it with respect to the Seller or the offering or sale of the Certificates, other than the information contained in this Memorandum, which Memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Certificates. It acknowledges that it has received this Memorandum and all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein and that it has been afforded an opportunity to review the Memorandum and all such additional information. It understands and agrees that any information provided to it prior to the delivery of the Memorandum is superseded by the information herein. It has had access to such financial and other information concerning the Issuer, the Seller, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee and the Certificates as it has deemed necessary or appropriate in connection with its decisions to purchase the Certificates, including an opportunity to ask questions of and receive information from the Seller regarding any such matters. Further, it understands that the information contained in this Memorandum and all such additional information, as well as all information to be received by it as a Certificateholder, is confidential and agrees to keep such information confidential and in accordance with all applicable federal and state securities laws and regulations (a) by not disclosing any such information other than to a person who needs to know such information and who has agreed to keep such information confidential and (b) by not using any such information other than for the purpose of evaluating an investment in the Certificates; provided, however, that any such information may be disclosed as required by applicable law if the Seller is given written notice of such requirement sufficient to enable the Seller to seek a protective order or other appropriate remedy in advance of disclosure.

3. It acknowledges that the Issuer, the Seller, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Certificates were not accurate when made, it will promptly so notify the party from which it purchased the Certificates and the Seller. If it is acquiring any Certificates as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account. It understands that the Securities Administrator may receive a list of participants holding positions in the Certificates from one or more book-entry depositories.

4. It understands and acknowledges that the Certificates have not been registered under the Securities Act or any other applicable securities laws and that (A) the Certificates may be offered, sold pledged or otherwise transferred only to a person that is a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act, subject to the applicable state securities laws of any State of the United States or any other applicable jurisdiction and (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of the resale restrictions set forth in (A) above. It understands that each holder of a Certificate, by virtue of its acceptance thereof, assents to, and agrees to be bound by, the terms, provisions and conditions of the Pooling Agreement including those relating to the above-described transfer restrictions. It will not transfer any Certificate except in accordance with applicable law, the above-described transfer restrictions and such other terms, provisions and conditions of the Pooling Agreement as may be applicable thereto.

5. It understands that an investment in the Certificates involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances. The purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Certificates, and the purchaser and any accounts for which it is acting are each able to bear the economic risk of the holder's or of its investment.

6. In connection with the purchase of the Certificates (a) none of the Issuer, the Initial Purchasers, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee nor the Seller is acting as a fiduciary or financial or investment advisor for the purchaser; (b) the purchaser is not relying (for purposes of making any

investment decision or otherwise) upon any advise, counsel or representations (whether written or oral) of any of the parties listed in (a) above other than in the most current private placement memorandum for such Certificates and any representations set forth in a written agreement with such party; (c) none of the parties listed in (a) above has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee, or representation whatsoever as the expected or projected success, profitability, return, performance, result, effect, consequence, or benefit (including legal, regulatory, tax, financial, accounting, or otherwise) of its purchase or the documentation for such Certificates; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisers to the extent it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws and regulations, and it has made its own investment decisions (including decisions regarding the suitability of any transactions pursuant to the Pooling Agreement) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchasers, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee or the Seller; (e) the purchaser has determined that the rates, prices or amounts and other terms of the purchase and sale of such Certificates reflect those in the relevant market for similar transactions; (f) the purchaser is purchasing such Certificates with a full understanding of all the terms, conditions and risks thereof (economic and otherwise), and is capable of assuming and willing to assume (financially and otherwise) these risks; and (g) the purchaser is a sophisticated investor familiar with transactions similar to its investment in such Certificates.

7. It will not, at any time, offer to buy or offer to sell the Certificates by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or at a seminar or meeting whose attendees have been invited by general solicitations or advertising.

8. It is not purchasing the Certificates with a view to resale, distribution or other disposition thereof in violation of the Securities Act.

9. It acknowledges that the Certificates do not represent deposits with or other liabilities of the Initial Purchasers, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee, the Seller or any entity related to any of them or any other purchaser of Certificates. Unless otherwise expressly provided herein, each of the Initial Purchaser, the Master Servicer, the Custodian, the Securities Administrator, the SPI Trustee, the Seller, any entity related to any of them and any other purchaser of Certificates will not, in any way, be responsible for or stand behind the capital value or the performance of the Certificates or the assets held by the Issuer. The purchaser acknowledges that purchase of Certificates involves investment risks including prepayment and interest rate risks, possible delay in repayment and loss of income and principal invested. The purchaser has considered carefully, in the light of its own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors described in this Memorandum.

10. It acknowledges that each Certificate will contain a legend substantially to the following effect and agrees to the provisions set forth in such legend:

FOR THE SUBORDINATE CERTIFICATES ONLY: UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATION OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (**"DTC"**), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY DISTRIBUTION IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE RESOLD OR TRANSFERRED UNLESS IT IS REGISTERED PURSUANT TO SUCH ACT AND LAWS OR IS SOLD OR TRANSFERRED IN TRANSACTIONS WHICH ARE EXEMPT FROM REGISTRATION

UNDER SUCH ACT AND UNDER APPLICABLE STATE LAW AND IS TRANSFERRED IN ACCORDANCE WITH THE PROVISIONS OF THE POOLING AGREEMENT.

THE HOLDER OF THIS CERTIFICATE BY ITS ACCEPTANCE HEREOF AGREES (A) TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS CERTIFICATE ONLY TO A PERSON THAT IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A OF THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, IN A PRINCIPAL AMOUNT OF NOT LESS THAN $10,000 AND IN GREATER WHOLE NUMBER DENOMINATIONS OF $1 IN EXCESS THEREOF, TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OF THE SECURITIES ACT, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT, (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTIONS AND (C) THAT IT WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS CERTIFICATE OF THE RESALE RESTRICTIONS SET FORTH IN (A) AND (B) ABOVE.

EACH PURCHASER OF THIS CERTIFICATE WILL BE DEEMED TO HAVE MADE THE FOLLOWING REPRESENTATIONS: THE PURCHASER IS A QUALIFIED INSTITUTIONAL BUYER; AND THE PURCHASER UNDERSTANDS THAT THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE AND FOREIGN SECURITIES LAWS, THE CERTIFICATES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT, ANY OFFER, RESALE, PLEDGE OR OTHER TRANSFER OF THE CERTIFICATES WILL BE SUBJECT TO VARIOUS TRANSFER RESTRICTIONS, AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED IN ANY PARTICULAR JURISDICTION EXCEPT IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THAT JURISDICTION. ANY SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE SECURITIES ADMINISTRATOR OR ANY INTERMEDIARY, IF AT ANY TIME THE SECURITIES ADMINISTRATOR OBTAINS ACTUAL KNOWLEDGE OR IS NOTIFIED THAT THE HOLDER OF SUCH BENEFICIAL INTEREST IN SUCH CERTIFICATE WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE ABOVE REPRESENTATIONS, THE SECURITIES ADMINISTRATOR MAY CONSIDER THE ACQUISITION OF THIS CERTIFICATE OR SUCH INTEREST IN THIS CERTIFICATE VOID AND REQUIRE THAT THIS CERTIFICATE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER.

NO TRANSFER OF THIS CERTIFICATE OR ANY INTEREST HEREIN MAY BE MADE TO (A) ANY RETIREMENT PLAN OR OTHER EMPLOYEE BENEFIT PLAN OR ARRANGEMENT THAT IS SUBJECT TO SECTION 406 OF 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 FEDERAL, STATE OR LOCAL LAW WHICH IS, TO A MATERIAL EXTENT, SIMILAR TO THE FOREGOING PROVISIONS OF ERISA OR THE CODE, OR (B) ANY PERSON WHO IS DIRECTLY OR INDIRECTLY ACQUIRING THIS CERTIFICATE OR SUCH INTEREST HEREIN ON BEHALF OF, AS NAMED FIDUCIARY OF, AS TRUSTEE OF, OR WITH ASSETS OF, ANY SUCH RETIREMENT PLAN OR OTHER EMPLOYEE BENEFIT PLAN OR ARRANGEMENT, EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5.03 OF THE POOLING AGREEMENT REFERRED TO HEREIN.

11. The purchaser of a Residual Certificate acknowledges that the Residual Certificate will contain a legend substantially to the following effect and agrees to the provisions set forth in such legend:

ANY RESALE, TRANSFER OR OTHER DISPOSITION OF THIS CERTIFICATE MAY BE MADE ONLY IF THE PROPOSED TRANSFEREE PROVIDES A TRANSFER AFFIDAVIT TO THE SELLER, THE SECURITIES ADMINISTRATOR AND THE SPI TRUSTEE THAT (1) SUCH TRANSFEREE IS NOT

EITHER (A) THE UNITED STATES, ANY STATE OR POLITICAL SUBDIVISION THEREOF, ANY FOREIGN GOVERNMENT, ANY INTERNATIONAL ORGANIZATION, OR ANY AGENCY OR INSTRUMENTALITY OF ANY OF THE FOREGOING, (B) ANY ORGANIZATION (OTHER THAN A COOPERATIVE DESCRIBED IN SECTION 521 OF THE CODE) WHICH IS EXEMPT FROM THE TAX IMPOSED BY CHAPTER 1 OF THE CODE UNLESS SUCH ORGANIZATION IS SUBJECT TO THE TAX IMPOSED BY SECTION 511 OF THE CODE, (C) ANY ORGANIZATION DESCRIBED IN SECTION 1381(a)(2)(C) OF THE CODE (ANY SUCH PERSON DESCRIBED IN THE FOREGOING CLAUSES (A), (B), OR (C) BEING HEREINAFTER REFERRED TO AS A "DISQUALIFIED ORGANIZATION''), OR (D) AN AGENT OF A DISQUALIFIED ORGANIZATION AND (2) NO PURPOSE OF SUCH TRANSFER IS TO ENABLE THE TRANSFEROR TO IMPEDE THE ASSESSMENT OR COLLECTION OF TAX. SUCH AFFIDAVIT SHALL INCLUDE CERTAIN REPRESENTATIONS AS TO THE FINANCIAL CONDITION OF THE PROPOSED TRANSFEREE. NOTWITHSTANDING THE REGISTRATION IN THE CERTIFICATE REGISTER OF ANY TRANSFER, SALE OR OTHER DISPOSITION OF THIS RESIDUAL CERTIFICATE TO A DISQUALIFIED ORGANIZATION OR AN AGENT OF A DISQUALIFIED ORGANIZATION, SUCH REGISTRATION SHALL BE DEEMED TO BE OF NO LEGAL FORCE OR EFFECT WHATSOEVER AND SUCH PERSON SHALL NOT BE DEEMED TO BE A CERTIFICATEHOLDER FOR ANY PURPOSE HEREUNDER, INCLUDING, BUT NOT LIMITED TO, THE RECEIPT OF DISTRIBUTIONS ON THIS CERTIFICATE. EACH HOLDER OF THE RESIDUAL CERTIFICATE BY ACCEPTANCE OF THIS CERTIFICATE SHALL BE DEEMED TO HAVE CONSENTED TO THE PROVISIONS OF THIS PARAGRAPH.

Notice to Canadian Investors

The Certificates may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Certificates must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

RATINGS

It is a condition to the issuance of the Certificates that the Class M-1 and Class M-2 Certificates receive from the Rating Agency the ratings identified for such Classes of Certificates on page ii of this Memorandum. The Class X Certificate, the Class B Certificates and the Residual Certificate will not be rated by the Rating Agency. The ratings assigned to the Rated Certificates will be subject to ongoing monitoring, upgrades, downgrades, withdrawals and surveillance by the Rating Agency after the date of issuance of such Certificates.

The ratings address the likelihood of the timely receipt of payments of interest to which the Holders of the Rated Certificates are entitled and the ultimate payment of principal by the Maturity Date. The ratings of the Rated Certificates should be evaluated independently from similar ratings on other types of securities. The ratings are not a recommendation to buy, sell or hold the Rated Certificates and may be subject to revision or withdrawal at any time by the Rating Agency.

In addition, the ratings do not address: (i) the likelihood, timing, or frequency of prepayments (both voluntary and involuntary) on the Mortgage Loans and their impact on interest payments or the degree to which such prepayments might differ from those originally anticipated, (ii) the possibility that a Certificateholder might suffer a lower than anticipated yield, (iii) the tax treatment of the Rated Certificates or the effect of taxes on the payments received, (iv) the likelihood or willingness of the parties to the respective agreements to meet their contractual obligations or the likelihood or willingness of any party or court to enforce, or hold enforceable, the agreements in whole or in part, (v) an assessment of the yield to maturity that investors may experience, or (vi) other non-credit risks, including, without limitation, market risks or liquidity.

The ratings take into consideration certain credit risks with respect to the Mortgage Loans. However, as noted above, the ratings do not represent an assessment of the likelihood, timing or frequency of principal prepayments (both voluntary and involuntary) on the Mortgage Loans, or the degree to which such prepayments might differ from those originally anticipated. In general, the ratings address credit risk and not prepayment risk. In addition, the ratings do not represent an assessment of the yield to maturity that investors may experience in the event of Realized Losses or rapid prepayments on the Mortgage Loans (including both voluntary and involuntary prepayments).

Other NRSROs that we have not engaged to rate the Rated Certificates may issue unsolicited credit ratings or provide commentary on one or more Classes of the Certificates, relying on information they receive pursuant to Rule 17g-5 or otherwise. If any such unsolicited ratings are issued, we cannot assure you that they will not be different from the ratings assigned by the Rating Agency, and if lower than the Rating Agency's ratings, whether such unsolicited ratings will have an adverse impact on the liquidity, market value and regulatory characteristics of such Certificates. Further, a determination by the SEC that the Rating Agency no longer qualifies as an NRSRO or is no longer qualified to rate the Rated Certificates, could adversely affect the liquidity, market value and regulatory characteristics of the Rated Certificates. See "*Risk Factors — Investment Factors and Risks Related to the Certificates — A Reduction, Withdrawal or Qualification of the Ratings on the Rated Certificates, or the Issuance of an Unsolicited Rating on the Rated Certificates, May Adversely Affect the Market Value of Those Certificates and/or Limit an Investor's Ability to Resell Those Certificates*" and "*— The Ratings on the Rated Certificates May Not Reflect All Risks*".

LEGAL MATTERS

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

INDEX OF SIGNIFICANT DEFINITIONS

	Page
2015 Budget Act	138
Accrual Period	12
Advances	94
Advisers Act	141
ALTA	61
ATR Rule	124
ATR Rules	37
AUS	38
Authority	31
AVM	75
Base Conforming Loan Limit	56
Benefit Plan Investor	141
BofA Merrill Lynch	8
Book-Entry Certificates	10
Brexit Vote	24
Bulletins	62
Business Day	85
Caliber	7
Canadian Purchaser	E-1
Capitalization Amount	86
Capitalization Reimbursement Amount	86
Carryover Redistribution Amount	86
CDL Distribution Amount	86
CDR	112
CERCLA	123
Certificates	1
Certificate Account	105
Certificateholder	11
Certificateholders	11
Certificate Principal Amount	8
Certificate Realized Losses	86
Certificate Owners	81
Certificate Purchase Agreement	143
Certificate Writedown Amount	86
Citigroup	8
CFPB	32
CFPB Director's Letter	42
Charter Mission	vi
CIO	61
Class	1
Class Coupon	11
Class Principal Amount	9
Class X Certificate	8
Class X Certificate Writeup Amount	87
Classes	1
Clearstream	82
Clearstream International	82
Clearstream Participants	82
Closing Date	9
CLTV	58
Code	17
Collection Account	104
Commission	40
Common Depository	81
Compensating Interest	17
Compliance Review Sample	74
Conservation Act	123
Conservator	iv
Constructive Default Loan	87
Council	40
CPR	112
Credit Participation Interest	1
Credit Score	59
Custodial Account	99
Custodian	7
Curtailment Period	10
Cut-Off Date	14
Cut-Off Date Balance	87
Day 1 Relief	98
Definitive Certificates	10, 80
Delinquency Determination Date	11
Delivery Date	97
Depositor	6
Diligence Provider	22
Diligence Provider Review	74
Distribution Date	9, 85
Draft CRR Amendment Regulation	40
DTC	81
DTI	60
Due Diligence Requirement	39
Due Diligence Sample	74
Due Period	10
ECON	40
ECON Amendments	40
EEA	40
ERISA	17
ERISA Eligible Certificates	139
ERISA Plans	139
ERISA Restricted Certificates	140
Euroclear	83
Euroclear Operator	83
Euroclear Participants	83
Eurozone	24
Event of Default	99
Excess Expenses	87
Exchange Act	xi
Excluded Plan	140
Exemption	139
Exemption Rating Agency	139
Expenses	88
Expenses Cap	87
Fannie Mae	vii
FATCA	138
FDIC	40
FEMA	75
FHFA	vi
Fiduciary Rule	141
FIEA	E-2
Final Scheduled Distribution Date	9
Financial Intermediary	81
Fitch	50
Flex Modification	66
Forgiveness Advances	87
Freddie Mac Act	vi
Fremont	8
FSCMA	E-2
FSMA	E-4
Garn-St Germain Act	126
Guide	1
HCLTV	60
HELOC	60
HOEPA	41

	Page
Holder	11
Holders	11
HUD	vii
Incorporated Documents	xi
Independent Fiduciary	142
Indirect Participants	81
Initial Purchasers	143
Insurance Proceeds	87
Interest Distribution Amount	87
Interest Remittance Amount	87
IRA Shortfall Amount	88
IRS	107
Issuer	7
July Rule	125
Liquidated Mortgage Loan	88
Liquidation Proceeds	88
Loss Period	10
Loss Severity	113
LPA	58
LPI	65
Mandatory Termination	9
Master Document Custodian	6
Master Servicer	7
Master Servicing Fee	14
Master Servicing Fee Rate	14
Master Servicer Remittance Date	105
Master Servicer Shortfall Amount	88
Maturity Date	10
Maximum Redistribution Amount	88
MDIA	125
Memorandum	i
MERS	121
MHA	72
Modeling Assumptions	112
Modification Period	10
Modification Rate Loss	88
Moody’s	18
Mortgage	117
Mortgage Insurance Credit Amount	88
Mortgage Loans	14
mortgage note	56
Mortgage Pool	15
Mortgages	14
mortgaged property	56
Mortgages	14
mortgagor	56
MSR	62
Net Liquidation Proceeds	89
Net Mortgage Rate	89
Net WAC	89
NI 31-103	E-1
NI 45-106	E-1
NRSRO	46
OID regulations	129
Optional Termination	9
Optional Termination Date	9
P&I Advances	94
PACE	42
Participation Agent	6
Participation Interest	1
Participation Interests	1
Participants	81
PC	89
PC Administrator	1

	Page
PCC	33
PC Documents	89
PC Investor Balance	89
PC Master Trust Agreement	89
PC Offering Circular	89
PC Participation Interest	96
PC PI Percentage	89
PC Trust	1
PC Trust Agreement	89
PI Trust	1
PI Trust Agreement	95
PI Trust Assets	97
PI Trustee	6
Plan	139
Plan Asset Regulations	139
Plan Fiduciary	141
Plaza	8
Pooling Agreement	xi
PRA Shortfall Amount	90
PRC	E-3
Preliminary PRA	89
Prepayment in Full Period	10
Pricing Speed	129
Principal Forbearance Amount	89
Principal Remittance Amount	89
Purchase Agreement	viii
Purchase Documents	1
Purchase Population	55
QIBs	i
Quicken	8
Rated Certificates	18
Rating Agency	18
Realized Loss	90
Record Date	9
Redistribution Amount	90
Redistribution Percentage Cap	90
Reform Act	vii
Regular Classes	128
Relief Act	35
Relevant Implementation Date	E-2
REMIC	ii
REMIC Classes	128
REMIC Pool	ii
REMIC regulations	132
REO	23
REO Properties	35
Reporting Periods	11
Repurchase Alternatives	61
Repurchase Indemnification Amount	40
Repurchase Price	40
Residual Certificate	8
Residual Owner	132
RESPA	41
Restricted Group	139
Retention Requirement	39
RICO	127
Risk Retention Rule	56
RMBS	101
Rules	81
S&P	49
SEC	xi, 19
Securities Act	vi
Securities Administrator	7, 101
Securities Laws	E-1

	Page
Securitisation Framework	40
Securitisation Regulation	40
Segregated Account	48
Seller	7
Servicing Advances	94
Servicing Alignment Initiative	73
Servicing Fee	63
Servicing Fee Rate	107
Servicing Requirements	2
Servicing Success Program	73
SFA	E-3
Sierra	8
Similar Law	17
Similar Requirements	39
Single Family Loan-Level Dataset	79
SMMEA	138
SPI Trust	ii
SPI Trustee	7
Stated Principal Balance	91
Stearns	7
Stop Advance Loan	91
Subordinate Certificates	8
Subsequent Loss	90
Subsequent Recovery	17
Subsequent Recoveries	91
Super Conforming Loan Limit	56
Termination Price	91
Terms and Conditions	83
TILA	34
Title V	126
TLTV	58
TOBs	2
Transaction Parties	141
Transferee Letter	iv
Treasury	viii
TRID	41
Trust PI Percentage	91
Trust Principal Balance	91
Trust Mortgage Rate	91
Underlying Document Custodian	2
Underlying Document Custodians	2
Underlying Sellers	8
Underlying Servicers	8
Underwriting Defect	16, 91
Underwriting Finding	16
U.S. Bank	101
USPAP	61
Vacated REO Property	61
Volcker Rule	46
Voting Rights	92
Wells Fargo	8
Wells Fargo Securities	8
Williams Capital	8

Appendix A

The Mortgage Pool as of the Cut-Off Date (October 1, 2017)

For purposes of the collateral stratification tables herein, the original principal balance of all Mortgage Loans and the Stated Principal Balance of the Mortgage Loans originated on or after April 1, 2017 have been rounded to the nearest $1,000. Accordingly, aggregate balances and weighted averages based on such rounded balances reflected in the collateral stratification tables included herein may differ from aggregate balances and weighted averages computed using unrounded original principal balances and Stated Principal Balances and reported elsewhere in this Memorandum.

Product Type of the Mortgage Loans

Product Type	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Fixed Rate	3,231	1,252,212,086.49	100.00	387,561.77	4.293	757	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Principal Balance of the Mortgage Loans at Origination

Range of Original Principal Balances ($)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
150,000.01 to 200,000.00	135	25,278,000.00	2.02	187,244.44	4.119	764	75	75
200,000.01 to 250,000.00	443	99,836,000.00	7.97	225,363.43	4.255	760	77	77
250,000.01 to 300,000.00	444	121,844,000.00	9.73	274,423.42	4.206	763	79	79
300,000.01 to 350,000.00	379	121,952,783.35	9.74	321,775.15	4.210	762	80	80
350,000.01 to 400,000.00	330	122,965,000.00	9.82	372,621.21	4.172	762	79	80
400,000.01 to 450,000.00	411	174,060,000.00	13.90	423,503.65	4.245	760	77	79
450,000.01 to 500,000.00	404	192,075,000.00	15.34	475,433.17	4.365	751	78	79
500,000.01 to 550,000.00	236	123,289,303.14	9.85	522,412.30	4.373	754	79	80
550,000.01 to 600,000.00	226	129,697,000.00	10.36	573,880.53	4.365	752	78	79
600,000.01 to 650,000.00	203	125,232,000.00	10.00	616,906.40	4.391	749	73	76
650,000.01 to 700,000.00	4	2,676,000.00	0.21	669,000.00	4.441	746	57	57
700,000.01 to 750,000.00	4	2,894,000.00	0.23	723,500.00	4.612	755	64	64
750,000.01 and greater	12	10,413,000.00	0.83	867,750.00	4.783	759	66	66
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The average principal balance of the Mortgage Loans at origination was approximately $390,718.66.

Stated Principal Balance of the Mortgage Loans

Range of Stated Principal Balances ($)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
25,000.01 to 50,000.00	3	117,000.00	0.01	39,000.00	4.425	778	79	79
75,000.01 to 100,000.00	1	99,000.00	0.01	99,000.00	5.250	769	75	75
100,000.01 to 125,000.00	2	247,000.00	0.02	123,500.00	4.188	810	87	87
125,000.01 to 150,000.00	4	540,000.00	0.04	135,000.00	4.447	784	76	82
150,000.01 to 200,000.00	138	26,012,000.00	2.08	188,492.75	4.130	763	74	74
200,000.01 to 250,000.00	447	101,199,000.00	8.08	226,395.97	4.250	761	78	78
250,000.01 to 300,000.00	444	122,540,000.00	9.79	275,990.99	4.209	763	78	78
300,000.01 to 350,000.00	379	123,260,783.35	9.84	325,226.34	4.206	761	79	80
350,000.01 to 400,000.00	323	121,186,000.00	9.68	375,188.85	4.178	762	79	80
400,000.01 to 450,000.00	418	177,698,000.00	14.19	425,114.83	4.245	760	77	79
450,000.01 to 500,000.00	397	189,276,000.00	15.12	476,765.74	4.365	750	78	79
500,000.01 to 550,000.00	244	128,086,303.14	10.23	524,943.87	4.375	755	79	80
550,000.01 to 600,000.00	215	123,947,000.00	9.90	576,497.67	4.366	752	77	78
600,000.01 to 650,000.00	197	122,669,000.00	9.80	622,685.28	4.388	749	73	76
650,000.01 to 700,000.00	3	2,028,000.00	0.16	676,000.00	4.542	755	55	55
700,000.01 to 750,000.00	4	2,894,000.00	0.23	723,500.00	4.612	755	64	64
750,000.01 and greater	12	10,413,000.00	0.83	867,750.00	4.783	759	66	66
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The average Stated Principal Balance of the Mortgage Loans as of the Cut-Off Date was approximately $387,561.77.

Interest Rate of the Mortgage Loans

Range of Interest Rates (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
3.500 to 3.624	3	1,038,000.00	0.08	346,000.00	3.500	787	81	81
3.625 to 3.749	14	4,854,000.00	0.39	346,714.29	3.625	770	68	68
3.750 to 3.874	61	21,935,000.00	1.75	359,590.16	3.750	776	76	76
3.875 to 3.999	293	101,613,000.00	8.11	346,802.05	3.917	769	72	73
4.000 to 4.124	231	76,405,000.00	6.10	330,757.58	4.003	770	78	78
4.125 to 4.249	622	210,097,000.00	16.78	337,776.53	4.127	764	78	79
4.250 to 4.374	854	338,315,783.35	27.02	396,154.31	4.250	758	78	79
4.375 to 4.499	483	208,899,000.00	16.68	432,503.11	4.379	753	78	79
4.500 to 4.624	299	125,170,000.00	10.00	418,628.76	4.508	746	79	81
4.625 to 4.749	171	75,720,000.00	6.05	442,807.02	4.630	746	77	78
4.750 to 4.874	89	35,894,000.00	2.87	403,303.37	4.751	747	76	78
4.875 to 4.999	59	30,255,000.00	2.42	512,796.61	4.894	726	79	80
5.000 to 5.124	14	5,610,000.00	0.45	400,714.29	5.000	737	77	77
5.125 to 5.249	11	4,120,000.00	0.33	374,545.45	5.125	717	75	75
5.250 to 5.374	16	6,107,000.00	0.49	381,687.50	5.255	716	76	76
5.375 to 5.499	6	4,068,303.14	0.32	678,050.52	5.375	720	70	70
5.500 and greater	5	2,111,000.00	0.17	422,200.00	5.500	697	78	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average interest rate of the Mortgage Loans as of the Cut-Off Date was approximately 4.293%.

Loan Age of the Mortgage Loans

Loan Age (months)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
2	453	152,563,000.00	12.18	336,783.66	4.237	757	78	79
3	1,600	564,664,000.00	45.09	352,915.00	4.247	759	78	79
4	797	335,577,000.00	26.80	421,050.19	4.318	756	77	78
5	341	178,947,000.00	14.29	524,771.26	4.405	753	76	77
6	38	19,591,000.00	1.56	515,552.63	4.557	747	76	76
7	2	870,086.49	0.07	435,043.25	4.952	711	80	80
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average loan age of the Mortgage Loans as of the Cut-Off Date was approximately 3 months.

Loan-to-Value Ratio of the Mortgage Loans at Origination

Range of Original Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
6 to 25	10	3,439,000.00	0.27	343,900.00	4.102	763	20	20
26 to 30	20	7,211,000.00	0.58	360,550.00	4.353	772	28	29
31 to 35	32	10,726,000.00	0.86	335,187.50	4.194	770	33	34
36 to 40	27	10,723,000.00	0.86	397,148.15	4.188	760	38	38
41 to 45	43	15,763,000.00	1.26	366,581.40	4.244	745	43	44
46 to 50	65	25,947,000.00	2.07	399,184.62	4.264	762	49	50
51 to 55	74	30,850,000.00	2.46	416,891.89	4.258	748	53	57
56 to 60	132	52,086,000.00	4.16	394,590.91	4.223	758	59	61
61 to 65	113	44,432,000.00	3.55	393,203.54	4.261	757	63	66
66 to 70	225	92,872,000.00	7.42	412,764.44	4.334	755	68	71
71 to 75	377	155,773,303.14	12.44	413,191.79	4.372	753	74	75
76 to 80	1,051	399,920,000.00	31.94	380,513.80	4.280	759	80	80
81 to 85	151	62,624,000.00	5.00	414,728.48	4.251	756	85	85
86 to 90	371	148,479,783.35	11.86	400,215.05	4.304	756	90	90
91 to 95	496	179,069,000.00	14.30	361,026.21	4.290	757	95	95
96 to 100	44	12,297,000.00	0.98	279,477.27	4.318	756	97	97
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average loan-to-value ratio of the Mortgage Loans at origination was approximately 77%.

Combined Loan-to-Value Ratio of the Mortgage Loans at Origination

Range of Original Combined Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
6 to 25	10	3,439,000.00	0.27	343,900.00	4.102	763	20	20
26 to 30	19	6,822,000.00	0.54	359,052.63	4.374	773	28	28
31 to 35	31	10,510,000.00	0.84	339,032.26	4.187	769	33	33
36 to 40	27	10,828,000.00	0.86	401,037.04	4.182	759	37	38
41 to 45	41	14,510,000.00	1.16	353,902.44	4.238	747	43	43
46 to 50	59	22,956,000.00	1.83	389,084.75	4.264	763	49	49
51 to 55	67	27,732,000.00	2.21	413,910.45	4.271	741	52	53
56 to 60	120	46,605,000.00	3.72	388,375.00	4.222	761	59	59
61 to 65	104	40,342,000.00	3.22	387,903.85	4.261	756	63	63
66 to 70	205	83,202,000.00	6.64	405,863.41	4.338	757	68	68
71 to 75	348	140,201,303.14	11.20	402,877.31	4.367	753	73	74
76 to 80	1,032	391,370,000.00	31.25	379,234.50	4.274	759	79	80
81 to 85	159	66,503,000.00	5.31	418,257.86	4.253	756	84	85
86 to 90	450	186,452,783.35	14.89	414,339.52	4.312	755	86	90
91 to 95	515	188,442,000.00	15.05	365,906.80	4.297	757	94	95
96 to 100	44	12,297,000.00	0.98	279,477.27	4.318	756	97	97
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average combined loan-to-value ratio of the Mortgage Loans at origination was approximately 78%.

HELOC Combined Loan-to-Value Ratio of the Mortgage Loans at Origination

Range of Original HELOC Combined Loan-to-Value Ratios (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
6 to 25	10	3,439,000.00	0.27	343,900.00	4.102	763	20	20
26 to 30	19	6,822,000.00	0.54	359,052.63	4.374	773	28	28
31 to 35	29	9,808,000.00	0.78	338,206.90	4.188	771	33	33
36 to 40	27	10,828,000.00	0.86	401,037.04	4.182	759	37	38
41 to 45	39	13,655,000.00	1.09	350,128.21	4.238	746	43	43
46 to 50	59	22,847,000.00	1.82	387,237.29	4.259	762	49	49
51 to 55	64	26,232,000.00	2.09	409,875.00	4.275	741	52	53
56 to 60	119	46,217,000.00	3.69	388,378.15	4.220	761	58	59
61 to 65	105	40,778,000.00	3.26	388,361.90	4.257	756	63	63
66 to 70	207	84,164,000.00	6.72	406,589.37	4.345	757	68	68
71 to 75	346	139,159,303.14	11.11	402,194.52	4.367	753	73	74
76 to 80	1,035	392,389,000.00	31.34	379,119.81	4.272	759	79	80
81 to 85	161	67,462,000.00	5.39	419,018.63	4.257	756	84	84
86 to 90	452	187,672,783.35	14.99	415,205.27	4.312	755	86	90
91 to 95	515	188,442,000.00	15.05	365,906.80	4.297	757	94	95
96 to 100	44	12,297,000.00	0.98	279,477.27	4.318	756	97	97
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average HELOC combined loan-to-value ratio of the Mortgage Loans at origination was approximately 78%.

Credit Score of the Mortgagors of the Mortgage Loans at Origination

Range of Original Credit Scores	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
620 to 639	4	1,742,000.00	0.14	435,500.00	4.717	635	75	75
640 to 659	15	8,098,000.00	0.65	539,866.67	4.638	648	71	71
660 to 679	31	15,471,000.00	1.24	499,064.52	4.612	672	72	73
680 to 699	60	30,919,303.14	2.47	515,321.72	4.560	689	73	74
700 to 719	411	159,407,000.00	12.73	387,851.58	4.393	709	77	79
720 to 739	470	185,365,000.00	14.80	394,393.62	4.322	729	79	80
740 to 759	547	210,212,783.35	16.79	384,301.25	4.273	749	79	79
760 to 779	603	233,089,000.00	18.61	386,548.92	4.248	770	78	79
780 to 799	705	266,169,000.00	21.26	377,544.68	4.244	790	78	78
800 to 819	378	138,912,000.00	11.09	367,492.06	4.213	806	75	76
820 to 839	7	2,827,000.00	0.23	403,857.14	4.358	822	72	72
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average Credit Score of the mortgagors of the Mortgage Loans at origination was approximately 757.

Debt-to-Income Ratio of the Mortgage Loans at Origination

Range of Original Debt-to-Income Ratios (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
1 to 5	2	927,000.00	0.07	463,500.00	4.685	761	67	67
6 to 10	10	3,972,000.00	0.32	397,200.00	4.483	752	71	74
11 to 15	50	16,677,000.00	1.33	333,540.00	4.253	769	72	72
16 to 20	101	34,787,000.00	2.78	344,425.74	4.240	767	74	74
21 to 25	248	89,170,303.14	7.12	359,557.67	4.223	764	78	78
26 to 30	391	144,633,000.00	11.55	369,905.37	4.243	765	78	79
31 to 35	502	190,136,000.00	15.18	378,756.97	4.279	758	78	79
36 to 40	701	277,807,783.35	22.19	396,302.12	4.301	756	79	80
41 to 45	835	334,012,000.00	26.67	400,014.37	4.333	748	79	80
46 to 50	391	160,090,000.00	12.78	409,437.34	4.302	758	72	73
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average debt-to-income ratio of the Mortgage Loans at origination was approximately 37%.

Occupancy Type of the Mortgage Loans

Occupancy Type	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Principal Residence	2,875	1,123,207,783.35	89.70	390,680.97	4.263	756	78	79
Investment Property	235	90,540,303.14	7.23	385,277.89	4.692	760	68	68
Second Home	121	38,464,000.00	3.07	317,884.30	4.213	773	75	75
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Loan Purpose of the Mortgage Loans

Loan Purpose	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Purchase	2,425	937,420,086.49	74.86	386,564.98	4.269	760	81	82
Cash-out Refinance	439	167,075,000.00	13.34	380,580.87	4.419	751	64	64
No Cash-out Refinance	367	147,717,000.00	11.80	402,498.64	4.301	746	69	71
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Property Type of the Mortgage Loans

Property Type	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
1-4 Family Dwelling Unit	1,914	751,522,000.00	60.02	392,644.72	4.306	755	76	77
Planned Unit Development	927	350,955,000.00	28.03	378,592.23	4.253	758	78	79
Condominium	381	147,412,086.49	11.77	386,908.36	4.317	760	81	81
Manufactured Housing	5	1,281,000.00	0.10	256,200.00	4.470	739	86	86
Leasehold	4	1,042,000.00	0.08	260,500.00	4.155	765	84	85
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Geographic Concentration of the Mortgaged Properties (State or Territory)

State or Territory	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
California	1,434	606,394,783.35	48.43	422,869.44	4.339	754	74	75
Washington	178	81,185,000.00	6.48	456,095.51	4.327	756	82	83
Colorado	199	70,542,000.00	5.63	354,482.41	4.243	760	78	80
Virginia	146	64,655,000.00	5.16	442,842.47	4.261	761	82	83
Oregon	162	48,279,000.00	3.86	298,018.52	4.214	764	80	81
New Jersey	100	41,201,000.00	3.29	412,010.00	4.237	761	80	81
Maryland	82	34,466,000.00	2.75	420,317.07	4.303	753	82	84
New York	63	34,332,303.14	2.74	544,957.19	4.482	743	75	76
Hawaii	59	25,216,000.00	2.01	427,389.83	4.226	765	79	81
Massachusetts	60	24,878,000.00	1.99	414,633.33	4.274	758	77	78
Utah	70	22,560,000.00	1.80	322,285.71	4.182	765	82	82
Texas	69	20,690,000.00	1.65	299,855.07	4.083	759	79	82
Arizona	76	19,895,000.00	1.59	261,776.32	4.188	766	84	84
Illinois	70	19,608,000.00	1.57	280,114.29	4.310	752	86	86
Nevada	67	18,919,000.00	1.51	282,373.13	4.257	760	83	83
Minnesota	58	15,968,000.00	1.28	275,310.34	4.195	755	84	86
Pennsylvania	47	13,640,000.00	1.09	290,212.77	4.130	770	81	84
District of Columbia	19	10,129,000.00	0.81	533,105.26	4.321	761	86	88
Michigan	31	8,459,000.00	0.68	272,870.97	4.127	762	86	86
Tennessee	19	6,672,000.00	0.53	351,157.89	4.284	768	78	81
Connecticut	17	6,561,000.00	0.52	385,941.18	4.216	758	86	86
North Carolina	22	6,298,000.00	0.50	286,272.73	4.164	760	83	83
Montana	19	5,381,000.00	0.43	283,210.53	4.146	759	83	83
Indiana	19	5,180,000.00	0.41	272,631.58	4.116	771	87	87
Kentucky	17	4,881,000.00	0.39	287,117.65	4.150	764	79	81
South Carolina	18	4,844,000.00	0.39	269,111.11	4.048	774	79	79
Georgia	14	4,349,000.00	0.35	310,642.86	4.018	751	81	82
New Mexico	13	4,020,000.00	0.32	309,230.77	4.136	768	80	82
Wisconsin	10	2,945,000.00	0.24	294,500.00	4.117	771	86	86
Louisiana	9	2,784,000.00	0.22	309,333.33	4.106	754	74	74
Missouri	10	2,681,000.00	0.21	268,100.00	4.277	749	84	85
Idaho	10	2,355,000.00	0.19	235,500.00	4.183	744	72	72
Rhode Island	7	2,112,000.00	0.17	301,714.29	4.144	752	84	84
Alabama	6	1,834,000.00	0.15	305,666.67	4.120	757	83	83
Ohio	6	1,719,000.00	0.14	286,500.00	4.031	772	88	88
West Virginia	5	1,523,000.00	0.12	304,600.00	4.187	764	82	82
Iowa	5	1,211,000.00	0.10	242,200.00	4.001	798	84	86
Kansas	4	932,000.00	0.07	233,000.00	4.111	749	85	85
New Hampshire	2	679,000.00	0.05	339,500.00	4.311	721	85	85
Florida	2	514,000.00	0.04	257,000.00	4.366	758	80	80
Wyoming	2	433,000.00	0.03	216,500.00	4.053	750	93	93
Nebraska	1	299,000.00	0.02	299,000.00	4.250	752	80	80
Alaska	1	298,000.00	0.02	298,000.00	3.990	802	80	80
Oklahoma	1	251,000.00	0.02	251,000.00	4.250	799	95	95
Delaware	1	227,000.00	0.02	227,000.00	4.000	799	70	70
Maine	1	212,000.00	0.02	212,000.00	4.375	733	78	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

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

Top 10 MSAs	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Los Angeles-Long Beach-Glendale, CA	259	116,943,000.00	9.34	451,517.37	4.375	753	74	74
San Diego-Carlsbad, CA	177	80,498,000.00	6.43	454,790.96	4.333	750	77	77
Oakland-Hayward-Berkeley, CA	165	75,501,000.00	6.03	457,581.82	4.337	756	70	71
Anaheim-Santa Ana-Irvine, CA	147	68,135,000.00	5.44	463,503.40	4.339	755	73	74
Seattle-Bellevue-Everett, WA	126	64,294,000.00	5.13	510,269.84	4.332	757	82	83
Washington-Arlington-Alexandria, DC-VA-MD-WV	133	64,237,000.00	5.13	482,984.96	4.284	761	82	83
Denver-Aurora-Lakewood, CO	141	50,668,000.00	4.05	359,347.52	4.258	758	78	80
New York-Jersey City-White Plains, NY-NJ	98	46,426,303.14	3.71	473,737.79	4.356	756	77	78
Sacramento-Roseville-Arden-Arcade, CA	126	44,954,000.00	3.59	356,777.78	4.320	753	79	81
Portland-Vancouver-Hillsboro, OR-WA	134	41,878,000.00	3.34	312,522.39	4.228	760	80	81
Other	1,725	598,677,783.35	47.81	347,059.58	4.257	758	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

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

Top 10 Three-Digit Zip Codes	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
945xx	154	68,824,000.00	5.50	446,909.09	4.335	754	71	72
920xx	91	42,474,000.00	3.39	466,747.25	4.327	751	77	78
913xx	82	35,794,000.00	2.86	436,512.20	4.369	748	74	74
926xx	78	35,277,000.00	2.82	452,269.23	4.347	757	71	72
980xx	55	28,244,000.00	2.26	513,527.27	4.313	753	81	81
981xx	53	27,965,000.00	2.23	527,641.51	4.354	758	81	83
201xx	57	27,502,000.00	2.20	482,491.23	4.256	761	84	85
951xx	53	25,823,783.35	2.06	487,241.20	4.334	748	67	68
928xx	56	25,485,000.00	2.04	455,089.29	4.330	753	76	77
921xx	56	25,152,000.00	2.01	449,142.86	4.326	746	74	75
Other	2,496	909,671,303.14	72.65	364,451.64	4.278	758	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Original Loan Term of the Mortgage Loans

Original Loan Term (months)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
300	12	3,327,000.00	0.27	277,250.00	4.200	761	71	72
360	3,219	1,248,885,086.49	99.73	387,973.00	4.293	757	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The weighted average original loan term of the Mortgage Loans was approximately 360 months.

Remaining Term to Maturity of the Mortgage Loans

Remaining Term to Maturity (months)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
296	1	202,000.00	0.02	202,000.00	4.250	788	66	66
297	9	2,424,000.00	0.19	269,333.33	4.290	751	75	77
298	2	701,000.00	0.06	350,500.00	3.875	788	58	58
353	2	870,086.49	0.07	435,043.25	4.952	711	80	80
354	38	19,591,000.00	1.56	515,552.63	4.557	747	76	76
355	341	178,947,000.00	14.29	524,771.26	4.405	753	76	77
356	796	335,375,000.00	26.78	421,325.38	4.318	756	77	78
357	1,591	562,240,000.00	44.90	353,387.81	4.247	759	78	79
358	451	151,862,000.00	12.13	336,722.84	4.239	757	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

The remaining term to maturity is the difference in months between the Mortgage Loan's maturity date and the Cut-Off Date. The weighted average remaining term to maturity of the Mortgage Loans as of the Cut-Off Date was approximately 356 months.

Underlying Sellers of the Mortgage Loans

Underlying Seller	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Stearns Lending LLC	1,352	452,101,783.35	36.10	334,394.81	4.195	761	78	79
Caliber Home Loans, Inc.	442	234,972,303.14	18.76	531,611.55	4.453	749	79	80
Sierra Pacific Mortgage Company, Inc.	504	184,500,000.00	14.73	366,071.43	4.305	755	78	79
Wells Fargo Bank, N.A.	332	174,461,000.00	13.93	525,484.94	4.313	756	77	78
Plaza Home Mortgage, Inc.	365	115,770,000.00	9.25	317,178.08	4.259	758	81	81
Fremont Bank	182	62,104,000.00	4.96	341,230.77	4.295	766	64	65
Quicken Loans, Inc.	54	28,303,000.00	2.26	524,129.63	4.444	738	76	77
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Underlying Servicers of the Mortgage Loans*

Underlying Servicer	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Stearns Lending LLC	1,352	452,101,783.35	36.10	334,394.81	4.195	761	78	79
Caliber Home Loans, Inc.	442	234,972,303.14	18.76	531,611.55	4.453	749	79	80
Sierra Pacific Mortgage Company, Inc.	504	184,500,000.00	14.73	366,071.43	4.305	755	78	79
Wells Fargo Bank, N.A.	332	174,461,000.00	13.93	525,484.94	4.313	756	77	78
Plaza Home Mortgage, Inc.	348	110,297,000.00	8.81	316,945.40	4.273	757	81	81
Fremont Bank	182	62,104,000.00	4.96	341,230.77	4.295	766	64	65
Quicken Loans, Inc.	54	28,303,000.00	2.26	524,129.63	4.444	738	76	77
Matrix Financial Services Corporation	17	5,473,000.00	0.44	321,941.18	3.993	769	77	77
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

* Underlying Servicer as of the Cut-Off Date.

Channel of the Mortgage Loans

Channel	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Broker	1,380	504,878,086.49	40.32	365,853.69	4.276	757	76	77
Retail	1,279	497,083,000.00	39.70	388,649.73	4.293	757	79	80
Correspondent	572	250,251,000.00	19.98	437,501.75	4.324	757	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

First Payment Date of the Mortgage Loans

First Payment Date	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
April 2017	2	870,086.49	0.07	435,043.25	4.952	711	80	80
May 2017	38	19,591,000.00	1.56	515,552.63	4.557	747	76	76
June 2017	341	178,947,000.00	14.29	524,771.26	4.405	753	76	77
July 2017	797	335,577,000.00	26.80	421,050.19	4.318	756	77	78
August 2017	1,600	564,664,000.00	45.09	352,915.00	4.247	759	78	79
September 2017	453	152,563,000.00	12.18	336,783.66	4.237	757	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Maturity Date of the Mortgage Loans

Maturity Date	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
June 2042	1	202,000.00	0.02	202,000.00	4.250	788	66	66
July 2042	9	2,424,000.00	0.19	269,333.33	4.290	751	75	77
August 2042	2	701,000.00	0.06	350,500.00	3.875	788	58	58
March 2047	2	870,086.49	0.07	435,043.25	4.952	711	80	80
April 2047	38	19,591,000.00	1.56	515,552.63	4.557	747	76	76
May 2047	341	178,947,000.00	14.29	524,771.26	4.405	753	76	77
June 2047	796	335,375,000.00	26.78	421,325.38	4.318	756	77	78
July 2047	1,591	562,240,000.00	44.90	353,387.81	4.247	759	78	79
August 2047	451	151,862,000.00	12.13	336,722.84	4.239	757	78	79
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

First Time Homebuyer

First Time Homebuyer	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
No	2,271	864,772,086.49	69.06	380,789.12	4.296	758	74	75
Yes	960	387,440,000.00	30.94	403,583.33	4.284	754	84	85
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Number of Borrowers

Number of Borrowers	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
1	1,459	550,401,783.35	43.95	377,245.91	4.285	760	78	78
2 or more	1,772	701,810,303.14	56.05	396,055.48	4.299	754	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Number of Units

Number of Units	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
1	3,151	1,211,403,086.49	96.74	384,450.36	4.284	757	78	79
2	47	21,924,000.00	1.75	466,468.09	4.431	762	70	70
3	19	10,825,000.00	0.86	569,736.84	4.741	740	62	62
4	14	8,060,000.00	0.64	575,714.29	4.637	752	70	70
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Lien Position of the Mortgage Loans at Origination

Lien Position	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
First Lien	3,231	1,252,212,086.49	100.00	387,561.77	4.293	757	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Mortgage Loans with Subordinate Financing at Origination

Mortgage Loans with Subordinate Financing at Origination	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
No	3,051	1,165,483,086.49	93.07	382,000.36	4.291	757	78	78
Yes	180	86,729,000.00	6.93	481,827.78	4.318	753	69	82
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Mortgage Insurance Coverage Level

Range of Mortgage Insurance Coverage Level (%)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
None	2,169	849,742,303.14	67.86	391,766.85	4.294	757	71	72
1 to 15	153	63,326,000.00	5.06	413,895.42	4.250	756	85	85
16 to 25	441	170,400,783.35	13.61	386,396.33	4.307	756	91	91
26 to 30	465	167,862,000.00	13.41	360,993.55	4.288	757	95	95
31 to 35	3	881,000.00	0.07	293,666.67	4.222	786	93	93
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Mortgage Insurance Cancellation Indicator

Mortgage Insurance Cancellation Indicator	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
No	1,062	402,469,783.35	32.14	378,973.43	4.290	756	91	91
Not Applicable	2,169	849,742,303.14	67.86	391,766.85	4.294	757	71	72
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Mortgage Insurance (Lender or Borrower Paid)

Mortgage Insurance (Lender or Borrower Paid)	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Borrower-Paid	803	300,445,783.35	23.99	374,154.15	4.227	755	91	91
Lender-Paid	259	102,024,000.00	8.15	393,915.06	4.477	761	91	91
Not Applicable	2,169	849,742,303.14	67.86	391,766.85	4.294	757	71	72
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Delinquency Status of the Mortgage Loans as of August 31, 2017

Delinquency Status	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Current	3,231	1,252,212,086.49	100.00	387,561.77	4.293	757	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Historical Delinquency Status of the Mortgage Loans as of August 31, 2017

Historical Delinquency	Number of Mortgage Loans	Aggregate Stated Principal Balance ($)	Aggregate Stated Principal Balance (%)	Average Stated Principal Balance ($)	Weighted Average Interest Rate (%)	Weighted Average Original Credit Score	Weighted Average Original Loan-to-Value Ratio (%)	Weighted Average Original Combined Loan-to-Value Ratio (%)
Never Delinquent	3,231	1,252,212,086.49	100.00	387,561.77	4.293	757	77	78
Total/Weighted Average:	**3,231**	**1,252,212,086.49**	**100.00**	**387,561.77**	**4.293**	**757**	**77**	**78**

Appendix B

TRANSFEREE LETTER
FREDDIE MAC SECURITIZED PARTICIPATION INTEREST TRUST
LISTED ON SCHEDULE I

Date of Transfer: _____________

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102

U.S. Bank National Association, as Securities Administrator
111 Fillmore Avenue East
St. Paul, Minnesota 55107
Attention: Bondholder Services

Ladies and Gentlemen:

We propose to acquire the Class R Certificate of the Series of Freddie Mac's Securitized Participation Interest Trust 2017-SPI1 listed on Schedule I hereto (the "Residual Class"). The Residual Class is described in the Private Placement Memorandum.

1. We certify that (a) we are not a disqualified organization and (b) we are not acquiring the Residual Class on behalf of a disqualified organization. For this purpose, the term "disqualified organization" means the United States, any state or political subdivision thereof, any foreign government, any international organization, any agency or instrumentality of any of the foregoing (except for the Federal Home Loan Mortgage Corporation ("Freddie Mac") or any entity treated as other than an instrumentality of the foregoing for purposes of Section 168(h)(2)(D) of the Internal Revenue Code of 1986 ("the Code")), any organization (other than a cooperative described in Section 521 of the Code) that is exempt from taxation under the Code (unless such organization is subject to tax on excess inclusions) and any organization that is described in Section 1381(a)(2)(C) of the Code. We understand that any breach by us of this certification may cause us to be liable for an excise tax imposed upon transfers to disqualified organizations.

2. We certify that (a) we have historically paid our debts as they become due, (b) we intend, and believe that we will be able, to continue to pay our debts as they become due in the future, (c) we understand that as beneficial owner of the Residual Class, we may incur tax liabilities in excess of any cash flows generated by such Class, (d) we intend to pay any taxes associated with holding the Residual Class as they become due, (e) we represent that we will not cause income from the residual interest to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of our entity or another U.S. taxpayer, and (f) we have given the transferor notice of the rules contained in Treasury Regulation Section 1.860E-1(c)(4)(iv).

3. We acknowledge that we will be the beneficial owner of the Residual Class shown on Schedule I hereto and the Residual Class will be either registered in our name or held in the name of our nominee (which is not a disqualified organization), as indicated on Schedule I.

4. Unless Freddie Mac has consented to a transfer to a transferee that is not a U.S. person, by executing a consent in a form satisfactory to Freddie Mac, we certify that we are a U.S. Person. For this purpose, the term "U.S. person" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any State (other than a partnership that is not treated as a U.S. Person under any applicable Treasury regulations), or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all

substantial decisions of the trust. We agree that any breach by us of this certification shall render the transfer of any interest in the Residual Class to us absolutely null and void and shall cause no rights in the Residual Class to vest in us.

5. We agree that in the event that at some future time we wish to transfer an interest in the Residual Class, we will transfer such interest in the Residual Class only (a) to a transferee that (i) is not a disqualified organization and is not purchasing such interest in the Residual Class on behalf of a disqualified organization, (ii) is a U.S. Person and (iii) has delivered to Freddie Mac, the Certificate Registrar and the Securities Administrator a letter in the form of this letter and, if requested by Freddie Mac, an opinion of counsel (in form acceptable to Freddie Mac) that the proposed transfer will not cause the interest in the Residual Class to be held by a disqualified organization or a person who is not a U.S. person or (b) with the written consent of Freddie Mac.

6. We certify that we are a qualified institutional buyer ("QIB") as defined in Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"); and we understand that the Residual Class has not been registered under the Securities Act or registered or qualified under any applicable state and foreign securities laws, the Residual Class is a "restricted security" within the meaning of Rule 144 under the Securities Act, any offer, resale, pledge or other transfer of the Residual Class will be subject to various transfer restrictions, and may not be reoffered, resold, pledged or otherwise transferred in any particular jurisdiction except in accordance with all applicable securities laws of that jurisdiction. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void *ab initio*, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Securities Administrator or any intermediary, if at any time the Securities Administrator obtains actual knowledge or is notified that the holder of such beneficial interest in the Residual Class was in breach, at the time given, of any of the above representations, the Securities Administrator may consider the acquisition of such Residual Class or the interest in such Residual Class void and require that the Residual Class or such interest therein be transferred to a person designated by Freddie Mac.

7. We hereby designate Freddie Mac as our fiduciary to act as the tax matters person for each REMIC Pool in which the Residual Class represents an interest.

8. SECURITY PAYMENTS should be made by:

☐ Automatic transfer of funds through the Automated Clearing House (ACH).

Full name of Depository Institution (Bank): ________________________________
Routing and Transit Number of Bank (nine digits): __ __ __ __ __ __ __ __ __
Bank Account Type: ☐ Checking ☐ Savings
Bank Account Number: ____

As an officer of the Transferee, I hereby authorize Freddie Mac to initiate debits/credits by electronic transfer against the bank account indicated above and the bank named above to honor the same drawn against such account. Such transfers will be governed by, and the Transferee agrees to be bound by, the applicable rules and terms of National Automated Clearing House Association (NACHA) and Uniform Commercial Code 4A: Funds Transfer (UCC 4A). This authorization is to remain in full force and effect until Freddie Mac receives written notification of the termination of authorization by the Transferee no later than fifteen (15) Business Days before the date of the next transfer.

☐ Check.

Security payments by check should be sent to:
Company Name: ________________________________
Attention: ________________________________
Address: ________________________________
____
City, State, Zip Code: ________________________________
Contact name/Phone No.: ________________________________

Very truly yours,

____
Name of Transferee

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________
Taxpayer Identification Number ______________________________

Address for Receipt of Tax Information (Schedule Q's):
Name: ______________________________
Attn: ______________________________
Address: ______________________________
____
____
City: ______________________________
State: ______________________________
Zip: ______________________________

Under penalties of perjury, I declare that I am an officer of the above Transferee and I am duly authorized to act on behalf of the Transferee, and to the best of my knowledge and belief, the statements in paragraphs 1, 2, 3 and 4 (excluding the last sentence thereof) of this Transferee's Letter are true.

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

SCHEDULE I

to Transferee's Letter Dated ____________

Series	**Class ("R")**	**Name and Capacity**

* Indicate whether the "name" in which the security is held is an individual ("I"), corporation ("C"), fiduciary ("F"), partnership ("P"), exempt organization ("EO") or nominee/custodian ("N").

Appendix C

Diligence Provider's Data Integrity Review Discrepancies(1)(2)

Loan Identifier	Record Type	Loan File Data	Third-Party Diligence Provider Data
17SPI1002362	Original Debt-to-Income (DTI) Ratio	15%	34%
N/A	Original Debt-to-Income (DTI) Ratio	14%	31%
N/A	Original Debt-to-Income (DTI) Ratio	46%	57%
N/A	Original Debt-to-Income (DTI) Ratio	49%	58%
17SPI1002888	Original Debt-to-Income (DTI) Ratio	39%	45%
17SPI1001349	Original Debt-to-Income (DTI) Ratio	40%	33%
17SPI1001087	Original Debt-to-Income (DTI) Ratio	25%	17%
17SPI1001907	Original Debt-to-Income (DTI) Ratio	49%	39%
17SPI1000778	Original Debt-to-Income (DTI) Ratio	40%	29%
17SPI1000314	Original Debt-to-Income (DTI) Ratio	37%	23%
N/A	Original Debt-to-Income (DTI) Ratio	43%	29%
17SPI1000359	First-time Homebuyer	Yes	No
17SPI1001838	First-time Homebuyer	Yes	No
17SPI1002923	First-time Homebuyer	Yes	No
17SPI1002689	Original HELOC Combined Loan-To-Value (HCLTV)	80%	90%
17SPI1000412	Mortgage Insurance Company Name	Mortgage Guaranty Insurance Corp.	United Guaranty
17SPI1001113	Mortgage Insurance Company Name	Mortgage Guaranty Insurance Corp.	Arch Mortgage Insurance
17SPI1003051	Mortgage Insurance Company Name	Radian	Mortgage Guaranty Insurance Corp.
N/A	Mortgage Insurance Percentage	25.00	30.00
17SPI1001610	Original Combined Loan-To-Value (CLTV)	53%	65%
17SPI1002689	Original Combined Loan-To-Value (CLTV)	80%	90%
17SPI1000618	Origination Channel	Correspondent	Broker
17SPI1000499	Origination Channel	Correspondent	Broker
17SPI1000461	Origination Channel	Correspondent	Broker
17SPI1000453	Origination Channel	Correspondent	Broker
17SPI1000382	Origination Channel	Correspondent	Broker
17SPI1001682	Origination Channel	Correspondent	Broker
17SPI1002333	Origination Channel	Broker	Correspondent
17SPI1000976	Property Type	PUD	1-4 Fee Simple
N/A	Property Type	1-4 Fee Simple	PUD
17SPI1002361	Property Valuation Date	6/2017	5/2017

(1) Excludes loans with DTI differences of less than or equal to 5%.
(2) Six (6) of the discrepancies (as represented by loan identifier designated as "N/A") correspond to four (4) mortgage loans that are not included in the Mortgage Pool for reasons including, but not limited to, principal payments in full, removal as part of Freddie Mac's quality control process and/or as part of the Diligence Provider's review process.

Appendix D

Assumed Characteristics of the Mortgage Loans
(as of the Cut-Off Date)

Pool Number	Stated Principal Balance ($)	Remaining Term to Maturity (months)	Original Term to Maturity (months)	Per Annum Interest Rate (%)
1	1,038,181.11	357	360	3.500
2	4,853,891.60	357	360	3.625
3	21,937,492.44	357	360	3.750
4	63,521,003.26	356	359	3.875
5	1,174,112.25	356	360	3.950
6	5,401,424.49	357	360	3.975
7	31,516,146.90	357	360	3.990
8	72,686,033.74	357	360	4.000
9	3,234,568.39	357	360	4.050
10	490,455.12	355	360	4.060
11	202,987,823.29	357	360	4.125
12	445,250.12	355	360	4.180
13	6,671,032.97	356	360	4.200
14	336,658,009.43	356	360	4.250
15	1,653,011.62	356	360	4.300
16	198,172,088.15	356	360	4.375
17	10,735,819.98	356	360	4.450
18	106,627,677.13	356	360	4.500
19	16,394,988.28	355	360	4.550
20	2,148,964.45	355	360	4.560
21	71,122,546.48	356	360	4.625
22	4,586,221.54	356	360	4.700
23	34,853,468.33	356	359	4.750
24	1,041,781.66	356	360	4.800
25	25,357,283.10	357	360	4.875
26	4,901,427.73	357	360	4.990
27	5,608,620.04	357	360	5.000
28	4,119,225.54	357	360	5.125
29	5,532,797.95	356	360	5.250
30	572,698.22	355	360	5.300
31	4,068,013.51	355	360	5.375
32	2,109,898.27	356	360	5.500

Appendix E

Selling Restrictions

Canada

Each Initial Purchaser has represented, warranted and agreed that:

(a) the sale and delivery of any Certificates to any purchaser who is located or resident in Canada or otherwise subject to the laws of Canada or who is purchasing for a principal who is located or resident in Canada or otherwise subject to the laws of Canada (each such purchaser or principal, a **"Canadian Purchaser"**) by such Initial Purchaser 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 Initial Purchaser 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 Certificates to a Canadian Purchaser will be made through (A) an affiliate of the relevant Initial Purchaser 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 Certificates 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 section 73.3 of the Securities Act (Ontario) and National Instrument 45-106 Prospectus Exemptions (**"NI 45-106"**) and is a person to which an Initial Purchaser relying on the international dealer exemption from the dealer registration requirements or an Initial Purchaser registered as a restricted dealer may sell the Certificates, or (B) is an "accredited investor" as defined in section 73.3 of the Securities Act (Ontario) and NI 45-106 who is purchasing the Certificates 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 section 73.3 of the Securities Act (Ontario) and 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 Memorandum with respect to the private placement of the Certificates in Canada) within the meaning of the Securities Laws;

(f) it has not provided and will not provide any document or other material that would constitute an offering memorandum within the meaning of the Securities Laws to a Canadian Purchaser outside the provinces of Alberta, British Columbia, Ontario and Quebec;

(g) 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 Certificates purchased by such Canadian Purchaser;

(ii) that the Certificates 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 Certificates; or

(iv) as to the future price or value of the Certificates; and

(h) 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 Certificates, and one may never develop;

(ii) the Certificates 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 Initial Purchaser 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 Certificates 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 Certificates 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 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 Certificates 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 Certificates to the public" in relation to any Certificates 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 Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant 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 Directive 2010/73/EU, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

Japan

The Certificates 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 Initial Purchaser undertakes that it will not offer or sell any Certificates 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 Memorandum to acquire the Certificates referred to herein under the laws of Korea. The Certificates offered under this Memorandum 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 Certificates 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.

People's Republic of China

The Certificates may not be offered or sold directly or indirectly within the borders of the People's Republic of China ("**PRC**" which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan). The offering material or information contained herein relating to the Certificates, which has not been and will not be submitted to or approved/verified by or registered with any relevant governmental authorities in the PRC (including but not limited to the China Securities Regulatory Commission), may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Certificates in the PRC. The offering material or information contained herein relating to the Certificates does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. The Certificates may only be offered or sold to PRC investors that are authorized to engage in the purchase of Certificates of the type being offered or sold, including but not limited to those that are authorized to engage in the purchase and sale of foreign exchange for themselves and on behalf of their customers and/or the purchase and sale of government bonds or financial bonds and/or the purchase and sale of debt securities denominated in foreign currency other than stocks. PRC investors are responsible for obtaining all relevant approvals/licences, verification and/or registrations themselves from relevant governmental authorities (including but not limited to the China Securities Regulatory Commission, the State Administration of Foreign Exchange and/or the China Banking Regulatory Commission), and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or foreign investment regulations.

Singapore

Each Initial Purchaser has acknowledged that this Memorandum 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 Initial Purchaser has represented, warranted and agreed that it will neither offer nor sell the Certificates pursuant to an offering nor make the Certificates 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 Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Certificates, 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 Certificates acquired pursuant to an offer in this Memorandum 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 Initial Purchaser has also represented, warranted and agreed to notify (whether through the distribution of this Memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Certificates or otherwise) each of the following relevant persons specified in Section 276 of the SFA which has subscribed or purchased Certificates from and through Freddie Mac or one of the Initial Purchasers, 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 Certificates 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 Certificates 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 Certificates in Taiwan, the Republic of China.

United Kingdom

Each Initial Purchaser 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 Certificates 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 Certificates in, from or otherwise involving the United Kingdom.

Freddie Mac