

EU RISK RETENTION LETTER OF
Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102

November 20, 2020

U.S. Bank National Association
One Federal Street, 3rd Floor
Boston, Massachusetts 02110
Attention: Global Structured Finance /STACR 2020-HQA5

Re: Freddie Mac Structured Agency Credit Risk (STACR®) REMIC 2020-HQA5 Notes

This “**EU Risk Retention Letter**” is being delivered by Freddie Mac, as sponsor (the “**Sponsor**”) to the addressee hereto in connection with the issuance by the Freddie Mac STACR REMIC Trust 2020-HQA5, a Delaware statutory trust (the “**Issuer**”) of the Freddie Mac Structured Agency Credit Risk (STACR®) REMIC 2020-HQA5 Notes (collectively, the “**Notes**”) pursuant to that certain Indenture of even date herewith (the “**Indenture**”) between the Issuer and U.S. Bank National Association, as Indenture Trustee, Exchange Administrator and Custodian.

1 DEFINITIONS

All capitalized terms used but not defined herein shall have the meanings given to such terms in the Indenture. The following capitalized terms shall have the following meanings:

“**EU Institutional Investor**” means an institutional investor as defined in the EU Securitization Regulation.

“**EU Retention Requirement**” means the requirement that the originator, sponsor or original lender of the securitization (i) retains on an ongoing basis a material net economic interest which, in any event, shall not be less than 5%, determined in accordance with Article 6 of the EU Securitization Regulation, and (ii) discloses the risk retention to EU Institutional Investors.

“**EU Securitization Regulation**” means Regulation (EU) 2017/2401 amending Regulation (EU) No. 575/2013 and Regulation (EU) 2017/2402 relating to a European framework for simple, transparent and standardized securitization, as amended, varied or substituted from time to time, and including any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time.

2 REPRESENTATIONS

The Issuer represents and warrants to the addressee hereof:

- (a) the Sponsor confirms it is a corporate instrumentality of the United States created pursuant to an Act of Congress on July 24, 1970 (Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. §§1451-1459, hereinafter referred to as the “**Freddie Mac Act**”), has full power and authority to own its assets and the securities proposed to be owned by it including the Retained Interest and to transact the business in which it is presently engaged;
- (b) the Sponsor has full power and authority to execute and deliver this EU Risk Retention Letter and perform all of its obligations required hereunder and has taken all necessary action to authorize this EU Risk Retention Letter on the terms and conditions hereof and the execution, delivery and performance of this EU Risk Retention Letter and the performance of all obligations imposed upon it hereunder. No consent of any other person and no licence, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority, other than those that have been or shall be obtained in connection with this EU Risk Retention Letter, is required by the Sponsor in connection with this EU Risk Retention Letter or the execution, delivery, performance, validity or enforceability of this EU Risk Retention Letter or the obligations imposed upon it hereunder; and
- (c) this EU Risk Retention Letter constitutes the legally valid and binding obligations of the Sponsor enforceable against it in accordance with its terms, subject, as to enforcement, to (i) the effect of bankruptcy, examination, insolvency or similar laws affecting generally the enforcement of creditors' rights, as such laws would apply in the event of any bankruptcy, examination, receivership, insolvency or similar event applicable to the Issuer and (ii) general equitable principles (whether enforceability of such principles is considered in a proceeding at law or in equity).

3 COVENANTS

The Sponsor hereby agrees, and irrevocably and unconditionally undertakes to the Indenture Trustee, for the benefit of each EU Institutional Investor, in connection with the EU Retention Requirement, on an ongoing basis, so long as any Notes remain outstanding:

- (a) it will, as originator (as such term is defined in the EU Securitization Regulation), retain on an ongoing basis a material net economic interest (the “**Retained Interest**”) in the transaction constituted by the issuance of the Notes (the “**Transaction**”) of not less than 5% in the form specified in Article 6(3)(a) of the EU Securitization Regulation (i.e., retention of not less than 5% of the nominal value of each of the tranches sold or transferred to such investor) by:
 - (i) retaining the credit risk on the Class M-1H Reference Tranche, the Class M-2AH Reference Tranche, the Class M-2BH Reference Tranche, the Class B-1AH Reference Tranche, the Class B-1BH Reference Tranche, the Class B-2AH Reference Tranche and the Class B-2BH Reference

Tranche, in each case, in an amount such that it will be not less than 5% of the credit risk on each of: (a) the Class M-1 and Class M-1H Reference Tranches (in the aggregate), (b) the Class M-2A and Class M-2AH Reference Tranches (in the aggregate), (c) the Class M-2B and Class M-2BH Reference Tranches (in the aggregate), (d) the Class B-1A and Class B-1AH Reference Tranches (in the aggregate), (e) the Class B-1B and Class B-1BH Reference Tranches (in the aggregate), (f) the Class B-2A and Class B-2AH Reference Tranches (in the aggregate) and (g) the Class B-2B and Class B-2BH Reference Tranches (in the aggregate), respectively, and

- (ii) retaining the credit risk on not less than 5% of each of the Class A-H Reference Tranche and the Class B-3H Reference Tranche and, in the case of any tranching of the Class A-H Reference Tranche or the Class B-3H Reference Tranche, on not less than 5% of each tranche into which the Class A-H Reference Tranche or the Class B-3H Reference Tranche, as applicable is, tranching;
- (b) neither it nor its affiliates will sell, hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to the Retained Interest or the Reference Obligations, except to the extent permitted in accordance with Article 6 of the EU Securitization Regulation;
- (c) it will take such further action, provide such information and enter into such other agreements as may reasonably be required to satisfy the EU Retention Requirement as of the Closing Date and, solely as regards to the provision of information in its possession or that of its affiliates and to the extent the same is not subject to a duty of confidentiality, any time prior to maturity of the Notes;
- (d) it will confirm its continued compliance with the undertakings set forth in paragraphs (a) and (b) above:
 - (i) on a quarterly basis to the Indenture Trustee in writing for reporting to Holders of the Notes;
 - (ii) where the performance of the Notes or the risk characteristics of the Transaction or of the Reference Obligations materially change; and
 - (iii) following a breach of the obligations included in the Indenture; and
- (e) it will promptly notify the Indenture Trustee in writing if for any reason:
 - (i) it ceases to hold the Retained Interest in accordance with paragraph (a) above, or
 - (ii) it or any of its affiliates fails to comply with the covenants set out in paragraphs (b) and (c) above in any way.

4 MISCELLANEOUS

4.1 Governing Law

This EU Risk Retention Letter shall be construed in accordance with and governed by the laws of the United States. Insofar as there may be no applicable precedent, and insofar as to do so would not frustrate the purposes of the Freddie Mac Act or any provision of this EU Risk Retention Letter or the transactions governed thereby, the laws of the State of New York shall be deemed reflective of the laws of the United States.

4.2 Jurisdiction

The Issuer irrevocably submits to the non-exclusive jurisdiction of the United States federal court located in the Borough of Manhattan in the City of New York in any action or proceeding arising out of or relating to this EU Risk Retention Letter, and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such federal court.

4.3 Notices

Any notice or demand to be given, made or served for any purposes under this EU Risk Retention Letter shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), facsimile transmission or e-mail or by delivering it by hand as follows:

To the Sponsor:

Federal Home Loan Mortgage Corporation
1551 Park Run Drive
McLean, Virginia 22102
Attention: Kevin Palmer, V.P.—Strategic Credit Costing & Structuring
Telephone: 571-382-4313
E-mail: kevin_palmer@freddiemac.com

with copies to:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Vice President & Deputy General Counsel—Mortgage Securities

Very truly yours,

**FEDERAL HOME LOAN MORTGAGE
CORPORATION**