

# Freddie Mac

## Class A

### Multifamily M Certificates



#### The Certificates

Freddie Mac creates each series of Multifamily M Certificates (“**Certificates**”) and issues and guarantees Class A Certificates (“**Class A Certificates**”) that represent undivided ownership interests with specified rights in pools of tax exempt multifamily affordable housing bonds and/or tax exempt loans evidenced by multifamily notes (together “**Deposited Assets**”). The Deposited Assets are issued or made by certain state and local government entities to finance multifamily affordable housing.

#### Freddie Mac’s Guarantee

We guarantee certain payments of interest and principal with respect to the Class A Certificates, including the Required Class A Certificate Interest Distribution Amount, the scheduled principal due with respect to the Deposited Assets for the benefit of the Class A Certificates and the principal and interest due with respect to any applicable Deposited Assets on a Release Event Date, each as described in this Offering Circular. **Principal and interest payments on, and payment of the tender price for, the Class A Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.** We alone are responsible for making payment on our guarantee and for paying for Class A Certificates tendered to us for purchase.

#### Freddie Mac Will Provide More Information for Each Offering

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

#### Tax Status and Securities Law Exemptions

We expect interest from the Class A Certificates to be excludable from gross income for federal income tax purposes for most holders. The supplement will more specifically describe the tax status of the Class A Certificates included in that offering. Because of applicable securities law exemptions, we have not registered the Class A Certificates with any federal or state securities commission, and no securities commission has reviewed this Offering Circular.

**The Class A Certificates may not be suitable investments for you. You should not purchase the Class A Certificates unless you have carefully considered and are able to bear the associated prepayment, interest rate, yield, tax and market risks of investing in them. The *Risk Factors* section beginning on page 12 highlights some of these risks.**

If you intend to purchase Class A Certificates, you should rely only on the information in this Offering Circular, in the disclosure documents that we incorporate by reference in this Offering Circular as stated under *Additional Information* and in the related Supplement. We have not authorized anyone to provide you with different information.

This Offering Circular, the related Supplement and any Incorporated Documents (as defined in this Offering Circular) may not be correct after their dates.

We are not offering the Class A Certificates in any jurisdiction that prohibits their offer.

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As described under *Summary* below, *Exhibit I* to the related Supplement defines certain capitalized terms used in this Offering Circular, the related Supplement and the Agreement.

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## FREDDIE MAC

### General

Freddie Mac was chartered by Congress in 1970 under the Federal Home Loan Mortgage Corporation Act (the “**Freddie Mac Act**”). Our mission is to provide liquidity, stability and affordability to the U.S. housing market. We do this primarily by purchasing single-family and multifamily residential mortgages originated by lenders. In most instances, we package these mortgages into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest rate and liquidity risks to third-party investors. In addition, we transfer a portion of our mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgages and mortgage-related securities. We do not originate mortgage loans or lend money directly to mortgage borrowers.

Although we are chartered by Congress, we alone are responsible for making payments on our securities. Payments on our Class A Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.

### Conservatorship

We operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of the Federal Housing Finance Agency (“**FHFA**”), our conservator (the “**Conservator**”). The Conservator has authorized our Board of Directors to oversee management’s conduct of our business operations so we can operate in the ordinary course. The Conservator also retains certain significant authorities for itself and has not provided them to the Board. The Conservator continues to provide strategic direction for Freddie Mac and directs the efforts of the Board and management to implement its strategy.

Our future structure and role in the mortgage industry will be determined by the executive branch of the U.S. government, Congress, and FHFA. It is possible, and perhaps likely, that there will be significant changes that will materially affect our business model and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company.

The conservatorship is indefinite in duration. The likelihood, timing, and circumstances under which we might emerge from conservatorship are uncertain. Even if the conservatorship is terminated, we would remain subject to the senior preferred stock purchase agreement (as amended, the “**Purchase Agreement**”) with the U.S. Department of the Treasury (“**Treasury**”), and the terms of the senior preferred stock unless they are terminated or amended. Even if the conservatorship ends and the voting rights of common stockholders are restored, we could effectively remain under the control of the U.S. government because of the Purchase Agreement, Treasury’s warrant to acquire nearly 80% of our common stock for nominal consideration, or Treasury’s ownership of our common stock after it exercises its warrant.

See the Incorporated Documents (as defined under *Additional Information*) for additional information concerning the conservatorship and legislative and regulatory developments as well as the legal and compliance risks we face.

## **Purchase Agreement**

On September 7, 2008, Treasury entered into the Purchase Agreement with our Conservator, acting on our behalf. The amount of available funding remaining under the Purchase Agreement was \$140.2 billion as of December 31, 2023. This amount will be reduced by any future draws.

The Purchase Agreement requires Treasury, upon the request of the Conservator, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our consolidated balance sheets prepared in accordance with generally accepted accounting principles). The Purchase Agreement also provides for Treasury, upon the request of the Conservator, to provide funds to us if the Conservator determines, at any time, that it will be mandated by law to appoint a receiver for us unless we receive these funds from Treasury. Holders have certain limited rights to bring proceedings against Treasury if we fail to pay under our guarantee and if Treasury fails to perform its obligations under its funding commitment. The Purchase Agreement contains covenants that significantly restrict our business and capital activities.

On January 14, 2021, we, acting through FHFA as our Conservator, and Treasury entered into a letter agreement to further amend the Purchase Agreement and terms of the senior preferred stock. Among other things, under the January 2021 amendments to the Purchase Agreement, we are required to cap multifamily loan purchases at \$80 billion in any 52-week period, subject to annual adjustment by FHFA based on changes in the Consumer Price Index. At least 50% of our multifamily loan purchases in any calendar year must be, at the time of acquisition, classified as mission-driven pursuant to FHFA guidelines.

The Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions.

See the Incorporated Documents for additional information concerning the Purchase Agreement and the terms of the senior preferred stock.

## ADDITIONAL INFORMATION

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

As described below, we incorporate certain documents by reference in this Offering Circular, which means that we are disclosing information to you by referring you to those documents rather than by providing you with separate copies. We incorporate by reference in this Offering Circular:

- Our most recent Annual Report on Form 10-K, filed with the SEC.
- 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.
- All documents that we file with the SEC pursuant to Section 13(a), 13(c) or 14 of the Exchange Act after the date of this Offering Circular and prior to the termination of the offering of the related Certificates, excluding any information we “furnish” to the SEC on Form 8-K.

These documents are collectively referred to as the “**Incorporated Documents**” and are considered part of this Offering Circular. You should read this Offering Circular and the related Supplement in conjunction with the Incorporated Documents. Information that we incorporate by reference will automatically update information in this Offering Circular. Therefore, you should rely only on the most current information provided or incorporated by reference in this Offering Circular and the related Supplement.

You may read and copy any document we file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

You can obtain, without charge, copies of this Offering Circular, the Incorporated Documents and the related Supplement under which Certificates are issued from:

**Freddie Mac — Investor Inquiry**  
**8100 Jones Branch Drive**  
**McLean, Virginia 22102-3110**  
**Telephone: 1-800-336-3672**  
**E-mail: [Investor\\_Inquiry@freddiemac.com](mailto:Investor_Inquiry@freddiemac.com)**

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

**Website\*: [www.freddiemac.com](http://www.freddiemac.com)**

The multifamily investors section of our website (located at <https://mf.freddiemac.com/investors/>) will also be updated, from time to time, with information regarding material developments or other events that may be important to investors. You should access this website on a regular basis for such updated information.

We may restrict access to our website from time to time as part of our cybersecurity strategies or for other reasons, which may prevent you from accessing materials about our Class A Certificates. If this were to occur, you could obtain copies of these materials by contacting Investor Inquiry as shown above.

This Offering Circular relates to Certificates issued on and after July 12, 2024. For information about Certificates issued before that date, see the related Offering Circular (available on our website) that was in effect at the time of issuance of those Certificates.

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

SUMMARY

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

Capitalized Terms that are not in bold type and defined on their first use are defined in the Supplement or an exhibit to the Supplement. References to time in this Offering Circular relate to local time in Washington D.C.

**Depositor and Guarantor** . . . . . Federal Home Loan Mortgage Corporation, or “**Freddie Mac**,” a shareholder-owned government-sponsored enterprise.

On September 6, 2008, the Director of FHFA placed Freddie Mac into conservatorship pursuant to authority granted by the Federal Housing Finance Regulatory Reform Act of 2008 (the “**Reform Act**”). As the Conservator, FHFA succeeded to all rights, titles, powers and privileges of Freddie Mac, and of any stockholder, officer or director of Freddie Mac, with respect to Freddie Mac and the assets of Freddie Mac. For additional information regarding the conservatorship, see *Freddie Mac — Conservatorship and Risk Factors — Governance Factors*.

As Depositor, we transfer and deposit the Deposited Assets that we have acquired to various pass-through structures as described in the applicable supplements. As Guarantor, we guarantee the timely payment of interest and scheduled principal on the Class A Certificates on each Payment Date and guarantee timely principal payments on the Deposited Assets for the benefit of the Class A Certificates. **Principal and interest payments on the Certificates are not guaranteed by, and are not debts or obligations of, the United States or any federal agency or instrumentality other than Freddie Mac.**

**Liquidity Facility Provider** . . . . . We will be obligated to pay the applicable tender price for Class A Certificates on each Purchase Date, Mandatory Tender Date and Optional Disposition Date. This obligation is described in the Agreement as the Liquidity Facility.

**Certificates** . . . . . Certificates represent undivided ownership interests with specified rights in pools of assets that we form. Certificates are issued in series (“**Series**”), each consisting of “**Class A Certificates**” and “**Class B Certificates.**” Class A Certificates will be offered pursuant this Offering Circular and the related Supplement. Class B Certificates will be issued simultaneously with Class A Certificates but will not be offered pursuant to this Offering Circular.

**Deposited Assets** . . . . . As specified in the related Supplement, the assets of each Series will include Deposited Assets or interests therein (which may be evidenced by custodial receipts, trust receipts or any similar instrument representing beneficial ownership interests in such assets) that we have acquired. The Deposited Assets are issued or made by state and local government entities and are, unless otherwise specified in the related Supplement, secured by first liens on multifamily affordable housing properties and certain other assets pledged by these government entities.

Unless otherwise specified in the related Supplement, Freddie Mac will appoint third-party servicers, which may be affiliates of the Holder of the Class B Certificates or the Sponsor, to service the Deposited Asset Mortgages. Pursuant to the terms of the related servicing agreement, each Servicer will service the Deposited Asset Mortgages generally in accordance with the Freddie Mac Multifamily Seller/Servicer Guide (as amended from time to time by Freddie Mac), as modified by the express terms of the servicing agreement.

**Payments.** . . . . . As Administrator, we make payments on the Class A Certificates on each Payment Date. A **“Payment Date”** is the 15th day of each month, or if the 15th is not a Business Day, the next Business Day, beginning the month after issuance.

• **Interest** . . . . . We pay interest on the Class A Certificates at the applicable **“Reset Rate”** or **“Term Extended Rate”** in effect on each day during the period that interest accrues for that Payment Date. A Reset Rate may change from time to time. Changes to the Reset Rate can occur:

- each week;
- each month; or
- on other dates as specified in the Supplement.

The Supplement will specify if a Reset Rate or Term Extended Rate is applicable, and with respect to a Reset Rate how frequently the Reset Rate will change. The method for determining the Reset Rate can be changed at our option (under certain circumstances) or the option of the Sponsor (with our consent). Should that happen, the Class A Certificates will be subject to mandatory tender, however you will have the right to retain your Class A Certificates (the **“Retention Right”**).

Interest for each Payment Date will accrue for the calendar month preceding that Payment Date or, for the first Payment Date, from the Accrual Commencement Date specified in the Supplement.

The Supplement will identify the Remarketing Agent, if any, for the related Series. The Remarketing Agent will determine the Reset Rate each time it is changed. The Remarketing Agent will set the Reset Rate equal to the lesser of:

- the minimum interest rate which would, in the judgment of the Remarketing Agent, result in a sale of the Class A Certificates at par under prevailing market conditions, plus accrued interest; or
- the Maximum Reset Rate calculated as described in the Supplement or an exhibit to the Supplement. The Remarketing Agent is also responsible for remarketing Class A Certificates that are tendered to us.

• **Principal.** . . . . . On each Payment Date, we pay scheduled principal on the Class A Certificates plus principal prepayments and your portion of Deposited Asset Redemption Premium, if any, until the outstanding balance of the Class A Certificates is reduced to zero. The definition of “**Gain Share**” in the Supplement or an exhibit to the Supplement describes how we calculate your portion of any Deposited Asset Redemption Premium.

The Holders of any Class that receives principal payments (and their share of any Deposited Asset Redemption Premium) receive those payments either on a pro rata or random lot basis as described in the Supplement.

**Optional Tender.** . . . . . Holders of Class A Certificates (except Pledged Class A Certificates, Affected Certificates, Class A Certificates in the Term Extended Rate and Class A Certificates in the FLO Reset Rate if a FLO Failed Remarketing Events exists) will have the right to tender their certificates for purchase upon five Business Days’ written notice (the “**Tender Option**”) at the “**Purchase Price**” equal to the remaining principal of such Class A Certificate plus any accrued and unpaid interest through the day prior to the Purchase Date.

The Purchase Date related to an exercise of the Tender Option may occur on:

- any Business Day, when the Reset Rate can change each week; or
- the first Business Day of every calendar month, when the Reset Rate can change each month.

Freddie Mac is obligated to pay the applicable Purchase Price. The Tender Option is not available during a period when the Reset Rate is set other than each week or each month or if the FLO Reset Rate is in effect and a FLO Failed Remarketing Events exists.



The Tender Option may terminate without notice as described in *The Certificates — Tender Option — Tender Option Termination Events*.

**Mandatory Tender** . . . . . We have a “**Mandatory Tender Right**” to purchase all or a portion of outstanding Class A Certificates at the Purchase Price upon the occurrence of certain events.

We must purchase Class A Certificates pursuant to the Mandatory Tender Right if:

- a change in the Reset Rate Method as described in *The Certificates — Mandatory Tender — Effects of Mandatory Tender — Remarketing* (however, you will have the Retention Right);
- an amendment to certain provisions of the Agreement occurs (however, you will have the Retention Right);
- a Sponsor Act of Bankruptcy occurs (if Partnership Factors apply); or
- a successor Sponsor is designated by the Sponsor (with our consent) (however, you will have the Retention Right).

We may purchase Class A Certificates pursuant to the Mandatory Tender Right if:

- we determine that a Liquidity Provider Termination Event or a Credit Provider Termination Event has occurred; or
- the outstanding balance of the Class A Certificates is equal to or less than 5% of the original principal balance.

Pledged Class A Certificates or Affected Certificates will not be subject to the Mandatory Tender Right.

**Release** . . . . . We have the right to redeem Class A Certificates and pay you the outstanding balance of the Class A Certificates plus accrued interest thereon, plus any Hypothetical Gain Share, if any of the following events (each a “**Release Event**”) occurs:

- interest on a related Deposited Asset is determined to be includable in the recipient’s gross income for federal income tax purposes;
- an event of default pursuant to the related Deposited Asset Documents;
- unless otherwise specified in the related Supplement, a property related to a Deposited Asset fails to achieve stabilization (as further described in *The Certificates — Assets*) when required by the terms of the Reimbursement Agreement;

- a material adverse credit condition exists with respect to a Deposited Asset or under the related Deposited Asset Documents or Deposited Asset Mortgage Documents or the Reimbursement Agreement;
- the Sponsor elects to purchase Deposited Assets with respect to which an event of default exists in connection with a substitution of Deposited Assets;
- a breach of representations made by the Sponsor with respect to a Deposited Asset or related projects pursuant to and in accordance with the Reimbursement Agreement;
- the Series is terminated in whole or in part; or
- upon the occurrence of other events as set forth in the Supplement.

The amount of Class A Certificates redeemed upon a Release Event will be equal to the then outstanding principal amount of the affected Deposited Asset(s) rounded to the nearest multiple of \$5,000.

**Optional Disposition** . . . . . If applicable to the Series Pool as set forth in the Supplement, Holders of Class A Certificates who have held Class A Certificates for at least one year will have the right to tender any of those Class A Certificates for purchase (“**Optional Disposition**”) at the “**Optional Disposition Price**” equal to the remaining principal of such Class A Certificates plus any accrued and unpaid interest plus any Hypothetical Gain Share on any Optional Disposition Date.

The “**First Optional Disposition Date**” will be specified in the Supplement.

The definition of “**Hypothetical Gain Share**” in the Supplement or an exhibit to the Supplement describes how Hypothetical Gain Share will be calculated.

**Holders** . . . . . As an investor in Class A Certificates, you are not necessarily the Holder of those Certificates. You ordinarily must hold your Class A Certificates through one or more financial intermediaries, generally either through the DTC System or the Fed System as specified in the Supplement. You may exercise your rights as an investor only through the Holder of your Class A Certificates, and we may treat the Holder as the absolute owner of your certificates. For Class A Certificates, the term “**Holder**” means:

- for a Class held on the Fed System, any entity that appears on the records of a Federal Reserve Bank as a holder of that Class;

- for a Class held on the DTC System, DTC or its nominee; or
- for a certificated Class, any entity or individual that appears on the records of the Certificate Registrar as a registered holder of that Class.

**Tax Status** . . . . . If you own Class A Certificates, you will be treated for federal income tax purposes as a partner in a partnership that owns the related Deposited Assets. For most investors, we expect income on the Deposited Assets to be excludable from gross income for federal income tax purposes.

## RISK FACTORS

Although we guarantee certain payments on the Class A Certificates and on the Deposited Assets for the benefit of the Class A Certificates and so bear the associated credit risk and are obligated to pay the Purchase Price of Class A Certificates and so bear the associated liquidity risk, as an investor you will bear the other risks of owning mortgage securities. This section highlights some of these risks. Investors should carefully consider the risks described below and elsewhere in this Offering Circular, the related Supplement and the Incorporated Documents before deciding to purchase Class A Certificates. However, neither this Offering Circular nor those other documents describe all the possible risks of an investment in the Class A Certificates that may result from your particular circumstances, nor do they project how the Class A Certificates will perform under all possible interest rate and economic scenarios.

### PREPAYMENT AND YIELD FACTORS:

**Principal payment rates are uncertain.** Principal payment rates on Class A Certificates will depend on the rates of principal payments on the Deposited Assets. Principal payment rates on the Deposited Assets will depend upon principal payments from the related multifamily affordable housing properties. Principal payments on the Deposited Assets include scheduled payments and prepayments. Prepayment rates fluctuate continuously and (in some market conditions) substantially. The factors affecting the prepayment behavior of the Deposited Assets differ in certain respects from those affecting the prepayment behavior of single-family mortgages. A borrower typically views multifamily properties solely as an investment and, therefore, economic rather than personal considerations primarily will affect the prepayment behavior of the Deposited Assets. Also, individual Deposited Asset Mortgage amounts often are large and one mortgage is likely to comprise a larger portion of the assets of a Series than would be the case with a pool of single-family mortgages. Therefore, principal prepayments may significantly affect the yield on the Class A Certificates if you purchased your certificates at a premium or discount. Similarly, the prepayment behavior of a Series containing only one or a small number of Deposited Asset Mortgages is likely to be more volatile than the prepayment behavior of a Series backed by a large number of mortgages, because a prepayment on a single Deposited Asset Mortgage may result in the payment to Holders of a substantial portion of the principal amount of a Series. We cannot make any representation regarding the likely prepayment experience of the Deposited Asset Mortgages underlying any Class A Certificate or the particular effect that any factor may have on Deposited Asset Mortgage prepayment behavior. See *Prepayment, Yield and Suitability Considerations*.

We cannot predict the rate of prepayments on the Deposited Assets, which is influenced by a variety of economic, social and other factors, including local and regional economic conditions, the existence and enforceability of lockout periods and prepayment premiums and the availability of alternative financing. Prepayments are also affected by servicing decisions and policies, such as decisions to pursue alternatives to foreclosure. In addition, prepayments may occur upon a Release Event or a Mandatory Tender Event, including due to a Liquidity Provider Termination Event or Credit Provider Termination Event, as applicable, See *Prepayment, Yield and Suitability Considerations*.

**Premium and Discount.** If you purchase Class A Certificates at a premium, and principal distributions on the Class A Certificates occur at a faster rate than what was anticipated at the time of your purchase, including due to optional redemption, defaults, casualties, condemnations, repurchases and any mandatory partial prepayments relating to Project stabilization, then your actual yield to

maturity may be lower than what was anticipated at the time of your purchase. Conversely, if you purchase Class A Certificates at a discount, and principal distributions on Class A Certificates occur at a slower rate than you anticipated at the time of your purchase, then your actual yield to maturity may be lower than you anticipated at the time of your purchase. See *Prepayment, Yield and Suitability Considerations*.

**Reinvestment of principal payments may produce lower returns.** Exercise of the Tender Option will result in a return of the entire outstanding principal portion of the Class A Certificates that you tendered. Additionally, the Deposited Assets tend to prepay fastest when current interest rates are low. When you receive principal payments in a low interest rate environment, you may not be able to reinvest them in comparable securities with as high a yield as your Class A Certificates. When current interest rates are high, Deposited Assets tend to prepay more slowly and your ability to reinvest principal payments could be delayed. If the yield on comparable investments is higher than the yield of your Class A Certificates at that time, you could be disadvantaged by not receiving principal for reinvestment as quickly as you expected.

**Mandatory prepayments relating to Project stabilization.** Proceeds of Deposited Assets may be used to construct, acquire and rehabilitate or refinance affordable multifamily housing properties. If a property does not achieve stabilization by a required stabilization date due to failure to satisfy certain conditions such as the timing of completion of the Project and leasing of the units, the related Deposited Asset may be subject to mandatory redemption or tender. In addition, Freddie Mac may have more stringent or additional conditions beyond those set forth in the Deposited Asset Documents to be met for it to treat a property related to the Deposited Asset as stabilized. If such conditions are not met, the failure of a property to stabilize may constitute a Release Event under the applicable Series Certificate Agreement permitting the Deposited Assets to be released from the Series following the payment of the Release Purchase Price. Unless otherwise set forth in the Supplement, the failure of a property to achieve stabilization when required by the terms of the Reimbursement Agreement will not constitute a Release Event.

Even if a property achieves stabilization by the scheduled stabilization date, the Deposited Asset Documents related to that property may provide for mandatory partial prepayment of the Deposited Asset related to that property, which prepayment amounts may be substantial.

If a mandatory redemption or tender or a Release Event occurs or if a mandatory partial prepayment is made on the Class A Certificates, no prepayment premium will be paid, and your yield could be adversely affected, particularly if you purchased the Class A Certificates at a premium. We cannot assure you that such prepayments will not occur earlier or later than a scheduled stabilization date, that a stabilization date that is eligible for extension will be extended or that a Project will even achieve stabilization. See *The Certificates – Assets*.

**Changes to the Reset Rate may produce lower yields.** The Reset Rate may change periodically and a future Reset Rate may be lower than your original Reset Rate.

**The Maximum Reset Rate may limit the Reset Rate payable on the Class A Certificates.** If the Maximum Reset Rate is less than the prevailing interest rate for similar securities, the Remarketing Agent may be unable to remarket the Class A Certificates.

## INVESTMENT FACTORS:

**The Class A Certificates are complex securities and may not be suitable investments for you.** The Class A Certificates are complex securities. You, alone or together with your financial advisor, need to understand the risks of your investment. In this regard, you need to be able to analyze the information in this Offering Circular, the related offering documents and the Incorporated Documents, as well as the economic, interest rate and other factors that may affect your investment, such as your specific financial situation and your views on possible and likely interest rate and economic scenarios. You also need to understand the terms of the Certificates and any investment restrictions that may apply to you. Because each investor has different investment needs and different risk tolerances, you should consult your own financial, legal, accounting and tax advisors to determine if the Certificates are suitable investments for you. If you require a definite payment stream, or a single payment on a specific date, the Class A Certificates are not suitable investments for you. You should purchase Class A Certificates only if you understand and can bear the potential loss of the Tender Option upon a Tender Option Termination Event or a Liquidity Failure or Credit Failure, as applicable, and the prepayment, redemption, interest rate, yield, liquidity and market risks associated with your investment under a variety of interest rate and economic scenarios. If you purchase Class A Certificates, you need to have enough financial resources to bear all of the risks related to your investment.

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

**The Class A Certificates are subject to liquidity risk.** The Remarketing Agent may buy and sell Class A Certificates other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice. The Remarketing Agent may require beneficial owners that wish to tender their Class A Certificates to do so only through the Remarketing Agent with appropriate notice, as provided in the Series Certificate Agreement. You should not assume that you will be able to sell your Class A Certificates other than by tendering the certificates in accordance with the tender process set forth in the Series Certificate Agreement. This illiquidity can have a severely negative impact on the prices of Class A Certificates. As a result, you may not be able to sell your Class A Certificates at prices that will allow you to realize your desired yield.

If the Tender Option is terminated due to a Tender Option Termination Event or a Liquidity Failure or Credit Failure, as applicable, you will not be able to tender your Class A Certificates to Freddie Mac for the Purchase Price. Instead, if a Tender Option Termination Event or a Liquidity Failure or Credit Failure, as applicable, occurs, the Series will be liquidated in whole or in part. Without the Tender Option, your ability to sell your Class A Certificates may be limited and the liquidation of the Series may cause you to receive less than the Purchase Price for your Class A Certificates. Moreover, the Class A Certificates may no longer qualify as an eligible investment for certain investors.

Our financial condition, the conservatorship, our future structure and organization, including whether we will continue to exist, monetary policy, regulatory changes, the level of governmental support for Freddie Mac and market perceptions or speculation concerning such factors could materially affect the liquidity and pricing of your Class A Certificates. Moreover, adverse national or global financial and political developments may materially affect the liquidity and pricing of your certificates. These could include, among others: the disruption of international and domestic credit

markets, recessionary or weak economic conditions in the U.S. and in foreign countries (including those countries that own and trade our securities and other mortgage- backed securities), severe contraction in the residential mortgage credit market and the demise and consolidation of several major securities broker-dealers and financial institutions. See *The Certificates – Reset Rates and Prepayment, Yield and Suitability Considerations*.

**The Class A Certificates are subject to market risk.** The market values of your certificates will vary over time in response to, among other factors: the level of, and changes in, prevailing interest rates; monetary policy; market confidence; the age and other characteristics of Deposited Assets backing a Series of Class A Certificate; the number of and outstanding principal balance of other certificates with similar characteristics; the availability of comparable securities and competing supply. Financial, regulatory and legislative developments concerning Freddie Mac generally, including whether we are in conservatorship or receivership, could affect prices for your certificates. In addition, any adverse change in the market perception of our level of governmental support or credit standing could reduce the market price of certificates. If you sell your certificates when their market values are low, you may experience significant losses. See *Prepayment, Yield and Suitability Considerations*.

**The Remarketing Agent may have interests that conflict with the Class A Certificates.** The Remarketing Agent may purchase Class A Certificates for its own account. The Remarketing Agent is appointed by Freddie Mac and paid by the Sponsor and may have other competing client relationships or affiliations. For example, if the Remarketing Agent is affiliated with the Holder of the Class B Certificates, the Remarketing Agent's interests in the Class B Certificates could conflict with the interests of the beneficial owners of Class A Certificates because a low Reset Rate on the Class A Certificates will leave more interest available to be paid to the Holders of Class B Certificates. Furthermore, the Remarketing Agent expects that a completed offering will enhance its ability to assist clients and counterparties in the transaction or in related transactions. Participating in a successful offering and providing related services to clients may enhance the Remarketing Agent's relationships with various parties, facilitate additional business development, and enable it to obtain additional business and generate additional revenue. See *The Certificates — Reset Rates — The Remarketing Agent*.

**Interest on the Class A Certificates may be taxable if interest on the Deposited Assets is determined to be taxable.** All or a portion of the interest received on Class A Certificates could be deemed to be taxable if interest on the Deposited Assets is determined to be taxable. A determination that interest on the Deposited Assets is taxable could occur after distributions are paid on the Class A Certificates. A final determination that interest on the Deposited Assets is taxable would trigger a Tender Option Termination Event and would result in the liquidation of all or part of a Series.

**Credit enhancement is limited.** No form of credit enhancement will be directly available to you as a Holder of Class A Certificates other than (a) the subordination of the Class B Certificates (not offered hereby) to the Class A Certificates of a Series and (b) the Freddie Mac guarantee, as described in this Offering Circular and the related Supplement. The Sponsor may be required to set aside cash reserves to be applied toward the stabilization (including reparation and rehabilitation) of the underlying properties or to contribute other assets, including funds, accounts, letters of credit or interest rate hedges. Because any such additional collateral secures only Freddie Mac, upon any termination and required liquidation of the Series Pool, the Holders of the Class A Certificates would not be entitled to any such collateral and any Deposited Assets distributed upon any such liquidation may be of uncertain value or marketability.

**Regulatory Agreements may reduce rental income and Project value.** The Projects that secure the underlying Deposited Asset Mortgage Loans are expected to be subject to regulatory agreements requiring the underlying borrower under the Deposited Asset Mortgage Documents to comply with any such regulatory agreement. The covenants in a regulatory agreement generally require, among other things, that a minimum number or percentage of units be rented to tenants who have incomes that are substantially lower than median incomes in the applicable area or region or impose restrictions on the amount of rent charged or on the type of tenants who may rent units, such as imposing minimum age restrictions. Additional more stringent restrictions such as Low-Income Housing Tax Credit Land Use Restriction Agreements and other covenants may also apply to the Projects. We cannot assure you that these restrictions will not cause a reduction in rental income or decrease the resale value of the Projects. If rents are reduced, the related property may generate insufficient cash flow to satisfy debt service payments and operating expenses, which may adversely affect payments on the related Deposited Assets; however, such reduction in cash flow will not affect Freddie Mac's obligations to make payments on the Class A Certificates under its guarantee. See *The Certificates — Assets*.

**Redevelopment and renovation may not be completed.** Certain of the Projects may currently be undergoing, or may undergo in the future, redevelopment or renovation. We cannot assure you that any current or planned redevelopment or renovation will be completed, that such redevelopment or renovation will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the Project. Failure of any of the foregoing to occur could have a material negative impact on the related Deposited Asset Mortgage Loan, which could affect the ability of the related borrower to repay the loan or could cause an event of default under the related Deposited Asset Documents, which could in turn result in a Release Event. See *The Certificates — Assets and Prepayment, Yield and Suitability Considerations*.

**Supplemental financing may affect your yield.** Projects may be encumbered by existing or future subordinate debt. In addition, the borrowers generally may incur trade and operational debt or other unsecured debt and enter into equipment and other personal property and fixture financing and leasing arrangements, in connection with the ordinary operation and maintenance of the related Project. The existence of other debt could adversely affect the financial viability of a borrower by reducing the cash flow available to the borrower to operate and maintain the Project or make debt service payments on the Deposited Asset Mortgage Loan.

The existence of any secured subordinated indebtedness or unsecured indebtedness also increases the difficulty of making debt service payments or refinancing an underlying mortgage loan at its maturity. In addition, the related borrower may have difficulty repaying multiple loans. Moreover, the filing of a petition in bankruptcy by, or on behalf of, a junior lienholder may stay the senior lienholder from taking action to foreclose out the junior lien.

Subordinate liens may also complicate servicing decisions, workouts or bankruptcy proceedings. For example, if a supplemental loan is cross-defaulted with the senior loan, the junior loan holder may be entitled to exercise remedies against the related borrower and related Project (subject to any applicable intercreditor agreements), including optional purchase rights that result in early prepayment of the Class A Certificates. We cannot assure you that these circumstances will not adversely impact the value of the related Deposited Assets.

**Potential conflicts of interest.** In connection with the Class A Certificates that we issue, we act in multiple roles — Depositor, Administrator, Guarantor and Liquidity Facility Provider and we oversee



servicing of the Deposited Assets. If so provided in the Supplement, we may also act as a trustee of the related Series.

We also act as “**Deposited Asset Holder Representative**” and “**Funding Lender Representative**” in our capacities as Credit Provider and Liquidity Facility Provider and so control decisions over the Deposited Assets under the Deposited Asset Documents. As Funding Lender Representative, we have the right to approve supplemental secured financing and in some cases we may be the initial holder of junior loans secured by junior liens on the applicable mortgaged real properties. Further, we act in these same roles with respect to other series of Class A Certificates sponsored by other affordable housing market participants.

In exercising our rights under the Agreement, we may in our capacities as the Administrator, Guarantor, Liquidity Facility Provider, Deposited Asset Holder Representative and Funding Lender Representative of other series consider factors as we deem appropriate, including the reduction of administrative costs (in the case of the Administrator), possible exposure under our guarantee (in the case of the Guarantor), impact on other loans we own or guarantee, including any subordinate debt encumbering a Project (Deposited Asset Holder Representative and Funding Lender Representative) or exposure under the Liquidity Facility (in the case of the Liquidity Facility Provider). There is no independent third party engaged with respect to any such underlying securities we issue or Class A Certificates to monitor and supervise our activities in our various roles. In connection with our various roles in other securitizations, Freddie Mac may take certain actions with respect to Deposited Assets that may adversely affect Holders. See *The Agreement — Voting under any Underlying Agreement*.

Servicers appointed by Freddie Mac may also have interests that differ from and compete with the interests of Class A Holders. In the ordinary course of their businesses, servicers will service loans other than the Deposited Asset Mortgages and may own other mortgage loans that are similar to the Deposited Asset Mortgages. For example, servicers may be affiliated with the Holder of the Class B Certificates or the Sponsor or may service other loans in the same market as Projects securing the Deposited Asset Mortgages. In these cases, the interests of the servicer and its clients and affiliates may differ from and compete with the interests of investors in the Class A Certificates, and these activities may adversely affect the amount and timing of collections on the Deposited Assets.

Each of these relationships should be considered carefully by you before you invest in any of the certificates.

**We may fail to make a timely payment on your Class A Certificates if there is a systems failure at the Federal Reserve Banks.** We rely on the Federal Reserve Banks to make payments on Class A Certificates (as well as payments on other types of Freddie Mac mortgage-backed securities) to the appropriate Holders’ accounts. We may use the Federal Reserve Banks’ book-entry system to issue and transfer Class A Certificates. If the Federal Reserve Banks were not able to perform these functions for a period of time or if the Federal Reserve Banks were to experience a disruption in their operations or technology from any cause, including process breakdowns, technology outages, cybersecurity incidents or other security incidents (whether due to insider error or malfeasance or system errors or vulnerabilities), we may be unable to make timely payments on your Class A Certificates, transfer your Class A Certificates, or issue new Class A Certificates. Insufficient cash may cause our account with the Federal Reserve Bank of New York to be overdrawn, potentially resulting in delays in payments on Class A Certificates.

**A failure in our operational systems or infrastructure, or those of third parties, could cause delays in making payments on Class A Certificates and providing monthly disclosures and could disrupt the market for Class A Certificates, either of which could adversely affect the value and liquidity of your Class A Certificates.** We face significant levels of operational risk due to a variety of factors, including the size and complexity of our business operations. Shortcomings or failures in our internal processes, people or systems, or those of servicers and other third parties with which we interact, could lead to a variety of adverse events, including incorrect or late payments on Class A Certificates and delays in providing, or errors in, our disclosures. We also face operational risk with respect to servicers, dealers or other financial intermediaries we use to facilitate Class A Certificates-related activities and operations. Operational failures could occur for a number of reasons, including process breakdowns, technology outages, cybersecurity incidents or other security incidents or other disruptions. The use of new technologies, including artificial intelligence / machine learning technologies, by us or third parties could expose us to additional legal or regulatory risk or increase the risk of operational failure for us or a third party.

#### **GENERAL RISK FACTORS:**

**A credit downgrade could adversely affect the liquidity and prices of your Class A Certificates.** Any downgrade in the credit ratings of the U.S. government would be expected to be accompanied by a downgrade in our credit ratings. In addition to a downgrade in the credit ratings of or outlook on the U.S. government, several other events could adversely affect our credit ratings, including actions by governmental entities, changes in government support for us, changes in regulatory designations of our debt, future losses, additional draws under the Purchase Agreement, uncertainty regarding a breach of the U.S. debt ceiling, government shutdowns, and default by the U.S. government on its obligations. Any such downgrades could adversely affect the liquidity and prices of your Class A Certificates.

**General economic or market conditions could adversely affect your Class A Certificates.** Changes in economic or market conditions, including volatility in the financial services industry, changes in employment rates, inflation, banking crises or failures or other macroeconomic conditions could adversely affect your Class A Certificates in a number of ways. In addition, declining property values (including due to longterm climate change effects) and acute physical risks arising from the increased frequency and severity of catastrophic events, including a flood, hurricane, earthquake, tsunami or wildfire, could affect the residential housing market. Losses from natural disasters may also result in higher uninsured losses for borrowers due to rising costs or limited availability of insurance compared to historical levels, especially in certain high-risk areas.

If the U.S. economy is weak or property values decline, we could experience a high level of payment defaults on Deposited Asset Mortgages. Payment defaults on Deposited Asset Mortgages could result in accelerated prepayments of your Class A Certificates as a result of our repurchase practices relating to seriously delinquent Deposited Asset Mortgages and Deposited Asset Mortgage modifications, foreclosures, and workouts. The rate of modifications could significantly increase and remain high as a result of our modification initiatives. These developments could adversely affect the liquidity, pricing and yield of your Class A Certificates. Payment and recovery of principal on your Class A Certificates could depend on our ability to honor our guarantee obligations.

The value and liquidity of your investment in Class A Certificates may also be adversely affected by changes in global or domestic economic and political conditions, including acts of terrorism, civil

unrest, geopolitical instability or conflict, public health events and epidemics or pandemics such as COVID-19.

Volatility in currency exchange rates could adversely affect the yield on your Class A Certificates if you conduct your financial activities in a currency other than the U.S. dollar.

#### **GOVERNANCE FACTORS:**

**The Conservator may repudiate our contracts, including our guarantee.** As Conservator, FHFA may disaffirm or repudiate contracts (subject to certain limitations for qualified financial contracts) that we entered into prior to its appointment as Conservator if it determines, in its sole discretion, that performance of the contract is burdensome and that disaffirmation or repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires FHFA to exercise its right to disaffirm or repudiate most contracts within a reasonable period of time after its appointment as Conservator. In a final rule published in June 2011, FHFA defines a reasonable period of time following appointment of a conservator or receiver to be 18 months.

The Conservator has advised us that it has no intention of repudiating any guarantee obligation relating to Freddie Mac's mortgage-related securities, including the Class A Certificates, because it views repudiation as incompatible with the goals of the conservatorship. In addition, the Reform Act provides that mortgage loans and mortgage-related assets that have been transferred to a Freddie Mac securitization trust must be held for the beneficial owners of the related Freddie Mac mortgage-related securities, including the Class A Certificates, and cannot be used to satisfy our general creditors.

If our guarantee obligations were repudiated, payments of principal and/or interest to Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the Series Pool. In that case, administration and servicing fees could be paid from Deposited Asset Mortgage payments prior to distributions to Holders. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders. Holders would experience delays in receiving payments on their Class A Certificates because the relevant systems are not designed to make partial payments.

The Conservator also has the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without our approval, assignment or consent. If the Conservator were to transfer our guarantee obligation to another party, Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party.

**The liability of the Conservator, in the event it repudiates our guarantee, is limited.** The liability of the Conservator, in the event it repudiates our guarantee, is limited. In general, the liability of the Conservator for the disaffirmance or repudiation of any contract, including our guarantee, is limited to actual direct compensatory damages determined as of September 6, 2008, which is the date we were placed into conservatorship.

**FHFA could terminate the conservatorship by placing us into receivership, which could adversely affect our guarantee, and restrict or eliminate certain rights of Holders.** We could be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons as set forth in the Reform Act. Bills have been and may continue to be introduced in Congress that provide for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury is unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth.

Being placed into receivership would terminate the current conservatorship. The purpose of receivership is to liquidate our assets and resolve claims against us. The appointment of FHFA as our receiver would terminate all rights and claims that our stockholders and creditors may have against our assets or under our charter as a result of their status as stockholders or creditors, other than the possible payment upon our liquidation.

If FHFA were to become our receiver, it could exercise certain powers that could adversely affect Holders. As receiver, FHFA could repudiate any contract entered into by us prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of our affairs. The Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. FHFA has defined such a reasonable period to be 18 months.

If FHFA, as receiver, were to repudiate our guarantee obligations, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Reform Act. Any such liability could be satisfied only to the extent our assets were available for that purpose.

Moreover, if our guarantee obligations were repudiated, payments of principal and/or interest to Holders would be reduced in the event of any borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the Series Pool. In that case, series pool administration and servicing fees could be paid from payments on the Deposited Assets and other assets prior to distributions to Holders of Class A Certificates. Any actual direct compensatory damages owed due to the repudiation of our guarantee obligations may not be sufficient to offset any shortfalls experienced by Holders. Holders would experience delays in receiving payments on their Guaranteed Certificates because the relevant systems are not designed to make partial payments.

In addition, when administering the receivership claims process, FHFA could treat similarly situated creditors unequally, including treating creditors with claims related to senior unsecured debt securities and creditors with claims related to guarantee obligations on mortgage-related securities unequally, if FHFA determines such treatment is necessary to maximize the value of the assets of Freddie Mac, to maximize the present value return from the sale or other disposition of the assets of Freddie Mac, or to minimize the amount of any loss realized upon the sale or other disposition of the assets of Freddie Mac, as long as all creditors would receive at least as much as they would in a liquidation. During receivership or conservatorship, FHFA may take any authorized action that FHFA determines is in the best interest of Freddie Mac or FHFA, including the public that FHFA serves.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of Freddie Mac, including our guarantee obligation, without any approval, assignment or consent of any party. If FHFA, as receiver, were to transfer our guarantee obligation to another party, Holders would have to rely on that party for satisfaction of the guarantee obligation and would be exposed to the credit risk of that party. During a receivership, certain rights of Holders of Guaranteed Certificates may not be enforceable against FHFA, or enforcement of such rights may be delayed.

The Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which Freddie Mac is a party, or obtain possession of or exercise control over any property of Freddie Mac, or affect any contractual rights of Freddie Mac, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver.

If we are placed into receivership and do not or cannot fulfill our guarantee obligation to Holders of Guaranteed Certificates, Holders could become unsecured creditors of Freddie Mac with respect to claims made under our guarantee.

In addition to oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA and to certain regulation by other government agencies. FHFA has the power to require us from time to time to change our processes, take action and/or stop taking action that could impact our business. Certain actions that we have taken pursuant to FHFA direction are intended to promote equitable access to affordable and sustainable housing and could have a negative impact on the performance of our Class A Certificates. See the Incorporated Documents for additional information regarding the possible implications of a receivership.

### **APPLICATION OF PROCEEDS**

Most Series of Class A Certificates are issued in exchange for the underlying Deposited Assets, in which case we do not receive cash proceeds. In some instances, we issue Class A Certificates backed by Deposited Assets that we already own. In those transactions, we use the net proceeds received from the sale of the Class A Certificates to the related dealers for cash to provide funds for general corporate purposes, including the purchase and financing of additional Deposited Assets and mortgage securities.

### **CREDIT RISK RETENTION**

Freddie Mac, as sponsor of the securitizations in which Class A Certificates are to be issued, will not retain risk pursuant to provisions of FHFA's Credit Risk Retention Rule (12 C.F.R. Part 1234) (the "**Rule**") because FHFA, as Conservator and in furtherance of the goals of the conservatorship, has determined to exercise authority under Section 1234.12(f)(3) of the Rule to sell or otherwise hedge the credit risk that Freddie Mac would be required to retain and has instructed Freddie Mac to take such action necessary to effect this outcome. Freddie Mac also will not rely on a third party purchaser to retain risk pursuant to the Rule, as may otherwise be permitted under Section 1234.7 (Commercial mortgage-backed securities). As a result, no party will retain risk with respect to this transaction in a form or an amount pursuant to the terms of the Rule. Although Freddie Mac will not be retaining risk pursuant to the Rule as a result of FHFA instructions, it may elect to retain, to the extent permitted by FHFA, some portion of the Certificates.

### **THE CERTIFICATES**

We create and administer each Series of Certificates. We sell and guarantee certain payments of principal and interest on Class A Certificates. Class A Certificates are offered pursuant to this Offering Circular and the related Supplement. Class B Certificates are issued simultaneously with Class A Certificates, but will not be offered pursuant to this Offering Circular.

### **ASSETS**

Each Certificate represents an undivided ownership interest with specified rights in the Deposited Assets contained in its related Series.

The Deposited Assets are issued or made by state and local government entities to finance affordable multifamily housing. Unless otherwise specified in the related Supplement, the Deposited Assets are secured by a pledge by the issuer of first liens on the related multifamily residential

properties and certain other assets, including funds and accounts held by the bond trustee or fiscal agent, and in some instances, other collateral including letters of credit and interest rate hedges.

The general terms of the specific Deposited Assets for each Series of Certificates will be described in the applicable Supplement.

Funds from Deposited Assets may be used to construct, acquire and rehabilitate or refinance affordable multifamily housing properties. For properties that are being constructed or rehabilitated, the financing documents contain certain conditions regarding, among other things, the timing of completion of the project and leasing of the units. Once a property satisfies these conditions it is said to achieve “stabilization.” Examples of these conditions include:

(i) the construction has been completed in accordance with the plans and specifications and any amendments thereto consented to by the Deposited Asset Holder Representative and applicable building codes;

(ii) a certificate of occupancy has been issued for each building that is located on the property; (iii) the property shall have obtained physical occupancy (net of concessions) of not less than a percentage specified in the related Deposited Asset Documents for 90 consecutive days;

(iv) the debt coverage ratio of the applicable property and Mortgage is equal to or greater than a percentage specified in the related Deposited Asset Documents;

(v) the loan-to-value ratio of the Deposited Asset Mortgage is equal to or less than a set percentage specified in the related Deposited Asset Documents; and

(vi) any additional conditions have been satisfied.

If a property does not achieve stabilization by a set date, the property may not be eligible for permanent financing and the related Deposited Asset may be subject to mandatory redemption or tender. There is no certainty that construction will be completed or that all of the conditions to conversion will be satisfied in time for a property to achieve stabilization.

Even if a property achieves stabilization within the specified time frame, the Deposited Asset Documents related to that property may provide for a reduction of the principal amount of the Deposited Assets related to that property to an amount that is less than the original principal amount of the related Deposited Asset. If the principal amount of the Deposited Assets related to a property is reduced upon stabilization, the principal amount of the related Deposited Assets will be reduced through a partial prepayment of such Deposited Assets. This prepayment would be funded by the property owner. If such prepayment is required as a condition to stabilization and is not made, conversion to permanent financing will not occur and the related Deposited Assets may be subject to mandatory redemption or tender in whole, as described above.

In addition, Freddie Mac may have more stringent or additional conditions beyond those set forth in the Deposited Asset Documents to be met for it to treat a property related to the Deposited Assets as stabilized. If such conditions are not met, the failure of a property to stabilize may constitute a Release Event under the applicable Series Certificate Agreement permitting the Deposited Assets to be released from the Series following the payment of the Purchase Price. This would result in a prepayment of the Class A Certificates.

The stabilization date may be extended under the terms of the related Deposited Asset Documents. You will not receive notice of an extension of the stabilization date.

Generally, each underlying Deposited Asset Mortgage is a fixed or floating rate, interest only, fully amortizing or balloon mortgage with an original term of 10 to 40 years. The Deposited Asset Mortgages usually either prohibit prepayment or provide for prepayment at a premium for some period, after which the Deposited Asset Mortgage may be prepaid at par. Principal payments on the Deposited Assets are generally made on a monthly or semi-annual basis on an amortization schedule that usually does not exceed 40 years, with a maturity from 10 to 40 years following the beginning of amortization. Principal and interest payments are typically made on the Mortgages by the related borrowers on a monthly basis. The specific characteristics of the Deposited Assets will be set forth in the related Supplement.

The applicable bond trustee or fiscal agent will pay principal and interest on each Deposited Asset, and deduct and pay fees due with respect to that Deposited Asset. If the borrower fails to pay the mortgage underlying a Deposited Asset, the servicer will notify the applicable bond trustee or fiscal agent and Deposited Asset Holder Representative. The Deposited Asset Holder Representative will instruct the applicable bond trustee or fiscal agent as to remedies. Freddie Mac will be the Deposited Asset Holder Representative for the Deposited Assets in each Series.

## **PAYMENTS**

### **Payment Dates**

As Administrator, we make payments to Holders of Class A Certificates on each applicable Payment Date. A **“Payment Date”** is the 15th day of each month or, if the 15th day is not a Business Day, the next Business Day.

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

- A Saturday or a Sunday.
- A day when the offices of the federal government in the District of Columbia generally are closed.
- A day when the Federal Reserve Bank of New York is closed.
- A day when Freddie Mac is closed.
- A day when DTC is closed.
- A day when banks in New York or the city(ies) in which the Administrator, Freddie Mac or Remarketing Agent is located are closed.
- A day when the New York Stock Exchange is closed.

### **Class Factors**

As Administrator, we calculate and make available each month (including on our website) the Class Factor for Class A Certificates of each Series.

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

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

The Class Factor for each Class A Certificate for the month of its issuance is 1.00000000. In connection with any remarketing of any Class A Certificates pursuant to the Series Certificate Agreement, the Class Factors for the remarketed Class A Certificates will continue to be based on the original principal amount of such Class A Certificates as of the Closing Date prior to any remarketing(s) of such Class A Certificates.

### **Distribution Account**

As Administrator, we hold funds that are received from the Deposited Assets and used to pay Holders in an account or accounts separate from our own corporate funds. Such separate account(s), collectively, are called the Distribution Account. For so long as we are acting as Administrator, the Distribution Account may be an unsegregated account, without separate subaccounts. Payments received on the Deposited Assets may be commingled in the Distribution Account with payments relating to other Series administered by Freddie Mac or with Freddie Mac's own assets, provided that we maintain separate books and records for each Series and otherwise comply with the terms of the Agreement.

For each Payment Date, we deposit into the Distribution Account each of the following amounts related to that Payment Date:

- all Deposited Asset Payments received, including Deposited Asset Redemption Premiums;
- all amounts paid in connection with a Release Event;
- all amounts Freddie Mac pays under its Credit Enhancement; and
- all Administrator Advances by Freddie Mac.

### **Interest Distributions**

For each Payment Date other than the first Payment Date, holders of Class A Certificates will be paid interest equal to the aggregate of the interest accrued each day in the calendar month preceding each Payment Date (the "**Accrual Period**") at the Reset Rate or Term Extended Rate in effect for such Certificate on each such day. For the first Payment Date, the Accrual Period will run from the Accrual Commencement Date specified in the Supplement to the last day of the month preceding the first Payment Date.

The Deposited Assets are expected to generate more interest than is necessary to provide for interest at a rate that will enable the Remarketing Agent to remarket all Class A Certificates at par, but no assurance can be given that this will be the case.

### **Principal Distributions**

Principal will be paid on each Payment Date. For any Payment Date, the total amount of principal payments available for distribution will equal the sum of:

- The amount of principal payments scheduled or made on the Deposited Assets during the collection period for that Payment Date ("**Available Principal**"). The collection period for each Payment Date will be the period from the second Business Day of the prior calendar month through the first Business Day of the month of that Payment Date.



- The Deposited Asset Redemption Premium, if any, payable to Holders, determined in accordance with the Gain Share calculation described in the Supplement or an exhibit to the Supplement. Freddie Mac does not guarantee the payment of any Deposited Asset Redemption Premium.
- Class A Certificates share of the Hypothetical Gain Share, if any, in connection with a payment arising from a Release Event. Hypothetical Gain Share is calculated as described in the Supplement or an exhibit to the Supplement. Freddie Mac does not guarantee the payment of any Hypothetical Gain Share.

On each Payment Date, other than a Payment Date related to a Release Event, we pay Available Principal to the Holders of the Class A Certificates entitled to receive principal payments on that Payment Date pro rata as follows:

- To Freddie Mac as the secured lien holder of Pledged Class A Certificates, until the balance of any Pledged Class A Certificates is reduced to zero.
- To the other Holders of Class A Certificates, until retired.

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

On each Payment Date, we also pay the Deposited Asset Redemption Premium (if any) and Hypothetical Gain Share (if any) related to a Release Event to the Class A Certificates, until retired.

On any Payment Date related to a Release Event, we pay the portion of Available Principal related to the released Deposited Asset as described under *The Certificates — Release Event*.

While the DTC System is in effect, payments of principal to Holders of Class A Certificates other than Freddie Mac as the secured lien holder of Pledged Class A Certificates will be paid in multiples of \$5,000 under random lot procedures. Under such random lot procedures, on each Payment Date when principal is payable on Class A Certificates, the amount payable on that Class is rounded to a multiple of \$5,000. On the first such Payment Date, the Certificate Registrar withdraws from the Odd-Lot Subaccount any funds needed to round the principal payment upward to the next multiple of \$5,000 and pays the rounded amount on the Class A Certificates. On the next such Payment Date, the Certificate Registrar applies the principal payable on the Class A Certificates first to repay any amount withdrawn from the Odd-Lot Subaccount on the previous Payment Date. The Certificate Registrar then rounds the remainder of the principal payment upward to the next multiple of \$5,000, by making another withdrawal from the Odd-Lot Subaccount, and pays this amount on the Class A Certificates. This process continues on each following Payment Date until the Class A Certificates have been retired.

While the DTC System is in effect, DTC will determine which Holders will be paid by using its established random lot procedures. Each DTC Participant receiving principal payments, and each financial intermediary in the chain to the beneficial owners, will remit payments to their customers according to their own procedures, which may or may not be by random lot. A DTC Participant or financial intermediary could decide to allot Class A principal payments to certain customers (which could include the DTC Participant or intermediary) without allotting payments to others. You may ask your brokers or other intermediaries or the Remarketing Agent what allocation procedures they use.

While the Fed System is in effect, payments of principal to Holders of the Class A Certificates will be paid in multiples of \$0.01 in accordance with the Fed System Book Entry Rules.

## Reports to Holders

Each month, not later than the second Business Day prior to the Payment Date for that month, we will make available on our website the following information:

- the related Payment Date;
- the Class Factor for that Payment Date;
- the Term Extended Rate or the weighted average of the Reset Rate applicable to that Payment Date, as applicable; and
- if all of the Certificates are to be redeemed in full on a Payment Date, the notice described under *The Agreement — Final Distribution*.

## Record Dates

As Administrator, we make payments on each Payment Date to Holders as of the related Record Date. Unless otherwise provided in the applicable Supplement, the “**Record Date**” for any Payment Date is the close of business on the last day of the preceding month.

## Final Payment Date

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

## RESET RATES

### The Remarketing Agent

The Supplement will identify the Remarketing Agent, if any, for the related Series. The Remarketing Agent sets the Reset Rate and determines the Maximum Reset Rate for the Class A Certificates by 5:00 p.m. on the related Reset Date. The Remarketing Agent is also responsible for remarketing Class A Certificates that are tendered to us. The Supplement will identify the Remarketing Agent for that Series.

### *The Remarketing Agent May Purchase Class A Certificates for Its Own Account*

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and may, in its sole discretion, purchase such obligations for its own account, including the Class A Certificates. In its sole discretion, the Remarketing Agent may acquire tendered Class A Certificates in order to achieve a successful remarketing of the Class A Certificates (for example, because there otherwise are not enough buyers to purchase the Class A Certificates) or for other reasons. *The Remarketing Agent is not obligated to purchase Class A Certificates, however, and may cease doing so at any time without notice.* The Remarketing Agent may also sell any Class A Certificates it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Class A Certificates. The purchase of Class A Certificates by the Remarketing Agent may create the appearance that there is greater third party demand for the Class A Certificates in the market than is actually the case. The practices described above also may result in fewer Class A Certificates being tendered in a remarketing.

*Class A Certificates May be Offered at Different Prices on Any Date, Including a Reset Date*

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the rate of interest that, in its judgment, is the minimum rate which would, under then existing market conditions, result in the sale of the Class A Certificates on the applicable Reset Date at a price equal to the principal amount thereof plus accrued interest, if any. The interest rate will reflect, among other factors, the level of market demand for the Class A Certificates (including whether the Remarketing Agent is willing to purchase Class A Certificates for its own account). There may or may not be Class A Certificates tendered and remarketed on a Reset Date, and it is possible that the Remarketing Agent may not be able to remarket any Class A Certificates tendered for purchase on such date at par. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Class A Certificates at the remarketing price. In the event the Remarketing Agent owns any Class A Certificates for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Class A Certificates on any date, including the Reset Date, at a discount or premium to par.

*Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Class A Certificates, Without a Successor Being Named*

Under certain circumstances, the Remarketing Agent may be removed or resign or cease its remarketing efforts without a successor having been named, subject to the terms of the Remarketing Agreement.

**Determination of the Reset Rate**

The Reset Rate will change from time to time. The Reset Rate for any period will be the minimum rate of interest which would, in the judgment of the Remarketing Agent, under then prevailing market conditions (taking into account that such rate will be reset on the next Reset Date), result in a sale of the Class A Certificates at a market price equal to the outstanding balance of the Class A Certificates, plus accrued interest. The Reset Rate cannot exceed the Maximum Reset Rate calculated as described in the Supplement or an exhibit to the Supplement.

The Remarketing Agent will calculate the Maximum Reset Rate on each Reset Date immediately prior to determining the Reset Rate.

If the Remarketing Agent fails to set a Reset Rate by 5:00 p.m. on the Reset Date, the Reset Rate for the next period will be the lesser of the previous Reset Rate or the Maximum Reset Rate.

Upon setting the Reset Rate, the Remarketing Agent notifies Freddie Mac of the Reset Rate, the Maximum Reset Rate and the date on which the Reset Rate will take effect. After the Remarketing Agent sets the Reset Rate and gives notice to Freddie Mac, the determination of the Reset Rate, absent manifest error, will be binding, subject to the Maximum Reset Rate. You may obtain the Reset Rate for each period from the Remarketing Agent as described in the Supplement or from our website.

## Reset Rate Method

The frequency of making changes to the Reset Rate is called the “**Reset Rate Method.**” The following table shows the date by which the Reset Rate will be determined (each a “**Reset Date**”) and the period during which the Reset Rate applies for each Reset Rate Method.

<u>Reset Rate Method</u>	<u>Reset Date(1)</u>	<u>Related Accrual Period(2)</u>
<b>Weekly Reset Rate Method and FLO Reset Rate Method unless a FLO Failed Remarketing Event has occurred</b>	<ul style="list-style-type: none"> <li>• Wednesday</li> <li>• if Wednesday is not a Business Day, the preceding Business Day</li> </ul>	Thursday through the following Wednesday
<b>Monthly Reset Rate Method</b>	Last Business Day of the preceding month	Calendar Month
<b>Term Reset Rate Method</b>	Last Business Day prior to the beginning of the term	Term specified in notice to holders (or until the Series Expiration Date, if earlier)(3)

(1) However, if the Reset Rate Method is being changed, the Reset Date will be the Business Day preceding the Reset Rate Change Date.

(2) However, if the Reset Rate Method is being changed and the Reset Rate Change Date is prior to the end of this period, the Reset Rate will apply through day preceding the next Reset Rate Change Date.

(3) Unless otherwise approved by Freddie Mac, this period will not be less than 180 days nor more than one year until the First Optional Disposition Date. After the First Optional Disposition Date, this period will not be less than 180 days nor more than five years.

The Supplement will specify the initial Reset Rate Method applicable to each Series.

If the Monthly Reset Rate Method or Term Reset Rate Method is in effect, the Remarketing Agent will make preliminary indications of the Reset Rate for the next period available by telephone six Business Days prior to the related Reset Date. The Reset Rate will not be less than the preliminary Reset Rate quoted by the Remarketing Agent.

**FLO Reset Rate prior to the occurrence of a FLO Failed Remarketing Event.** If the FLO Reset Rate Method is in effect, then:

- Prior to the occurrence of a FLO Failed Remarketing Event, the initial FLO Reset Rate commencing on the Closing Date, or commencing on the date the Reset Rate Method is changed to the FLO Reset Rate Method, will be in effect from such date through the next succeeding FLO Reset Date, and thereafter the FLO Reset Rate applicable on the FLO Reset Date in each week will be in effect from the next business day to the next FLO Reset Date, or, if earlier, through the day preceding the next Reset Rate Method Change Date.
- Upon the occurrence of a FLO Failed Remarketing Event while in a FLO Reset Rate Method Period, (a) the Remarketing Agent will no longer determine the FLO Reset Rate and (b) the Required Class A Certificate Interest Distribution Amount for all FLO Reset Rate Class A Certificates related to any Accrual Period during which a FLO Failed Remarketing Event exists (until the occurrence of a successful remarketing by the Remarketing Agent, a Mandatory Tender Event or a Series Termination Event) will be an amount equal to the sum of: (i) for the portion of the Accrual Period during which the FLO Failed Remarketing Event exists, the interest scheduled to accrue on the Deposited Assets minus the accrued Freddie Mac Fee and Remarketing Agent Fee during such period and (ii) for the portion of the Accrual Period during which the FLO Failed Remarketing Event did not exist, the interest accrued at the FLO Reset Rate or other applicable Reset Rate during such period.

A “**FLO Failed Remarketing Event**” occurs in the event that all Tendered Class A Certificates or tendered Class A Certificates in connection with an Optional Disposition Date, as applicable, cannot be remarketed on a proposed Purchase Date following the delivery of an Exercise Notice or on a proposed Optional Disposition Date.

Upon the occurrence of a FLO Failed Remarketing Event:

- The proposed Purchase Date (or Optional Disposition Date) will be cancelled.
- Freddie Mac will have no obligation to make a payment under the Liquidity Facility with respect to such cancelled Purchase Date (or Optional Disposition Date).
- All FLO Reset Rate Class A Certificates will continue to be owned by the Registered Holders thereof.
- Interest on the FLO Reset Rate Class A Certificates will be payable as described above.
- The Remarketing Agent will continue to use its best efforts to remarket the Class A Certificates through the date that is 30 calendar days following the receipt of such Exercise Notice or Optional Disposition Date Notice, as applicable (“**Remarketing Window**”).

If the Class A Certificates are successfully remarketed during the Remarketing Window, the Purchase Date (or Optional Disposition Date) will be re-established five Business Days after the Remarketing Agent provides notice of such pending purchase to the Administrator, Freddie Mac, the Sponsor and the Holders of the Class A Certificates (or tendered Class A Certificates in connection with an Optional Disposition Date). The FLO Reset Rate for such new FLO Reset Rate Method Period will be determined as described above.

If the Class A Certificates are not successfully remarketed, all FLO Reset Rate Class A Certificates will be subject to mandatory tender on the one year anniversary of the date of the delivery of the Exercise Notice or Optional Disposition Date Notice, as applicable, preceding the FLO Failed Remarketing Event (“**FLO Failed Remarketing Purchase Date**”). Freddie Mac guarantees the payment of the Purchase Price for the Class A Certificates on the FLO Failed Remarketing Purchase Date. The FLO Failed Remarketing Purchase Date will be a Terminating Mandatory Tender Date.

### **Change of Reset Rate Method**

The Reset Rate Method may be changed by:

- direction of the Holders of a majority of the outstanding principal balance of Class B Certificates (with Freddie Mac’s approval).
- Freddie Mac, if the interest rate hedge required by the Reimbursement Agreement between Freddie Mac and the Sponsor is not in effect.

If the Reset Rate Method is changed, Holders will be notified by the Remarketing Agent of the change at least eight Business Days prior to the change taking effect. A change of the Reset Rate Method will be a Mandatory Tender Event (however, you will have the Retention Right). See *Description of Certificates — Mandatory Tender*.

If the Reset Rate Method is changed to the Weekly Reset Rate Method, the Monthly Reset Rate Method or the FLO Reset Rate Method (including following a FLO Failed Remarketing Event whereby a new FLO Reset Rate period is commenced), the Reset Rate Method will continue to be

Weekly or Monthly, as applicable, until changed by Holders of Class B Certificates with Freddie Mac's consent. If the Reset Rate Method is changed to the Term Reset Rate Method, the Reset Rate Method will become Weekly at the conclusion of the specified term, unless the Holders of the Class B Certificates with Freddie Mac's consent elect to continue the Term Reset Rate Method. The expiration of a period in which the Term Reset Rate Method is in effect will be a Mandatory Tender Event, subject to your Retention Right.

The Reset Rate Method may not be changed during the last two Business Days before a Mandatory Tender Date.

### **TERM EXTENDED RATE**

If so specified in the Supplement, the Class A Certificate shall bear interest at the Term Extended Rate specified in the Supplement. The Term Extended Rate will generally be a fixed interest rate per annum to be in effect from and including the Closing Date to but not including the Series Expiration Date. Class A Certificates in the Term Extended Rate may not be converted to a Reset Rate Method. The Tender Option does not apply to Class A Certificates in the Term Extended Rate, nor does any requirement for Mandatory Tender (other than with respect to Mandatory Tenders resulting from a Credit Provider Termination Event or a Clean-Up Event). Except as otherwise provided in the Supplement, Holders of Class A Certificates in the Term Extended Rate may tender their Class A Certificates on any Optional Disposition Date. Class A Certificates in the Term Extended Rate are subject to early redemption in connection with a Tender Option Termination Event.

### **TENDER OPTION**

#### **Rights of Holders to Tender Class A Certificates**

Holders of a Class A Certificate have the Tender Option to tender their Class A Certificates to Freddie Mac on any Purchase Date in exchange for the Purchase Price upon giving proper notice. We are obligated to pay the Purchase Price for each Class A Certificate validly tendered pursuant to the Tender Option.

A **"Purchase Date"** is:

- any Business Day, when the Weekly Reset Rate Method or the FLO Reset Rate Method is in effect; or
- the first Business Day of every calendar month, when the Monthly Reset Rate is in effect.

The Tender Option is not available:

- when the Term Reset Rate Method or Term Extended Rate is in effect;
- when the FLO Reset Rate Method is in effect and a FLO Failed Remarketing Event exists;
- for Affected Certificates after the occurrence of an applicable Tender Option Termination Event; or
- for Pledged Class A Certificates.

Holders of Class A Certificates may exercise the Tender Option for Class A Certificates having an original balance of \$5,000 and integral multiples of \$5,000 in excess thereof. Holders may not exercise the Tender Option for other denominations of Class A Certificates.

## **Procedures to Exercise the Tender Option**

In order to exercise the Tender Option, you must instruct the Holder of your Certificates to exercise the Tender Option on your behalf.

To exercise the Tender Option on your behalf, a Holder of Class A Certificates must do each of the following:

- Give an Exercise Notice to the Remarketing Agent and Freddie Mac. The Exercise Notice must be given by 5:00 p.m., on or prior to the fifth Business Day preceding the Purchase Date. The Exercise Notice should be made by telephone and confirmed by telecopy, facsimile transmission, electronic mail or similar electronic means of communication. The confirmation must be received by the principal office of the Remarketing Agent as specified in the Supplement and at Freddie Mac, Office of the Registrar, 1551 Park Run Drive, MS-D5P, McLean, Virginia 22102 by 5:00 p.m. on the same day. The Exercise Notice must specify each of the following:
  - the original balance of the Class A Certificates being tendered;
  - the Authorized Denominations tendered for purchase; and
  - the Purchase Date on which you demand purchase.
- Deliver the Class A Certificates to Freddie Mac by book-entry transfer into Freddie Mac's account at DTC by not later than 11:00 a.m. on the Purchase Date.
- Advise Freddie Mac in writing of the single account of the Holder in which payment for Tendered Class A Certificates is to be transferred.

If the Weekly Reset Rate or the Monthly Reset Rate is in effect, Freddie Mac will pay the Purchase Price of any Tendered Class A Certificates on the Purchase Date. If the FLO Reset Rate is in effect, upon receipt of an Exercise Notice, the Remarketing Agent will use its best efforts to remarket the Tendered Class A Certificates and in the event it successfully remarkets all such Tendered Class A Certificates, Freddie Mac will pay the Purchase Price of any Tendered Class A Certificates on the Purchase Date with the remarketing proceeds. Payment of the Purchase Price of any Tendered Class A Certificates will be made by 3:00 p.m. to the Holders as they appear on the records of the Certificate Registrar.

Once it is exercised, the Tender Option may not be revoked. Upon giving telephonic notice of exercise of the Tender Option to Freddie Mac or the Remarketing Agent, or upon delivery of an Exercise Notice to Freddie Mac or the Remarketing Agent, Holders of Class A Certificates will have no further rights or interests in such Class A Certificates other than the right to receive payment of the Purchase Price. No interest will be paid on such Class A Certificates from and after the Purchase Date.

If a Holder of Class A Certificates gives an Exercise Notice and then fails to deliver the Tendered Class A Certificates as described above, the Tendered Class A Certificates will be deemed to have been delivered, and the Holder will have no further rights or interests in such Class A Certificates other than the right to receive payment of the Purchase Price.

Freddie Mac will determine whether the Tender Option has been exercised in compliance with the requirements described in this section. If an attempted exercise of the Tender Option does not comply with these requirements, Freddie Mac will reject such exercise and redeliver such Class A Certificates

by using its best efforts to transfer such Certificates “free” on the records of DTC to the applicable Holder.

Freddie Mac will give the Remarketing Agent and DTC a Tender Advice by not later than 5:00 p.m. on the Business Day after it receives an Exercise Notice. The Tender Advice will be delivered by telecopy, facsimile transmission, electronic mail or similar electronic means of communication and will set forth:

- the Purchase Date and
- the aggregate Authorized Denominations of Class A Certificates tendered for purchase.

### **Tender Option Termination Events**

The Tender Option for a Series will terminate without notice upon the occurrence of any of the following events (each, a “**Tender Option Termination Event**”):

- (a) There shall have occurred (A) a failure to pay when due any installment of principal or interest with respect to any Deposited Assets and (B) a failure by Freddie Mac to pay on the Credit Enhancement which failure or failures continues for three Business Days.
- (b) Interest on a Deposited Asset underlying that Series is determined to be includable in the recipient’s gross income for federal income tax purposes. This determination may be made by the entry of any decree or judgment by a court of competent jurisdiction or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action is deemed final under applicable procedural law.
- (c) The rating of the long-term senior debt of Freddie Mac is reduced below “Baa3” in the case of Moody’s and “BBB-” in the case of Fitch and S&P by each such rating agency rating such debt.

If a Tender Option Termination Event occurs, the Series will be subject to complete or partial liquidation on the related Exchange Date. See *The Agreement — Termination*.

If a Tender Option Termination Event occurs, Freddie Mac will promptly give the Remarketing Agent and the Holders a Tender Option Termination Notice by telecopy, facsimile transmission, electronic mail or similar electronic means of communication, promptly confirmed by mailing a copy of the Tender Option Termination Notice. The Tender Option Termination Notice will set forth each of the following items:

- A description of the Tender Option Termination Event that has occurred and a description of the Affected Deposited Assets.
- The date when such Tender Option Termination Event occurred.
- A schedule, prepared by Freddie Mac, of the Deposited Assets, if any, that will remain after the complete or partial liquidation of the Series and required distributions have been effected on the related Exchange Date.
- If applicable, a schedule, prepared by Freddie Mac, of the amounts of Class A Certificates and Class B Certificates and of the obligation, if any, of Freddie Mac to purchase tendered



Certificates that will remain after the complete or partial liquidation of the Series and required distributions have been effected on the related Exchange Date. No such obligation will exist after a complete liquidation of the Series.

Freddie Mac will give the Holders of Class A Certificates a copy of the Tender Option Termination Notice not later than one Business Day following its delivery to the Remarketing Agent (or directly to the Holders if there is no Remarketing Agent). The failure to give notice of any Tender Option Termination Event to the Holders or the failure of any Holder to receive such notice will not delay or affect in any manner the termination of the right to exercise the Tender Option with respect to any Affected Certificates.

## **MANDATORY TENDER**

### **Mandatory Tender Events**

Freddie Mac has the right to purchase Class A Certificates (other than Affected Certificates and Pledged Class A Certificates) if a Mandatory Tender Event occurs. If a Mandatory Tender Event occurs:

- Freddie Mac will give notice (“**Mandatory Tender Notice**”) to the Holders and the Remarketing Agent.
- Freddie Mac will purchase all or a portion of the outstanding Class A Certificates and pay the Purchase Price on the “**Mandatory Tender Date**” specified in the table below. After the Mandatory Tender Date and payment of the Purchase Price you will not have a right to additional payments of principal or interest from your Class A Certificates.

Under some circumstances, you may decline a Mandatory Tender by exercising your Retention Right. If you exercise the Retention Right, your Class A Certificates will not be purchased and you will not receive the Purchase Price. See *The Certificates — Mandatory Tender — Right to Retain*.

The table below specifies the dates of the Mandatory Tender Notice and the Mandatory Tender Date for each related Mandatory Tender Event.

Mandatory Tender Event	Notice Requirements	Mandatory Tender Date
<p>An event of default under the Reimbursement Agreement (a <b>“Liquidity Provider Termination Event”</b>)<sup>(1)</sup> if a Reset Rate is in effect or a <b>“Credit Provider Termination Event”</b> if a Term Extended Rate is in effect.</p>	<p>Freddie Mac sends a Liquidity Provider Termination Notice or Credit Provider Termination Notice to the Remarketing Agent or directly to the Holders if there is no Remarketing Agent.</p> <p>Freddie Mac sends Holders a Mandatory Tender Notice by 5:00 p.m. on the second Business Day after the date of the Liquidity Provider Termination Notice or Credit Provider Termination Notice.</p>	<p>The Business Day specified by Freddie Mac in the Liquidity Provider Termination Notice or Credit Provider Termination Notice (must be between 5 and 10 Business Days after the date of the Mandatory Tender Notice)</p>
<ul style="list-style-type: none"> <li>• A change in the Reset Rate Method from the Term Reset Rate Method to a Reset Rate Method<sup>(2)</sup> <i>or</i></li> <li>• The beginning of a new term if the Term Reset Rate Method was previously and will continue to be in effect<sup>(2)</sup></li> </ul>	<p>Freddie Mac sends notice to:</p> <ul style="list-style-type: none"> <li>• Remarketing Agent at least nine Business Days prior to the Term Reset Date and not later than one Business Day after it consents to the change in Reset Rate Method</li> <li>• Holders not later than one Business Day after it consents to the change in the Reset Rate Method</li> </ul>	<p>The Term Effective Date specified in the notice to Holders</p>
<p>A change in the Reset Rate Method, the Weekly Reset Rate Method, FLO Reset Rate Method (including change to new FLO Reset Rate Method after FLO Failed Remarketing Event) or Monthly Reset Rate Method<sup>(2)</sup></p>	<p>Freddie Mac sends notice to:</p> <ul style="list-style-type: none"> <li>• Remarketing Agent not later than two Business Days after it consents to the change in Reset Rate Method</li> <li>• Holders at least eight Business Days prior to the Reset Rate Method Change Date</li> </ul>	<p>The Reset Rate Method Change Date</p>

(1) Events of default under the Reimbursement Agreement typically include the following events:

- Freddie Mac does not receive amounts due under the Reimbursement Agreement.
- The Sponsor fails to perform its obligations under the Reimbursement Agreement or other agreements related to this Series.
- The interest rate on the Deposited Assets converts to a fixed rate without Freddie Mac’s consent.
- The Sponsor fails to deliver a replacement interest rate hedge when required by the Reimbursement Agreement.
- The Sponsor challenges the pledge to Freddie Mac of Class B Certificates.
- The Sponsor breaches certain representations.

(2) Subject to your Retention Right.

Mandatory Tender Event	Notice Requirements	Mandatory Tender Date
<p>Amendments to the Agreement (“<b>Section 12.01(b) Amendments</b>”)<sup>(2)</sup> relating to:</p> <ul style="list-style-type: none"> <li>• distributions and payments from the Distribution Account</li> <li>• determination of the Reset Rate</li> <li>• the Tender Option or Tender</li> <li>• Option Termination Events</li> <li>• the provisions regarding amendments to those sections</li> </ul>	<p>A Business Day that is at least 20 calendar days prior to the effective date of the amendment</p>	<p>The effective date of the amendment</p>
<p>At Freddie Mac’s option, when the outstanding balance of the Class A Certificates is less than 5% of the balance of the Deposited Assets as of the Closing Date for that Series (a “<b>Clean-Up Event</b>”)</p>	<p>Upon occurrence of a Clean-Up Event, Freddie Mac sends a Clean-Up Notice to the Remarketing Agent. Freddie Mac sends Holders Mandatory Tender Notice by 5:00 p.m. on the second Business Day after the date of the Clean-Up Notice.</p>	<p>The date specified by Freddie Mac in the Mandatory Tender Notice (must be between 5 and 10 Business Days after the date of the Mandatory Tender Notice)</p>
<p>If Partnership Factors apply, the occurrence of certain events of bankruptcy, insolvency or similar proceedings involving the Sponsor (each, a “<b>Sponsor Act of Bankruptcy</b>”)</p>	<p>Freddie Mac sends notice to:</p> <ul style="list-style-type: none"> <li>• Remarketing Agent upon obtaining knowledge of the Sponsor Act of Bankruptcy</li> <li>• Holders by no later than one Business Day after sending notice to the Remarketing Agent</li> </ul>	<p>The fifth Business Day after notice is given to Holders</p>
<p>A Successor Sponsor is appointed by the Sponsor (with Freddie Mac’s consent)<sup>(2)</sup></p>	<p>Sponsor sends notice (and Freddie Mac’s consent) to the Administrator and the Remarketing Agent. Freddie Mac sends notice to the Holders.</p>	<p>The date specified in the notice (at least 10 Business Days prior to the date the appointment becomes effective)</p>

(2) Subject to your Retention Right.

Holders of Affected Certificates and Pledged Class A Certificates have no right to tender Affected Certificates or Pledged Class A Certificates for purchase upon the occurrence of a Mandatory Tender Event.

**Notice of Mandatory Tender**

If a Mandatory Tender Event occurs, Freddie Mac will provide notice to the Remarketing Agent and the Holders as described in the table above. The Mandatory Tender Notice will include each of the following:

- The Mandatory Tender Date.
- A brief statement specifying the applicable Mandatory Tender Event.

- A statement that the Purchase Price payable to the Holders of Class A Certificates tendered pursuant to the Mandatory Tender will be payable on the Mandatory Tender Date, and that interest payable with respect to such Class A Certificates will cease to accrue from and after such Mandatory Tender Date.
- In connection with a Mandatory Tender Event related to Liquidity Provider Termination Event or a Credit Provider Termination Event, as applicable, a Sponsor Event of Bankruptcy or a Clean-Up Event, a statement that Hypothetical Gain Share, if any, will be paid to the Holders of Class A Certificates based upon a valuation of the Deposited Assets and a statement that Freddie Mac's responsibilities under the Series Certificate Agreement will terminate.
- If applicable, a statement that Holders of Class A Certificates will have the right to elect to retain such Certificates by delivering a Retention Notice to Freddie Mac as described in *The Certificates — Mandatory Tender — Right to Retain*.
- A statement that even if the Holder of Class A Certificates fails to surrender its Class A Certificates on the Mandatory Tender Date, the Tender Option with respect to such Certificates will terminate on the Mandatory Tender Date, and any Class A Certificates not surrendered on the Mandatory Tender Date will, for all purposes of the Series Certificate Agreement, be deemed to have been surrendered unless the Holder has delivered a conforming Retention Notice.
- A statement that, notwithstanding such Mandatory Tender Notice, Holders of affected Class A Certificates will continue to have the right to exercise the Tender Option in accordance with the terms and provisions of the Series Certificate Agreement; *provided, that*, if the Series is terminated as a result of such Mandatory Tender Event, the Tender Option will terminate at the last applicable time and date on which an Exercise Notice may be given by or on behalf of such Holder in accordance with the terms and provisions of the Series Certificate Agreement.

Freddie Mac will give the Remarketing Agent and DTC a Tender Advice by telecopy, facsimile transmission, electronic mail or similar electronic means of communication by not later than 10:00 a.m. on the second Business Day prior to any Mandatory Tender Date. The Tender Advice will include each of the following:

- The applicable Mandatory Tender Date.
- The aggregate outstanding balance of Class A Certificates subject to Mandatory Tender.
- The Authorized Denominations of Class A Certificates with respect to which conforming Retention Notices have been received by Freddie Mac, if applicable.

### **Right to Retain**

You will have the Retention Right to decline a Mandatory Tender in connection with each of the following Mandatory Tender Events:

- A Term Effective Date (that is not a Reset Rate Method Change Date).
- A change (but not a continuation) in the Reset Rate Method from a Term Reset Rate Method to a Reset Rate Method.

- A change (but not a continuation) in the Reset Rate Method amongst the Weekly Reset Rate Method, the FLO Reset Rate Method (including a change to a new FLO Reset Rate Method following a FLO Failed Remarketing Event) or Monthly Reset Rate Method.
- A Section 12.01(b) Amendment.
- A Successor Sponsor is appointed by the Sponsor.

To exercise a Retention Right, a Holder must deliver a Notice (a **“Retention Notice”**) to the Administrator by 12:00 noon on the third Business Day before the related Mandatory Tender Date. The Retention Notice must state all of the following:

- The applicable Mandatory Tender Date.
- The outstanding balance of Class A Certificates subject to Mandatory Tender.
- The outstanding balance of Class A Certificates the Holder elects to retain.

Upon the receipt by the Administrator of a Retention Notice, the related Class A Certificates will no longer be subject to the applicable Mandatory Tender. If you exercise the Retention Right your Class A Certificates will not be purchased and you will not receive the Purchase Price.

The Administrator will provide a copy of each Retention Notice to the Remarketing Agent by Electronic Notice, promptly confirmed in writing by mail, not later than the Business Day following the Business Day on which it receives such notice.

### **Effects of Mandatory Tender**

#### *Remarketing*

The Remarketing Agent will remarket Class A Certificates tendered pursuant to any of the following Mandatory Tender Events:

- a Term Effective Date (that is not a Reset Rate Method Change Date).
- a change (but not a continuation) in the Reset Rate Method from a Term Reset Rate Method to a Reset Rate Method.
- a change (but not a continuation) in the Reset Rate Method amongst the Weekly Reset Rate Method, the FLO Reset Rate Method (including a change to a new FLO Reset Rate Method following a FLO Failed Remarketing Event) or Monthly Reset Rate Method.
- a Section 12.01(b) Amendment.
- a Successor Sponsor is appointed.

#### *Termination*

A Series will terminate upon the occurrence of any of the following Mandatory Tender Events:

- Liquidity Provider Termination Event or Credit Provider Termination Event, as applicable.
- Clean-Up Event.
- Sponsor Act of Bankruptcy. See *The Agreement — Termination*.

## **RELEASE EVENT**

### **General**

Freddie Mac has the right to redeem all or a portion of the Class A Certificates if any of the following (each, a “**Release Event**”) occurs:

- Interest on a Deposited Asset underlying that Series is determined to be includable in the recipient’s gross income for federal income tax purposes (a “**Tax Event**”). This determination may be made by the entry of any decree or judgment by a court of competent jurisdiction or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, regardless of whether such decree, judgment or action is deemed final under applicable procedural law.
- There is an “event of default” pursuant to the related Deposited Asset Documents.
- A material adverse credit condition exists with respect to the related Deposited Assets, Deposited Asset Documents, Deposited Asset Mortgage Documents or the Reimbursement Agreement.
- There is a substitution of Deposited Assets with respect to which an event of default exists under the related Deposited Asset Documents.
- There is a breach of representations made by the Sponsor with respect to a Series of Deposited Asset or related project pursuant to and in accordance with the Reimbursement Agreement.
- The Series terminates in whole or in part pursuant to the Agreement.
- Unless otherwise specified in the related Supplement, a property related to a Series of Deposited Assets fails to achieve stabilization when required by the terms of the Reimbursement Agreement, if applicable.
- A FLO Failed Remarketing Event has occurred.
- Any other event specified in the Supplement.

Freddie Mac will redeem Class A Certificates in an amount equal to the outstanding balance of the affected Deposited Assets rounded up to the next multiple of \$5,000 on the next Payment Date after the date of the Release Event. In addition, Freddie Mac will pay interest on such Class A Certificates, together with Hypothetical Gain Share calculated as described in the Supplement or an exhibit to the Supplement.

The redemption related to a Release Event will reduce the outstanding balance of Class A Certificates. The affected Deposited Asset related to a Release Event will be released from the Series Pool following payment of the Release Purchase Price.

### **Sponsor Funded**

The Sponsor has the option to fund the Purchase Price and have the affected Deposited Asset released to it. If the Sponsor makes a principal payment in connection with a Release Event, the Supplement will describe the portion of such principal payment that will be applied to redeem Class A Certificates.

## Freddie Mac Funded

Unless otherwise described in the Supplement, if Freddie Mac makes a principal payment in connection with a Release Event, the amount of such principal payment to be paid to the Holders of Class A Certificates will be calculated as follows (provided, if such Release Event relates to a termination of the Series, such principal will be applied as provided below under “Termination”):

Amount to be paid = X + Y

where X = (60%)(A + B) minus B

and Y = A minus (X + C minus D + E) (*But Y will never be less than \$0*)

and where:

A = the principal amount paid by Freddie Mac related to the applicable tax-exempt Deposited Assets subject to a Release Event during the collection period related to that Payment Date

B = the outstanding principal amount of taxable assets that financed the same Project as the applicable Deposited Assets

C = the Current Class B Certificate Balance

D = the Minimum Sponsor Interest (\$5,000 where Partnership Factors have not been elected)

E = prior distributions of principal other than to Holders of Class A Certificates (including Pledged Class A Certificates) or Holders of Class B Certificates to pay fees of Freddie Mac, the Remarketing Agent or Servicer (to the extent not otherwise paid)

This amount will be paid pro rata to Freddie Mac as the Holder of Pledged Class A Certificates and to the other Holders of Class A Certificates.

## OPTIONAL DISPOSITION

If applicable to the Class A Certificates as set forth in the Supplement, Holders who have held Class A Certificates for at least one year have the Optional Disposition Right to tender any of those Class A Certificates for purchase.

The Optional Disposition Right may be exercised beginning on the date specified in the Supplement and on every Payment Date thereafter (“**Optional Disposition Date**”) by any Holder of Class A Certificates (except Affected Certificates and Pledged Class A Certificates). However, Optional Disposition is not available unless the Hypothetical Gain Share is greater than zero.

To exercise the Optional Disposition Right a Holder must submit a written notice to the Certificate Registrar at least five Business Days before the related Optional Disposition Date. The notice must state each of the following:

- The identity of the Holder.
- That the Holder is the registered owner of a specified amount of Class A Certificates.
- That the Holder is exercising its right to tender such Class A Certificates in exchange for the Optional Disposition Price.

Freddie Mac will notify the Remarketing Agent within one Business Day after it receives an optional disposition notice. Unless otherwise directed by Freddie Mac, the Remarketing Agent will attempt to remarket Class A Certificates subject to the Optional Disposition Right for settlement on the related Optional Disposition Date.

On the Optional Disposition Date each of the following shall occur:

- Holders who have exercised the Optional Disposition Right will surrender the Tendered Class A Certificates to Freddie Mac. However, if the Hypothetical Gain Share on an Optional Disposition Date is not greater than zero, that Optional Disposition Date will be cancelled and any Class A Certificates delivered to Freddie Mac for Optional Disposition will be returned to the Holders thereof.
- Freddie Mac will pay the Optional Disposition Price equal to the outstanding balance of such Class A Certificates *plus* any accrued and unpaid interest through the day before the Optional Disposition Date *plus*, from the sources described below, any Hypothetical Gain Share received for any Class A Certificates tendered pursuant to the Optional Disposition Right.
- Any Holder of Class A Certificates may request a valuation of the Deposited Assets from the Remarketing Agent on any Business Day not earlier than ten Business Days before an Optional Disposition Date. The Remarketing Agent will then determine such valuation for such Business Day in the manner specified in the definition of “Hypothetical Gain Share” in the Supplement or an exhibit to the Supplement. Such valuation will be provided solely for informational purposes and will not be binding.
- For each Optional Disposition Date, Freddie Mac will calculate the Hypothetical Gain Share for that Optional Disposition Date and pay the Hypothetical Gain Share, if any, from (i) first, amounts provided to Freddie Mac by the Holders of Class B Certificates, at their election after inquiry by Freddie Mac and (ii) second, sales of Deposited Assets selected by Freddie Mac, but only to the extent necessary to pay such Hypothetical Gain Share (subject to applicable Authorized Denomination provisions). Freddie Mac will not pay Hypothetical Gain Share in an aggregate principal amount exceeding the outstanding balance of the Class A Certificates for which the Optional Disposition Right has been exercised; provided, that to the extent any such Class A Certificates are remarketed, the outstanding balance of such Class A Certificates will be adjusted, if necessary, downward by the aggregate principal amount of Deposited Asset sold, such that the outstanding balance of Class A Certificates and Class B Certificates does not exceed the outstanding balance of related Deposited Asset.

## **GUARANTEES**

With respect to each Series, as Guarantor, we guarantee to each Holder of Class A Certificates until the Series terminates each of the following:

- The timely payment of interest at the applicable Reset Rate as described under *The Certificates — Payments — Interest*.
- The timely payment of scheduled principal as described under *The Certificates — Payments — Principal*, including payment in full by the applicable Final Payment Date.
- The timely payment of amounts due (other than Deposited Asset Redemption Premium) upon the occurrence of any Release Event as described under *The Certificates — Release Event*.
- The payment of any Bankruptcy Coverage Payments as defined in the Supplement or an exhibit to the Supplement.



Any Bankruptcy Coverage Payment will be made by Freddie Mac to the Administrator within three (3) Business Days after receiving a written notice from the affected Holders of the Certificates that were required to pay such recovery. We do not guarantee the payment of any Deposited Asset Redemption Premium or Hypothetical Gain Share.

## **FORM, HOLDERS AND PAYMENT PROCEDURES**

The Supplement specifies whether the DTC System or the Fed System is in effect with respect to the Class A Certificates.

### **DTC System**

#### *Form of Certificates*

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

#### *CUSIP Number*

Each class of Certificates for each Series will have a unique nine-character alphanumeric designation assigned by the CUSIP Service Bureau, known as a “**CUSIP Number**,” used to identify that class.

#### *Denominations*

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

#### *Holders of Class A Certificates*

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

A Holder that is not also the beneficial owner of a Class A Certificate, and each other financial intermediary in the chain between the Holder and the beneficial owner, will be responsible for establishing and maintaining accounts for their customers. Freddie Mac will not have a direct obligation to a beneficial owner of a Class A Certificate that is not also the Holder. DTC will act only upon the instructions of the applicable DTC Participant in recording transfers of Class A Certificates.

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

### *Payment Procedures*

We, as Certificate Registrar, make payments on Class A Certificates held on the DTC System in immediately available funds to DTC. DTC is responsible for crediting the payment to the accounts of the appropriate DTC Participants in accordance with its normal procedures. Each Holder and each other financial intermediary will be responsible for remitting payments to the beneficial owners of Class A Certificates that it represents.

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

### **The Fed System**

#### *Book Entry Only*

Class A Certificates maintained on the Fed System will be evidenced only by an entry on the books and records of a Federal Reserve Bank. The Holder of a Class A Certificate will not receive a certificate. Class A Certificates maintained on the Fed System will at all times remain on deposit with a Federal Reserve Bank in accordance with the provisions of the Fed System Book-Entry Rules. The issuance and recordation of, and transfers of interests (including security interests) in, such Class A Certificates maintained on the Fed System will be governed by the Fed System Book-Entry Rules and such procedures as are agreed upon from time to time by the Administrator and the Federal Reserve Banks. A Federal Reserve Bank may act only upon the instructions of the Holder of the Class A Certificates in recording transfers of securities maintained on the Fed System.

#### *CUSIP Number*

Each class of Certificates for each Series will have a CUSIP Number used to identify that class.

#### *Payments Procedures*

Payments on the Class A Certificates maintained on the Fed System will be made by crediting the Class A Holders' accounts at the Federal Reserve Bank on the applicable Payment Date. Payments of principal to Holders of the Class A Certificates will be paid in multiples of \$0.01 in accordance with the Fed System Book Entry Rules.

#### *Transfers*

Transfers of Class A Certificates maintained on the Fed System will be subject to any applicable Federal Reserve Bank minimum wire transfer requirements. The Federal Reserve Banks maintains a book-entry recordkeeping system for all transactions in such Class A Certificates.

#### *Holder of Class A Certificates*

Holder means with respect to a Class A Certificate maintained on the Fed System, any entity that appears on the records of a Federal Reserve Bank as a holder of such Class A Certificate. The Administrator may treat the Holder as the sole and absolute owner of the Class A Certificates, including the payment of distributions to Holders of Class A Certificates, giving or receiving notices of redemption, tender and other matters with respect to the Class A Certificates and the selection of Class A Certificates for redemption or tender.

### *Termination of Fed System*

Freddie Mac may elect (with the consent of the Sponsor) to terminate the Fed System with respect to the Class A Certificates, and in such event may either appoint DTC as the securities depository (or appoint another securities depository) or terminate the book-entry system for the Class A Certificates. When the Administrator receives notice from Freddie Mac that the Fed System has been terminated, the Administrator will, at least 10 days before such appointment or termination is effective, give notice of such event to the Registered Holders and will inform them either (i) of the name and address of the securities depository pursuant to which the Class A Certificates will be maintained or (ii) the time and place where certificated Class A Certificates may now be obtained by Holders of the Class A Certificate if the book-entry system has been terminated.

### **SUBSTITUTION OF DEPOSITED ASSETS**

The Sponsor may substitute qualifying assets for existing Deposited Assets with respect to which an event of default exists under the related Deposited Assets Documents on any Payment Date after the Closing Date (a “**Substitution Date**”). To make such a substitution the Sponsor must:

- obtain consent of the Holders of Class B Certificates;
- obtain the consent of Freddie Mac; and
- deliver a confirmation of the existing rating on the Class A Certificates from each applicable Rating Agency to the Administrator.

Any Deposited Assets delivered in substitution for existing Deposited Assets must have terms consistent with the Deposited Assets being released, including principal amount (which must be equal to or less than the principal amount of Deposited Assets being released), tax status, interest rate, interest payment date and interest modes. If the principal amount is less, the Sponsor must, prior to substitution, provide funds to the Administrator in an amount sufficient to effect a Release Event with respect to the principal portion of the Deposited Assets being released that is in excess of the principal amount of Deposited Assets being substituted. In addition, upon any substitution, the Sponsor must pay Hypothetical Gain Share, if any, as calculated by Freddie Mac, with respect to the total principal amount of Deposited Assets being released.

At least ten days prior to each Substitution Date the Sponsor must submit a “**Substitution Notice**” to the Administrator and the Remarketing Agent together with copies of the consents and ratings confirmation (if applicable). The Substitution Notice shall set forth:

- the series of Deposited Assets to be released upon substitution;
- the information set forth on Schedule 1 of the Series Certificate Agreement for the Deposited Assets to be substituted;
- the Substitution Date;
- the amount being paid by the Sponsor to effect a related Release Event and Hypothetical Gain Share, if applicable; and
- instructions to the Administrator to effect the substitution on the Substitution Date.

The Administrator will forward a copy of the Substitution Notice to the Holders and each applicable Rating Agency within five Business Days of its receipt of the Substitution Notice and the

amount of funds necessary to fund any related Release Event and Hypothetical Gain Share, if applicable, and will effect the substitution on the Substitution Date.

## **PREPAYMENT, YIELD AND SUITABILITY CONSIDERATIONS**

### **PREPAYMENTS**

The rates of principal payments on the Class A Certificates will depend on the rates of principal payments on the Deposited Assets and Deposited Asset Mortgages and the occurrence of Release Events. Principal payments may be in the form of scheduled amortization or partial or full prepayments. Prepayments include each of the following:

- Prepayments by the borrower and resulting optional redemptions of the related Deposited Assets.
- Deposited Asset redemptions resulting from default, casualty or condemnation.
- Payments we make under our guarantee of principal in connection with a Release Event.
- Other redemptions of the Deposited Assets, including redemptions arising from failure of the property related to the Deposited Assets to achieve occupancy targets.

Unless otherwise specified in the applicable Supplement, the Deposited Assets Mortgages may be voluntarily prepaid in full or in part at any time, subject to any applicable prepayment premiums or lockout periods. If the Deposited Asset Mortgages are voluntarily prepaid, the Deposited Assets will be redeemed in the amount of the prepayment.

Mortgage prepayment rates may fluctuate significantly over time. Prepayment rates are influenced by a variety of economic, social and other factors, which may exist in multiple combinations, including any of the following:

- The age, principal amount, geographic distribution and payment terms of the Deposited Asset Mortgages.
- The remaining depreciable lives of the underlying properties.
- The physical condition of the underlying properties (including the presence of any hazardous substances or other environmental problems).
- Any applicable tax laws (including depreciation benefits) in effect from time to time.
- Characteristics of the borrowers (such as credit status and management ability) and their equity positions in the underlying properties.
- Changes in local industry and population migration and relocation as they affect the supply and demand for rental units and rent levels.
- Prevailing rent levels (as may be limited by any applicable rent control or stabilization laws) affecting cash flows from the underlying properties.
- Levels of current mortgage interest rates and borrower refinancing activities.
- Activity of lenders in soliciting refinancing, including refinancing without significant transaction costs by the borrower.
- Attractiveness of other investment alternatives.

- The existence of prepayment premiums or lockout provisions.
- Certain state laws limiting the enforceability of lockout periods and the collection of prepayment premiums.

The characteristics of particular Deposited Asset Mortgages may also influence their prepayment rates. Also, different types of Deposited Asset Mortgages may be affected differently by the same factor, and some factors may affect prepayment behavior on only some types of Mortgages.

The rate of defaults of the Deposited Asset Mortgages will also affect the prepayment behavior of the related Series. Defaults may increase during periods of declining property values or as a result of other factors that decrease borrowers' equity. In addition, mortgage servicing decisions, including seeking alternatives to foreclosure, may impact the prepayment behavior of particular Deposited Assets.

## **YIELDS**

### **General**

In general, your yield on any Class A Certificates will depend on several variables, including:

- The price you paid for the Class A Certificates.
- The interest rate on your Class A Certificates.
- The rate of principal prepayments on the Deposited Asset Mortgages.
- The payment delay of your Class A Certificates.

You should carefully consider the yield risks associated with the Class A Certificates, including these:

- If you purchase the Class A Certificates at a discount to their principal amount and the rate of principal payments on the underlying Deposited Assets is slower than you expect, you will receive payments over a longer period than you expect, so the yield on your investment will be lower than you expect.
- If you purchase the Class A Certificates at a premium over their principal amount and the rate of principal payments on the underlying Deposited Assets is faster than you expect, you will receive payments over a shorter period than you expect, so the yield on your investment will be lower than you expect. If you purchase at a significant premium and there are fast principal payments on the underlying Deposited Assets, you may not even recover your investment.

In general, the rate of mortgage principal payments early in your investment has the greatest effect on your yield to maturity. As a result, a negative effect on your yield produced by principal payments at a higher (or lower) rate than you expect in the period immediately following your purchase of a Class A Certificate is not likely to be offset by an equivalent reduction (or increase) in that rate in later periods.

Deposited Asset Mortgages tend to prepay fastest when prevailing interest rates are low. When this happens, you may not be able to reinvest your principal payments in comparable securities at as high a yield.

## Payment Delay

The effective yield on any Class A Certificates will be less than the yield that its Reset Rate and purchase price would otherwise produce, because the interest payable on the Class A Certificates will accrue during its Accrual Period, which will end approximately 15 days before each Payment Date.

## THE AGREEMENT

### GENERAL

We create Certificates under the Freddie Mac Multifamily M Certificates Standard Terms dated as of the closing date of the related Series (the “**Standard Terms**”). We prepare a “**Series Certificate Agreement**” for each Series of Certificates. For any particular offering, the Standard Terms and the applicable Series Certificate Agreement together constitute the “**Agreement.**”

Freddie Mac will administer each Series in accordance with the terms of the Agreement. If Freddie Mac is no longer the Administrator of a Series, the obligations of Freddie Mac as administrator and notices to Freddie Mac described in this Offering Circular will be obligations of and notices to the successor administrator, respectively.

### Adjustment of Class B Certificate Balances

#### *Decrease in Class B Certificates*

Holder of Class B Certificates will have the right to convert a specified balance of Class B Certificates that they hold to an equivalent balance of Class A Certificates if:

- Freddie Mac consents.
- and*
- Either:
  - The proposed conversion date is a Reset Date for the applicable Reset Rate Method.
- or*
- Written consent of 100% of the Holders of Class A Certificates has been obtained.

If the Sponsor is the directing Holder alone, the outstanding balance of Class B Certificates to be converted may be equal to or less than the outstanding balance that it holds, subject to maintaining a minimum outstanding balance of Class B Certificates of \$5,000. If all Holders of Class B Certificates make such direction, the outstanding balance of Class B Certificates to be converted for each such Holder will be proportional to the outstanding balance of each Holder’s Class B Certificates prior to conversion, subject to the Sponsor’s maintaining a minimum outstanding balance of Class B Certificates of \$5,000.

To convert Class B Certificates under this provision, Holders of Class B Certificates will deliver the following items to Freddie Mac at least 15 Business Days prior to the date on which such conversion is to occur:

- a written request to increase the outstanding balance of such Class A Certificates;
- the written consent of Freddie Mac; and
- an equivalent outstanding balance of Class B Certificates on the date of the conversion.

Freddie Mac will promptly notify DTC of the resulting reduction in the aggregate outstanding balance of Class B Certificates and the corresponding increase in the aggregate outstanding balance of Class A Certificates and the Liquidity Commitment.

### **Advances and Advance Charges**

Deposited Assets may pay either on a monthly or semi-annual basis. As Administrator, Freddie Mac may make Administrator Advances to provide a regular flow of payments to Holders on each monthly Payment Date if Deposited Assets make semi-annual payments as described below.

#### *Freddie Mac to Make Administrator Advances*

Freddie Mac may, but need not, make Administrator Advances to Holders of Class A Certificates on a Payment Date in an amount up to the Required Class A Certificate Interest Distribution Amount for the prior Accrual Period. The decision by Freddie Mac to make an Administrator Advance of any amount will be made in the sole discretion of Freddie Mac and no decision to make an Administrator Advance will impose any obligation to make an Administrator Advance of any further amount. On each occasion when Freddie Mac determines to make an Administrator Advance, Freddie Mac will notify the Remarketing Agent of such determination prior to 12:00 noon, on the Business Day prior to such Payment Date.

#### *Repayment of Administrator Advances*

Freddie Mac will be entitled to reimburse itself for Administrator Advances from amounts deposited in the Distribution Account or from proceeds of the sale of Deposited Assets.

#### *Administrator Advance Charge*

Freddie Mac will be entitled to receive a fee equal to the Administrator Advance Charges, computed on the amount of outstanding Administrator Advances on each day multiplied by the prime rate of interest in effect on such date, divided by 365. Prime rate will equal the prime or base lending rate of major banks as published in *The Wall Street Journal*.

#### *Payment of Administrator Advance Charge*

Administrator Advance Charges will be paid from Available Funds derived from interest payments on Deposited Assets or funds in the Holdback subaccount before payments to Class A Holders on each Payment Date, to the extent available, and as elsewhere provided in the Series Certificate Agreement upon the withdrawal, sale or redemption of Deposited Assets.

Each Holder of Certificates, by its purchase thereof, authorizes Freddie Mac to deduct from payments on the Deposited Assets any unreimbursed Administrator Advances and any unpaid Administrator Advance Charges, and accrued fees and reimbursements due to Freddie Mac, the Remarketing Agent and the Servicer.

If Freddie Mac determines not to make Administrator Advances for any reason, interest distributions on the Class A Certificates will be made on each Payment Date in the manner described in *The Certificates — Payments — Interest*. After the payment of Administrator Fees and Administrator Advance Charges, all amounts in the Distribution Account related to interest or holdback requirements will be paid immediately to Holders of Class A Certificates on each Payment Date. Interest on the Class A Certificates will continue to accrue at the Reset Rate in effect for each Accrual Period without an increase in the accrual rate for any delay in payment.

## **Payment of Expenses**

Freddie Mac will be paid certain fees related to each Series. The Sponsor will pay Freddie Mac an issuance fee on the Closing Date of each Series. The Sponsor will pay all of the following expenses:

- (i) to Freddie Mac the Administrator Fee (to the extent not paid from funds received by the Series Pool);
- (ii) to the Remarketing Agent the Remarketing Agent Fee (to the extent not paid from funds received by the Series Pool);
- (iii) to the Initial Purchaser or Placement Agent any amounts owed to the Initial Purchaser pursuant to the Remarketing Agreement in connection with issuing and selling the Class A Certificates and in connection with preparing all related offering documents;
- (iv) except as otherwise expressly provided in the Series Certificate Agreement, to Freddie Mac all reasonable out-of-pocket expenses, disbursements and advances made by it in accordance with any provision of the Series Certificate Agreement (including the reasonable compensation, expenses and disbursements of its respective agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence, bad faith, fraud or willful misconduct;
- (v) any penalties, and interest on penalties, imposed on the Series relating to a Section 761 Election as set forth in Section 11.08 of the Agreement; and
- (vi) any amounts required to be paid by it pursuant to the Agreement, the Remarketing Agreement, the Reimbursement Agreement, the Certificates and the Certificate Purchase Agreement.

## **Resignation or Removal of the Remarketing Agent**

The Remarketing Agent may resign upon giving of 30 days' written notice to the Holders of Class B Certificates and Freddie Mac. If the Remarketing Agent duly notifies the Class B Certificate Holders and Freddie Mac, it will be discharged from its duties under the Series Certificate Agreement. Upon receiving such notice of resignation, Freddie Mac will promptly appoint a successor Remarketing Agent.

The Remarketing Agent may be removed without cause on ten days' written notice at the written request of Freddie Mac. Upon any such removal of the Remarketing Agent, Freddie Mac will promptly appoint a successor Remarketing Agent.

Any removal or resignation of the Remarketing Agent and any appointment of a successor Remarketing Agent will not become effective until the successor Remarketing Agent accepts its appointment in form acceptable to Freddie Mac.

## **VARIOUS MATTERS REGARDING FREDDIE MAC**

Freddie Mac, in its corporate capacity, and its directors, officers, employees and agents will not be liable to Holders for any action taken or omitted in good faith or for errors in judgment. However, neither we nor they will be protected against any liability that results from willful misfeasance, bad faith, gross negligence or reckless disregard of obligations.



In addition, Freddie Mac need not appear in any legal action that we believe may result in any expense or liability for which repayment of such expenses or indemnity for such liability is not adequately assured. However, Freddie Mac may undertake any legal action that we believe is necessary or desirable in the interests of the Holders.

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

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

## **EVENTS OF DEFAULT**

“Events of Default” under the Agreement are:

- Any failure by the Administrator to pay the applicable Certificate Payment Amount, and such failure continues for three Business Days.
- Any failure by Freddie Mac to pay amounts required pursuant to the Credit Enhancement or Liquidity Facility, and such failure continues for three Business Days.
- Any failure by Freddie Mac (or the Administrator, if different than Freddie Mac) to perform any other obligation under the Agreement, if the failure lasts for 60 days after Freddie Mac receives notice from the Holders of at least 60% of the outstanding principal amount of affected Class A Certificates or Class B Certificates, as applicable.

## **RIGHTS UPON EVENT OF DEFAULT**

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

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

## **VOTING UNDER ANY UNDERLYING AGREEMENT**

Holders of Deposited Assets have various rights under the agreements governing the Deposited Assets. We will hold the Deposited Assets that back Class A Certificates. In our role as provider of the Credit Enhancement and the Liquidity Facility we are appointed as the Deposited Asset Holder Representative. If any action, consent or direction relating to a change in the terms of the Deposited Assets or the related Deposited Asset Documents is required from the owners of Deposited Assets as provided in the related Deposited Asset Documents, the Administrator will solicit our proxy for such vote, consent or direction and the Administrator will vote, consent or otherwise take direction solely in accordance with the written direction of us as the Deposited Asset Holder Representative. Upon the

occurrence and during the continuance of any failure by Freddie Mac to pay under its Credit Enhancement or Liquidity Facility, however, the Administrator will solicit from each Holder of Certificates its proxy for any such vote, consent or direction and will vote, consent or otherwise take direction solely in accordance with such proxies, weighted by the Current Certificate Balance of each Holder providing the same.

Holders of Deposited Assets also have the right to consent to amendments to their governing agreements. The Agreement provides that, as the Deposited Asset Holder Representative, we may consent to such an amendment.

## **AMENDMENT**

### **12.01(b) Amendment**

“**Section 12.01(b) Amendments**” are amendments that relate to:

- changes affecting distributions and payments from the Distribution Account;
- changes to the method of determining the Reset Rate or the Reset Rate Method;
- changes related to the Tender Option or Tender Option Termination Events; or
- the provisions regarding amendments to those sections and Section 12.01(b) of the Standard Terms.

A Section 12.01(b) Amendment constitutes a Mandatory Tender Event which is subject to the Retention Right.

Freddie Mac may effect a Section 12.01(b) Amendment upon receiving consent of the Holders of Class A Certificates, which consent is to be evidenced by executing a Retention Notice. Holders of Class A Certificates that do not execute a Retention Notice will have their Certificates subject to Mandatory Tender.

### **Other Amendments**

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

- Consent of the Sponsor and Holders of 51% of the outstanding Current Certificate Balance of Class B Certificates.
- An opinion of Special Tax Counsel satisfactory to Freddie Mac and the Sponsor to the effect that the amendment does not adversely affect any of the prior opinions relating to federal income taxation pertaining to the Certificates.
- Each applicable Rating Agency confirms its rating on the Class A Certificates.

### **Amendment Procedures**

Freddie Mac will provide notice of any proposed amendment of the Agreement to Holders at least twenty days prior to the effective date of the amendment. In the case of an amendment that is not a Section 12.01(b) Amendment, if the Reset Rate is a Monthly Reset Rate and the next Purchase Date or Mandatory Tender Date will occur either (i) after the proposed effective date of such amendment or (ii) before the date which is ten Business Days after the Registered Holders receive notice of such

amendment, then Holders of Class A Certificates will be permitted to treat the Business Day preceding the proposed effective date of such amendment as a Purchase Date for purposes of exercising their Optional Tender. In the case of a Section 12.01(b) Amendment, Holders of Class A Certificates who elect to exercise their Retention Right will be deemed to have consented to the related amendment.

## **GOVERNING LAW**

The Agreement is to be interpreted in accordance with federal law. If there is no applicable federal precedent and if the application of New York law would not frustrate the purposes of the Freddie Mac Act, the Agreement or any transaction under the Agreement, then New York law will be deemed to reflect federal law.

## **TERMINATION**

The obligations of Freddie Mac, the Remarketing Agent and the Sponsor created under the Series Certificate Agreement (other than the obligations noted below) will terminate upon the earliest of the following events (each of which is a **“Series Termination Event”**):

- the date on which the outstanding balance of Class A Certificates is reduced to zero (the **“Series Expiration Date”**);
- the Exchange Date on which all Certificates are exchanged for Deposited Assets or sales proceeds in connection with a Tender Option Termination Event or a Liquidity Failure or Credit Failure, as applicable;
- the Mandatory Tender Date relating to a Mandatory Tender Event arising in connection with a Liquidity Provider Termination Event, a Credit Provider Termination Event, a Clean-Up Event, a FLO Failed Remarketing Event, or, if applicable, following a Sponsor Act of Bankruptcy; or
- the date on which the Optional Disposition Right has been exercised with respect to the last Class A Certificate (unless such Class A Certificate has been remarketed).

A Series Termination Event does not terminate the following obligations of Freddie Mac, the Remarketing Agent and the Sponsor:

- The obligation of the Sponsor to make certain payments of expenses.
- If Partnership Factors Apply, the Sponsor’s liabilities for certain obligations under the Series Certificate Agreement to the extent not otherwise satisfied.
- Bankruptcy Coverage Payments and payments due upon the termination of such Series.

### **Termination Procedures**

#### *General*

If a Series is terminated upon the occurrence of any of the following:

- a Tender Option Termination Event;
- a Liquidity Failure or a Credit Failure;
- a Credit Provider Termination Event;

- a Terminating Mandatory Tender Date; or
- the Optional Disposition Right has been exercised with respect to the last Class A Certificate

then the Series will be terminated by distributing:

- the amounts, if any, on deposit in the Deposited Asset Payment Subaccount — Interest and/or the Deposited Asset Payment Subaccount — Principal to the related Holders, based on their respective outstanding balances and in accordance with their Capital Account Balances; and
- the amount in the Deposited Asset Payment Subaccount — Holdback, to the Holders of Class B Certificates.

So long as the Sponsor maintains the Minimum Sponsor Interest and a Series Termination Event has not occurred, the Series will continue in full force and effect.

#### *Series Expiration Date*

If a Series is to be terminated, Freddie Mac will notify the Holders of the pending termination of the Series and of the responsibilities of Freddie Mac, the Remarketing Agent and the Sponsor under the Series Certificate Agreement on a date prior to the Series Expiration Date and the final distribution of a Series of Class A Certificates. This notice will specify:

- the expected final Payment Date;
- the expected principal amount of such final payment;
- the Record Date for such payment (and that the regular Record Date will not apply to the final distribution); and
- instructions for presentation and surrender of such Holder's Class A Certificates for cancellation.

#### *Termination Due to a Liquidity Failure, Credit Failure or a Tender Option Termination Event Relating to a Rating Downgrade or Failure to Pay*

If a Series is terminated upon a Liquidity Failure, a Credit Failure or a Tender Option Termination Event of the type set forth in subparagraph (a) of the definition thereof (relating to failure to pay) or sub-paragraph (c) of the definition thereof (relating to a rating downgrade), Freddie Mac will terminate the Series as follows:

- Freddie Mac will provide written notice to the Holders of the pending termination of the responsibilities of Freddie Mac, the Remarketing Agent and the Sponsor under the Series Certificate Agreement.
- On the Business Day immediately preceding such Exchange Date, the Administrator will solicit at least three commitments to purchase the Deposited Assets from Persons (other than the Remarketing Agent, Freddie Mac or a Holder of Class B Certificates of that Series (and affiliates of each such party)) which customarily provide such bids, including but not limited to investment dealers and brokers that customarily deal in municipal bonds.

- If the Deposited Assets can be sold for a price (the “**Required Exchange Price**”) that is at least equal to the sum of (a) accrued and unpaid expenses of the Series (including any Administrator Fee, Freddie Mac Fee, Administrator Advance, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee), (b) the outstanding balance of the Class A Certificates plus the accrued but unpaid interest thereon and (c) the outstanding balance of the Class B Certificates the Series will be liquidated as follows:
  - On the Exchange Date Freddie Mac will sell the Deposited Assets to the party that has offered the highest price for the Deposited Assets by the close of business on the Business Day preceding the Exchange Date; provided, however, that Remarketing Agent, Freddie Mac or a Holder of Class B Certificates of that Series (and affiliates of each such party) may purchase the Deposited Assets at a price equal to the highest bid, with priority given, first, to Holders of Class B Certificates, second, to the Sponsor, and third, to Freddie Mac.
  - Freddie Mac will distribute the liquidation proceeds from the sale of Deposited Assets in the following order of priority:
    1. To pay any accrued and unpaid expenses of the Series (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advance Charges and Remarketing Agent Fee).
    2. To the Holders of Class A Certificates an amount equal to the outstanding balance of their Class A Certificates plus the accrued but unpaid interest thereon.
    3. To the Holders of Class B Certificates an amount equal to the outstanding balance of their Class B Certificates.
    4. To the Holders of Class A Certificates the amount of each such Holder’s liquidating distribution with respect to the remaining portion of their Capital Account Balance as determined by Freddie Mac in accordance with Section 11.02 of the Standard Terms (generally equal to Gain Share as calculated pursuant to the Series Certificate Agreement).
    5. To the Holders of Class B Certificates the amount of each such Holder’s liquidating distribution with respect to the remaining portion of their Capital Account Balance (after taking into account the payment of the outstanding balance made pursuant to step 3) including Gain Share and Market Discount Share.
- In the case of a Liquidity Failure, a Credit Failure or a Tender Option Termination Event of the type set forth in subparagraph (c) of the definition thereof (relating to a rating downgrade), if the Deposited Assets cannot be sold for a price that is at least equal to the Required Exchange Price, Freddie Mac will elect that the Deposited Assets be subject to mandatory purchase from the Series Pool at the Purchase Price and declare a Release Event for such purpose, and Freddie Mac will distribute the proceeds from such funding of such Release Event in the order provided in the preceding paragraph.
- If there is any failure in funding a Release Event as required pursuant to the preceding paragraph which failure continues for a period of three (3) Business Days or a Credit

Failure and the Deposited Assets cannot be sold for a price that is at least equal to the Required Exchange Price, the Series will be liquidated as follows on the Exchange Date:

- Freddie Mac will sell a principal amount of each Deposited Assets equal to the portion of the outstanding balance of that Deposited Assets necessary to generate proceeds sufficient to pay any accrued and unpaid expenses of the Series (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advance Charges and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the Outstanding Deposited Assets Balance to the Aggregate Outstanding Deposited Assets Balance.
- Thereafter Freddie Mac will distribute each Deposited Assets, on a *pari passu* basis, to the Holders of Certificates in accordance with the Holders pro rata ownership interest in the outstanding Certificates.

Upon the completion of these distributions, all Class B Certificates and Class A Certificates will be canceled.

*Termination Related to a Tender Option Termination Event for Deposited Asset Taxability*

If all or a portion of a Series is terminated due to a Tender Option Termination Event of the type set forth in subparagraph (b) of the definition thereof (relating to bond taxability), Freddie Mac will use its best efforts to sell the Affected Deposited Assets by the close of business on the Exchange Date, as follows:

- On the Business Day immediately preceding such Exchange Date, Freddie Mac will solicit at least three commitments to purchase the Affected Deposited Assets from Persons (other than the Remarketing Agent, Freddie Mac or a Holder of Class B Certificates of that Series (and affiliates of each such party)) which customarily provide such bids, including but not limited to investment dealers and brokers that customarily deal in municipal bonds.
- If the Affected Deposited Assets can be sold for a price (the “**Partial Termination Required Exchange Price**”) that is at least equal to the sum of (a) any allocable accrued and unpaid expenses of the Series (including any Administrator Fee, Freddie Mac Fee, Administrator Advances, Daily Administrator Advance Charges, Servicing Fee and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the principal balance of the Affected Deposited Assets to the Aggregate Deposited Assets to the Aggregate Outstanding Deposited Asset Balance, (b) an amount equal to the sum of (1) the product of the principal balance of the Affected Deposited Assets and the ratio of their Current Certificate Balances to the Aggregate Outstanding Certificate Balance and (2) the accrued but unpaid interest on Class A Certificates and (c) an amount equal to the product of the principal balance of the Affected Deposited Assets and the ratio of the Current Class B Certificate Balance to the Aggregate Outstanding Certificate Balance, the Series will be partially terminated as follows:
  - On the Exchange Date Freddie Mac will sell the Affected Deposited Assets to the party that has offered the highest price for the Affected Deposited Assets by the close of business on the Business Day preceding the Exchange Date; provided, however, that Remarketing Agent, Freddie Mac, the Sponsor or a Holder of Class B Certificates of that Series (and affiliates of each such party) may purchase the Deposited Assets at a

price equal to the highest bid, with priority given, first, to Holders of Class B Certificates, second, to the Sponsor, and third, to Freddie Mac.

- Freddie Mac will distribute the liquidation proceeds from the sale of Deposited Assets in the following order of priority:
  1. To pay any allocable accrued and unpaid expenses of the Series (including, but not limited to any Administrator Fee, Freddie Mac Fee, Administrator Advance Charges and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the principal balance of the Affected Deposited Assets to the aggregate outstanding balance of the Deposited Assets underlying that Series.
  2. To the Holders of Class A Certificates an amount equal to the sum of (1) the product of the principal balance of the Affected Deposited Assets and the ratio of their outstanding balances to the aggregate outstanding balance of Class A Certificates and Class B Certificates and (2) the accrued but unpaid interest on the Class A Certificates.
  3. To the Holders of Class B Certificates an amount equal to the product of the principal balance of the Affected Deposited Assets and the ratio of their outstanding balances to the aggregate outstanding balance of Class A Certificates and Class B Certificates.
  4. To the Holders of Class A Certificates the amount of each such Holder's Capital Account Balance that is attributable to the Affected Deposited Assets (after taking into account the payments made pursuant to step 2) as determined by Freddie Mac in accordance with Section 11.02 of the Standard Terms (generally, Gain Share as calculated pursuant to the Series Certificate Agreement).
  5. To the Holders of Class B Certificates their respective distribution in the amount of each such Holder's Capital Account Balance that is attributable to the Affected Deposited Assets (after taking into account the payment made pursuant to step 3) as determined by Freddie Mac in accordance with the Agreement including Gain Share and Market Discount Share.
- If the Affected Deposited Assets cannot be sold for a price that is at least equal to the Partial Termination Required Exchange Price, Freddie Mac will elect that the Affected Deposited Assets be subject to mandatory purchase from the Series Pool at the Release Purchase Price and declare a Release Event for such purpose, and Freddie Mac will distribute the proceeds from such funding of such Release Event in the order provided in the preceding paragraph. If there is any failure in the funding of such Release Event which failure continues for a period of three (3) Business Days, the Series Pool will be liquidated in accordance with the provisions of the following paragraph.
- If the Affected Deposited Assets cannot be sold for a price that is at least equal to the Partial Termination Required Exchange Price and the funding of a Release Event does not occur as provided in the preceding paragraph, Freddie Mac will liquidate the Series in part by selling the portion of the outstanding balance of each Affected Deposited Asset necessary to generate proceeds sufficient to pay any allocable accrued and unpaid expenses of the Series (including, but not limited to any Administrator Fee, Freddie Mac

Fee, Administrator Advance Charges and Remarketing Agent Fee), determined by multiplying the sum of such expenses by the ratio of the outstanding balance of such Deposited Asset to the aggregate outstanding balance of the Deposited Assets of that Series. Thereafter, Freddie Mac will distribute each Affected Deposited Asset, on a *pari passu* basis, to the Holders of Class A Certificates and the Holders of Class B Certificates as follows:

- to the Holders of Class A Certificates the product of:
  - (a) the Outstanding Deposited Asset Balance of such Affected Deposited Asset *and*
  - (b) the ratio of the Outstanding Class A Certificate Balance to the Aggregate Outstanding Certificate Balance.
- to the Holders of Class B Certificates the product of:
  - (a) the Outstanding Deposited Asset Balance of such Affected Deposited Asset *and*
  - (b) the ratio of the Aggregate Outstanding Class B Certificate Balance to the Aggregate Outstanding Certificate Balance.

Upon the completion of these distributions:

- corresponding adjustments will be made to Capital Account Balances and outstanding balances to reflect such distributions.
- The Affected Certificates will be deemed cancelled and the then outstanding Certificates with outstanding balances reflecting such adjustments will not be considered Affected Certificates for purposes of the Series Certificate Agreement.
- The related Tender Option Termination Event will no longer be considered to be continuing for purposes of the Series Certificate Agreement.

#### *Terminating Mandatory Tender Date*

If a Series is terminated on a Terminating Mandatory Tender Date that is related to a Liquidity Provider Termination Event, a Credit Provider Termination Event, a Clean-up Event or, if applicable, a Sponsor Act of Bankruptcy, Freddie Mac will liquidate the Series as follows:

- On the second Business Day preceding the Terminating Mandatory Tender Date, the Administrator will solicit three bids to purchase the Deposited Assets from Persons (other than the Remarketing Agent, Freddie Mac or a Holder of Class B Certificates of that Series (or the affiliates of each of these parties)) which customarily provide such bids.
- On the Terminating Mandatory Tender Date, Freddie Mac will sell the Deposited Assets to the extent necessary to pay (i) any accrued and unpaid expenses of the Series (including, but not limited to, Administrator Fee, Freddie Mac Fee, Administrator Advance Charges and Remarketing Agent Fee) and (ii) Hypothetical Gain Share, if any, as calculated by Freddie Mac. Funds to pay the Hypothetical Gain Share will come from (i) first, amounts provided by the Holders of Class B Certificates to Freddie Mac on such Terminating Mandatory Tender Date at their election after inquiry by Freddie Mac and (ii) second, from sales proceeds as described in the preceding paragraph.
- The remaining Deposited Assets will be distributed to the Pledge Custodian to be held pursuant to the Reimbursement Agreement.



When the distributions required pursuant to the preceding paragraphs have been completed, all Class A Certificates and Class B Certificates will be canceled.

*Optional Disposition Date*

If a Series is terminated upon exercise of the Optional Disposition Right with regard to the last outstanding Class A Certificates, the termination will be effected as described above under *The Certificates — Optional Disposition*.

**Failure to Surrender Certificates for Final Distribution**

If a Holder of Class A Certificates fails to tender its Certificates on or prior to the Payment Date on which the Series terminates, any funds not distributed to any Holder of Certificates on such Payment Date will be set aside and credited to the account of the applicable non-tendering Holder. If any such Certificates are not surrendered for cancellation within six months after the time specified in the notice of the Series Expiration Date, Freddie Mac or any Paying Agent will mail a second notice to the remaining non-tendering Holders to surrender their Certificates for cancellation in order to receive the final distribution with respect to their Certificates. If any such Certificates are not surrendered for cancellation within one year after the second notice, Freddie Mac or any Paying Agent will, directly or through an agent, make a reasonable effort to contact the Holders of any Certificates remaining outstanding. Any amounts held as described above will not be invested. The costs and expenses of maintaining the funds and of contacting non-tendering Holders will be paid out of the assets remaining in such funds prior to any distribution to such Holders. If any such Certificates are not surrendered within two years after the second notice, Freddie Mac or any Paying Agent will thereafter hold such amounts for the benefit of such Holders, subject to any applicable escheat statutes. No interest will accrue or be payable to any Holder on any amount held as a result of the Holder's failure to surrender its Certificates for final payment in accordance with this paragraph.

**CERTAIN ERISA CONSIDERATIONS**

**General**

If you are the fiduciary of an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that is subject to the fiduciary responsibility provisions of Title I of ERISA or a "plan" as defined in and subject to Section 4975 of the Code (each of these, a "**Plan**") or an entity whose underlying assets are deemed to be plan assets under U.S. Department of Labor regulation 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the "**Plan Asset Regulations**") by reason of investment in the entity by one or more Plans, or otherwise a "benefit plan investor" as defined in the Plan Asset Regulations (collectively, a "**Benefit Plan Investor**"), you will not be permitted to acquire Class A Certificates, and each investor in Class A Certificates will be required or deemed to represent that for so long as it holds such Certificates or an interest therein it is not, and is not acting on behalf of, a Benefit Plan Investor. If you are, or are acting on behalf of, a plan that is subject to federal, state or local law which is to a material extent similar to Section 406 of ERISA or Section 4975 of the Code ("**Similar Law**"), you should carefully review with your legal advisors whether the acquisition or holding of a Class A Certificate would be a non-exempt violation of Similar Law.

If a Plan were to acquire a Class A Certificate, the assets in the issuing entity would 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 any of those exceptions may be applicable because of the factual nature of the rules set forth in the Plan Asset Regulations describing what constitutes the assets of a Plan. 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 total value of each class of equity interests is held by Benefit Plan Investors. This exception is tested, however, immediately after each acquisition or disposition of a Class A Certificate, whether upon initial issuance or in the secondary market.

Further, the Class A Certificates will not satisfy the requirements of the so-called “underwriter exemptions”. As a result, the relief offered by the underwriter exemptions will not be available for Plans seeking to invest in the Class A Certificates. In addition, the Class A Certificates will not meet the requirements of Section III of Prohibited Transaction Class Exemption 95-60, governing investments by insurance company general accounts. In addition, the Class A Certificates will not constitute “guaranteed governmental mortgage pool certificates” under the Plan Asset Regulations. Consequently, the acquisition or holding of the Class A Certificates by a Plan may result in non-exempt prohibited transactions and the imposition of excise taxes and/or civil penalties. Accordingly, the Class A Certificates may not be acquired by, on behalf of, or with assets of any Benefit Plan Investor.

### **Exempt Plan**

A governmental plan as defined in Section 3(32) of ERISA, a church plan as defined in Section 3(33) of ERISA and with respect to which no election has been made under Section 410(d) of the Code, a non-U.S. plan described in Section 4(b)(4) of ERISA, and certain other employee benefit plans and arrangements are not subject to ERISA or Code Section 4975. However, such plans may be subject to Similar Law or other legal restrictions. A fiduciary of any such plan considering an investment in such Class A Certificates should make its own determination as to the need for and the availability of any exemptive relief under Similar Law or other law.

## **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

### **GENERAL**

The following discussion is a general summary of certain federal income tax consequences of the purchase, ownership and disposition of Class A Certificates issued as part of a Series. This summary is based on the Internal Revenue Code of 1986, as amended (the “**Code**”), as well as final, temporary and proposed Treasury regulations, administrative pronouncements of the Internal Revenue Service (the “**Service**”) and judicial decisions, all as in effect on the date hereof, and all of which are subject to change or possible differing interpretation. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, affecting the accuracy of the statements and conclusions set forth herein. No rulings will be sought or obtained from the Service regarding the classification of any Series as a partnership for federal income tax purposes (the “**Partnership**”) or any other federal income tax consequences described herein, and there can be no assurance that the Service will agree with the conclusions expressed herein. This summary is directed solely to Holders that are “U.S. persons,” within the meaning of the Code, that purchase Class A Certificates at their initial issuance for cash and that will hold the Class A Certificates as capital assets (generally, property held for investment). This summary does not purport to address all federal income tax matters that may be relevant to the particular circumstances of Holders, or to Holders that may be subject to special federal

income tax rules (including financial institutions, regulated investment companies, broker/dealers and partnerships and other pass-through entities, persons holding Class A Certificates as a hedge or as a position in a “straddle,” “constructive sale” or other integrated transaction for federal income tax purposes). For purposes of this summary, references to “**Holders**” are to the beneficial owners of the Class A Certificates.

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

## **TAX EXEMPTION OF THE DEPOSITED ASSETS**

On the date of initial issuance and delivery of Deposited Assets, Bond Counsel for each issue of Deposited Assets rendered its opinion generally to the effect that, under existing laws, interest on the Deposited Assets is excludable from gross income for federal income tax purposes (and is exempt from specified state and local income taxes if provided in the Supplement). In order to maintain the tax-exempt status of the Deposited Assets, the issuer and certain other persons must comply with certain on-going requirements of federal income tax law, and the failure to satisfy any such requirements could cause interest on the Deposited Assets to become taxable retroactively to the date of issuance. Special tax counsel to each Series (“**Special Tax Counsel**”), has not independently verified, and will not independently verify, the federal income tax exemption (or any other federal, state or local tax attributes) of interest on any issue of Deposited Assets, and has assumed, without any inquiry, (i) the continuing correctness of the related opinion of Bond Counsel and (ii) that no events or circumstances have occurred since the original issuance of the Deposited Assets that would adversely affect the exemption from federal income tax (and any applicable state and local income taxes) of interest on the Deposited Assets.

In connection with the initial issuance of Class A Certificates of any Series, Special Tax Counsel will provide its opinion, to be delivered as a condition to such issuance, to the effect that, based upon certain assumptions and representations, including the assumption that interest derived from the direct ownership of the Deposited Assets is excludable from gross income for federal income tax purposes, and subject to customary limitations and conditions and the discussion below under — *Taxation of Holders*, interest on the Deposited Assets that is distributed to a Holder of the Class A Certificates will be excludable from the gross income of the Holder for federal income tax purposes.

## **TAXATION OF HOLDERS**

### **Classification as a Partnership**

With respect to each issuance of Class A Certificates of a Series, Special Tax Counsel will deliver its opinion, as of the applicable Closing Date, to the effect that, for U.S. federal income tax purposes, (i) the Series will be classified as a Partnership (rather than an association taxable as a corporation, a publicly traded partnership taxable as a corporation, or a taxable mortgage pool taxable as a corporation) and (ii) each Holder of Class A Certificates will be treated as a partner in such Partnership. Such opinion will be based on certain representations and assumptions, including the assumption that there will be full compliance with all terms of the related Series Certificate Agreement and other transaction documents, and that all representations or certifications set forth in such documents or provided to Special Tax Counsel are accurate and complete, and will be subject to customary limitations and conditions. In rendering its opinion, Special Tax Counsel will rely upon its

conclusions that (i) applicable Treasury regulations do not require the classification of each Series as an association (taxable as a corporation), (ii) the passive nature of the income from the Deposited Assets will qualify the Series for an exemption from the Code section 7704 rule that publicly traded partnerships are taxable as corporations, and (iii) the Class A Certificates will not be treated as indebtedness of the related Series, Freddie Mac or the Holders of the Class B Certificates.

The opinion of Special Tax Counsel represents only its best legal judgment and, unlike a ruling obtained from the Service, has neither binding effect on the Service nor official status of any kind. There is no authority that addresses facts that are substantially similar to those involved in the issuance of Class A Certificates of a Series, so there can be no assurance that the Service or a court will agree with the opinion of Special Tax Counsel. If, contrary to the opinion of Special Tax Counsel, a Series were classified as an association taxable as a corporation, rather than as a partnership, distributions to Holders generally would be treated as taxable dividends, and the amount of funds available for distribution in respect of the Class A Certificates, and the after-tax yield to Holders of Class A Certificates, would be substantially reduced. Moreover, if the Class A Certificates were characterized as indebtedness (or, alternatively, if distributions thereon were classified as “guaranteed payments” by the Partnership), distributions on the Class A Certificates would be fully includable in gross income for federal income tax purposes, resulting in a substantial reduction in after-tax yield to the Holders of Class A Certificates.

Each Holder of Class A Certificates will acknowledge and agree (by its purchase of Class A Certificates) that the related Series will be treated for federal income tax purposes as a Partnership in which such Holder is a partner. No Holder of Class A Certificates or other person is authorized to elect under section 301.7701-3(c) of the Treasury regulations, or under any applicable state or local tax law, to have the related Series classified as an association (taxable as a corporation) for federal, state or local tax purposes. Furthermore, each Holder consents (by its purchase of Class A Certificates) to an election under Revenue Procedure 2003-84 (or any successor Revenue Procedure or other guidance issued by the Service) to account for items of Partnership taxable income, tax exempt income, gain, loss or deduction on the basis of a monthly closing of the books (the “**Monthly Closing Election**”), and if permitted by applicable law, an election under section 761 of the Code (the “**Section 761 Election**”) to exclude the related Series from the application of the partnership provisions of subchapter K of the Code, in each case, which may be filed at the discretion of Freddie Mac.

The remainder of this summary assumes that each Series will be treated as a Partnership that is not taxable as a corporation, and that the Class A Certificates will constitute equity interests in such Partnership for federal income tax purposes.

### **Partnership Reporting**

Very generally, as a partner in a Partnership for federal income tax purposes, a Holder of Class A Certificates will report on its own federal income tax return its allocable share of the taxable income, tax-exempt income, gain, loss and deduction of the Partnership. Based on the opinion of Special Tax Counsel discussed above, such Holder’s allocable share of tax-exempt interest on the Deposited Assets will be excludable from gross income for federal income tax purposes to the same extent as if the interest had been derived directly by the Holder. A Holder of Class A Certificates nevertheless could recognize taxable gain upon a sale, redemption or other disposition of the Class A Certificates or the Deposited Assets, or as discussed below, the receipt of distributions in excess of its tax basis in the Class A Certificates.

A Holder's adjusted tax basis in its Class A Certificates generally will equal the purchase price for such Class A Certificates, increased by the Holder's allocable share of items of Partnership income and gain (including tax-exempt income), and reduced, but not below zero, by the Holder's allocable share of items of Partnership loss and deduction, and by distributions received from the Partnership. Cash distributions to a Holder of Class A Certificates normally will not be taxable to the Holder; however, to the extent that the amount of the distribution exceeds the Holder's adjusted tax basis in the Class A Certificates, the Holder will recognize capital gain. Special rules will apply to distributions of Deposited Assets or other property (other than cash) by the Partnership.

Revenue Procedure 2003-84, which became effective on November 5, 2003, generally allows Partnership taxable income, tax-exempt income, gain, loss or deduction to be determined on the basis of a closing of the books at the end of each month if the Partnership meets certain requirements and files a Monthly Closing Election with the Service in the prescribed manner, and all partners in the Partnership consent to the Monthly Closing Election. Assuming that a valid Monthly Closing Election is made, then the electing Partnership will close its books on the last day of each month (as if all of the partners had sold their interests in the Partnership on such day), and each partner in the Partnership will determine and take into account for federal income tax purposes its allocable share of the Partnership's items of taxable income, tax-exempt income, gain, loss or deduction for the month. Accordingly, a partner in the Partnership will be able to match its allocable share of Partnership taxable income, tax-exempt income, gain, loss and deduction for each month to the amounts actually distributed to the partner for such month.

In order to be eligible to make the Monthly Closing Election, a Partnership must, among other things, derive at least 95% of its gross income from interest on tax-exempt bonds, exempt-interest dividends paid by "regulated investment companies" (as defined in section 851 of the Code) and gains from the sale, redemption or other disposition of tax-exempt bonds or shares in regulated investment companies that pay exempt-interest dividends. If a Partnership fails to satisfy the 95% income requirement, or any other requirement of Revenue Procedure 2003-84, then the Monthly Closing Election will terminate and the Partnership will be unable to make another Monthly Closing Election without the consent of the Service. In the absence of the Monthly Closing Election, a partner in the Partnership may not be able to achieve the matching of income and distributions described above, and other adverse consequences could result to the partner.

Freddie Mac will advise the Holders of Class A Certificates (either in the applicable Supplement or by separate notice) as to whether a Monthly Closing Election will be made with respect to a particular Series. If Freddie Mac so elects on behalf of a Series, then the Sponsor and all Holders of Certificates of the Series (by their purchase of Certificates) will be deemed to have consented to the Monthly Closing Election. Additionally, Special Tax Counsel will deliver its opinion, as of the applicable Closing Date, to the effect that the electing Series will meet the requirements for an effective Monthly Closing Election in accordance with Revenue Procedure 2003-84. There can be no assurance, however, that the Service will agree with the opinion of Special Tax Counsel, or that the requirements for the Monthly Closing Election (or their interpretation) will not change in a manner that precludes the Series from qualifying for continued use of the Monthly Closing Election. Holders of Class A Certificates should consult with their own tax advisors regarding the required tax accounting under a Monthly Closing Election, and the implications of failing to qualify for a Monthly Closing Election.

## **Partnership Information Returns**

A partnership generally is required to file, on an annual basis, Form 1065 (U.S. Return of Partnership Income) with the Service, and to send information reports to each partner on Schedule K-1. However, Revenue Procedure 2003-84 states that these tax filing requirements can be eliminated for a partnership that has a valid Monthly Closing Election in effect for the relevant taxable year, provided that the partnership and its partners agree to comply, and in fact do comply, with the alternative reporting requirements set forth in Revenue Procedure 2003-84. If Freddie Mac makes the Monthly Closing Election, then the electing Series, the Sponsor and each Holder of Certificates (by their purchase of Certificates) will agree to comply with the alternative reporting requirements imposed by Revenue Procedure 2003-84.

Under Revenue Procedure 2003-84, the Partnership must make available, within 45 days of a request by the Service or a partner (or a beneficial owner or nominee of a beneficial owner), all information necessary to compute a partner's taxable income, tax-exempt income, gain, loss, deduction or credit (including the amount of interest that may be subject to the alternative minimum tax, as discussed below). Additionally, any person on whose behalf another person holds as a nominee an interest in the Partnership must notify the Partnership of its beneficial ownership status and provide the following information: (i) name, address and taxpayer identification number of both the beneficial owner and its nominee, and (ii) the name of the Partnership, its CUSIP number or other information sufficient to identify the partnership interest and the amount of the partnership interest. In the case of a group of regulated investment companies managed or advised by a common, or affiliated, manager or advisor (the "manager"), such beneficial ownership information may be collected, retained and provided to the Service upon demand by the manager, if the manager elects to do so and provides appropriate notice to the Partnership.

Holders of Class A Certificates (and beneficial owners and nominees) should consult their own tax advisors regarding the reporting requirements under Revenue Procedure 2003-84.

## **Section 761 Elections**

Freddie Mac may, in its discretion, file a Section 761 Election to exclude each Series from the application of all of the partnership provisions of subchapter K of the Code. The validity of a Section 761 Election for a Series is not clear under current federal income tax law, and in Revenue Procedure 2003-84, discussed above, the Service stated its position that a partnership investing primarily in tax-exempt bonds is not eligible for a Section 761 Election. Accordingly, no assurance can be made that a Section 761 Election would be respected.

If a valid Section 761 Election is made, then, among other things, the electing Series would not be subject to the tax return filing requirements otherwise applicable to partnerships under the Code, and each Holder of Class A Certificates generally would separately account for its allocable share of the profits and losses of the Series as if the assets of the Series were held directly by such Holder. Thus, there could be differences in the timing of income recognition by a Holder of Class A Certificates, as well as in other federal income tax aspects of such Holder's investment in the Class A Certificates, depending on whether or not a valid Section 761 Election is made. Prospective investors should consult their own tax advisers regarding the effect of a Section 761 Election on an investment in the Class A Certificates, and the ability of the related Series to make the Section 761 Election.

Freddie Mac currently does not intend to file a Section 761 Election for any Series. In the event Freddie Mac decides at some future time to file a Section 761 Election for a Series, Holders of Class A Certificates will be informed either in the applicable Supplement or by a separate notice.

If a Section 761 Election is made for a Series and subsequently invalidated, the Service could assess interest and penalties, which would be the responsibility of the Sponsor under the related Series Certificate Agreement.

### **Taxable Dispositions of Class A Certificates**

Upon a sale or other taxable disposition of Class A Certificates, a Holder will recognize gain or loss equal to the difference between the amount realized on the disposition and the adjusted tax basis of the Class A Certificates. Such gain or loss generally will be capital gain or loss (subject to the discussion below under — *Discount and Premium*), and may be long-term or short-term depending on the facts and circumstances. Prospective investors should consult their own tax advisers with respect to the recognition, character and amount of any gain or loss.

### **Discount and Premium**

The purchase price paid by each Series for Deposited Assets may be greater or less than the Deposited Assets' stated redemption price at maturity (or, in the case of Deposited Assets issued with original issue discount, the "revised issue price" thereof), in which case the Deposited Assets will be considered to have amortizable bond premium or market discount, respectively. The market discount will be considered to be zero if it is less than a statutorily defined *de minimis* amount; the Supplement will identify any Deposited Assets acquired at a market discount in excess of the applicable *de minimis* amount. Generally, any gain on the sale, redemption or other disposition of Deposited Assets acquired at a market discount will be taxable as ordinary income, instead of capital gain, to the extent of the accrued market discount thereon. Amortizable bond premium on Deposited Assets will be amortized over the remaining term thereof (or to an earlier call date if it produces greater annual amortization) using a constant yield method; the amortization will reduce the owner's tax basis for the Deposited Assets.

Under the related Series Certificate Agreement, any amortizable bond premium and any market discount on the Deposited Assets at the time of acquisition by the related Series will be allocated, and will economically accrue, entirely to the Class B Certificates, and no market discount or amortizable bond premium will be allocated, or will economically accrue, to the Class A Certificates. Special Tax Counsel will deliver its opinion, as of the applicable Closing Date, generally to the effect that such allocations will be respected for federal income tax purposes. Accordingly, in general, an initial Holder of Class A Certificates will recognize capital gain or loss, if any, upon the sale, redemption or other disposition of the Class A Certificates (or the Deposited Assets of the related Series), and neither will be required to recognize a portion of any resulting gain as ordinary income in respect of accrued market discount, nor will be permitted to claim deductions for amortizable bond premium during the period of ownership of the Class A Certificates. Prospective investors should be aware, however, that there are no authorities addressing facts that are substantially similar to those involved in the issuance of Class A Certificates of a Series, so there can be no absolute assurance that the Service or a court will agree with the opinion of Special Tax Counsel and the conclusions expressed herein. If the Service were to successfully challenge the allocation in the related Series Certificate Agreement of market discount entirely to the Class B Certificates, a Holder of Class A Certificates might recognize ordinary

income upon the sale, redemption or other disposition of Deposited Assets or, possibly, upon the sale, redemption or other disposition of Class A Certificates.

### **Tax Elections**

The Code provides for optional adjustments to the basis of partnership property upon distributions of partnership property to a partner (section 734 of the Code) and transfers of partnership interests (section 743 of the Code), provided that a partnership election has been made pursuant to section 754 of the Code (the “Section 754 Election”). The Series generally would be required to make adjustments to the tax basis of its assets in the case of (i) a distribution of an asset to a Holder where the tax basis of the asset would have been reduced by more than \$250,000 if the Series had made a Section 754 Election and (ii) a transfer of a Holder’s interest in the Series where the adjusted tax basis of the Series’ assets exceeds their fair market value by more than \$250,000. Although the Series would not be required to make adjustments to the tax basis of its assets in the case of transfer of a Holder’s interest in the Series if it qualifies as an “electing investment partnership,” the Series is not expected to so qualify.

### **Partnership Administration**

Under the audit rules applicable to partnerships for taxable years beginning with 2018, a partnership appoints one person to act as its sole representative (the “**Partnership Representative**”) in connection with (a) making elections for federal income tax purposes and (b) audits conducted by the Service and related procedures. The Partnership Representative’s actions, including the Partnership Representative’s agreeing to adjustments to items of income, gain, deduction, loss or credit, may bind partners to a greater degree than would actions of the tax matters partner under prior rules. Further, an adjustment to the partnership’s items of income, gain, deduction, loss or credit may have to be taken into account in different and potentially less advantageous ways than under prior rules.

In some cases, a partnership could itself be liable for taxes on income adjustments, although it is anticipated that the Partnership Representative will seek to follow procedures to avoid partnership-level liability to the extent it otherwise may be imposed. Holders of Class A Certificates should consult their own tax advisors regarding the possible effect of the partnership audit rules on them.

## **ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS**

### **Alternative Minimum Tax**

A Holder of Class A Certificates is required to include as an item of tax preference, for purposes of the federal individual alternative minimum taxes, all tax-exempt interest on “specified private activity bonds.”

### **Disallowance of Interest and Other Expenses**

The interest expense of Holders for indebtedness incurred or continued (or deemed incurred or continued) to purchase or carry Class A Certificates will not be deductible for federal income tax purposes. Other expenses allocable to tax-exempt interest are not deductible for such purposes by individuals and other non-corporate Holders.



## **Collateral Tax Consequences**

Ownership of tax-exempt Deposited Assets may result in collateral tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations engaged in business in the United States, certain subchapter S corporations with excess passive income, and individual recipients of Social Security or Railroad Retirement benefits. Prospective purchasers of Class A Certificates should contact their tax advisors as to the applicability of collateral tax consequences.

## **Future Legislation**

Various proposals have been, and in the future may be, introduced before Congress to restrict or eliminate the federal income tax exemption or to impose certain collateral tax consequences on the ownership of municipal obligations (such as the Deposited Assets). In addition, various proposals have been made and bills introduced that would substantially alter the federal income tax base or the rate structure or both, which could affect the value of the Deposited Assets. No prediction can be made regarding what additional legislation, if any, may be proposed and enacted with respect to the tax-exempt status of interest on municipal obligations, nor can any prediction be made whether any such proposed legislation, if enacted, would apply to the Deposited Assets or the Class A Certificates.

## **Substantial Users**

Section 147(a) of the Code generally provides that interest on tax-exempt private activity bonds will be subject to federal income tax during any period that the bonds are held by a “substantial user” of the facilities financed by the bonds or a related person. An initial Holder of Class A Certificates will acknowledge (by its purchase of Class A Certificates) that it is neither a substantial user nor a related person to a substantial user, within the meaning of section 147(a) of the Code.

## **STATE, LOCAL AND FOREIGN TAX CONSEQUENCES**

In connection with the initial issuance of Class A Certificates of each Series, Special Tax Counsel will provide its opinion, to be delivered as a condition to such issuance, to the effect that, based upon certain representations and assumptions, and subject to customary limitations and conditions, the Commonwealth of Virginia will treat the Series as a partnership for Virginia income tax purposes and Virginia law does not impose income tax on partnerships as distinguished from the partners.

An investment in Class A Certificates may be affected by tax consequences arising under relevant state, local or foreign tax laws. Except as may be provided in the related Supplement, Special Tax Counsel expresses no opinion regarding whether a Holder’s distributive share of the interest on the Deposited Assets will be exempt from any taxes (including income, franchise and intangibles taxes) imposed by any state or locality. Moreover, except as expressly set forth above and in the related Supplement, Special Tax Counsel expresses no opinion with respect to the applicability of foreign, state and local taxes to the Deposited Assets, the related Series or the Class A Certificates, or other foreign, state or local considerations.

In some circumstances, the Series Certificate Agreement may include provisions (known as “**Partnership Factors**”) that are intended to allow the related Series to be classified as a partnership for relevant state income tax purposes. In particular, if the Partnership Factors are included in the Series Certificate Agreement, then the Sponsor would be required to maintain a minimum percentage of 1% in all items of taxable income, tax-exempt income, gain, loss and deduction of the Series, and a

Sponsor Act of Bankruptcy would constitute a Mandatory Tender Event. The Supplement relating to each Series will specify whether or not the Partnership Factors will apply.

Prospective investors should consult their tax advisors regarding the state, local and foreign tax consequences of the acquisition, ownership and disposition of Class A Certificates, including the potential implications of the federal income tax classification of each Series as a Partnership and the Holders as partners.

### **ACCOUNTING CONSIDERATIONS**

Various factors may influence the accounting treatment applicable to your Class A Certificates. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Before making an investment in the Class A Certificates, you are encouraged to consult your own accountant for advice on the appropriate accounting treatment for the Class A Certificates.

### **LEGAL INVESTMENT CONSIDERATIONS**

You should consult your own legal advisors to determine whether Class A Certificates are legal investments for you and whether you can use Class A Certificates as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of Class A Certificates under any applicable risk-based capital or similar rules.

If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may be subject to restrictions on investing in some types of Class A Certificates or in Class A Certificates generally. Institutions regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of Thrift Supervision, the National Credit Union Administration, the Treasury or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing or pledging Class A Certificates.

### **DISTRIBUTION ARRANGEMENTS**

For each series of Class A Certificates, Freddie Mac will generally enter into a purchase or placement agreement and remarketing agreement with one or more underwriters and/or remarketing agents, who will offer the Class A Certificates of that Series as described in the related Supplement. Underwriters, remarketing agents and their affiliates may engage in other transactions with and perform services for Freddie Mac in the ordinary course of business. Freddie Mac, the underwriters, remarketing agents, or other parties may receive compensation, trading gain or other benefits in connection with such transactions.

Freddie Mac may retain or repurchase Class A Certificates for its own portfolio, and may tender or re-offer such Class A Certificates from time to time. These transactions may affect the Reset Rate of Class A Certificates. The Remarketing Agent for a Series of Class A Certificates may buy, sell and make a market in Class A Certificates, but is not obligated to do so in all cases. The secondary market for Class A Certificates may be limited.

Each offering may be made and the Class A Certificates may be offered or sold only where it is legal to do so. This Offering Circular and any applicable Supplement do not constitute an offer to sell or buy or a solicitation of an offer to buy or sell any securities other than the Class A Certificates or an offer to sell or buy or a solicitation of an offer to buy or sell Class A Certificates in any jurisdiction or in any other circumstance in which such an offer or solicitation is unlawful or not authorized.

