

**Offering Circular Supplement  
(To Offering Circular  
Dated April 3, 2014)**

**Freddie Mac  
Mortgage Participation Certificates**

The Offering Circular is being amended as follows, effective immediately:

Under “**Description of the Mortgages – Mortgage Purchase and Servicing Standards – Mortgage Repurchases,**” the following paragraphs are inserted to replace the sixth paragraph:

“At the direction of FHFA, we and Fannie Mae implemented a representation and warranty framework for Conventional Mortgages purchased on or after January 1, 2013 and before July 1, 2014, which we call “**Version One.**” For Conventional Mortgages purchased on or after July 1, 2014, at the direction of FHFA, we and Fannie Mae will implement revisions to the representation and warranty framework under Version One, which revisions we call “**Version Two.**” The objective of the framework under Version One and Version Two is to clarify seller/servicers’ repurchase exposure and liability on deliveries of applicable Mortgages to Freddie Mac and Fannie Mae. Pursuant to this framework, under Version One and Version Two seller/servicers are relieved of certain repurchase obligations, with certain exceptions, for Mortgages that meet specific payment history requirements and under Version Two that satisfy certain quality control processes. Relief Refinance Mortgages are subject to distinct treatment under Version One and Version Two.

Generally, under Version One, representation and warranty relief is provided for Mortgages with 36 months of consecutive, on-time payments after our purchase. If no more than two 30-day delinquencies occur during the first 36 monthly payments, however, then the Mortgage will nonetheless be eligible for representation and warranty relief if the Mortgage is current as of the 60<sup>th</sup> monthly payment. Generally, under Version Two, if there are no more than two 30-day and no 60-day or greater delinquencies during the first 36 monthly payments and the Mortgage is current as of the 36<sup>th</sup> monthly payment, then the Mortgage will be eligible for representation and warranty relief.

Generally, under Version One, Relief Refinance Mortgages in particular are eligible for representation and warranty relief with 12 months of consecutive on-time payments after our purchase. If no more than two 30-day delinquencies occur during the first 36 monthly payments, however, then the Relief Refinance Mortgage will nonetheless be eligible for representation and warranty relief if the Relief Refinance

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Mortgage is current as of the 60<sup>th</sup> monthly payment. Generally, under Version Two, if there are no 30-day or greater delinquencies during the first 12 monthly payments, the Relief Refinance Mortgage will be eligible for representation and warranty relief. If there are no more than two 30-day and no 60-day or greater delinquencies during the first 36 monthly payments and the Relief Refinance Mortgage is current as of the 36<sup>th</sup> monthly payment, then the Relief Refinance Mortgage will be eligible for representation and warranty relief.

In addition, under Version Two, we are implementing an alternative path to that discussed above for Mortgages and Relief Refinance Mortgages to qualify for representation and warranty relief if Mortgages and Relief Refinance Mortgages satisfy one of the following quality control review processes:

- We complete a quality control review of the Mortgage or Relief Refinance Mortgage and we find it to be acceptable;
- We complete a quality control review of the Mortgage or Relief Refinance Mortgage and we find it to be unacceptable, but the seller cures any deficiencies to our satisfaction; or
- We complete a quality control review of the Mortgage or Relief Refinance Mortgage and we find it to be unacceptable, but the seller agrees to an alternative to repurchase, such as recourse or indemnification.

Finally, under Version Two, we will not automatically require sellers to repurchase a Mortgage or Relief Refinance Mortgage if applicable primary mortgage insurance has been rescinded. Under certain circumstances, the seller/servicer will be allowed to stand-in for the insurance coverage that was available under the rescinded mortgage insurance.

Commencing in the third quarter of 2014, we expect to provide sellers with reports listing those Mortgages and Relief Refinance Mortgages that meet the criteria for representation and warranty relief under Version One or Version Two.”

The terms “Version One” and “Version Two” are also hereby added to Appendix I – Index of Terms.

Unless otherwise defined in this Supplement, capitalized terms used in this Supplement have the meanings given to them in the Offering Circular.