

Industry Letter

**Freddie
Mac**

March 24, 2004

Subject: Enhancements to Freddie Mac's MultiLender Swap program

TO: All Freddie Mac Sellers and Servicers

Freddie Mac places great importance on the performance of our mortgage-backed securities and on investor satisfaction with all of our financing vehicles. We are pleased to announce an enhancement to our MultiLender Swap program. Effective with MultiLender Pools posted on and after April 1, 2004 for settlements on and after July 1, 2004, Sellers will swap conventional 15- and 30-year fixed-rate Mortgages for Giant PCs.

A Giant PC represents an undivided interest in a security with assets consisting of Freddie Mac PCs and/or other Giant PCs. Giant PCs receive principal and interest from their underlying assets and, similar to PCs, are identified by a CUSIP Number and a PC Pool Number. Giant PCs are issued pursuant to the Giant PC Agreement and the Offering Circular for Giant and Other Pass-Through Certificates, as it may be supplemented, which is the offering circular in effect on the Date of Seller's Offer that relates to the Mortgages being purchased and the Giant PCs being sold under the MultiLender Swap program. The Giant Offering Circular is available in PDF format on Freddie Mac's website at www.freddiemac.com/mbs/.

The enhancement to our MultiLender Swap program will enable Freddie Mac to create Giant PCs by combining Gold PCs backed by Mortgages purchased under our Cash program with Gold PCs backed by Mortgages purchased under the MultiLender Swap program. This capability will expand and enhance our MultiLender Swap program by providing large, liquid and more predictable Giant PCs in exchange for conventional 15- and 30-year Mortgages.

Beginning with MultiLender Pools posted on April 1, Sellers will receive:

- Giant PCs in exchange for conventional 15-year fixed-rate Mortgages, 30-year fixed-rate Mortgages and 20-year fixed-rate Mortgages delivered for 30-year PC Pools
- Gold PCs in exchange for 5- and 7-year Balloon/Reset Mortgages, FHA/VA Mortgages, Section 184 Native American Mortgages, Section 502 GRH Mortgages and conventional 20-year fixed-rate Mortgages delivered for 20-year PC Pools

The 15-year Giant PC Pools will be identified with the "G1" prefix and the 30-year Giant PC Pools will be identified with the "G0" prefix.

The pooling requirements for the MultiLender Swap program remain the same. There are no changes to commitments, contract options, delivery requirements or settlement procedures, and there are no fees associated with this enhancement. Freddie Mac's Giant PC disclosure includes, in addition to the Giant PC Offering Circular and any related supplements, an offering circular supplement for each Giant PC Pool, available on the first Business Day following the Bond Market Association's (BMA) Class D securities settlement date, that identifies the underlying PC Pools and/or Giant PC Pools. Information about the PCs underlying each Giant PC Pool is available from Freddie Mac's website at www.freddiemac.com/mbs/html/aop_giant.html and from our information vendors the day after the BMA's Class D securities settlement date and each month

thereafter. This aggregated information does not necessarily reflect, and may differ from, information derived from each of the Mortgages underlying each PC or Giant PC in the Giant PC Pool.

This modification to our MultiLender Swap program is effective for MultiLender Pools posted on and after April 1, 2004 for settlements on and after July 1, 2004. This Industry Letter will serve as Freddie Mac's written communication amending our Guide provisions, per Section 1.2 of the Guide, until June 28, 2004.

Conclusion

Freddie has an unwavering commitment to the strength and liquidity of our securities and to the development of offerings that align the needs of investors, originators and Servicers on behalf of America's homeowners. For more information about these changes to Freddie Mac's MultiLender Swap program, please call (800) FREDDIE.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael C. May". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael C. May
Senior Vice President
Mortgage Sourcing, Operations & Funding