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October 26, 2001
Clearing Memo #228

To: All Fedwire Book-Entry Securities Participants

From: Gail Armendinger
Electronic Payments Officer
Electronic Payments Department

Subject: Expansion of Book-Entry Services Provided for the
Federal Home Loan Mortgage Corporation (Freddie Mac)

The Federal Home Loan Mortgage Corporation (Freddie Mac) will begin issuing mortgage-backed securities (MBS) on the Fedwire[®] system in November 2001, with various principal and interest (P&I) payment dates (e.g. 17th, 18th, & 20th). In addition, Freddie Mac's securities on deposit with the MBS division of the Depository Trust and Clearing Corporation (DTCC) will migrate to the Fedwire system on the weekend of February 9, 2002.

The record date of these securities will be the last business day of the month. The payment date will be in the month following the record date and will be announced at the time the security is added and broadcast on the Fedwire system. A beneficiary date, if applicable, will also be broadcast at the time the security is added. In addition the timing of the P&I notification will be two to three days prior to the payment date (See Section E).

In this connection, the Federal Reserve Banks have been named fiscal agent with respect to these securities. The new securities will be processed on the Fedwire book-entry securities transfer system. Transfers of these obligations will be governed by the same procedures and fees applicable to transfers of other book-entry securities. These securities are transferable nationwide upon issuance.

A. CUSIP Number/Security Description

Each security will be assigned the unique nine-character CUSIP number. These securities will be issued under existing alpha mnemonics (FRRM, FRRR, FRPC, etc.):

Listed below are examples of the security descriptions:

Fixed Rate REMIC FRRM ANNNNA MM/DD/YY

Adjustable Rate REMIC FRRR ANNNNA MM/DD/YY

Participation Certificates FRPC 000001 G MM/DD/YY

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B. Denominations

The minimum and multiple denominations will be announced with each new issue.

C. Original Issues

On the original issue settlement date, Freddie Mac will transmit the securities through the securities transfer system to depository institutions (DIs). The original issue will be effected by sending a Type Code 2500 (Reversal Code 2502) which will transfer the securities against payment, if applicable, to the purchaser's account from the Freddie Mac issuer account.

D. Secondary Market Transactions

Transfers will be at par amount and effected using the standard Type Code 2000 message (Reversal Code 2002).

E. Principal and Interest Payments

The principal and interest payments for these securities will be automated. The principal and interest payment will be via a Type Code 8906 wire. The maturing securities will be withdrawn electronically on the payment date via a Type Code 8900.

The Principal and Interest Notifications for these securities will be distributed either one, two or three days prior to the payment date. The factor information on these securities is not available until this time.

MBS Notifications sent the day prior to the payment date will be included in the "Immediate P&I Notification" report along with Non-MBS products (Refer to Clearing Memorandum Number 224).

F. Claims Adjustment Eligibility

These securities will be eligible for Fail Tracking and Interim Accounting available through the Fedwire book-entry securities system, as described in Clearing Memoranda Numbers 219 and 220 respectively.

G. Beneficiary Date

Some REMIC classes may have a beneficiary date equal to the payment date instead of the record date. At this time, the beneficiary date will not be included on the MBS broadcast message. However, for those securities where the beneficiary date does

not equal the record date a general broadcast message (BA1000) will be sent announcing the CUSIP number and the beneficiary date. If you wish to receive these broadcasts in the future, please fax your request to the attention of Karen Tuite at (201) 531-3590.

If you have any questions, please call Belinda Williams, Information/Technical Support Specialist, Electronic Payments Department at (201) 531-3155.