

FINANCIAL AGENCY AGREEMENT
for a
HOMEOWNERSHIP PRESERVATION PROGRAM
under the
EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

This Financial Agency Agreement (FAA) is entered into as of February 18, 2009 (Effective Date), by and between the U.S. Department of the Treasury (Treasury), and Freddie Mac (Financial Agent).

Recitals

To implement the Emergency Economic Stabilization Act of 2008 (Act), the Treasury may designate Financial Institutions as financial agents of the United States to provide all such reasonable duties related to the Act as may be required.

Pursuant to the Act, the Treasury is establishing a Homeownership Preservation Program (Program) encompassing loan modifications, foreclosure prevention, loss mitigation, and other services, and has determined that it is in the interests of the United States to designate a financial agent to provide for such services.

The Financial Agent desires to serve as a financial agent of the United States under the terms and conditions contained herein.

Accordingly, in consideration of the representations, warranties, and mutual agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Treasury and the Financial Agent agree as follows.

1. Designation and authorization

Pursuant to the authority of the Secretary of the Treasury under the Act, the Treasury hereby designates and authorizes the Financial Agent to act as a financial agent of the United States under the terms and conditions of this FAA to perform certain services as more fully described in Exhibits A and C.

2. Term

A. The initial term of this FAA is for 5 years from the Effective Date and shall expire on February 17, 2014, unless terminated earlier by the Treasury pursuant to the provisions hereof.

B. The Treasury shall have the right and option to extend the term of this FAA beyond the initial expiration date for a total of 5 consecutive 1-year extensions. The Treasury may exercise any such extension option by giving written notice to the Financial Agent at least 60 calendar days prior to the end of the then current term. In the event any such extension option is

exercised by the Treasury, this FAA shall continue in full force and effect for the term of the extension.

C. The Financial Agent acknowledges that the services provided under this FAA are vital to the United States and must continue without interruption during any transition period if the Treasury decides to use a different entity to perform such services in the future, if the Treasury decides to perform such services itself, or if termination of the FAA requires an orderly shutdown of services. To provide for such a transition, the Treasury shall have the right to extend the term of this FAA beyond any expiration date for a period not to exceed 1 year. The Treasury may exercise such option by giving written notice of such extension to the Financial Agent prior to the end of the then current term. The Treasury will use reasonable efforts to provide such written notice at least 30 calendar days prior to the end of the then current term. The Treasury may reduce the number or extent of services to be provided by the Financial Agent during any such transition period. The Treasury agrees that it will work diligently to transfer or shutdown the services performed hereunder as soon as reasonably possible.

D. The Financial Agent agrees to cooperate with the Treasury and/or any successor service providers or financial agents and to provide such services as are necessary to ensure an effective and orderly transfer or shutdown of services, functions, records, and data during the transition period.

E. If this FAA is terminated before the end of the term, the Financial Agent will only be compensated for services performed through the effective date of termination.

3. Services to be provided by Financial Agent

A. The Financial Agent shall perform the services required under this FAA, as more fully described in Exhibits A and C, in accordance with the practices, high professional standards of care, and degree of attention used in a well-managed operation, and no less than that which the Financial Agent exercises for itself under similar circumstances. The Financial Agent shall use qualified individuals with suitable training, education, experience and skills to perform the services.

B. Unless specifically authorized otherwise by the Treasury in writing, the Financial Agent shall ensure that all employees of the Financial Agent and its contractors providing services under this FAA are United States citizens or lawful permanent residents performing their work in the United States, and that the operation and maintenance of all systems and databases used in providing services under this FAA are in the United States.

C. The Treasury may, in its sole discretion, modify, add to, or reduce the specific services required under the general scope of this FAA by providing written notice to the Financial Agent. If any such modification, addition or reduction causes an increase or decrease in the cost of, or the time required for, performance of any service required by this FAA, the Treasury and the Financial Agent will negotiate an equitable adjustment in the compensation for the service or other terms of performance.

D. The Treasury may periodically issue instructions through bulletins, letters, or other communications, consistent with this FAA, which will further describe or clarify the scope of the duties and services of the Financial Agent under this FAA. To the extent that any such instructions are inconsistent with the terms of this FAA or would constitute a material change in the terms or scope of services under this FAA, the terms of this FAA shall govern.

E. The Financial Agent shall keep the Treasury informed of changes in technology and business methods that might allow the Financial Agent to perform its services under this FAA in a more efficient or cost effective manner.

F. Consistent with Section 3B, the Treasury may authorize the Financial Agent to engage non-citizens working outside the United States to perform certain functions, provided such functions represent routine practices used to support other Financial Agent activities similar to those under this FAA.

4. Compensation

A. The Treasury shall compensate the Financial Agent for services in accordance with Exhibit B, as amended from time to time.

B. The Treasury does not guarantee any set quantity of transactions, minimum volume of assets or business, or related level of compensation to the Financial Agent and shall not adjust compensation on the basis that volumes or quantities did not meet the Financial Agent's expectations.

C. The Financial Agent shall maintain complete and accurate records of and supporting documentation for the amounts billable to the Treasury, and payments made by the Treasury. The Financial Agent shall follow generally accepted accounting principles when recording or reporting any such administrative accounting of the services provided under this FAA. The Financial Agent agrees to provide the Treasury with documentation and other information with respect to any amounts billed to the Treasury as may be reasonably requested by the Treasury.

D. The Treasury may deduct from any amount to be paid to the Financial Agent any amount that the Financial Agent is obligated to reimburse or pay to the Treasury.

E. Notwithstanding any other provision in this FAA, all compensation and funding shall be subject to the availability of funds. Notwithstanding any other provision of this FAA, the Financial Agent shall not enter into any agreements, commitments, or otherwise obligate the Treasury to provide Program funds to a servicer, borrower, or investor until the Financial Agent has received written direction from the Treasury to do so.

5. Financial Agent's fiduciary duty

The Financial Agent acknowledges and agrees that it owes a fiduciary duty of loyalty and fair dealing to the United States when acting as a financial agent of the United States. The Financial Agent agrees to act at all times in the best interests of the United States when carrying out its

responsibilities under this FAA and in all matters connected with this agency relationship. The Financial Agent acknowledges and agrees that its fiduciary duties under this FAA include, but are not limited to, the following:

- to perform its obligations with care, competence, and diligence;
- to construe the terms of this FAA and any related instructions from the Treasury in a reasonable manner to serve the purposes and interests of the United States;
- to use any nonpublic information or assets of the United States received or developed in connection with this FAA solely for the purposes of fulfilling its duties to the Treasury and not for its own commercial purposes or for those of a third party;
- to comply with 31 CFR Part 31, as may be amended from time to time, and with all conflict of interest, non-disclosure, and information barrier obligations and restrictions, and all conflict of interest mitigation measures, fully and in good faith, as set forth in the FAA; and
- to act only within the scope of its actual authority and to comply with all lawful instructions or directions received from the Treasury.

6. Nonpublic information

A. The Financial Agent shall take appropriate measures to ensure the confidentiality of nonpublic information and to prevent its inappropriate use, and shall document these measures in sufficient detail to demonstrate compliance. Nonpublic information shall include any information that the Treasury provides to the Financial Agent pursuant to this FAA, or that the Financial Agent obtains or develops pursuant to this FAA, until the Treasury determines the information is otherwise in writing, or until the information becomes part of the body of public information from a source other than the Financial Agent. Nonpublic information includes, but is not limited to, information about the Treasury's business, economic, and policy plans, financial and asset information, trade secrets, information subject to the Privacy Act, personally identifiable information (PII) , and sensitive but unclassified (SBU) information.

B. SBU information is defined as any information that the loss, misuse, or unauthorized access to or modification of could adversely affect the national interest or the conduct of Federal programs, or the privacy of individuals that they are entitled to under the Privacy Act. In addition, this includes trade secret or other information protected by the Trade Secrets Act. This definition may include other information designated by the Treasury or as defined by other Federal Government sources not mentioned above.

C. PII means any information about an individual, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and information which can be used to distinguish or trace an individual's identity, such as their name, social security number, date and place of birth, mother's maiden name, biometric records, etc., including any other personal information which is linked or linkable to an individual.

D. The Financial Agent shall use such nonpublic information solely for the purposes of fulfilling its duties under this FAA and not for its own commercial purposes or for those of a third party. The Financial Agent may disclose such nonpublic information only to those employees of the Treasury or the Financial Agent or its contractors, who have a legitimate need to know the information to assist in the proper performance of services required by this FAA, consistent with 31 CFR Part 31 and with the conflict of interest mitigation and information barrier measures identified in Exhibit F. The Financial Agent shall require any contractor that provides services under this FAA to agree in writing to confidentiality obligations substantially the same as those in this FAA.

E. The measures required by this Section to protect nonpublic information shall include, but are not limited to, (i) security measures to prevent unauthorized access to facilities and storage containers where nonpublic information is stored, (ii) security measures to detect and prevent unauthorized access to computer equipment and data storage devices that store or transmit nonpublic information, in accordance with Section 9, (iii) periodic training to ensure that persons receiving nonpublic information know their obligations to maintain its confidentiality and to use it solely for purposes contemplated by this FAA, and (iv) programs to ensure compliance with Federal securities laws, including laws relating to insider trading.

F. The Treasury may periodically issue other policy statements or guidance to clarify the Financial Agent's obligations regarding nonpublic information. If the Financial Agent has any questions on the designation or proper handling of nonpublic information, it shall immediately seek clarification from the Treasury whose decision shall be binding upon the Financial Agent.

G. The Financial Agent's agreement with respect to nonpublic information is a continuing one that shall survive the termination or expiration of this FAA. However, the Financial Agent shall not be required to protect nonpublic information that becomes part of the body of public information from a source other than the Financial Agent.

H. The Financial Agent shall strictly enforce the terms of any non-disclosure agreements it has with its employees and contractors regarding services provided under this FAA. In addition, the Financial Agent shall ensure that each employee of the Financial Agent and all contractor personnel to whom nonpublic information is or may be disclosed, shall review and sign a Non-Disclosure Agreement containing substantially the provisions and obligations in Exhibit E.

I. Notwithstanding the requirements of this Section, the Financial Agent may disclose nonpublic information if required pursuant to a lawful court order or valid subpoena after giving prior notice to the Treasury, or may disclose nonpublic information to and if required by its Federal regulator.

7. Breaches of nonpublic information

A. The Financial Agent shall immediately notify the Treasury of any actual or suspected breaches of nonpublic information that may occur while handling Treasury data, whether paper or electronic, including unauthorized access, use, disclosure, or loss of nonpublic information. Such immediate notification should occur whether before or after regular business hours or on a weekend or holiday, and should not be delayed as the Financial Agent researches or confirms the particular details on an incident or suspected incident.

B. In response to a reported breach of nonpublic information, the Treasury may request the Financial Agent to conduct an investigation and report detailed findings as to the cause and impact of the breach as well as the remediation taken. As determined by the Treasury after reviewing any investigation conducted by the Financial Agent, the Financial Agent may be liable and may be required to reimburse the Federal Government or any affected individual for any costs, expenses, or damages which result from the fraud, theft, willful misuse or negligence of the Financial Agent, its contractors, Financial Agent employees, or contractor personnel with respect to the handling and maintenance of nonpublic information.

C. The Financial Agent must ensure that all of its employees and contractor personnel impacted by this Section receive the proper education and guidance.

8. Privacy Act

The Treasury may determine that, in connection with the services provided under this FAA, the Financial Agent has obtained or developed a system of records as defined under the Privacy Act of 1974, 5 U.S.C. § 552a. For purposes of the Privacy Act, when a Government agency delegates the development, operation or maintenance of a system of records on individuals to accomplish an agency function, the person that operates the system is bound by the Privacy Act as if such person were an employee of the agency. Violations of the Privacy Act may involve the imposition of criminal penalties. If the Treasury makes such a determination, it shall so notify the Financial Agent. After receiving such notice, the Financial Agent shall promptly provide training to all of its employees and contractor personnel with access to such system of records on the duties and responsibilities imposed on them by the Privacy Act and by applicable regulations and guidance, including the potential penalties for wrongful disclosure.

9. Information technology security

A. The Financial Agent shall develop, maintain, enforce, and at least annually review for effectiveness, information technology security measures designed to ensure the (i) availability, (ii) access controls, and (iii) integrity of any systems, databases, or data stores containing or processing nonpublic information.

B. The availability measures shall be designed to ensure such systems, databases, or data stores are available for operation and use to support the services required under this FAA. The access control measures shall be designed to ensure such systems, databases, or data stores are protected against unauthorized access and use. The integrity measures shall be designed to

ensure that systems processes and storage and retrieval of nonpublic information in databases or data stores, are complete, accurate, and protected against unauthorized modification.

C. Within 90 days of the Effective Date of this FAA, and on June 1 of each year thereafter that this FAA is in effect, the Financial Agent shall submit to the Treasury for review and approval the specific information technology security measures described above. In addition, the internal control program, required by Section 16, must include review of the information technology control objectives and control techniques, and testing of operational effectiveness of information technology security measures.

D. For any database created by the Financial Agent under this FAA that may contain loan level data on credit characteristics, modifications, and performance, the Financial Agent shall ensure that access is limited to the need to know pursuant to the FAA, that any access granted shall be at the minimum levels required in each instance, and that appropriate controls are in place designed to ensure that no one will access or use the data in such database, or any derivatives thereof, for any purpose other than performing services under the FAA, with such impermissible purposes including without limitation for conducting market research, credit risk analysis, securities performance analysis, or underwriting for the Financial Agent's activities outside this FAA.

10. Personnel security

A. The Treasury will rely on the Financial Agent's personnel security screening standards. The Financial Agent shall ensure that all of its employees and contractor personnel who have access to nonpublic information have appropriate personnel security background checks.

B. The Financial Agent shall provide the Treasury with a listing of all such background investigative requirements (e.g., FBI fingerprint check, police check, credit check, verification of lawful permanent resident status, etc.). The Treasury may request additional personnel security checks.

C. Consistent with Section 3B, all Financial Agent employees and contractor personnel who have access to nonpublic information must be U.S. citizens or lawful permanent residents performing their work in the continental United States.

11. Conflicts of interest mitigation and information barriers

A. Consistent with Exhibit F, the Financial Agent and its contractors shall adequately segregate personnel or employ suitably robust internal controls designed to ensure that the Financial Agent's personnel and those of its contractors assigned to provide services under this FAA do not divulge information regarding the Program to other personnel involved with the Financial Agent's or its contractor's other activities that may conflict with duties owed to the Treasury. No nonpublic information related to the management of the Program shall be revealed to such other personnel, except as required by law, or as required for internal senior management or legal purposes consistent with the Financial Agent's duties owed to the Treasury.

B. As part of its obligation to comply with the conflict of interest requirements of this FAA, the Financial Agent shall implement the conflict of interest mitigation and information barrier measures set forth in Exhibit F throughout the term of this FAA.

12. Employee codes of conduct and ethics

The Financial Agent must establish policies and procedures reasonably designed to assist all individuals performing services under this FAA to comply with applicable laws and regulations, and to comply with requirements for the disclosure and the avoidance, mitigation, or neutralization of any actual or potential personal conflicts of interest, consistent with the provisions of Exhibit F. The Financial Agent must have in place policies and procedures establishing a Code of Conduct and a Code of Ethics.

13. Representations and warranties

The Financial Agent represents and warrants to the Treasury the following, the truth and accuracy of which are a continuing condition of the Financial Agent's responsibilities to the Treasury:

- A. The Financial Agent is an institution established and regulated under the laws of the United States or any State, territory, or possession of the United States and having significant operations in the United States.
- B. The Financial Agent has full corporate power and authority to enter into, execute, and deliver this FAA and to perform its obligations hereunder.
- C. The Financial Agent has obtained or made all governmental approvals or registrations required under law to authorize the performance of its obligations under this FAA, it being understood that the Treasury hereby consents to the Financial Agent entering into this FAA in accordance with the requirements of the Senior Preferred Stock Purchase Agreement dated September 26, 2008, between the Treasury and the Financial Agent. The Financial Agent is not aware of any legal or financial impediments to performing its obligations under this FAA that it has not disclosed in writing to the Treasury.
- D. The Financial Agent is not delinquent on any Federal tax obligation or any other debt owed to the United States or collected by the United States for the benefit of others.
- E. The Financial Agent is not on any Federal excluded parties, debarments, or suspension lists.
- F. The Financial Agent has or shall promptly obtain all required licenses, bonding, facilities, equipment and trained personnel to perform its obligations under this FAA.

- G. The Financial Agent owns or is licensed to use, or shall promptly obtain such ownership or license to use, software programs and data processing hardware that are necessary for it to perform its obligations under this FAA, and to the best of its knowledge such software programs and data processing hardware do not infringe upon or constitute an infringement on or misappropriation of any valid United States patent, copyright, trademark, trade secret or other proprietary rights of any third party.
- H. The Financial Agent agrees to comply with regulations on conflicts of interest and other matters at 31 CFR Part 31, as may be amended from time to time, as well as more stringent provisions that may be imposed by this FAA. In addition, the Financial Agent covenants to disclose all actual or potential organizational conflicts of interest, including prompt disclosure of any conflicts with the interests of any contractors as soon as they come to the Financial Agent's attention, and to avoid, mitigate, or neutralize to the extent feasible and to the Treasury's satisfaction any personal or organizational conflicts of interest that may be identified by the Treasury or the Financial Agent, consistent with the conflict mitigation measures set forth in Exhibit F.
- I. If doing other business with the Treasury or another Federal agency, the Financial Agent is not in any kind of probationary status, and is addressing and resolving any identified deficiencies in performance.
- J. The Financial Agent covenants to disclose to the Special Inspector General created under the Act, or the Treasury Office of the Inspector General, any credible evidence, in connection with the designation, services, or closeout of this FAA, that a management official, employee, or contractor of the Financial Agent has committed (a) a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or (b) a violation of the civil False Claims Act (31 U.S.C. §§ 3729-3733).
- K. The Financial Agent covenants to disclose any other facts or information that the Treasury should reasonably expect to know about the Financial Agent and its contractors to help protect the reputational interests of the Treasury and the Financial Agent in managing the Program.

The Financial Agent shall sign an annual certification, and deliver it to the Treasury on June 1 of each year this FAA is in effect, in the form set forth in Exhibit D.

14. Use of contractors

A. Except as provided in Section 15, the Financial Agent shall use only its own employees to perform services under this FAA, unless the Financial Agent obtains the prior written consent of the Treasury to use contractors to perform such services. The Treasury may approve or reject any contractor in its sole discretion. The Treasury shall have the right to impose requirements for any such contractor including, without limitation, requirements relating to the location of the contractor's offices, the citizenship of the contractor's employees, and the contractor's physical and data security systems.

B. The Financial Agent must execute any agreement with a contractor in its own name and not on behalf of the United States or the Treasury, and any such contractor does not become a subcontractor, agent, or subagent of the Treasury. The Treasury shall not be deemed a party to any arrangement or agreement the Financial Agent may enter into with another entity to perform any services under this FAA. The Treasury will not be liable for any payment to any entity other than the Financial Agent.

C. The Financial Agent is responsible for the supervision and management of any contractor that assists in the performance of services under this FAA. The Financial Agent shall remove and replace any contractor that fails to perform. The Financial Agent shall ensure that all of its contractors comply with the terms and provisions of this FAA. The Financial Agent shall be responsible for the acts or omissions of its contractors as if the acts or omissions were by the Financial Agent.

15. Small Business Contractors, Including Minority- or Women-Owned Contractors

The Financial Agent agrees to engage one or more small businesses as contractors, including minority- or women-owned businesses, to provide a portion of the services described in Exhibits A and C. Such contractors shall serve as the direct providers of required services, and not as ancillary or secondary support providers to another entity directly responsible for the services. The Treasury reserves the right to approve or reject the contractors in its sole discretion.

16. Internal control program

The Financial Agent shall develop, enforce, and at least annually review for effectiveness, an internal control program designed to ensure effective delivery of services under this FAA and compliance with Program Guidelines. The internal control program must include documentation of the control objectives for major Program activities, the associated control techniques, and mechanisms for testing and validating the controls.

17. Reviews and audits

The Treasury, the Treasury Inspector General, the Special Inspector General created under the Act, the Government Accountability Office, and other entities as authorized by the Treasury shall have the right during normal business hours to conduct announced and unannounced onsite and offsite physical, personnel and information technology testing, security reviews, and audits of the Financial Agent, and to examine all books and records, related to the services provided and compensation received under this FAA. The Financial Agent shall be responsible for implementing corrective actions associated with such testing, reviews, or audits as directed by the Treasury.

The Financial Agent shall provide the Treasury with access to all internal control reviews that relate to services under this FAA performed by the Federal Housing Finance Agency (FHFA) and the Financial Agent's independent auditing firm.

18. Intellectual property rights

A. For purposes of this Section, the following definitions apply:

“Business Methods” means any ideas, concepts, designs, practices, and business methods created by the Financial Agent or its contractors, jointly or independently, expressly for the purpose of providing the services under this FAA.

“Data” means any recorded information, regardless of form or the media on which it may be recorded, regarding any of the services described in this FAA.

“Federal Government” means any Federal Government department, agency, bureau, corporation or instrumentality, or any Federal Reserve Bank.

“Unlimited Rights” means non-exclusive perpetual rights to, without limitation, use, copy, maintain, modify, enhance, disclose, reproduce, prepare derivative works, and distribute, in any manner and for any purpose and to permit others to do so.

B. The Treasury shall have Unlimited Rights to Business Methods and may use them for any purpose within the Treasury’s authority.

C. Except as otherwise provided herein or prohibited by law, the Treasury shall have Unlimited Rights to all data produced or developed, or obtained without restriction, by the Financial Agent or a contractor of the Financial Agent for the purpose of providing services under this FAA. If requested, such data shall be made available to the Treasury in industry standard useable format.

D. In accordance with 28 U.S.C. § 1498, the Treasury hereby authorizes and consents to all use, manufacture, and production of any invention, product or work described in and covered by a United States patent or copyright by the Financial Agent or a contractor of the Financial Agent in the performance of this FAA.

19. Liability of Financial Agent

A. If any act or omission by the Financial Agent or a contractor of the Financial Agent results in a delay in processing or transferring funds to the Treasury, or in delivering transaction information that prevents the Treasury from making use of funds, the Financial Agent is liable and shall reimburse the Treasury for the time value amount of such loss. The Treasury may reconsider any liability claim against the Financial Agent if the Treasury, in its sole discretion, determines that any delay arose out of causes beyond the control and without the fault or negligence of the Financial Agent.

B. Except as otherwise provided in this Section, the Financial Agent will not be liable to the Treasury for (i) any loss incurred by reason of any Program decision or action taken or omitted in what the Financial Agent believes in good faith to be the proper performance of its duties; (ii) any exercise of, or failure to exercise, any discretionary authority duly granted to the Financial

Agent under this FAA; (iii) errors by the Treasury or its duly designated financial agents in data or instructions provided to the Financial Agent; (iv) fraud by, acts or omissions of, or good faith reliance on information from, independent third-parties not under contract with the Financial Agent to provide required services under this FAA, such as lenders, servicers, or borrowers; (v) occasional clerical, administrative, or document keying errors which may occur as a result of intensive manual processes, provided that, in the Treasury's sole determination, such errors are not due to lack of an appropriate internal control system; (vi) any action taken or omitted by its reliance on the receipt of electronic transmissions with the proper security codes or passwords that the Financial Agent reasonably believes to be from the Treasury or its duly designated financial agents; and (vii) events beyond the control of the Financial Agent and which can not be avoided or mitigated by the exercise of expected diligence, care, and contingency planning.

C. The Financial Agent is liable and shall reimburse the Treasury for any monetary loss or costs which result from the fraud, theft, embezzlement, willful misconduct, bad faith, or negligence of, or breach of fiduciary duty by, the Financial Agent or a contractor of the Financial Agent. The Treasury will reconsider any liability claim against the Financial Agent resulting from negligence if the Treasury, in its reasonable judgment, determines the failure to exercise reasonable care was not caused by lack of an appropriate internal control system.

D. The Financial Agent may be liable for costs, expenses, or damages associated with a breach of nonpublic information, as set forth in Section 7.

E. If the Treasury reasonably believes that the Financial Agent is in breach of this FAA, an investigation of the Financial Agent's actions by the Treasury or another entity may be required. If ultimately found to be in breach, the Financial Agent shall be liable for the reasonable costs and expenses of any such investigation to the extent that such costs and expenses are reasonably documented.

20. Notice to the Treasury

The Financial Agent shall promptly notify the Treasury if (i) the Financial Agent becomes aware of any loss, damage, investigation, action, proceeding or claim related to its performance under this FAA that may have a material adverse effect on the Treasury or the United States or that may damage the public's trust in the operations of the Treasury, (ii) the Financial Agent breaches any material obligation or condition of this FAA, or (iii) any representation or warranty made by the Financial Agent herein ceases to be true.

21. Defaults

The following, as solely determined by the Treasury, constitute events of default by the Financial Agent under this FAA:

- A. The Financial Agent fails to perform or comply with any of its material obligations under this FAA.

- B. The Financial Agent, its contractors, or any employee of the Financial Agent or any contractor personnel commits a negligent, willful, or reckless act in connection with services or activities under this FAA.
- C. The Financial Agent breaches a fiduciary duty to the United States with respect to its responsibilities under this FAA.
- D. Any representation or warranty made herein by the Financial Agent is or becomes materially false, incorrect, or incomplete.
- E. The Financial Agent is or becomes delinquent on any Federal tax obligation or any other debt owed to the United States Government or collected by the United States for the benefit of others.
- F. A receiver, liquidator, trustee, or other custodian is appointed for the Financial Agent, provided that the existence or continuation of FHFA's conservatorship of the Financial Agent shall not constitute an event of default.
- G. The Financial Agent is in default under any other agreement between the Financial Agent and the Treasury or any bureau of the Treasury.

22. Remedies for default

The Treasury may take any, all, or none of the following actions in the event of a default by the Financial Agent under this FAA:

- A. The Treasury may terminate this FAA and cease its performance hereunder. If this FAA is terminated, the designation and authorization of the Financial Agent for purposes of providing the services under this FAA are revoked.
- B. The Treasury may reduce the scope of services under this FAA and cease a portion of its performance hereunder. If the scope of this FAA is reduced, the authorization of the Financial Agent for purposes of providing the discontinued services under this FAA is revoked.
- C. The Treasury may revoke the Financial Agent's designation as a financial agent for the United States, encompassing this FAA and any other financial agency agreement with the Treasury, which shall be deemed terminated as of the effective date of such revocation.
- D. The Treasury may declare any other agreement between the Financial Agent and the Treasury to be in default.
- E. The Treasury in its sole discretion may put a Financial Agent on probation for failing to perform satisfactorily a service (or services) delineated in this FAA. Probation means that the Treasury will withhold some or all of the Financial Agent's compensation until in the Treasury's determination the Financial Agent has cured the non-performance issues.

The Treasury reserves the right to consider other measures in addition to withholding the compensation if the Financial Agent is put on probation, including but not limited to, preclusion from additional work under the existing agreement and ineligibility to be designated for other work under a new agreement. The payment of compensation may also be adjusted consistent with Section 19 (Liability of Financial Agent.)

F. The Treasury may consider information or history regarding any default hereunder when making any decisions regarding future use of the Financial Agent for performance of financial agent services.

G. The Treasury may take any other action available at law or in equity.

23. Termination in the interest of the United States

Notwithstanding any other provision of this FAA, when the Treasury in its sole discretion determines that such actions are necessary to protect the interests of the United States Government, the Treasury may reduce the authorized scope of work under this FAA, terminate this FAA, or revoke the Financial Agent's status as a financial agent of the United States even in the absence of an event of default by the Financial Agent under this FAA.

24. Disputes

The Treasury and the Financial Agent agree that it is in their mutual interest to resolve disputes by agreement. If a dispute arises under this FAA, the parties will make all reasonable efforts to resolve the dispute by mutual agreement. If a dispute cannot be resolved informally by mutual agreement at the lowest possible level, the dispute shall be referred up the respective chain of command of each party in an attempt to resolve the matter. This will be done in an expeditious manner. The Financial Agent shall continue diligent performance of the services required by this FAA pending resolution of any dispute. The Treasury and the Financial Agent reserve the right to pursue other legal or equitable rights they may have concerning any dispute. However, the parties agree to take all reasonable steps to resolve disputes internally before commencing legal proceedings.

25. Data and records retention

In addition to its fiduciary duties and any other obligation to retain financial and accounting records that may be imposed by Federal or state law, the Financial Agent shall retain all data, books, reports, documents, audit logs and records, including electronic records, related to the performance of services required by this FAA. In addition, the Financial Agent shall maintain a copy of all computer systems and application software necessary to review and analyze these electronic records. Unless otherwise directed by the Treasury, the Financial Agent shall retain these records for at least 7 years from the date the data or record was created. The Treasury may also notify the Financial Agent from time to time of any additional records retention requirements resulting from litigation in which the Treasury may have an interest, and the Financial Agent agrees to comply with these litigation requirements.

26. Transfer or assignment

A. The Financial Agent may not transfer or assign its rights under this FAA without the prior written consent of the Treasury, which may be granted or withheld in the sole discretion of the Treasury. Any purported transfer or assignment without the prior written consent of the Treasury shall be void.

B. The Financial Agent shall notify the Treasury as soon as legally possible of any proposed merger, acquisition, or other action involving the Financial Agent or a contractor of the Financial Agent that will affect the Financial Agent's ability to carry out its responsibilities under this FAA.

C. In the event that the Financial Agent is involved in a merger or acquisition, the Treasury may, in its sole discretion, elect to continue this FAA and to treat the Financial Agent's successor in interest to be a successor financial agent. If the Treasury elects not to continue this FAA, the Treasury shall notify the Financial Agent of the termination date of the FAA.

27. Notices

All notices required to be given herein shall be in writing and shall be given to the following contacts unless expressly stated otherwise herein:

To the Treasury:

Gary Grippo
Deputy Assistant Secretary
Fiscal Operations and Policy
U.S. Department of the Treasury
1500 Pennsylvania Ave, NW, Room 2112
Washington, DC 20220

To the Financial Agent:

Joseph Rossi
Senior Vice President, Operations
Freddie Mac
8200 Jones Branch Drive
McLean, VA 22102

The party giving the notice should send an e-mail to the party receiving the notice advising that them that the notice by mail has been given.

28. Publicity and Disclosure

A. The Financial Agent shall not make use of any Treasury name, symbol, emblem, program name, or product name, in any advertising, signage, promotional material, press release, Web page, publication, or media interview, without the prior written consent of the Treasury.

B. The Financial Agent, its contractors, any employee of the Financial Agent, or any contractor personnel shall not make statements to the media or issue press releases regarding their services under this FAA without the prior written consent of the Treasury.

C. The Financial Agent acknowledges that this FAA is confidential and, consistent with applicable law, shall not disclose this FAA to third parties.

29. Modifications

Modifications to this FAA shall be in writing and signed by the parties. Notwithstanding the foregoing, the Treasury reserves the right to unilaterally modify the terms and provisions of this FAA, through written notice to the Financial Agent, to comply with changes in legislation or regulations, court orders, or audit findings.

30. Miscellaneous

A. This FAA shall be governed by, and interpreted in accordance with, Federal law not the law of any state or locality. To the extent that a court looks to the laws of any state to determine or define the Federal law, it is the intention of the parties to this FAA that such court shall look only to the laws of the State of New York without regard to the rules of conflicts of laws.

B. This FAA is not a Federal procurement contract and is therefore not subject to the provisions of the Federal Property and Administrative Services Act (41 U.S.C. §§ 251-260), the Federal Acquisition Regulations (48 CFR Chapter 1), or any other Federal procurement law.

C. Any provision of this FAA that is determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this FAA, and no such prohibition or unenforceability in any jurisdiction shall invalidate such provision in any other jurisdiction.

D. Failure on the part of the Treasury to insist upon strict compliance with any of the terms hereof shall not be deemed a waiver, nor will any waiver hereunder at any time be deemed a waiver at any other time. No waiver will be valid unless in writing and signed by an authorized officer of the Treasury. No failure by the Treasury to exercise any right, remedy, or power hereunder will operate as a waiver thereof. The rights, remedies, and powers provided herein are cumulative and not exhaustive of any rights, remedies, and powers provided by law.

E. This FAA shall inure to the benefit of and be binding upon the parties to this FAA. No other person or entity will have any right or obligation hereunder, except for successor financial agents accepted by the Treasury.

F. This FAA may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

G. This FAA and the attached Exhibits constitute the entire agreement between the parties.

31. Incorporation by reference

Exhibits A-F attached to this FAA are incorporated herein by reference and given the same force and effect as though fully set forth herein.

In witness whereof, the Treasury and the Financial Agent by their duly authorized officials hereby execute and deliver this Financial Agent Agreement as of the Effective Date.

Department of the Treasury

Kenneth E. Carfine
Fiscal Assistant Secretary

Date

Financial Agent

David M. Moffett
Chief Executive Officer

Date

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Department of the Treasury



Kenneth E. Carfine
Fiscal Assistant Secretary

02/18/09

Date

Financial Agent

David M. Moffett
Chief Executive Officer

Date

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Department of the Treasury

Kenneth E. Carfine
Fiscal Assistant Secretary

Date

Financial Agent



David M. Moffett
Chief Executive Officer

February 18, 2009

Date

EXHIBITS

- Exhibit A Services and Other Terms
- Exhibit B Budget, Funding, and Compensation
- Exhibit C Program Guidelines
- Exhibit D Annual Certification Format
- Exhibit E Non-Disclosure Agreement
- Exhibit F Conflicts of Interests Mitigation

EXHIBIT A

SERVICES AND OTHER TERMS

The Financial Agent will assist in implementing the Treasury's Homeownership Preservation Program under the Emergency Economic Stabilization Act of 2008, including but not limited to the development, implementation, and administration of services related to foreclosure prevention and other miscellaneous services as set forth in this Exhibit and Exhibit C.

The Financial Agent shall provide all services in accordance with the Program Guidelines, contained in Exhibit C, as issued and updated from time to time by the Treasury.

1. Foreclosure prevention

A. To assist the Treasury with foreclosure prevention, the Financial Agent shall provide advice to help design a program that implements standardized, streamlined mortgage modifications for all types of servicers, regardless of the risk holder (e.g., bank, PLS, GSE MBS, etc.), and that lowers monthly payments for qualified borrowers.

B. The Financial Agent shall fulfill the role of compliance agent for the foreclosure prevention activities. Another financial agent designated by the Treasury will fulfill the roles of program administration, pipeline reporting, program record-keeping, and paying agent. The Financial Agent agrees to work in good faith and fully cooperate with the financial agent designated for administration, pipeline reporting, record-keeping, and paying.

C. Acting as the program compliance agent, consistent with the Program Guidelines, the Financial Agent shall conduct examinations and review servicer compliance with the published rules for the program and report results to the Treasury. Such examinations shall be primarily on-site but will also involve off-site documentation reviews. Based on the examinations, the Financial Agent shall also provide the Treasury with advice, guidance, and lessons learned to improve operation of the program.

D. The Financial Agent shall employ the following techniques and examination components, as determined by the Financial Agent consistent with the Program Guidelines:

1. Verifying that a servicer's data mining process is designed to include all eligible borrowers in the servicer's loan modification program, including reviewing policies and procedures established by the servicer to identify eligible borrowers, and reviewing the results of outreach efforts the servicer has completed based on the policies and procedures.
2. Reviewing a servicer's use and documentation of the net present value (NPV) tool required to be used by the Treasury, by examining the servicer's on-site systems and data flow practices and confirming that the servicer maintains appropriate documentation of its debt-to-income calculations.

3. Testing whether information sent by the servicer to the program administrator is consistent with the servicer's documentation, including such steps as reviewing policies and procedures for the NPV tool and associated data flows, testing a sample of the servicer's loans, inputting a random sample of loans into the NPV tool and comparing results with those of the servicer, and testing data integrity by tracing a random sample of loan level data from the program administrator back to the source documents in servicer's individual loan files.
 4. Reviewing the servicer's underwriting practices by, among other things, examining physical loan files to check compliance with requirements such as income verification, home valuation and credit scoring, reviewing the servicer's policies and procedures for underwriting modifications and comparing those with standard industry underwriting guidelines and program specifications, and selecting a random sample of approved and declined files and underwriting the source documents to check whether sound underwriting practices were followed (income calculation, collateral valuation, debt determination, etc.).
 5. Where servicers are responsible for paying out program funds, reviewing cash flow movement practices to check whether program funds are paid in a timely manner to the right parties, including such steps as reviewing the servicer's policies and procedures for executing payments, examining random samples of transactions through the end-to-end process, and reviewing the servicer's investor account reconciliations.
 6. Reviewing the servicer's record keeping practices for transactions and program decisions, such as determinations of borrower eligibility, including such steps as reviewing the servicer's policies and procedures against program specifications and industry standards, randomly testing approved and declined loans and their associated records to determine whether procedures and documentation requirements were followed, and reviewing servicer records agree with the program record keeper.
- E. The Financial Agent shall to report its findings to the Treasury for each examination using a standard reporting template, to be developed by the Treasury with input from the Financial Agent, which shall include such information in memorandum format as: overall rating (e.g., satisfactory, marginal, poor), major risk and compliance findings if any, narrative justifying the rating, descriptions of the key processes employed by the servicer, and compliance testing results.
- F. The Financial Agent shall provide its findings on the reporting template to the Treasury, and to the program administrator at the direction of the Treasury, either for each examination or a sample of examinations based on the severity of diversions from program requirements, consistent with the Program Guidelines.
- G. As requested by the Treasury, the Financial Agent shall work with the program administrator and the Treasury to provide information, agreements, and training to servicers and borrowers and to answer program inquiries.

2. Housing Finance Agencies

Services To Be Determined

3. Whole loan purchases out of PLS trusts

Services To Be Determined

4. Miscellaneous services

A. The Financial Agent shall provide various miscellaneous services upon the Treasury's reasonable request and the Financial Agent's reasonable consent, including but not limited to the following services:

1. Provide consultative advice on other activities in the Treasury's Homeownership Preservation Program.
2. Provide advice to the Treasury on managing the property disposition for real estate acquired through foreclosure.
3. Assist in the selection of special technical advisors for any of the activities referred to herein.
4. Provide analysis and modeling for any of the activities referred to herein.

EXHIBIT B

BUDGET, FUNDING, AND COMPENSATION

1. Budget and compensation

A. The Treasury, in consultation with the Financial Agent, shall establish and from time to time update a budget for the services to be provided under the Financial Agency Agreement (FAA), based on factors including level of resources required to perform services, standards of care to be met, compliance policies required to administer the program, and other FAA requirements, consistent with the Program Guidelines. The following major cost categories will be used for the budget:

- Personnel compensation and related costs
- Travel
- Information technology
- Equipment and materials
- Contractors and other third party providers
- Other specific, direct costs
- Indirect costs

B. The Financial Agent shall be reimbursed for the costs of administering the program, consistent with the budget. Such reimbursement will be paid monthly based on services rendered the prior month. The Financial Agent must submit an invoice, with breakdowns under each major cost category, prior to receiving such reimbursement.

2. Incentive payments

A. The Financial Agent may receive performance incentive payments, up to a maximum level of 20 percent of base compensation, at the Treasury's discretion and sole determination based on the quality and timeliness of compliance examinations and the advice, guidance, and lessons learned that may improve operation of the program and help the Treasury achieve homeownership policy goals.

B. Such performance payments will be paid quarterly based on the Treasury's evaluation of results from the prior quarter.

EXHIBIT C
PROGRAM GUIDELINES
To Be Issued by the Treasury

EXHIBIT D

ANNUAL CERTIFICATION FORMAT

This certificate is delivered as provided in Section 13 of the Financial Agency Agreement (FAA) effective February 18, 2009, between the U.S. Department of the Treasury (the Treasury) and [Financial Institution name].

I, [Name of Authorized Official], a duly authorized official of [Financial Institution name], certify that:

1. [Financial Institution name] is an institution established and regulated under the laws of the United States or any State, territory, or possession of the United States and having significant operations in the United States;
2. [Financial Institution name] is taking all reasonable steps to ensure that nonpublic information obtained from or on behalf of the Treasury are properly safeguarded, in accordance with the FAA and 31 CFR Part 31, as may be amended from time to time;
3. all charges and expenses charged to the Treasury are accurate and attributable to services provided to the Treasury;
4. [Financial Institution name] is not on any Federal excluded parties, debarments, or suspension lists;
5. [Financial Institution name] is not delinquent on any federal tax obligation or on any other debt owed to the United States and that [Financial Institution name] agrees to execute IRS Form 8821, and any other necessary Federal forms, to allow the Treasury to verify such information;
6. [Financial Institution name] has all governmental approvals or registrations required under law to authorize the performance of its obligations under the FAA, and is not aware of any legal or financial impediments to performing its obligations to the Treasury;
7. all employees of [Financial Institution name] and contractor personnel who have access to nonpublic information are U.S. citizens or lawful permanent residents performing their work in the continental United States, unless specifically authorized by the Treasury in writing;
8. [Financial Institution name] covenants to disclose all actual or potential organizational conflicts of interest, including conflicts with the interests of any contractors performing services under the FAA, and to avoid, mitigate, or neutralize to the extent feasible and to the Treasury's satisfaction any personal or organizational conflicts of interest that may be identified by the Treasury or [Financial Institution name], in accordance with the FAA and 31 CFR Part 31, as may be amended from time to time;
9. in accordance with the FAA and 31 CFR Part 31, as may be amended from time to time, [Financial Institution name] covenants to disclose to the Treasury Inspector General or the Special Inspector General created under the Act any credible evidence, in connection with the designation, services, or closeout of this FAA, that a management official, employee, or contractor of the [Financial Institution name] has committed (a) a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code, or (b) a violation of the civil False Claims Act (31 U.S.C. §§ 3729-3733).

10. [Financial Institution name] covenants to disclose any other facts or information that the Treasury should reasonably expect to know about the [Financial Institution name] and its contractors to help protect the reputational interests of the Treasury and [Financial Institution name] in managing the Program.
11. any other representations and warranties embodied by or contained in the FAA, and any amendments thereto, either remain true and correct or have been otherwise disclosed.

In the event that any of the representations made herein cease to be true and correct, [Financial Institution name] agrees to notify the Treasury immediately.

[Name of Authorized Official]
[Title of Authorized Official]

Date

EXHIBIT E

NON-DISCLOSURE AGREEMENT

Conditional Access to Nonpublic Information

I, _____, employee of _____ (Organization) hereby consent to the terms in this Agreement in consideration of my being granted conditional access to certain United States Government nonpublic information.

I understand and agree to the following terms and conditions:

1. By being granted conditional access to nonpublic information, the _____ (Organization) and the U.S. Department of the Treasury (Treasury) have placed special confidence and trust in me, and I am obligated to protect this information from unauthorized disclosure, according to the terms of this Agreement.
2. Nonpublic information refers to any information, provided to me by the Treasury or _____ (Organization) in connection with my authorized services to the Treasury, or that I obtain or develop in providing authorized services to the Treasury, other than information designated as publicly available by the Treasury in writing or that becomes publicly available from a source other than the Financial Agent. Nonpublic information includes but is not limited to information about the Treasury's business, economic, and policy plans, financial information, trade secrets, information subject to the Privacy Act, personally identifiable information (PII), and sensitive but unclassified (SBU) information.
3. PII includes, but is not limited to, information pertaining to an individual's education, bank accounts, financial transactions, medical history and other information which can be used to distinguish or trace an individual's identity, including but not limited to social security numbers.
4. SBU information is any information where the loss, misuse, or unauthorized access to, or modification of which could adversely affect the national interest or the conduct of Federal programs, or the privacy of individuals that they are entitled to under the Privacy Act and other Federal statutes.
5. I am being granted conditional access to nonpublic information, contingent upon my execution of this Agreement, to provide authorized services to the Treasury.
6. Except as set forth in paragraph 14 below, I shall never divulge any nonpublic information provided to me pursuant to this Agreement to any third party, unless I have been advised in writing by the _____ (Organization) and/or the Treasury that such party is authorized to receive it.

7. I will submit to the Treasury for security review, prior to any submission for publication, any book, article, column or other written work for general publication that is based upon any knowledge I obtain during the course of my work in connection with the Treasury. I hereby assign to the Federal Government all rights, royalties, remunerations and emoluments that have resulted or will result or may result from any disclosure, publication, or revelation of nonpublic information not consistent with the terms of this Agreement.
8. If I violate the terms and conditions of this Agreement, I understand that the unauthorized disclosure of nonpublic information could compromise the security of individuals, the _____ (Organization) and the Treasury.
9. If I violate the terms and conditions of this Agreement, such violation may result in the cancellation of my conditional access to nonpublic information. Further, violation of the terms and conditions of this Agreement may result in the _____ (Organization) and/or the United States taking administrative, civil or any other appropriate relief.
10. I understand that the willful disclosure of information to which I have agreed herein not to divulge may also constitute a criminal offense.
11. Unless I am provided a written release by the Treasury from this Agreement, or any portions of it, all conditions and obligations contained in this Agreement apply both during my period of conditional access, and at which time my affiliation and/or employment with the _____ (Organization) ends.
12. Each provision of this Agreement is severable. If a court should find any provision of this Agreement to be unenforceable, all other provisions shall remain in full force and effect.
13. I understand that the Treasury may seek any remedy available to it to enforce this Agreement, including, but not limited to, application for a court order prohibiting disclosure of information in breach of this Agreement.
14. I understand that if I am under U.S. Congressional or judicial subpoena, I may be required by law to release information.

I make this Agreement in good faith, without mental reservation or purpose of evasion.

Signature

Date

EXHIBIT F

CONFLICTS OF INTEREST MITIGATION

The following explains and memorializes certain of the conflicts of interest mitigation controls the Financial Agent shall implement and monitor throughout the term of this FAA. As used in this Exhibit, "Program" refers to the Foreclosure Prevention Program described in this FAA and in Exhibit A to this FAA.

Conflicts of Interest

The following have been identified as actual or potential conflicts of interest associated with the Financial Agent providing services under this FAA:

1. The Financial Agent owns a proprietary portfolio of securities and loans, and guarantees that principal and interest payments will be passed through to other investors that own mortgage backed securities. A potential conflict exists between the Financial Agent's interest in maximizing the performance and minimizing the costs of its retained and guaranteed portfolios and the Financial Agent's responsibility to the Treasury to administer the Program uniformly for all borrowers and investors across the country.

Examples of this potential conflict include: (a) traders working on the Financial Agent's mortgage desk could make use of Program information on investors, servicers, and borrowers, (b) personnel with knowledge of the Financial Agent's portfolio may be more lenient in auditing servicers connected with the portfolio, and (c) personnel providing the Treasury with audit results and advice about servicer compliance with Program requirements could provide self-serving advice that would create an advantage for the Financial Agent's portfolio.

2. The Financial Agent maintains business relationships with lenders and servicers from which it purchases mortgages and upon which it is reliant to fulfill its core business and statutory mission. Therefore, a potential conflict exists between the Financial Agent's need to maintain beneficial relationships with servicers supplying product and the Financial Agent's duty to the Treasury to administer the Program uniformly and to enforce servicer compliance with Program Guidelines.
3. As the owner of and investor in mortgages and mortgage backed securities, the Financial Agent may be an ultimate beneficiary of the interest and principal reduction payments and loan modifications carried out under the Program. A potential conflict exists between the Financial Agent's interest in benefiting from the interest and principal reduction payments and mitigating foreclosures of mortgages in its own portfolio and its duty to the Treasury to administer the Program uniformly for all investors and to assist the Treasury to enforce compliance by all servicers under the Program.

4. Individuals employed by or associated with the Financial Agent may have a financial interest in servicers or investment funds that could receive or benefit from the interest and principal reduction payments under the Program. Because these individuals may have material, non-public information and may make decisions about the execution of the Program, their duties could have a direct effect on their financial interests. A potential conflict exists between their desire to represent their own financial interests versus the interests of the Treasury.

Mitigation Plans

As a fiduciary of the Treasury, the Financial Agent owes a duty to look solely to the best interests of the Treasury without considering the interests of other clients or its own proprietary interests. Given actual or potential conflicts of interest with respect to providing services under this FAA, the Financial Agent agrees to implement the following mitigation plans and conflict of interest mitigation controls.

Conflict of Interest #1: The Financial Agent's Proprietary Portfolio

To address concerns that the Financial Agent may unduly favor its proprietary interests at the expense of the Treasury in performing services under this FAA, the Financial Agent agrees to do the following:

1. The Financial Agent will implement a structure designed to prevent use by the Financial Agent of non-public information obtained or developed pursuant to this FAA for the advantage of its own business at the expense of the Treasury or others. As a result of providing services pursuant to this FAA, some individuals within the Financial Agent and among its contractors may acquire access to material non-public information such as:

- Individual mortgages and pools of mortgages modified under the Program
- The terms of such modifications
- The performance of such modifications
- The performance of mortgage servicers participating in the Program

Such information received as a result of performing services under this FAA is referred to below as "Non-Public Program Information". Non-Public Program Information is "material" if there is a substantial likelihood that a reasonable person would consider the information important in making an investment decision.

When an employee of the Financial Agent or of one of its contractors is in possession of Material Non-Public Program Information, the individual shall be considered a "TARP Restricted Person" with respect to the Program. The Financial Agent shall maintain a list of all such individuals, including the individuals' names and titles and the dates they became TARP Restricted Persons, as well as the date of removal of each from the list. Contracts between the Financial Agent and its contractors shall require that each contractor identify all TARP Restricted Persons to the Financial Agent when they

become TARP Restricted Persons and provide the foregoing information about each such TARP Restricted Person.

Throughout the term of this FAA, TARP Restricted Persons shall not be assigned to, participate in, or provide access to Material Non-Public Program Information to persons in, the following areas of the Financial Agent's business:

- Purchasing of or trading in mortgage-related securities
- Purchasing of or trading in mortgages
- Determination of the eligibility of mortgage originators, sellers or servicers to do business with the Financial Agent
- Assessment of the performance of mortgage sellers or servicers under their contracts with the Financial Agent

2. The Financial Agent's management, performance, and accounting systems employed in rendering services under this FAA will be designed to restrict access to non-public information about the Program to individuals who are performing services under this FAA and therefore have a need to know such information. Paper files that include such non-public information will also be appropriately segregated so as to limit access to individuals who are performing services under this FAA and therefore have a need to know the information contained in the files. Any information technology systems utilized by the Financial Agent in the performance of services under this FAA that may contain such non-public information shall have appropriate administrative, technological and/or physical security controls to help ensure that access to such non-public information is limited to individuals who are performing services under this FAA and therefore have a need to know such information.

3. The Financial Agent shall maintain and enforce a Corporate Information Wall Policy that prevents the flow of material nonpublic information within the corporation to Financial Agent employees who purchase and sell mortgage securities in the secondary market (these employees are called Restricted Persons in the Policy, not to be confused with "TARP Restricted Persons" in this Exhibit). The Policy shall specifically prohibit the sharing of non-public loan level information with Restricted Persons or providing them data access to such information. Financial Agent employees shall have training on this Policy. Employees shall certify annually that they have followed the Financial Agent's Code of Conduct (which certification shall include compliance with the Information Wall Policy, the Confidentiality of Information Policy, and other corporate policies containing controls to avoid conflicts of interests).

4. The Financial Agent will establish a separate business group to conduct audits and reviews of Servicers that will be staffed, but not necessarily managed, by employees dedicated to providing services under the FAA. Because the Financial Agent will be expected to begin performing services under the FAA in the very near future, such separation may not be possible initially, but the Financial Agent will work to achieve

such separation as soon as is practicable, but not later than ninety days from the effective date of this FAA.

5. The Financial Agent's Corporate Compliance Division ("Corporate Compliance") will administer the requirements of the information walls referred to in paragraphs 1-3 above, including appropriate testing by Corporate Compliance or by the Financial Agent's Internal Audit Division ("Internal Audit") to determine compliance with the above information wall restrictions, and shall identify instances of noncompliance and recommend appropriate corrective action.

6. The Financial Agent will require all employees and contractors assigned to perform services for the Program, other than General Service Personnel (as defined below), to attend a training session at which the above policies and their importance will be explained and emphasized.

Notwithstanding paragraphs 1-6 above:

(a) The following individuals and their successors shall not be regarded as TARP Restricted Persons because (i) their expertise is essential to the performance of the Financial Agent's duties under this FAA, particularly with regard to providing technical assistance and advice to the Treasury and (ii) they are essential to the conduct of the Financial Agent's own business and cannot be excluded from it:

██████████, Senior Vice President, Single Family Guarantee

██████████, Chief Credit Officer

██████████, Senior Vice President, Operations

██████████, Senior Vice President, Default Asset Management

██████████, Director, Single Family Change Management

These persons shall be deemed to be "over the information wall," and will be trained by the Corporate Compliance Division on their responsibilities with respect to Non-Public Program Information. The Financial Agent may designate additional persons as "over the information wall" with prior written approval from the Treasury Department.

(b) General Service Personnel will not be considered TARP Restricted Persons. The term "General Service Personnel" means personnel who have access to information and data related to the Program (including in some cases Material Non-Public Program Information) as a result of technical, administrative or operational duties they perform for the Financial Agent that support the Financial Agent's services under this FAA but do not involve direct performance of those services. General Services Personnel may obtain or have access to information about the Program incidental to the performance of their duties for the Financial Agent. Examples of General Service Personnel include (i) data base

administrators and other technical personnel, (ii) human resources personnel, (iii) contracting personnel, (iv) call center personnel, and (iv) legal and compliance personnel.

With respect to the potential risk of leniency toward servicers connected with the Financial Agent's portfolio, see Conflict #2.

Conflict of Interest #2: Maintenance of Relationships with Sellers and Servicers of Mortgages

This potential conflict may occur if the Financial Agent's objectivity in performing services for Treasury is impaired by extraneous considerations, such as the Financial Agent's business relationships with mortgage sellers and servicers. The Financial Agent will mitigate these risks by means of the following measures:

1. The Financial Agent will adopt an internal policy, to be approved by the Treasury Department, establishing the principles that, in the performance of the Financial Agent's services under this FAA, (a) all decisions are to be made solely based on the objectives and applicable requirements of the program and that the program is to be administered uniformly, and (b) employees of the Financial Agent are not to consider (i) potential benefit to either mortgage sellers or mortgage servicers with whom the Financial Agent does business or (ii) potential benefit to the Financial Agent from modification of mortgages that it owns or that back Mortgage Participate Certifications that it has guaranteed. The Financial Agent will submit a draft of the policy to the Treasury Department within 30 days after the execution of this FAA.

The Financial Agent will require all employees and contractors performing services under this FAA, other than General Service Personnel, to attend a training session at which the above policy and its importance will be explained and emphasized.

2. Audits of servicers will be conducted in accordance with written audit procedures, copies of which the Financial Agent will provide to the Treasury Department upon request. This requirement will limit (though it cannot totally eliminate) the exercise of discretion in the audit process and hence the latitude of auditors to treat one servicer more leniently than another.

3. The Financial Agent's process for audits or other reviews of the performance of mortgage servicers will provide that all results of such audits or reviews will be approved by at least one supervisory employee of the Financial Agent before being delivered to the affected servicers or to the Treasury.

4. All audits or reviews will be provided to the Treasury Department 5 business days before distribution to the subject servicer.

In addition to these measures, Treasury retains the right under this FAA to oversee and audit the Financial Agent's performance.

Conflict of Interest #3: Benefit of interest and principal reduction payments

To mitigate this concern, the Financial Agent will implement the information barriers discussed under Conflict of Interest #1, and those mitigation controls listed in the last section of this exhibit. These measures are designed to prevent Program Employees from knowing whether the Financial Agent has an interest in a mortgage backed security affected by the Financial Agent's work under this FAA. This concern will be further mitigated by the following:

1. The Financial Agent will establish controls designed to ensure that employees rendering services under this FAA will not have access to non-public records containing information identifying mortgage-backed securities that the Financial Agent owns, and thus will be unable to determine whether interest and principal reduction payments paid with respect to audited modification transactions were received by the Financial Agent. Paper files that include such information will be appropriately segregated to help ensure that access to such information is not available to employees performing services under this FAA. Information technology systems containing such information will have appropriate administrative, technological and/or physical security controls to help to help ensure that access to such information is not available to employees performing services under this FAA. (A mortgage servicer's files do not include information about the ownership of mortgage-backed securities backed by a given mortgage.)
2. The Financial Agent anticipates that clear Program rules will govern the calculation and payment of the interest and principal reduction payments, which will limit (though they cannot totally eliminate) the exercise of discretion in the audit process and hence the latitude of auditors to be more lenient in auditing modification transactions that have resulted in interest and principal reduction payments to the Financial Agent.
3. Audits of servicers will be conducted in accordance with written audit procedures, copies of which the Financial Agent will provide to the Treasury Department upon request. This requirement will limit (though it cannot totally eliminate) the exercise of discretion in the audit process and hence the latitude of auditors to be more lenient in auditing modification transactions that have resulted in interest and principal reduction payments to the Financial Agent.
4. Interest and principal reduction payments received by the Financial Agent shall not be a factor directly influencing the compensation of auditing employees (although the general profitability of the Financial Agent's entire business could be such a factor).
5. The Financial Agent will also adopt an internal policy, to be approved by the Treasury Department, that establishes the principles that, in the performance of the Financial Agent's services under this FAA, (a) all decisions are to be made solely based on the objectives and applicable requirements of the program and that the program is to be administered uniformly, and (b) employees of the Financial Agent are not to consider

potential benefit to the Financial Agent from modification of mortgages that it owns or that back mortgage-backed securities that the Financial Agent owns or has guaranteed. The financial agent will submit a draft of the policy to the Treasury Department within 30 days after the execution of this FAA. The Financial Agent will require all employees and contractors performing services under this FAA, other than General Service Personnel, to attend a training session at which the above policy and its importance will be explained and emphasized.

Conflict of Interest #4: Personal Conflicts of Interest

To address this concern, the Financial Agent agrees that all management officials performing work under this FAA and key individuals, as defined in 31 C.F.R. §31.201, shall be subject to a code of ethics and associated insider trading policy. In particular, all management officials performing work under this FAA and key individuals, as defined in 31 C.F.R. §31.201, shall disclose on a quarterly basis information described in 31 C.F.R. §31.212(b). The parties do not anticipate that this FAA concerns the acquisition, valuation, management or disposition of troubled assets. In addition, unless an investment is exempt from prior notification, investments by such individuals must be pre-cleared by the Financial Agent's Compliance Department and be subject to appropriate trading restrictions.

When this FAA was executed, the Financial Agent represented that its internal policies included in the following provisions:

General Financial Interest conflicts Policies

The Financial Agent's Code of Conduct for Employees states: "In addition to complying with policies addressing insider trading and window periods,¹ we will not hold any investment that may cause us to have a conflict to interest with [the Financial Agent]." The Code of Conduct can be found at:

http://www.freddiemac.com/governance/codes_of_conduct/employee/.

Conflicts training for employees performing services under this FAA will remind employees of their obligation in this regard and confirm that this prohibition applies to investments that conflict with the performance of their duties under this FAA.

In addition to the Code of Conduct, the Financial Agent maintains a Personal Securities Investments Policy and an Insider Trading Policy. The Personal Securities Investment Policy sets out specific rules that impose certain limits on trading where a conflict of interest (or the appearance of such a conflict) may exist. [REDACTED]

¹ The reference to window periods relates to trading in stock of the Financial Agent.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Financial Agent also has in place policies prohibiting insider trading which provide that if “you possess nonpublic information about [the Financial Agent] or any other company that is material with respect to [the Financial Agent] or that company (in other words, information that could affect the market price for the company’s securities)” then “you may not purchase or sell that company’s securities until such information has been effectively disclosed to the public.” Employees receive training on each of the policy documents described in this section.

Pre-Clearance of Trades



The Personal Securities Investments Policy (referenced above) requires certain employees to receive pre-approval from Corporate Compliance prior to executing certain personal securities transactions. [REDACTED]

[REDACTED] Pre-trade approval employees receive quarterly reminders of their responsibilities under the policy. The Financial Agent intends to expand the list of pre-approval employees to include employees designated to perform services under this FAA, except for General Service Personnel.

Annual Code of Conduct Questionnaire and Attestation

During the first quarter of each calendar year, all active Financial Agent employees are required to complete an Annual Code of Conduct Questionnaire and Attestation. [REDACTED]

[REDACTED]

Corporate Information Wall

The Financial Agent maintains and enforces a Corporate Information Wall Policy that prevents the flow of material nonpublic information within the corporation to Financial Agent employees who purchase and sell mortgage securities in the secondary market (these employees are called Restricted Persons in the Policy, not to be confused with "TARP Restricted Persons" in this Exhibit). The Policy specifically prohibits the sharing of non-public loan level information with Restricted Persons or providing them data access to such information. Financial Agent employees have training on this Policy and are well aware of its prohibitions. Employees certify annually that they have followed the Financial Agent's Code of Conduct (which certification includes compliance with the Information Wall Policy, the Confidentiality of Information Policy, and other corporate policies containing controls to avoid conflicts of interests).

General Conflicts of Interest Mitigation Controls

The Financial Agent shall maintain and enforce corporate-wide policies and procedures generally addressing potential conflicts of interest, as follows:

- Controls over IT and Paper Files Related to Non-Public Information. The Financial Agent's management, performance, and accounting systems will be designed to restrict access to non-public information about the Program to those individuals who have a need to know such information. Paper files that include such non-public information will also be appropriately segregated so as to avoid inappropriate access by unauthorized individuals. Any information technology systems utilized by the Financial Agent in the performance of services under this FAA that may contain such non-public information shall have appropriate administrative, technological and/or physical security controls to help ensure that access to such non-public information is limited to those individuals who have a need to know such information. Individuals in possession of non-public information obtained or developed pursuant to the FAA shall not act, or cause others to act, on such information, except in performance of this FAA.
- Training. All management officials and key individuals associated with the Financial Agent performing services under this FAA shall be required to participate in compliance training within 60 days after the Financial Agent commences providing services under this FAA and annually as long as they continue to provide such services. The training program shall inform and advise each individual of their obligations and requirements under this FAA.

- Monitoring / Compliance. Corporate Compliance or Internal Audit will monitor the Financial Agent's compliance with the provisions of Exhibit F and the conflict of interest regulations at 31 C.F.R. Part 31. They shall document such internal oversight and provide Treasury with quarterly reports sufficient to evaluate the compliance. Any breaches or violations of the conflict of interest mitigation controls or other requirements of the FAA shall be documented in an incident report and promptly provided to the Office of Financial Stability Chief Compliance Officer. Corporate Compliance is headed by the Senior Vice President – Compliance and Regulatory Affairs and Chief Compliance Officer, who reports directly to the CEO. Internal Audit is headed by the Senior Vice President and General Auditor, who also reports directly to the CEO.
- Limitations on Communications with Employees of the Treasury. During the term of this FAA, the Financial Agent shall not knowingly directly or indirectly make any offer or promise of future employment or business opportunity to, or knowingly engage directly or indirectly in any discussion of future employment or business opportunity with, any Treasury employee with personal or direct responsibility for the Program. The Financial Agent shall not offer, give, or promise to offer or give, directly or indirectly, any money, gratuity, or other thing of value to any employee of the Treasury, except as permitted by Government-Wide Ethics Rules, 5 C.F.R. part 2635. The Financial Agent shall not solicit or obtain from any Treasury employee, directly or indirectly, any information that is not public and was prepared for use by the Treasury for the purpose of evaluating a bid, proposal, or offer to enter into an agreement, except as appropriate to perform services under this FAA.
- Certifications
 - Organizational Conflicts of Interest Certification. The Financial Agent shall quarterly certify in writing to the Treasury that it has no organizational conflicts of interest, or explain in detail the extent to which it can certify, and describe the actions it has taken and plans to take to mitigate these conflicts.
 - Personal Conflicts of Interest Certification. All management officials and key individuals performing services under this FAA shall certify quarterly to the Treasury that he or she has no personal conflicts of interest, or are subject to a mitigation or waiver plan approved by the Treasury.
 - Communications with Treasury Employees Certification. For the process of selecting a financial agent for this FAA and prior to entering into a new agreement with the Treasury, or accepting modifications to an existing agreement, the Financial Agent shall certify that it is aware of the prohibitions on communications with Treasury employees, as described above, and that, to the best of its knowledge after making reasonable inquiry, the Financial Agent has no information concerning a violation or possible violation of those prohibitions.

- Confidentiality Certification. All management officials and key individuals providing services under this FAA shall certify quarterly to Corporate Compliance that he or she will comply with the requirements of this FAA and 31 C.F.R. § 31.217 to not share non-public information (as that term is defined in Section 6 of this FAA) with any unauthorized person or entity.
- Reviews. The Treasury, on its own behalf or through an entity contracted by the Treasury, may conduct an annual or ad hoc review of the compliance of the Financial Agent with all conflicts of interest and confidentiality obligations and responsibilities set forth in this FAA. The Financial Agent shall cooperate fully with the Treasury or its designated representative and provide it with any and all such information (in whatever form) requested by it in order to perform such a review. Additional reviews may be conducted by oversight bodies with explicit authority over the Program, including the Office of the Special Inspector General for the Troubled Asset Relief Program and the U.S. Government Accountability Office. The Financial Agent shall cooperate fully with the Treasury or its designated representative and provide it with whatever information in whatever form requested by it in order to perform such review. Certain of such information may constitute confidential commercial information of the Financial Agent and will be treated as such by the Treasury and by its designated representatives, to the extent permitted by law.
- Point of Contact. The OFS CCO shall be the contact official at the Treasury responsible for monitoring compliance with this Exhibit.
- Changes to Conflicts of Interest Mitigation Controls. The Financial Agent and the Treasury agree that the Program's objectives and policies, as well as the Financial Agent's business, are likely to evolve over the term of the TARP. The Financial Agent shall inform the Treasury and negotiate in good faith all proposed material changes to the above conflicts of interest mitigation controls prior to their adoption and Treasury retains the option of disapproving any proposed material change, in which case the Financial Agent agrees not to change such control. The Financial Agent and the Treasury agree to negotiate and resolve any such proposed changes in good faith and as quickly as reasonably possible. In addition, the Financial Agent shall promptly notify the Treasury of any changes to the Code of Conduct of the Financial Agent.