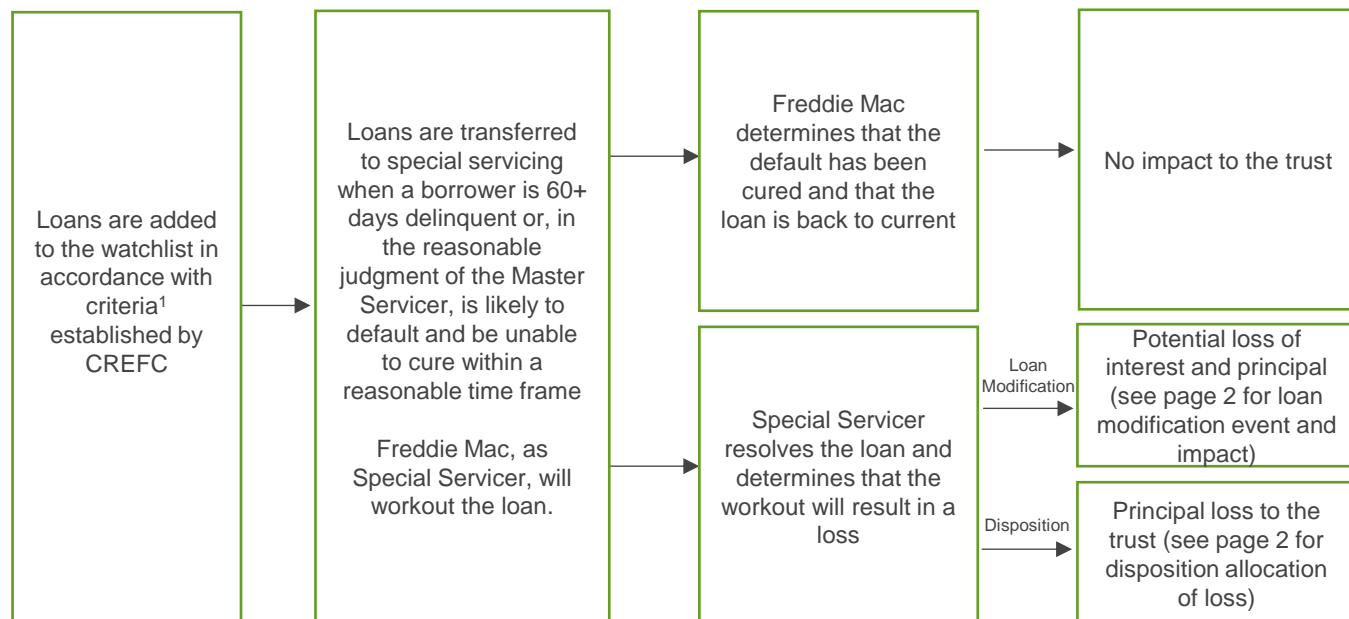


## CRT Loan Workouts – MSCR<sup>SM</sup> Notes and MCIP<sup>SM</sup> Transactions

The Freddie Mac Multifamily Servicing Standard aims to ensure best-in-class service through the life of the loan. The *Multifamily Seller/Servicer Guide* is the foundation of the “Servicing Standard” referred to in each securitization Pooling and Servicing Agreement for K-Deals<sup>®</sup> and Master Trust Agreement for Multi PCs. The Servicing Standard promotes transparency of Freddie Mac’s servicing policies and protocols to the securitized servicing parties.

### General Timeline of Specially Serviced Loans



### MSCR and MCIP Pool Loan Removal

Bond Type	Workouts	Reference Pool Loan Removal
Credit Risk Transfer – MSCR Notes and MCIP Transactions	Freddie Mac	<p>Loans are removed from the reference pool if:</p> <ol style="list-style-type: none"> <li>the reference obligation becomes a Credit Event<sup>2</sup> reference obligation,</li> <li>the reference obligation is paid in full,</li> <li>the lender repurchases the reference obligation from Freddie Mac or enters into an agreement with Freddie Mac providing for indemnification in full with respect to the reference obligation,</li> <li>the reference obligation is fully defeased</li> <li>Freddie Mac determines that the information in Appendix A, with respect to any reference obligation, is incomplete or inaccurate in any material respect</li> <li>the related mortgage property is located in an area impacted by a natural disaster prior to the transaction’s closing date               <ol style="list-style-type: none"> <li>the related mortgaged property is located in a presidentially declared major disaster area</li> <li>the related mortgaged property is located in an area for which FEMA authorizes assistance to individuals and households as a result of such natural disaster</li> </ol> </li> </ol>

<sup>1</sup> Please refer to the [Servicer Watchlist Guidelines](#) for servicer watchlist codes and triggers

<sup>2</sup> Please refer to the Private Placement Memorandum for specifics related to each deal

## Loan Modification Event and Potential Impact

Modification Event	CRT Investor Impact	Borrower Impact
Term Extension	No Impact	Term is extended to reduce monthly payments
Interest Rate Reduction	Loss of interest with potential principal loss	Reduces monthly payment
Forbearance <sup>3</sup>	Loss of interest with potential principal loss	Loan payments are deferred and to be repaid
Loan Workout	Loss of interest with potential principal loss	Borrower under third-party Special Servicer Surveillance

## Allocation of Loss in MSCR and MCIP




1.	Class M-1/M-1H Tranche Write Down
2.	Class M-1/M-1H Interest Amt
3.	Class M-2/M-2H Tranche Write Down
4.	Class M-2/M-2H Interest Amt
5.	Class B-1/B-1H Tranche Write Down
6.	Class B-1/B-1H Interest Amt
7.	Class B-2 Tranche Write Down
8.	Class B-2 Interest Amt

$$\text{Loss} = \left| \begin{array}{l} (+) \text{ Monthly Shortfall from} \\ \text{Accrual Rate change} \end{array} \right|$$

## Disposition Loss

Loss =	(+)	UPB as of the date of default
	(+)	All regular interest since the date of default
	(+)	Prior principal forgiveness modifications, if any
	(+)	Taxes and insurance, legal costs, maintenance and preservation costs
	(+)	All servicing fees
	(+)	All loss mitigation costs, fees and expenses
	(+)	All bankruptcy or forbearance related costs, expenses and fees
	(+)	All operating costs related to rehabilitation, maintenance and operation
	(+)	All disposition costs and expenses
	(+)	Any other payments due but unpaid by the borrower, guarantor or other obligor
	(-)	Cash proceeds received under any foreclosure, power-of-sale or other sale of the underlying property
	(-)	All rental income
	(-)	Any cash amounts or escrows or reserves

## Allocation of Loss in MSCR and MCIP



1.	Class M-1/M-1H Tranche Write Down
2.	Class M-2/M-2H Tranche Write Down
3.	Class B-1/B-1H Tranche Write Down
4.	Class B-2 Tranche Write Down

<sup>3</sup> In the case of disaster-relief forbearance approved by Freddie Mac, forbore principal of a loan may cause the MSCR note principal to be paid down at a slower speed during the forbearance period and its effect will be offset during the repayment period

## Multifamily Program Performance (as of January 2025)

Key Metrics	MSCR	K-Deal	Multi PC®	SB-Deal®	ML-Deal®
Combined Issuance (\$B)	\$59.1	\$586.6	\$63.2	\$43.2	\$7.6
Number of Deals	9	592	2,578	118	27
Delinquency Status	0.1%	0.3%	0.2%	3.1%	0%
Aggregate Losses (\$M)	\$0	\$76.1	\$0	\$76.3	\$0
Loans in Special Servicing	19	104	19	363	16
Unpaid Balance on Watchlist <sup>4</sup>	12.2%	13.8%	11.5%	15.9%	23.7%

## Loan Resolution Strategy and Approach

Freddie Mac surveils post-securitization loan servicing activity and will be the credit decision-maker for fully guaranteed transactions. Freddie Mac, in its capacity as Special Servicer, will be the Directing Party. The general approach for loan workouts by Freddie Mac is to execute resolutions in Freddie Mac's or the Trust's best interest economically, operationally and from a reputational perspective<sup>4</sup>.

Resolution Options <sup>5</sup>	Description
Short-Term Extension	A period of time past the contractual termination of the mortgage given to a borrower to repay a mortgage loan through a refinance commitment or sale of the property (Sale Contract)
Long-Term Extension	Long-term extensions typically includes principal paydown and/or continued amortization
Forbearance	Forbearance is a relief option for borrowers experiencing a short-term or long-term hardship
Short Sale	A short sale occurs when a borrower sells the property for an amount less than the full amount owed on the mortgage
Foreclosure	The process triggered by a delinquency where payments are more than 90 days past due, whereby a lender assumes title to a property on which the mortgagee has defaulted. A servicer may take over a property from a borrower on behalf of a lender
Real Estate Owned (REO)	A mortgaged property that has been acquired by a trust or lender through foreclosure or deed in lieu of foreclosure

## REO Management

- Freddie Mac supervises assets in receivership and will retain Multifamily REO properties acquired as a result of borrower default and foreclosure
- REO assets will be managed via a third-party property management firm
- Multifamily employs a detailed REO management process designed to stabilize, position, and ultimately, dispose of the REO for the highest achievable market price, within our short-term hold period
  - Short-term Hold: Disposition within 9-12 months
  - Sales Price: Obtain a sales price greater than or equal to 95% of the Appraised Value within a six-month period from stabilization

<sup>4</sup> The respective Master Servicer maintains a watchlist for each securitization. Loans are added and removed from the watchlist in accordance with criteria by CREFC

<sup>5</sup> Not all resolutions will result in debt relief. A modification may not be justified, or foreclosure may be the only track if the borrower cannot or will not participate in the loss mitigation strategy

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