

Best Practices for Communication, Reporting and Servicing Loans in Our K-Deals



We share common goals with our Primary and Master Servicers and Directing Certificateholders—providing investors in our K-Deals with accurate, timely financial information and consistently high performance. Since achieving these goals is essential to winning marketplace loyalty, we developed these best practices to enable you to meet a wide range of customer needs with greater efficiency and certainty.

We developed this resource based on your frequently asked questions about the different reporting and communication requirements in the monthly CREFC Investor Reporting Packages (IRPs) that are required under our Pooling & Servicing Agreements (PSAs). The goal is to ensure consistent, timely and quality information is available to all investors. Please note that these Best Practices do not apply to communications regarding processing of assumptions or consents, or any loan which is in Special Servicing.

While these best practices address the most common information and communication issues, they are a work in progress. Only by working together can we maintain an industry-leading Servicing Standard. Please share these best practices with your teams and, if you have any questions, we encourage you to contact me at (703) 714-2936 or [Diana Jones](mailto:Diana.Jones@freddiemac.com) at (703) 714-2705.

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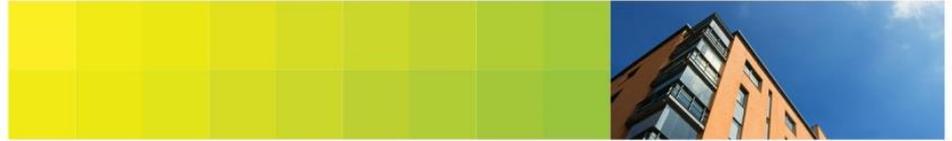


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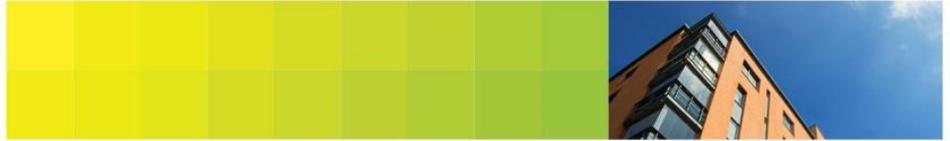
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Communication

Requests for Information from Current Directing Certificateholder (DCH)

The current DCH may initiate communication regarding requests for additional information or documents by:

- Contacting the Master Servicer directly and copying Freddie Mac in all communications, OR
- Contacting FM directly; FM will then initiate communication with the MS on behalf of the DCH.

The Servicer should include FM in all such communication. This will help FM track and ensure consistent and high quality feedback. For efficiency purposes, please avoid submitting requests separately to the MS and FM. For standard surveillance questions, the DCH should contact the MS/FM only, not the subservicer directly.

Requests from New DCH

A change in the DCH is not effective until the new Directing Certificateholder notifies the MS, the Trustee, Certificateholder and FM. This is required under the PSAs. Servicers must not provide information to a party representing themselves as a new DCH until the Servicer receives the documentation described in the PSA. Copy Freddie Mac on all notices at mf_securitization_notices@freddiemac.com.

Example: Typical PSA language on DCH notification and identification:

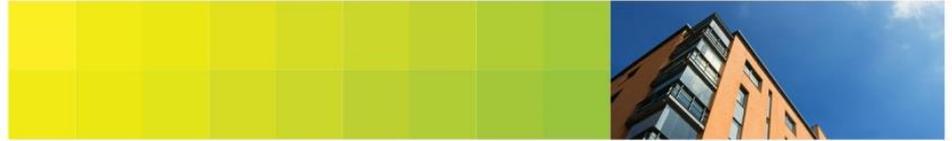
“No appointment of any other Person as a Directing Certificateholder shall be effective until such Person provides the Trustee, the Certificate Administrator, the Master Servicer, the Special Servicer and Freddie Mac with written confirmation of its acceptance of such appointment, an address and telecopy number for the delivery of notices and other correspondence and a list of officers or employees of such Person with whom the parties to this Agreement may deal (including their names, titles, work addresses and telecopy numbers).”

Requests for Additional Information from the Borrower

The DCH and/or FM can request a monthly conference call with a representative of the MS to discuss the performance and servicing of the loan under the respective PSA. The DCH and/or FM may also request copies of any information or document that the MS controls related to the performance and servicing of the loan.

The DCH should use the Additional Information Request spreadsheet from **Exhibit A** as a template for submitting questions and requesting documents.

The DCH should not submit questions more than once per month per securitization. Servicers are encouraged to gather all of the questions on all of the loans in a securitization and submit them together. This will assist in tracking requests as well as identifying priority levels and ensuring proper timely responses. Additionally, the guidelines below should assist in prioritizing questions or requests for additional information.



Priority Level	Loan/Property Characteristics
High	Loan is delinquent; DCR <1.10x; Vacancy >15%; Recent Casualty at the property; Maturing loan (<90 days); Corrected Mortgage Loan (formerly in Special Servicing); Harmful Environmental issues observed during inspection; Bankruptcy of sponsor(s); Errors in IRP reporting
Routine	All other. Examples include: casualty with repairs in process; Loan on Watchlist (and not considered High); Deferred Maintenance identified and flagged in IRP; DCR declines of over 10% from Underwriting; Maturity <6 months

- High Level requests indicate a potential elevated level of risk, and as such, require prompt attention and response from the MS; expected turnaround time for responses to those types of requests, or at a minimum an update on the status of the request, should be no longer than five business days (subject to Borrower responsiveness).
- Routine Level request responses may take up to ten business days. It is reasonable to expect that some of the questions and responses may require additional communication. The MS or DCH may request that a conference call be scheduled to discuss the questions and answers; FM should be included in all follow-up emails and scheduled conference calls.

Requests for Additional Documents from the Borrower

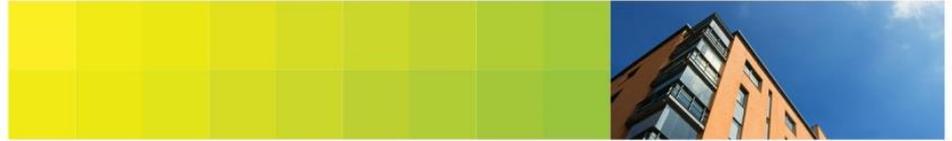
The Servicer (MS or Primary Servicer) is generally required to use reasonable efforts to collect and analyze quarterly and annual operating statements and rent rolls for all loans. The Servicer is also required to make those statements available to the DCH within a certain period of time, as defined in the PSA. Most Servicers provide access to those documents via a website. The DCH should make arrangements with the applicable MS to obtain access to the website. Occasionally, the DCH may inquire about the status of a property due to low DCR or high vacancy, and may make a request for off-cycle documents such as a rent roll for a property with low occupancy or operating budget for a property with low DCR. The Prioritization of Requests guidelines should be referred to for these types of requests, and the attached spreadsheet should be utilized.

Please note that if the loan is not on the Servicer watchlist, does not meet the requirements for placement on the watchlist, or does not exhibit issues identified in the Prioritization of Requests table, no additional reporting should be required by the Servicer. Requests for these types of loans will be considered on a case-by-case basis, but requests for additional documentation should be very limited. Student housing is an example where a rent roll as of 9/1 may be requested if the property has shown any signs of past occupancy issues.

Reporting Requirements

Collection and Reporting of Financial Information by Servicer

The PSA provides specific timelines for collection and reporting of financial statements by the Servicer. As a general rule, the Servicer is required to collect and report quarterly and annual statements according to the table below. However, it is expected that Servicers should be



processing statements as they become available and not waiting to submit or publish in large batches.

Reporting Period	Financial Analysis Due By	IRP Date
1 st Quarter*	5/31	6/25
2 nd Quarter	8/31	9/25
3 rd Quarter**	11/30	12/26
Annual	5/31	6/25

* Per the CREFC IRP guidance, 1st quarter analysis is not required unless the loan is on the Watchlist, or a trailing 12-month analysis is required.

** In cases where the Servicer has collected the 3rd quarter financial information but not the 2nd quarter, the Servicer does not need to continue efforts to collect the 2nd quarter information. In addition, if the Servicer collects the Annual statement, the Servicer is not required to collect the prior 2nd quarter or 3rd quarter statements.

Servicers should use best efforts to collect operating statements and rent rolls for all loans, with the exception of any Specially Serviced or REO loans (which should be collected by the Special Servicer). Within five business days after the annual June IRP date, the MS must provide a schedule to FM of all loans for which no annual financial information has been collected. The schedule should contain, at a minimum, the Primary Servicer, K-Deal name, prospectus loan ID, property name, borrower/sponsor name and contact information, period(s) of delinquent financials, and a summary of collection efforts made by the Servicer.

Servicer Watchlist Management

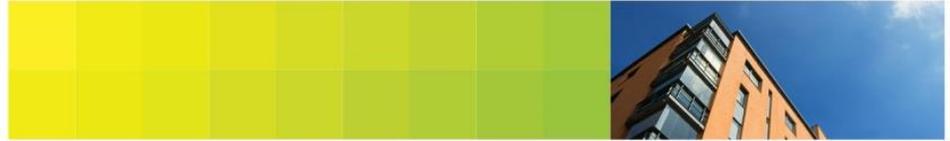
Servicer Watchlist comments should be current and clearly articulate each of the following driving risk factor(s) which triggered the addition to Watchlist, brief property, loan and market description, summary of actionable items taken and/or planned with tangible dates. Initiate communication immediately with FM and DCH in the event of a payment delinquency or any other Watchlist trigger event that could negatively influence the risk outlook. The Servicer should take proactive measures to clear Watchlist loans by maintaining active dialogue with the Borrower and/or property management and hold the Borrower accountable for failure to comply.

For Student Housing properties that are on the Watchlist, Servicers should make efforts to obtain pre-leasing information and include comments on the Watchlist.

Guidance for Operating Statement Analysis Report (OSAR) and NOI Adjustment Worksheet (NOIWS)

When reporting financial information on the OSAR and NOIWS, Servicers should be mindful of the CREFC guidelines. Additionally, Servicers should follow the guidance below:

- Underwriting Data - line item Underwriting detail should be included in the “At Contribution Information” column. This is important in providing meaningful analysis of current property performance.



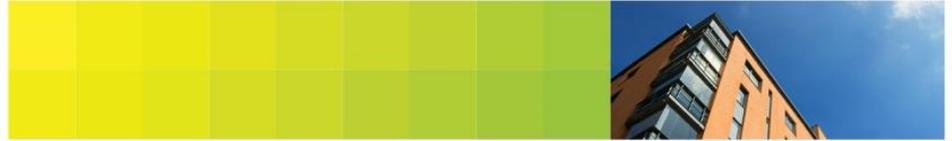
- **Bad Debt** – if Bad Debt is included in Borrower financials, Bad Debt should be included in the Borrower Actual column of the NOIWS. If Bad Debt is a normal, monthly recurring line item in the Borrower’s statement, Bad Debt should be included in the OSAR.
- **Supplemental Debt** – if the Borrower has obtained supplemental debt on the property, the debt service amount for the supplemental debt should be included on the NOIWS and OSAR as “Debt Service – B Note,” and a calculation of NOI and NCF DSCR should be included on the lines labeled “DSCR: (NOI/Debt Service) – A & B Note” and “DSCR: (NCF/Debt Service) – A & B Note,” respectively. Comments regarding the amount of supplemental debt as well as loan terms should be included in the comments section of the NOIWS and OSAR. See **Exhibit B** attached for reporting protocol for loans with multiple liens.
- **Variance comments** should provide detail behind the driving factors leading to the financial condition threshold triggers and avoid stating obvious mathematical percentage changes. The Servicer should deliver well-written variance comments describing what is happening at the property, in the market and/or with the sponsor that influences the financial condition.

Tenant Improvements							
Capital Expenditures							
Extraordinary Capital Expenditures							
Total Capital Items							
*Net Cash Flow							
Debt Service - A Note							
Debt Service - B Note							
Debt Service - C Note							
*Net Cash Flow after Debt Service							
*DSCR: (NOI/Debt Service) - A Note							
*DSCR: (NOI/Debt Service) - A & B Note							
*DSCR: (NOI/Debt Service) - A, B & C Note							
*DSCR: (NCF/Debt Service) - A Note							
*DSCR: (NCF/Debt Service) - A & B Note							
*DSCR: (NCF/Debt Service) - A, B & C Note							
Source of Financial Data:							

General Servicing Matters

Property Site Visits

Generally, the Servicer is required to perform an annual inspection of the property unless the UPB is, depending on the PSA, less than \$1MM or \$2MM (in which case the Servicer is required to perform an inspection every two years). From time to time, FM will make arrangements through the MS to perform a random site visit at the property. The site visit is typically an abbreviated inspection which gives FM the opportunity to meet with the property manager or Borrower representative and tour the property, including all common areas and amenities as well as any vacant or down units. FM will notify the applicable DCH of any scheduled site visits, and the DCH may make arrangements to accompany FM on the site visit. Alternatively, if the DCH identifies a property they want to visit, the DCH should contact FM in order to make arrangements for the site visit. The DCH should give FM sufficient time to schedule the site visit (no less than ten business days).



Deferred Maintenance and Repair Agreements

Deferred Maintenance: Per the FM Guide, if the estimated sum for remediation of all Deferred Maintenance items is greater than \$10,000, or if there are Life Safety Hazards, environmental issues or moisture or Mold issues identified during the property inspection, the Servicer must notify the Borrower within 30 days following the inspection of the need to undertake corrective action to address the specific identified risk. The Servicer must confirm that the Borrower received the notice. If the estimated costs are greater than \$25,000, or if issues pose an imminent Life Safety Hazard to the tenants or property's structure or value, the Servicer must follow up in a timely manner until each risk issue has been remediated or resolved. Repetitive issues not remedied from prior inspections should be noted and a notice sent even if the estimated costs are lower than \$10,000. Follow up should take into account the nature of the risk (e.g., status of low-risk items can be reviewed at the next annual inspection). The Servicer should report the findings in the inspection, as well as the remediation efforts on the Servicer Watchlist in the IRP (if the loan is on the Watchlist).

Life Safety Issues: Life Safety is considered a mandatory review threshold pursuant to the CREFC Watchlist Guidelines however, the nature of the deficiency may influence the timing of inclusion on the Servicer Watchlist. It is the responsibility of the Servicer to determine the severity of risk based on the deficiency and document the event on the Servicer Watchlist accordingly.

- Imminent Life Safety issue loans should be placed on the Watchlist immediately and immediate action should be taken with the Borrower to obtain satisfactory evidence that the deficiency has been cured. (For loans for which FM is the MS, Servicer must report all significant Life Safety Hazards to FM at MF_Master_Servicer@freddiemac.com.)
- General Life Safety issue loans may require additional due diligence and dialogue with the Borrower to confirm status and scope in order to determine severity of the issues for reporting purposes. In most cases, the Servicer may take an additional 30 days from the date of the first reporting cycle to give time for Borrower to remediate prior to recommending an addition to the Servicer Watchlist. Examples may include: trip hazards, smoke detector batteries, fire extinguisher tags.

If FM and/or the DCH perform a site visit, and notify MS of significant deferred maintenance at the property, Primary or MS may adjust the timing of the next annual inspection. However, the Servicer is not expected to follow up prior to that inspection on specific items observed during the site visit.

Repair Agreements: Per the FM Guide, if there is a Repair Escrow Agreement or Rider to the Mortgage requiring the Borrower to perform immediate repairs, it is the Borrower's obligation to complete the repairs within the time frame identified in the agreement. Once the repairs are complete, the Servicer is responsible for documenting that all repairs are completed satisfactorily, including a list of items that have been completed, photographs documenting the completed repairs, final completion date, and when required, an engineer's certification that repairs have been completed in a good and workmanlike manner. The DCH may request an update on the deferred maintenance and Repair Agreements once a month per the process outlined above in the Requests for Additional Information from the Borrower section.



Hazard Loss Reporting When Freddie Mac is the Master Servicer

For loans for which FM is the MS, the Servicer should complete and submit Form 1140 - Part I Hazard Loss Notification & Plan no more than seven calendar days after learning that a loss or damage has occurred to a property, regardless of whether the Borrower plans to submit an insurance claim. If FM is not the MS, the Servicer should submit the MS's requested documentation to the MS within the required timeline stated below.

The Servicer should upload Form 1140 to the Document Management System (DMS) and use the "File Submission" link to "Submit to Hazard Loss." Within 90 calendar days after initially providing Part I of Form 1140, the Servicer must:

- Update the Property Reporting System (PRS) with any missing details from Part I (if details were not previously known at the time of initial submission);
- If none of the FM approval conditions listed below apply, Part II of Form 1140 is not required. Otherwise, complete Part II of Form 1140 by day 90 for FM review and approval and upload it directly to the corresponding PRS entry:
 - Mortgage is in default;
 - Damage affects 10% or more of the property's total units;
 - Mortgage is on the Servicer Watchlist;
 - Borrower's insurance coverage is insufficient to cover the loss of or loss to the property
 - Death or serious injury has resulted from the event
- If restoration is already 100% complete by the time the Servicer is made aware of the loss (and none of the FM approval conditions exist), the Servicer should upload a fully completed Part I of Form 1140 to DMS and use the "File Submission" link to "Submit to Hazard Loss."

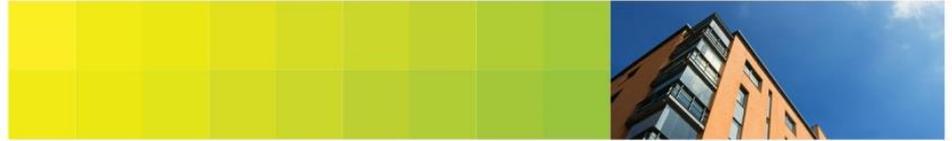
Under most circumstances, FM will delegate responsibility for managing and approving disbursement requests to the Servicer. If delegation of disbursement requests is not approved, the Servicer should submit Form 1140-DR to the corresponding PRS entry.

If the Servicer is requesting approval to permit the Borrower to pay down the Mortgage in lieu of restoring all or a portion of the damaged property, the Servicer must make a Consent Request Tracker (CRT) entry and submit corresponding consent request approval documentation to FM.

Reservation of Rights

Issuing a Reservation of Rights letter is considered to be a prudent servicing practice in conjunction with actions taken by the Servicer to enforce the loan documents. It is important for the Primary Servicer to work closely with the MS in handling adverse matters. For ease and efficiency, FM suggests incorporating substantially the following language:

Except as otherwise expressly stated above, nothing contained herein and no action or inaction by the Lender, including without limitation the collection or retention of loan payments and other sums due Lender under the Loan Documents or the acceptance of performance of any other obligation of



any kind under the Loan Documents by Borrower or Guarantor, shall (i) relieve or release Borrower or any Guarantor from any of their respective duties, obligations, covenants or agreements under the Loan Documents; (ii) constitute a waiver or release of any default by Borrower or Guarantor, or a limitation on the exercise of, any of the rights or remedies available to the Lender at law, in equity or under the Loan Documents arising from such default; or (iii) be deemed to constitute a modification or alteration of the terms, conditions or covenants of the Loan Documents, all of which remain in full force and effect as set forth therein. This [notice/letter] is being transmitted to you as a courtesy and is not intended as an admission that written notice or any communication of any kind is otherwise due the Borrower and/or any other party. ALL RIGHTS ARE HEREBY EXPRESSLY RESERVED.

Disclaimer: Prior to using the reservation of rights language quoted above in correspondence with a borrower, guarantor, or other loan transaction party, the sender should consult the transaction documents relevant to the loan or related securitization (collectively, the “Loan Documents”) to ensure such language is consistent with the terms of such Loan Documents.

To the extent a Servicer prefers to use an alternate version, the Servicer should send a copy of the letter to MF_Master_Servicer@freddiemac.com for review and approval (for those loans that FM is MS). For loans for which FM is MS, all Reservation of Rights letters issued should be provided to FM via email at MF_Master_Servicer@freddiemac.com.

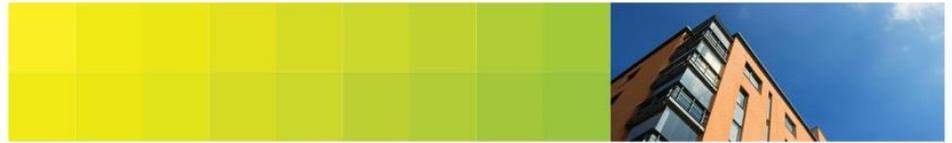
If a situation escalates, and a Default Notice needs to be issued, a copy of the notice should be provided to FM via email at MF_Master_Servicer@freddiemac.com.

Upon receipt of such notices (Reservation of Rights or Default Notice), FM will create a Loan in Compliance Tracking (LIT) in PRS. It is the Servicer’s responsibility to close out the LIT item within 30 calendar days after receiving cure proof.

Surveillance by Special Servicer (SS)

For those K-Deals that entitle the SS to a Surveillance Fee, the SS should, at a minimum, perform the following:

- Monitor the monthly Servicer Watchlist from the IRP
- Provide feedback to the MS if the SS has additional information about the market, Borrower, etc.
- Provide a Portfolio Management/Surveillance contact to the DCH
- At the discretion of DCH, participate in conference calls and/or additional communication with FM and the MS



Appendix: Websites and Exhibits

The following is website information for Master Servicers and Certificate Administrators.

Master Servicers	
Freddie Mac	https://msia.ficonsulting.com/
KeyBank	https://onlinea.keybank.com/ecr/login.jsp
Midland	https://midlandls.commloanservices/CMBSII/ContentPages/Default.aspx
Wells Fargo	https://wellsoffice.wellsfargo.com/ceoportalsignon
Certificate Administrators	
Citibank	https://sf.citidirect.com
Deutsche Bank	https://tss.sfs.db.com/investpublic
US Bank	https://usbtrustgateway.usbank.com/portal/login.do
Wells Fargo	https://www.ctslink.com/a/welcome

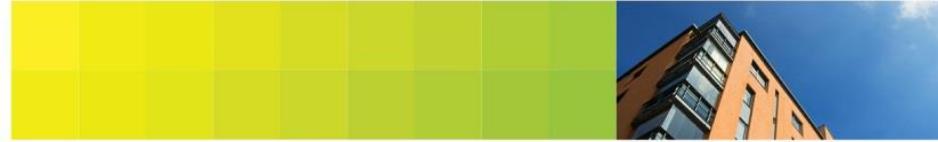


Exhibit A

Additional Information Request

K-Deal	Servicer Loan Number	FM Loan Number	Prospectus Loan ID	Property Name	Priority Level	Request Type (Question, Document, or Follow-up)	Comment from most recent WL, if applicable	DCH/FM Request MM/DD/YY	Servicer Response MM/DD/YY

- Use one line per question or document request, any follow-up questions or requests for documents for the same loan should be created on separate line.
- Priority Level: High or Routine.
- Request Type: Question, Document, or Follow-up.

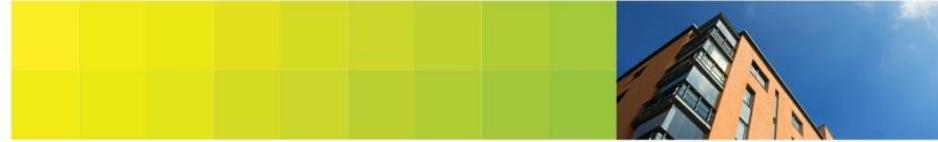


Exhibit B

Debt Service Reporting Protocol for Loans with Multiple Liens

	Loans with one additional lien	Loans with two or more liens (all securitized)	Loans with an unsecuritized 4th lien for which both 2nd and 3rd are securitized	Loans with a 4th lien for which 2nd is securitized and 3rd/4th are not yet securitized
Note A - Scheduled Loan Balance	1st Lien Outstanding Balance	1st Lien Outstanding Balance	1st Lien Outstanding Balance	1st Lien Outstanding Balance
Note B - Scheduled Loan Balance	2nd Lien Outstanding Balance	2nd Lien Outstanding Balance	2nd & 3rd Lien Outstanding Balance	2nd Lien Outstanding Balance
Note C - Scheduled Loan Balance	Blank	3rd Lien (and 4th etc as applicable) Outstanding Balance	4th Lien Outstanding Balance	3rd & 4th Lien Outstanding Balance
Debt Service - A Note	1st Lien Debt Service Requirements	1st Lien Debt Service Requirements	1st Lien Debt Service Requirements	1st Lien Debt Service Requirements
Debt Service - B Note	2nd Lien Debt Service Requirements	2nd Lien Debt Service Requirements	2nd & 3rd Lien Debt Service Requirements	2nd Lien Debt Service Requirements
Debt Service - C Note	Blank	3rd Lien (and 4th etc. as applicable) Debt Service Requirements	4th Lien Debt Service Requirements	3rd & 4th Lien Debt Service Requirements
	Note: For loans in which the 2nd lien is a KJ deal, the above still holds true. First lien (securitized) should still be Note A.			

Note: Debt Service should always be reported in actual dollar amounts paid over reporting time period. For example, if a loan funded in March, June 30th statement should just report March-June payment requirements. For Partial Interest-Only (IO) loans, report actual debt service paid for reporting period. For example, if a loan converts to Principal & Interest (P&I) in September, report 8 months of IO and 4 months of P&I.