

Detailed Comparison of Lock Options



	Index Lock	Early Rate-Lock (ERL)	Standard Delivery
What is Being Locked?	Treasury yield only; Freddie Mac spread is quoted at Index Lock, which will not be subject to market grid movements, but will adjust based on changes in loan terms, property, borrower, or certain loan document modification or other transaction specific items not fully reflected in the quote based on the pricing grid in effect as of the quote date; if the quoted Treasury floor, if applicable, is triggered at the time of index lock, the spread will be increased by a corresponding amount; Freddie Mac spread and servicing spread are determined at full rate-lock	Interest rate for a fixed-rate loan or the gross spread for a floating-rate loan	Interest rate for a fixed-rate loan or the gross spread for a floating-rate loan
Eligible Borrowers	Borrowers in good standing that have closed a securitized loan within 24 months	Standard underwriting requirements	Standard underwriting requirements
Eligible Loans	<ul style="list-style-type: none"> Loans to be securitized Acquisition or refinance loans Fixed-rate loans 	<ul style="list-style-type: none"> Loans to be securitized or held in portfolio Acquisition or refinance loans Fixed- or floating-rate loans 	<ul style="list-style-type: none"> Loans to be securitized or held in portfolio Acquisition or refinance loans Fixed- or floating-rate loans
Eligible Properties	All properties (other than pools of multiple properties and loans; pools are eligible with approval)	All properties	All properties
Maximum Loan Amount	\$150,000,000	No maximum	No maximum
Which Loan Terms Are Determined Prior to Lock?	Term of the loan and loan amount (<i>loan amount is subject to change as described below</i>)	Most material loan terms (<i>loan amount is subject to change as described below</i>)	All loan terms
Documentation Required from Seller Prior to Lock	Loan Submission Template (LST)	Preliminary underwriting package	Full underwriting package
Freddie Mac Approvals Required Prior to Lock	No credit approval required	Credit approval required (limited scope brief)	Credit approval required (final investment brief)

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Estimated Time for Credit Approval	N/A	2 to 5 business days	2 to 3 weeks
Form of Lock Authorization	Index Lock Agreement	Early rate-lock application (“ERLA”)	Commitment
Length of Lock Authorization	Date of quote expiration (5 business days after quote issuance)	5 business days	5 business days
Good Faith Deposit (GFD)	2.0% (retained by Seller)	2.0% (submitted to Freddie Mac)	Not required
Duration of Lock	60 days after quote expiration date for most loans 75 days after quote expiration for Seniors Housing and MHC loans 90 days after quote expiration for TAH loans	Varying durations, typically ranging from 60 days to 120 days until Freddie Mac purchase	Typically 45 days until Freddie Mac purchase
Underwriting Package Delivery Dates	Full underwriting package due no later than 30 days prior to rate lock. Index lock may be executed at any point during 60-day spread hold period.	Full underwriting package due: <i>For 60-day funding:</i> 7 days after rate-lock <i>For 75-day funding:</i> 15 days after rate-lock <i>For 90-day funding:</i> 22 days after rate-lock <i>For 120-day funding:</i> 45 days after rate-lock	N/A (full underwriting package to be submitted prior to rate-lock)
Evidence of Final Approval of the Loan	Either by Commitment (if Borrower elects a standard delivery execution), or by Freddie Mac’s acceptance of the ERLA and an adjustment letter (if Borrower elects an ERL execution). The Commitment or ERLA will supersede the terms of the Index Lock Agreement, which will no longer be of any force and effect.	Freddie Mac’s acceptance of the ERLA and an adjustment letter	Commitment (issued prior to rate-lock)
Exposure to Sponsor upon Breach/Breakage	<i>Fixed-rate:</i> Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount	<i>Fixed-rate:</i> Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount <i>Floating-rate:</i> 2.0%	<i>Fixed-rate:</i> Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount <i>Floating-rate:</i> 2.0%

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Can Loan Amount be Increased after Lock?	<p>Yes; if supported by the underwriting, can be increased without limitation until the time of rate-lock.</p> <p>The locked Treasury yield and quoted spread (as adjusted) will apply to up to 105% of the index-locked amount. If the rate-locked loan amount exceeds 105% of the index-locked amount, then the yield on the Treasury and the spread for the portion of the loan that exceeds 105% will be determined by Freddie Mac in its discretion, creating a blended rate.</p> <p>After full rate-lock, the Borrower may increase the loan amount only if the Borrower elects an ERL delivery, in which case any increase will be governed by the ERLA. Any increase after full rate-lock will be subject to the yield on the Treasury at the time of rate-lock, creating a blended (or re-blended, if applicable) rate.</p>	<p>Yes; can be increased by up to 5.0% if supported by the underwriting.</p>	<p>No</p>
What Happens if after Underwriting the Loan Amount is Decreased?	<p>No breakage will be due if at the time of rate-lock the reduction is $\leq 5\%$. If the reduction is $> 5\%$, then breakage will be due on the difference between 100% of the index-locked loan amount and the rate-locked loan amount.</p> <p>After full rate-lock, the loan amount may decrease only if the Borrower elects an ERL delivery, in which case any decrease will be governed by the ERLA.</p>	<p>No breakage will be due for reductions of $\leq 5\%$. If the loan amount is reduced by $> 5\%$, Freddie Mac may either:</p> <ol style="list-style-type: none"> Reject the loan, in which event breakage will be due on 95% of the rate-locked amount, or Agree to purchase the reduced loan, in which case breakage will be due on the difference between (i) 95% of the rate-locked amount and (ii) the reduced loan amount. 	<p>N/A (loan amount cannot be decreased after rate-lock).</p>