

Index Lock

Offering:

Our Index Lock option allows Borrowers to lock the Treasury index and the spread¹ at any time after the loan is under application with the Seller—providing an enhanced level of risk mitigation against interest rate volatility and market grid movements. If one or more of the assumptions in the quote sheet changes—such as changes in the terms of the loan, the type of property, borrower, or certain loan document modifications—the quote will be adjusted based on the pricing grid in effect as of the date of the quote.

Benefits:

Allows borrowers to mitigate market risk, reduce loan coupon volatility and avoid potential proceed cuts by locking the Treasury index anytime (at quote or during underwriting) with less documentation and faster execution than our traditional lock processes.

Eligibility:

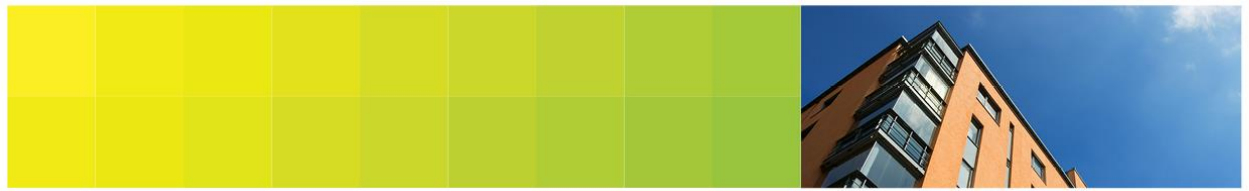
Index Lock is available to existing borrowers that have had a loan purchased for securitization by Freddie Mac within the last 24 months.

Parameters of the Index Lock include:

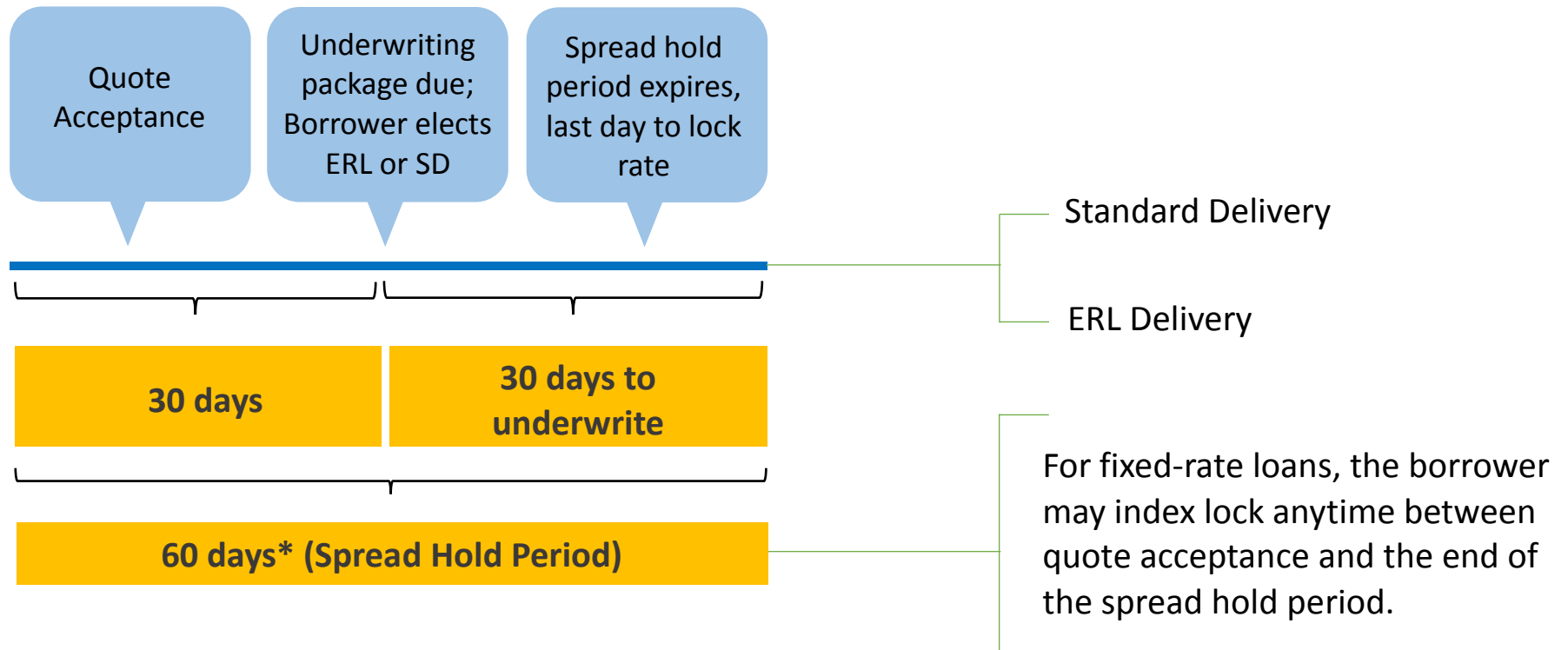
- Up to \$150 million
- Single asset (non-transferable); pools are eligible with approval
- Securitized loans – acquisitions or refinances
- The Index Lock Agreement will require Index Lock to occur before quote sheet expiration, i.e., 5 business days from quote issuance
- Index lock periods:
 - The lock period for most loans is 60 days after the expiration of the quote
 - The lock period for Seniors Housing (SH) and Manufactured Housing Community (MHC) loans is 75 days after quote expiration
 - The lock period for Targeted Affordable Housing is 90 days after quote expiration
- Borrower must elect standard delivery or early rate-lock at time of Index Lock.
- Standard application fee (10 bps); 2% good faith deposit (Seller/Service retained)
- Plus/minus 5% proceeds variance without triggering breakage; proceeds greater than 105% of the index-locked UPB will be locked at the current Treasury index creating a blended rate
- Not a commitment or credit approval

¹ If the quoted Treasury floor, if applicable, is triggered at the time of index lock, the spread will be increased by a corresponding amount.

	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 modifications or other transaction specific items not fully reflected in the quote based on the pricing grid in effect as of the quote date; 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
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 (loan amount is subject to change)	Most material loan terms (loan amount is subject to change)	All loan terms
Est. Time for Credit Approval	N/A	2 to 5 business days	2 to 3 weeks
Good Faith Deposit (GFD)	2%	2% (retained by Seller)	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
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



This option for fixed-rate loans enables the Borrower to lock the most volatile part of the coupon (the Treasury Index) anytime during the quote or underwriting process, and more quickly than Standard Delivery (SD). Following an Index Lock, the Borrower may complete the early rate-lock (ERL) process to quickly lock the spread or follow the Standard Delivery path to lock at the completion of full underwriting.



* 75 days for manufactured housing communities and Seniors Housing Loans; 90 days for affordable housing properties.