



Evolving the Freddie Mac Servicing Standard

Freddie Mac holds the Borrower experience as one of its key Multifamily customer strategies. We are evolving our borrower consent process and servicer economics framework to better align interests and improve the borrower experience on post-securitization transactions. This initiative addresses three main points:

- Consistency amongst Master Servicers’ processing of Borrower consent requests
- Improved quality and speed of post-securitization borrower consent requests
- Reduction of routine transaction fees

Freddie Mac will institute three new process changes to modify the current borrower consent request process to ensure better quality servicing packages and streamline the approval timeline.

Process Change	Description
Designation of Chief Servicing Officer	<ul style="list-style-type: none"> • Attest to package quality and adherence to the Servicing Standard • Allow the Master Servicer to use a “bank credit committee” type model for review • Reduce the amount of additional information requests between the Primary Servicer and Master Servicer
Streamline Borrower Consent Approval Process	<ul style="list-style-type: none"> • Master Servicer will provide the Borrower consent package directly to the Directing Certificateholder • Special Servicer will receive the package simultaneously with the Directing Certificateholder but will no longer have a recommendation role
Establish Legal Best Practices	<ul style="list-style-type: none"> • Single law firm responsible for each borrower consent request, including transfers and assumptions • With the Borrower’s consent, Freddie Mac will provide most recent Borrower document modifications to the Primary Servicer at the beginning of a transaction request

In order to increase customer satisfaction and to ensure excellent service post-securitization, Freddie Mac will implement a new fee structure. This revision will be effective on loans and K-deals going forward and not apply to existing loans or securitizations.

This model would be in place for all Borrower consent request fees, with only a few exceptions.

Fees	Term
Assumptions—Arms-Length Transfers	<ul style="list-style-type: none"> • 1% of loan UPB and capped at \$250,000 • Fee split: <ul style="list-style-type: none"> ○ Primary Servicer: 30% ○ Master Servicer: 30% ○ Directing Certificateholder: 40%
Pre-Negotiated Transfers	<ul style="list-style-type: none"> • \$15,000 processing fee • Non-negotiable • Fee split: <ul style="list-style-type: none"> ○ Primary Servicer \$12,500 ○ Master Servicer: \$2,500
Defeasance	<ul style="list-style-type: none"> • \$10,000 processing fee remains unchanged; no additional Master/Primary fees and expenses • No change in attorneys' fees or third party fees
Supplementals	<ul style="list-style-type: none"> • Current Freddie Mac origination fee payable to Freddie Mac using same schedule as in Freddie Mac Seller/Servicer Guide • Freddie Mac to provide an administrative fee to the Master Servicer for limited processing role (Master Servicer will no longer directly charge the Borrower)
Legal and Other Third Party Costs	<ul style="list-style-type: none"> • No change; no caps will be imposed

Freddie Mac will also implement the following changes to the servicing economics model to ensure the highest level of service quality and compensate servicers for the cash flow generated from the current transaction fees.

Term	Description
Primary Servicer	<ul style="list-style-type: none"> • Increase the base servicing strip by 1.0 bps
Master Servicer	<ul style="list-style-type: none"> • Increase minimum servicing strip to 2.0 bps
Special Servicer	<ul style="list-style-type: none"> • Create surveillance servicing strip (declining over the life of the deal)