Index Lock

Offering:
Our Index Lock option allows borrowers to lock the Treasury index at any time (during quote or underwriting) as well as the spread as early as the quoting phase—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.

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

Parameters of the Index Lock include:
- Not a commitment or credit approval
- Single asset (non-transferable); pools are eligible with approval
- Securitized loans – acquisitions or refinances
- Index is locked for up to 90 days until full rate-lock for a standard delivery, which may be extended at Freddie Mac’s discretion for a fee; if borrower elects to pursue an early rate-lock or a Fast Track Early Rate-Lock, rate must be locked within 45 days or borrower will have elected a standard delivery
- Standard application fee (10bps); 2% good faith deposit (Seller/Servicer retained)
- Maximum loan size $150 million or less
- 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
- The Index Lock Agreement will require Index Lock to occur before quote sheet expiration, i.e., 5 business days from quote issuance

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.

See next page for a comparison of our lock options
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<th><strong>Comparison of Lock Options</strong></th>
<th><strong>Index Lock</strong></th>
<th><strong>Fast Track ERL</strong></th>
<th><strong>Early Rate-Lock (ERL)</strong></th>
<th><strong>Standard Delivery</strong></th>
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<td><strong>What is Being Locked?</strong></td>
<td>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</td>
<td>Interest rate for a fixed-rate loan or the gross spread for a floating-rate loan</td>
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<tr>
<td><strong>Eligible Borrowers</strong></td>
<td>Borrowers in good standing that have closed a securitized loan within 24 months</td>
<td>Existing Borrowers in good standing that have closed a securitized loan within 24 months, subject to Freddie Mac final approval</td>
<td>Standard underwriting requirements</td>
<td>Standard underwriting requirements</td>
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</tbody>
</table>
| **Eligible Loans**            | • Loans to be securitized  
• Acquisition or refinance loans  
• Fixed-rate loans | • Loans to be securitized  
• Acquisition or refinance loans  
• Fixed- or floating-rate loans  
• Must pass the Refinance Test  
• Acceptable loan complexity  
*TAH bond loans are not eligible* | • Loans to be securitized or held in portfolio  
• Acquisition or refinance loans  
• Fixed- or floating-rate loans | • Loans to be securitized or held in portfolio  
• Acquisition or refinance loans  
• Fixed- or floating-rate loans |
| **Maximum Loan Amount**       | $150,000,000 | $75,000,000 | 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 | Most material loan terms (loan amount is subject to change) | All loan terms |
| **Est. Time for Credit Approval** | N/A | A few hours to 1 business day | 2 to 5 business days | 2 to 3 weeks |
| **Good Faith Deposit (GFD)**  | 2% (retained by Seller) | 2% (submitted to Freddie Mac) | 2% (submitted to Freddie Mac) | Not required |
| **Duration of Lock**          | Index is locked for up to 90 days until full rate-lock for a standard delivery; if borrower elects to pursue an ERL or a FT ERL, rate must be locked within 45 days or borrower will be deemed to have elected a standard delivery; time until Freddie Mac purchase to be set forth in Commitment, Rate Lock Agreement for FT ERL, or ERL Application (ERLA), as applicable | Either 90 or 120 days until Freddie Mac purchase | 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** | *Fixed-rate*: Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount  
*Floating-rate*: 2.0% | 2.0% GFD | *Fixed-rate*: Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount  
*Floating-rate*: 2.0% | *Fixed-rate*: Standard breakage formula, subject to a 0.5% minimum and 2.0% maximum of the rate-locked mortgage amount  
*Floating-rate*: 2.0% |