

Job Aid for FRED (Loans with UPB \$15 Million or Less)



Quoting Process:

All Conventional and Targeted Affordable Housing (TAH) loans that have an unpaid balance (UPB) of \$15 million or less will qualify for the due diligence streamlining. Only fixed-rate 1st mortgages will qualify for the included ¼ pt. buy-up. When submitting these loans to Freddie Mac, please indicate the ¼ pt. buy-up in the Loan Submission Template (LST). The ¼ pt. buyup will not qualify in meeting minimum origination fee thresholds per the minimum origination fee schedule in the *Freddie Mac Multifamily Seller/Servicer Guide* (Guide). Qualifying loans will not receive the free ¼ pt. buyup if the loan also qualifies for any very low-income (VLI) incentive.

- The following Mortgages are not eligible for FRED: SBL Mortgages, Moderate Rehab Mortgages, Lease-up Mortgages, Value-add Mortgages and Forward Commitment Mortgages
- Seniors Housing Mortgages, Student Housing Mortgages and Manufactured Housing Community Mortgages are eligible for FRED, however, on Form 1108, they will be required to complete an additional section to address different Replacement Reserve requirements for these property types.

Underwriting/Third-Party Reports:

No Longer Required or Requirements Changed	Going Forward
Zoning Report (contact your Freddie Mac representative for additional guidance required in the Appraisal)	<p>Ensure appraisal includes a robust discussion on zoning conformity (per updated Guide requirements)</p> <p>If “Additional Zoning Compliance Information” is provided in zoning section of appraisal –</p> <ul style="list-style-type: none"> (a) And conforming status concluded – then no further action is necessary (b) And non-conforming status concluded, then BLO insurance and non-conforming carveout are required <p>If “Additional Zoning Compliance information” is not provided in zoning section of appraisal – BLO insurance and non-conforming carveout are required (even if appraisal concludes to a legal conforming use). To waive these requirements, Seller/Servicer must provide documentation from zoning jurisdiction confirming legal conforming status.</p>
SPE Requirements	<p>Fewer and simplified SPE requirements, including reduced “Separateness” SPE requirements</p> <p>Single-member LLCs no longer need to be formed in Delaware.</p> <p>Delaware Single-Member Opinion Letters are not required for those Single-member LLCs that are formed in Delaware.</p>
WDO Report	<u>Termite contract is required</u> during the term of the loan for all properties with wood components to waive the termite report

No longer required or requirements changed	Going Forward
Physical Risk Report (Form 1108)	<p>New report format – based on Form 1104 currently used by SBL (with additional analysis required for sub-60 amps, seismic, asbestos and radon, which are all consistent with non-SBL approach)</p> <p><i>Update: Revised Form 1108 now includes replacement reserve schedule.</i></p> <p>ACM O&M Plans will be required for transactions that use the Physical Risk Report unless the consultant is certified to identify asbestos</p> <p>Note: Seniors Housing, Value-Add, Moderate Rehab, and Lease-Up transactions are not eligible to use the Physical Risk Report</p>
Survey	<p>New As-built surveys waived if the Borrower Survey Certificate is submitted in Final Delivery package.</p> <p>Seller/Servicer counsel will need to confirm the existing survey meets the Survey Waiver Requirements for loans \$15 million or less so that a new survey can be delivered in timely manner, if required.</p>

Survey Waiver Requirements for Loans \$15 Million or Less (only applicable to loans that go under Seller application on or after October 18, 2017)

Borrower does not have to submit a current survey of the Property, if:

- a. The title insurance policy limits any exception for survey matters to those disclosed on the survey delivered to Freddie Mac (the “**Existing Survey**”) in connection with the request for the survey waiver and any new exceptions approved by Freddie Mac.
- b. The title insurance policy contains a “same as survey” endorsement ensuring that the Property insured is the same as the Property shown on the Existing Survey.
- c. Borrower provides the Survey Certificate in the form located on Freddie Mac’s website (<https://mf.freddiemac.com/>).
- d. Borrower delivers a copy of the Existing Survey with the recorded title exception documents in accordance with the Final Delivery Instructions.