

# PRS Assessment Completion Best Practices

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## Assessment Resubmissions

A five-day hold period is not applicable to resubmitted assessments. The assessment will move to accepted status within 24 hours of resubmission. Resubmissions require all attachments to be resubmitted with the appropriate due date naming convention.

## Changes in General Loan Information

### Unit #, Unit Mix, Property Name Changes

- Email the Multifamily Asset Performance [mailbox](#) with supporting documents to update the Property Reporting System (PRS) and Freddie Mac's internal records. The request should also explain the reason for the change and discuss the necessary approvals obtained if necessary.
- The request for the change should be made prior to the assessment submission to eliminate a Data Warning.

## Annual Inspection Form (AIF)

### Submission Requirements

#### AIF Package Upload Requirements

Per Chapter 40 of the *Multifamily Seller/Service Guide* (Guide), Freddie Mac requires servicers to submit the completed AIF template and attachments in PRS no later than 60 days after the date of inspection. This can be in an earlier quarter than the AIF due date. However, please note that the due date for future inspections will be adjusted to the quarter-end of actual submission (essentially making a permanent due date change upon early submission).

#### Reporting Commercial Units

If details such as rents, lease terms, expiration dates and tenant name are not already included in the rent roll, you should include the information in the user worksheet in the AIF template. Please comment if commercial units are an issue that negatively impacts the property.

## Form Reminders

### General Info Tab

- a. **Loan Balance:** If there is more than one Freddie Mac loan, the servicer should report the combined Freddie Mac UPB for the loan balance.
- b. **Contact Information:** Enter primary preparer of the AIF, which is typically the servicer and not the property management company. These details provide Freddie Mac with a point of contact if there are any questions about the AIF submission.
- c. **Investor Loan #:** Enter servicer loan # if not pre-populated.
- d. **Operations & Maintenance (O&M) Plan:**
  - Property management does not necessarily have to produce physical O&M certification during the inspection to be considered compliant with O&M requirements. However, the servicer should ensure that management is aware of the plan(s), the plan(s) is available for reference (either physically or digitally), and there is no evidence of the property being non-compliant and enter the appropriate responses accordingly.
- e. **Number of Units: Include only residential units; exclude commercial units.**
- f. **Vacant Space:** Include down units.
- g. **Down Space:**
  - Response should be consistent with response to the question “In the past 12 months, have there been any fires, significant water intrusion or other property damage?” in the Management Interview tab.
  - The number of down units reported should be consistent with unit mix section in the Multifamily tab.
  - If the down space is a result of a hazard loss, determine if the Hazard Loss Notification and Plan, Form 1140, is required per Chapter 43 of the Guide. Submit and explain actions taken where appropriate.
- h. **Change Since Last Inspection:**
  - A “Yes” response should refer to a change in the property management company not the property manager.
  - If a property management company change has occurred, determine if approval is required/has been obtained or if servicer-delegated approval is allowed per Chapter 43 of the Guide. Comment on actions taken accordingly.

## Physical Condition and Deferred Maintenance Tab

- a. **Overall Property Rating:** Rating should be consistent with individual property component ratings and trends. Provide explanations if there is a discrepancy.
- b. **Deferred Maintenance Items:**
  - If the space provided is insufficient, provide additional information in the User Worksheet tab. Enter main items and larger cost to repair items on the Physical Condition & DM tab.
  - If repairs defined at UW are past-due and meet the definition of deferred maintenance, as defined by the MBA Reference Guide, include them in the DM table.
  - Exclude Upgrade Capex (including those defined in Repair Agreements) amounts from deferred maintenance. You should include these amounts in the Capital Expenditure section on the General Info tab.
  - For hazard loss covered by insurance, report it in the DM table with a cost of \$1. Include the full repair amount in the Capital Expenditure section on the General Info tab.
  - For hazard loss repairs that are not being covered by insurance, report the item and cost in the DM table.
  - If a hazard loss occurs and does not meet the requirements to submit Form 1140, specify this in the report (Property damage question on Mgmt Interview tab).
  - For Senior Housing supplemental items, list deferred maintenance separately on the Srs Supplemental I tab. Do not enter duplicate amounts in both tabs.

## Photos

Submission is now required as an additional attachment.

## Management Interview Tab

- a. **Average Rents:**
  - Report per unit per month (not per square foot).
  - Explain if market rents differ significantly from subject's average rents.
- b. **Question on fires/significant water intrusion/property damage in the past 12 months:**
  - Response should be consistent with down units.
  - Determine if Form 1140 is required per Chapter 43 of the Guide and submit where necessary. Explain actions taken where appropriate.
- c. **Question on Homesharing:** Homesharing activities means short-term rentals of units that are marketed through a peer-to-peer online marketplace (such as Airbnb, VRBO, HomeAway, Booking.com, Stay Alfred and other similar platforms). The borrower **cannot** act as host, and a tenant **can** act as host only with approval in loan docs. A master corporate lease where a borrower enters into a 12-month lease with a corporate tenant, and the corporate tenant subleases to short-term tenants, is permitted provided there were no changes to the Rider during Underwriting. A Reservation of Rights letter should be sent if there is unauthorized homesharing.

## Multifamily Tab

**Unit Breakdown:** Only include information on residential units, exclude commercial unit details in unit breakdown. Commercial unit information should be included in rent rolls, comment section or the additional User Worksheet tab.

**Detailed Report of Units Inspected:** For Manufactured Housing Communities (MHC) where tenants own the units and units are not inspected, enter a single line of “dummy” data to meet PRS upload requirements. Include a note explaining why they were not inspected.

## Seniors Housing Addendum

The Seniors Housing Addendum is required to be completed if the Primary Property Type (General Info Tab) is equal to “Healthcare.” If you are working on an Independent Living property, you may select the Primary Property Type of “Multifamily” and Secondary Property Type of “Retirement/Independent Living.” This does not preclude you from completing relevant sections on the Senior Supplement but ensures you will not be required to complete sections that are not applicable to the property type.

Note – If a corresponding CREFC for a property uses the “HC” template in lieu of the “MF” template, we would anticipate the Primary Property Type on the inspection to reflect “Healthcare.”

### Part II: Resident Rooms/Occupancy

- a. **Question on unit mix compliance specified in the mortgage and/or approved by Freddie Mac since origination**
  - Freddie Mac approval is required if there is >10% change in type of service provided (not unit mix within service type).

### Part VI: Regulatory Compliance — Regulatory/Licensing Agency and Regulatory/Licensing Agency Inspection Sections

- These two sections within the Regulatory Compliance tab are not applicable for senior housing facilities that do not provide personal care services (for example, 100% Independent Living facilities). If you have an Independent Living facility that uses the “HC” CREFC template and thereby requires using the “Healthcare” Primary Property Type, you may be required to complete these sections despite not being applicable. To ensure successful upload to PRS, please complete the following:
  - Enter “Inspection date” for Expiration Date of Operating License.
  - Enter “N/A” for Certification/Licensure.
  - Enter “No” for deficiencies cited /penalties (monetary/non-monetary) assessed.
  - Enter “Yes” to Agency considers property in compliance.
- b. **Expiration date of Operating License:** For evergreen licenses, enter date of next scheduled Agency inspection.

# Loan Management Form (LMF)

## Form Reminders

### LMF submissions are annual again beginning in 2024

Servicers must submit the LMF within 10 business days of determining that any of the conditions in the form have occurred regardless of the due date in PRS. If not submitted earlier in the year, the LMF must be submitted annually on or before December 31 via PRS.

### Question relating to borrower/property in a non-monetary default of loan documents has been updated to not exclude insurance issues

Monitoring insurance compliance remains the servicer's responsibility. If insurance is available, continue to channel all insurance related issues/questions to the servicer internal insurance department. An insurance waiver request can be submitted through the Insurance Compliance Tool available on the [Multifamily website](#). If insurance is **not** available and servicers have forced placed insurance, the property should be reported as non-compliant.

Continue to verify that borrower/property is compliant with terms within the loan documents (e.g., regulatory requirements/rent regulations, unauthorized lien requirements, change in property management/borrower/principal). While there is no need to affirm compliance, provide comments on nature of any non-compliance, actions taken and any pertinent information.

### Escrows Questions

Report escrow balances **only** in cases where you have cited that there is an escrow problem and/or there are significant concerns regarding the physical condition of the property. For example, if property condition is rated 4/5 declining or deferred maintenance > 5% or >\$500K, report if replacement reserves are funded and provide current balance amounts. Similarly, if there are repair escrow issues, report if escrows are funded, completion due dates (including extended due dates), percent completed and significant outstanding items.

### Comments Section

There is no need to enter "N/A" or "No Issues" or affirm borrower compliance. Comments should only highlight and explain non-compliance issues, actions taken/action plans, approvals obtained and other noteworthy information.

## Overall Annual/Quarterly Financial Submission Requirements

- Upload coded statements if available.
- Best practice is to include the preparer's name and contact information in the comments.



- When a TTM statement is provided to you for quarterly financials, report TTM unless YTD offers a better representation of performance (i.e., property has been in lease-up).

## CREFC Submission Template

Please refer to the following reference materials for completing the CREFC Template: CREFC IRP 8.3 Reference Guide, PRS CREFC Individual Desk Reference, Freddie Mac's Guide on Completing and Submitting the PRS CREFC Assessment.