

Multifamily Seller/Servicer Guide

Chapter 19A

Originating a Targeted Affordable Housing Cash Mortgage under a Forward Commitment

19A.1 Overview

a. Availability of Forward Commitments (05/31/11)

This chapter provides the requirements for a Targeted Affordable Housing (TAH) Cash Mortgage originated under a Forward Commitment utilizing the prior approval model. To be eligible to enter into a Forward Commitment, a Targeted Affordable Housing Seller/Servicer must meet the requirements specified in Section 3.13.

See Exhibit 2, Origination Guidelines for Affordable Products, for additional information about the types of affordability components that are available to Targeted Affordable Housing Seller/Servicers.

b. Investment quality, types of Mortgages and Mortgage requirements (12/15/20)

Unless otherwise specified below, the requirements for investment quality, types of Mortgages and other Mortgage requirements are the same for all TAH Cash Mortgages, including those sold under a Forward Commitment.

1. Mortgages eligible for purchase under a Forward Commitment

Under a Forward Commitment, Freddie Mac purchases (after Conversion):

- Fixed-rate Mortgages in which the interest rate is unchanged for the entire Mortgage term. Fixed-rate Mortgages may be amortizing or interest-only
- Adjustable-rate Mortgages ("ARMs") in which the interest rate is adjusted for the entire Mortgage term. An ARM may be amortizing or interest-only

Freddie Mac will purchase a Mortgage under a Forward Commitment if the Property has a 4% LIHTC allocation or a 9% LIHTC allocation. Additionally, the Property must be owned by the Borrower or under contract with the purchase date scheduled to occur within 90 days of interest rate lock.

See the following sections in Chapter 19, Originating a Targeted Affordable Housing Cash Mortgage for additional information:

- Section 19.1(b): Investment quality
- Section 19.1(f): Minimum Origination Fee
- Section 19.1(g): Other requirements

- Section 19.2: Mortgage requirements

2. Mortgages ineligible for purchase under a Forward Commitment:

- Preservation Rehabilitation Mortgages
- Bridge to Resyndication Mortgages

c. Underwriting and prescreen package requirements (02/28/13)

See the following for information regarding the content of the prescreen and full underwriting packages for Forward Commitments:

- Section 19A.5
- Section 19A.7

Instructions for preparing the prescreen package and the full underwriting package and remitting any required fees to Freddie Mac are found in Chapter 55. Chapter 55 also contains a complete description of Freddie Mac's requirements for each document in an underwriting package, including a description of the required content and whether the document must be certified.

The Seller should plan for a reasonable period for Freddie Mac to process and review the prescreen package and full underwriting package before receipt of the Quote or the Forward Commitment, as appropriate.

d. Freddie Mac's review of construction documentation (09/22/17)

Depending on the qualifications of the construction lender, Freddie Mac will conduct either a standard review or an expedited review of the construction documentation. The type of review will determine when construction documentation must be submitted to Freddie Mac. In a standard review, Freddie Mac will review all construction documentation noted in Section 55.2 and the underwriting checklist, including the narrative summary prepared by the Seller's Chief Architect/Engineer, that must be submitted as part of the full underwriting package.

An expedited review of construction documentation by Freddie Mac will be available for Forward Commitments where the construction lender meets the criteria identified in Section 19A.4. In an expedited review, the Seller submits as part of the full underwriting package

- A pre-construction analysis report, as described in Section 63.3(a)
- A narrative summary, including a property and site description and a summary analysis of the development team's qualifications, that is prepared by the Chief Architect/Engineer, as outlined in Section 55.2 and the underwriting checklist, Section 1.30 of Exhibit 1.

In an expedited review, the Seller must also deliver the following construction documentation to the *Multifamily TAH Underwriter* via the Document Management System (DMS) within 90 days after the date of the Forward Commitment:

- Final plans and specifications (stamped and signed)
- Executed construction contract with all exhibits

Section 55.2 lists the items to be submitted as construction documentation in the underwriting package for both a standard review and an expedited review.

19A.2 Description of a Forward Commitment (05/31/11)

A Forward Commitment provides a single source of construction and permanent financing for new construction or substantial rehabilitation of a multifamily Property that qualifies as a Targeted Affordable Housing Product. In this chapter, the term “construction” will include substantial rehabilitation.

A Forward Commitment is executed by the Seller and Freddie Mac. In it Freddie Mac commits to locking the interest rate or spread for the permanent Mortgage and the Seller commits to delivering a permanent Mortgage to Freddie Mac when the project is complete and has met the conditions for Conversion. Freddie Mac locks the rate or spread for the permanent Mortgage when the Forward Commitment is accepted by the Seller. The Property must reach stabilization and meet the additional Conversion criteria set forth in Section 19A.15 before Freddie Mac purchases the Mortgage and, in the case of a Funded Forward Commitment, releases the Construction Phase Letter of Credit.

a. Types of Forward Commitments (05/31/11)

There are two types of Forward Commitments: Funded Forward Commitments and Unfunded Forward Commitments:

- In a Funded Forward Commitment, Freddie Mac advances funds to the construction lender during the construction period and, as security for the funds, requires the construction lender to provide Freddie Mac with the Construction Phase Letter of Credit.
- In an Unfunded Forward Commitment, Freddie Mac does not advance construction funds to the construction lender, and therefore does not require a Construction Phase Letter of Credit.

b. Defined terms for Forward Commitments (08/30/13)

The Seller should be familiar with the following terms applicable to Forward Commitments, which are defined in the Glossary:

- Construction Loan
- Construction Phase Letter of Credit
- Conversion
- Delivery Assurance Fee; Delivery Assurance Mortgage; Delivery Assurance Note
- Forward Commitment Maturity Date
- Master Forward Financing Agreement
- Project Loan

19A.3 Forward Commitment Property Inspection (03/03/17)

Freddie Mac requires a Forward Commitment Property Inspection for every Forward Commitment. See Section 8.16 for Freddie Mac's requirements for the Forward Commitment Property Inspection.

19A.4 Construction lender (04/29/16)

The Seller must determine that the construction lender

- Employs an experienced, fully-staffed construction lending department
- Demonstrates sufficient construction lending experience with successful construction lending on projects of similar size and complexity for the relevant type of property
- For a Funded Forward Commitment, has executed a Master Forward Financing Agreement with Freddie Mac

For each Funded Forward Commitment, the construction lender must execute an Addendum to the Master Forward Financing Agreement with Freddie Mac regarding the terms and conditions for the specific Forward Commitment. The Addendum must be delivered to *Multifamily Purchase* with the Construction Phase Letter of Credit.

To be eligible for an expedited review of the construction documentation by Freddie Mac, the Seller must confirm that the construction lender meets the following criteria in addition to those identified above:

- A minimum of \$1 billion in deposits, for a regulated regional or national bank, or the equivalent for a life insurance company or its subsidiaries
- A senior unsecured debt rating of BBB or higher by at least two of the following rating agencies: Fitch Ratings, Standard & Poor's Ratings Services or Moody's Investors Service, Inc.

19A.5 Prescreen package (07/01/14)

To initiate a transaction with Freddie Mac, the Seller must send a quote request to *Multifamily TAH Production*. After receiving the quote request, Freddie Mac will provide an indication price to the Seller. To continue with the transaction after receiving the indication price, the Seller must prepare the prescreen package. Freddie Mac specifies the list of documents that the Seller must include in the prescreen package in Section 1.25 of Exhibit 1.

Chapter 55 contains a complete description of Freddie Mac's requirements for each document in a prescreen package, including a description of the required content. Contact *Multifamily TAH Production* for instructions for delivering prescreen packages to Freddie Mac.

The prescreen package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.

19A.6 Quote

a. Quote (05/31/11)

If the Mortgage presented in the prescreen package appears to meet the requirements for a Targeted Affordable Housing Cash Mortgage under a Forward Commitment, Freddie Mac will issue a written Quote and will advise the Seller in writing that Freddie Mac is interested in receiving a full underwriting package. The written Quote will contain the proposed maximum Mortgage amount, indication spread, term, construction period, amortization period (if applicable) and prepayment terms as well as other Freddie Mac requirements in response to the information contained in the prescreen package.

b. Indication spread (05/31/11)

Freddie Mac bases the indication spread communicated to the Seller on preliminary information about the proposed transaction and, in its sole discretion, Freddie Mac may change the indication spread.

c. Obligations of the parties (05/31/11)

Issuance of a Quote will not obligate the Seller to submit a full underwriting package or obligate Freddie Mac to purchase the proposed Mortgage.

19A.7 Full underwriting package (10/14/16)

After Freddie Mac issues a Quote, the Seller may deliver a full underwriting package to Freddie Mac. Upon the delivery of the full underwriting package, a nonrefundable application fee in the amount of the greater of \$3,000 or 0.1 percent of the proposed Mortgage amount will be deemed earned by Freddie Mac and will be payable by the Seller as set forth in Section 19A.8(e).

Freddie Mac specifies the list of documents that the Seller must include in the full underwriting package sent to Freddie Mac in Section 1.30 of Exhibit 1, which applies to TAH Cash Mortgages purchased under a Forward Commitment.

Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

The full underwriting package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.

19A.8 Forward Commitment (05/31/11)

The Forward Commitment represents Freddie Mac's offer to purchase a first Mortgage secured by an eligible multifamily Property as determined by Freddie Mac. The Forward Commitment provides the purchase conditions applicable under a mandatory Purchase Contract.

a. Issuance of the Forward Commitment (10/14/16)

After the Seller submits a full underwriting package meeting the requirements of Section 19A.7, Freddie Mac will determine if the Mortgage is acceptable for purchase.

If the contemplated Mortgage is acceptable, Freddie Mac will issue a Forward Commitment stating the maximum Mortgage amount, the maximum annual debt service (principal and interest or interest-only), loan term, construction period and amortization period, and all additional conditions that must be satisfied before Freddie Mac purchases the Mortgage. If Freddie Mac determines that it will not issue a Forward Commitment for any reason, the Seller must remit the application fee as set forth in Section 19A.8(e).

The Forward Commitment is valid for the period of time stated in the Forward Commitment. If the Seller fails to accept the Forward Commitment offer within that stated time period, the Forward Commitment will automatically expire, Freddie Mac will not be obligated to purchase the Mortgage under any conditions and the Seller must remit the application fee as set forth in Section 19A.8(e). The Forward Commitment will automatically incorporate by reference the terms set forth in Section 27.3, as applicable.

b. Seller acceptance (05/31/11)

The Seller may accept the Forward Commitment by following the procedures set forth in the Forward Commitment.

After the Seller executes the Forward Commitment, the Seller may not transfer, assign or otherwise modify the Forward Commitment without Freddie Mac's prior written approval.

c. Locking the interest rate and fixing Mortgage amount and terms (10/14/16)

The Seller may lock the interest rate and fix the maximum Mortgage amount and terms only after the Seller accepts the Forward Commitment and remits the required Commitment Fee to Freddie Mac.

In the Forward Commitment, Freddie Mac will express the Required Net Yield for a Mortgage as a specified number of basis points (net spread) above the yield for a designated benchmark security.

The Seller will use the specified net spread plus the actual yield for the designated benchmark security on the date and time the Seller locks the interest rate to determine the Required Net Yield for the Mortgage. The Coupon Rate for the Mortgage will be the Freddie Mac Required Net Yield plus the applicable Servicing Spread.

The Seller may lock the interest rate and fix the maximum Mortgage amount and terms within the time period set forth in the Forward Commitment by telephoning the *Multifamily TAH*

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Underwriter during the time set forth in the Forward Commitment. Freddie Mac will confirm the current yield on the applicable benchmark security at the time of the call. The Seller must then confirm the following:

1. The caller's name and title;
2. Seller/Servicer name and number;
3. Property name, address and location;
4. Mortgage term, construction period, amortization period (if applicable) and yield maintenance period (if applicable);
5. Maximum Mortgage amount;
6. The locked Mortgage Coupon Rate, Freddie Mac Accounting Net Yield and Servicing Spread; and
7. Actual annual debt service amount (principal and interest or interest-only).

Freddie Mac may record this telephone conversation.

If Seller fails to lock the interest rate within the time required in the Forward Commitment, Seller must remit the application fee as set forth in Section 19A.8(e).

d. Freddie Mac liability for failure to lock the interest rate (05/31/11)

If Freddie Mac does not have access to MPS and/or “real time” market yields on the applicable benchmark US Treasury Security and as a result Freddie Mac is unable to complete the interest rate lock at the time the Seller communicates its intent to interest rate lock, Freddie Mac will not be liable for any damages whether direct or consequential.

e. Application fee (04/30/19)

The nonrefundable application fee will be deemed earned by Freddie Mac at the earlier of delivery of the full underwriting package or 30 days after the date the Borrower executes the Seller Application, and will be payable by Seller by wire transfer to Freddie Mac as follows:

- (i) If the Seller locks the interest rate as described above, Seller must remit the application fee by 2:00 p.m. Eastern time on the second Business Day following interest rate lock.
- (ii) If Freddie Mac determines that it will not issue a Forward Commitment for any reason, Seller must remit the application fee upon demand by Freddie Mac.
- (iii) If Freddie Mac issues a Forward Commitment and Seller either fails to accept the Forward Commitment or fails to interest rate lock within the time required in the Forward Commitment, Seller must remit the application fee upon demand by Freddie Mac.

The Seller must obtain wire transfer instructions from *Multifamily TAH Production* or the *Multifamily TAH Underwriter*.

The Seller must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person in Production or Underwriting, and the Freddie Mac loan number.

f. Exhibit A to the Forward Commitment (05/01/14)

After the Seller locks the rate as described above, Freddie Mac will deliver to the Seller a completed Exhibit A (Interest Rate Lock and Mortgage Terms Confirmation Sheet) to the Forward Commitment. The Seller must execute and cause the completed Exhibit A to be received by Freddie Mac by the close of business on the second Business Day immediately following its receipt by the Seller. The Seller's failure to execute and return Exhibit A within the required time will be treated as a nondelivery of the Mortgage. For nondelivery provisions, see Section 19A.21(c).

g. Construction advances under a Funded Forward Commitment (05/31/11)

Under a Funded Forward Commitment, the construction lender has the option to choose that advances be made in either a single draw or in multiple draws. The requirements for both the single and multiple draw options are described in the construction lender's Master Forward Financing Agreement.

19A.9 Delivery Assurance Note and Mortgage (04/30/13)

The Delivery Assurance Fee for the Forward Commitment may be in the form of cash, a letter of credit or a secured note. Requirements with respect to the letter of credit are set forth in Section 11.2. The Delivery Assurance Fee in cash or letter of credit must be delivered to *Multifamily Purchase* not less than one Business Day after the Construction Loan closing.

If the Seller does not provide Freddie Mac with cash or a letter of credit in payment of the Delivery Assurance Fee, Freddie Mac requires a Delivery Assurance Note secured by a Delivery Assurance Mortgage to evidence and secure the obligation to deliver the permanent Mortgage to Freddie Mac. The Borrower must execute the Delivery Assurance Note and the Delivery Assurance Mortgage upon the Borrower's execution of the Seller's forward commitment. If, however, the Borrower will not acquire the Property until the Construction Loan closing, then the Borrower may execute the Delivery Assurance Mortgage at the Construction Loan closing. The Delivery Assurance Mortgage must be recorded at the time of the Construction Loan closing. Both the Delivery Assurance Note, endorsed to Freddie Mac, and the Delivery Assurance Mortgage, assigned to Freddie Mac, must be delivered to *Multifamily Purchase* not less than one Business Day after the Construction Loan closing.

19A.10 Construction period security (08/30/13)

With a Funded Forward Commitment, Freddie Mac must be secured during construction by a Construction Phase Letter of Credit, which must be:

- In a form acceptable to Freddie Mac and meeting all requirements set forth in Section 11.2

- In an amount equal to the maximum Mortgage amount plus 45 days of interest at the Mortgage rate; on transactions with multiple draws the 45 days of interest will be contained in the Construction Phase Letter of Credit issued for the first draw on the Mortgage
- With an expiration date no earlier than 60 days after the Forward Commitment Maturity Date, which is set forth in the Forward Commitment
- Accompanied by an opinion of the issuer's counsel with respect to the issuer of the letter of credit that meets the requirements of Section 11.2

19A.11 Construction Loan closing for Funded Forward Commitments (05/01/14)

Freddie Mac, the Seller, the construction lender and the escrow agent execute an escrow agreement. The escrow agreement must meet the requirements of the Master Forward Financing Agreement and must be in form acceptable to Freddie Mac and the other parties to the escrow agreement. Each party to the escrow agreement must deliver an executed escrow agreement, together with other applicable documents and/or collateral, to the escrow agent not later than two Business Days prior to the Project Loan closing.

Upon the escrow agent's receipt of the executed escrow agreement, the escrow agent will email it to Freddie Mac in PDF form and will overnight the original executed escrow agreement to Freddie Mac at the address provided in the escrow agreement.

No later than the first Business Day immediately after the Construction Loan closing for a Forward Commitment, the Seller must deliver a Forward Commitment Initial Delivery Package to *Multifamily Purchase*. The requirements for the Forward Commitment Initial Delivery Package are found in the Initial Delivery Instructions – Forward Commitments, which is available on FreddieMac.com.

19A.12 Construction monitoring (03/03/17)

The Seller must retain an Architectural Consultant meeting the requirements of Section 63.2(a) to prepare the construction reports and monitor the progress of the construction.

During the construction phase, the Architectural Consultant is responsible for ensuring that appropriate construction due diligence takes place, including the preparation of construction monitoring reports, which must be provided to the Seller on a regular basis. The Seller must monitor the progress of the construction and notify Freddie Mac of any material issues that could have an adverse effect on the project's scope or quality or could result in a request to extend the Forward Commitment. Freddie Mac expects the Seller to be familiar with the progress of the project. See Section 63.4 for the content of the construction monitoring reports and the duties and responsibilities of the Seller and the Architectural Consultant with respect to the construction monitoring reports.

If the Seller receives a request from a third party (such as an agency of the local governing body) for Freddie Mac's authorization or sign-off for items such as plat recordings or impact fees, the Seller must advise the third party to send any such documentation directly to the Seller. The Seller's counsel must review all documentation and provide Freddie Mac with a preliminary legal

issues memorandum meeting the requirements of Section 6.4. Freddie Mac must receive a written recommendation from the Seller prior to executing or denying any requested authorization or sign-off. The Seller and its counsel must ensure that any such requests comply with all documents previously executed or approved for the transaction, including the approved plans and specifications.

19A.13 Extending the Forward Commitment

a. General (05/31/11)

Each extension granted by Freddie Mac under the Forward Commitment may be for a period of no more than six months. The Forward Commitment may specify a stand-by fee to be assessed based on the length of the extension.

Freddie Mac may grant a second extension that may be no more than six months. Freddie Mac will charge a fee based on the length of the extension to hold the original interest rate set forth in the Forward Commitment.

In connection with any extension, the Seller must confirm to Freddie Mac that

- The Seller has copies of the amendments extending the Construction Loan documents and any approved subordinate financing documentation, including evidence of recordation of all applicable documents, and
- The Seller has taken other such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property

The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

b. Request for extension (08/30/13)

1. First extension

No later than 30 days prior to the Forward Commitment Maturity Date, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a first extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Within three Business Days following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension and the amount of the stand-by fee, if any, via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS.

The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with

amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letters of credit for the Commitment Fee or the Delivery Assurance Fee, as applicable.

2. Second or subsequent extension

No later than 30 days prior to the Forward Commitment Maturity Date, as extended, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a second or subsequent extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Within seven Business Days following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension and the amount of the extension fee via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS.

The terms of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments to or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date, as extended, and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letters of credit for the Commitment Fee or the Delivery Assurance Fee.

19A.14 Complete property inspection (03/03/17)

The Seller must conduct a complete property inspection of the Property before initiating Conversion. The Seller must be satisfied that the finished project has been completed as proposed in a workmanlike manner and that there have been no changes to the Property that would adversely affect its lease-up or ongoing operational costs as originally proposed. The Seller may make this determination by reviewing the final construction reports of the Architectural Consultant, the construction lender, the architect of record and government inspectors; however, the Seller must make its own determination of the Property and the market. For additional information on the complete property inspection see Section 8.15(b).

Once the architect of record has executed the certification of substantial completion, the Architectural Consultant must submit to the Seller the post-construction analysis report with a final narrative evaluation. The Seller must review this report and ensure that it meets the requirements of Section 63.5(a).

19A.15 Conversion criteria and documentation

a. Time limit for meeting conditions for Conversion (05/31/11)

Freddie Mac's Forward Commitment and agreement to purchase the Mortgage shall terminate and be of no force or effect in the event that the Seller is unable to fully and totally satisfy each and all of the conditions for Conversion on or before the Forward Commitment Maturity Date or extended Forward Commitment Maturity Date, as applicable.

b. Property requirements for Conversion (04/29/16)

By the Seller's acceptance of the Forward Commitment, the Seller has agreed to deliver to Freddie Mac a Mortgage in accordance with the standards set forth in the Purchase and Servicing Documents. In order for Freddie Mac to purchase the Mortgage, the Property must:

- Be substantially complete in accordance with the final plans and specifications as certified by the architect of record, confirmed by the Architectural Consultant and reviewed by the Seller and Freddie Mac
- Have had occupancy of at least 85 percent for at least 90 consecutive days
- Have a Debt Coverage Ratio (DCR) that is:
 - Greater than or equal to the minimum DCR for the Mortgage product, and
 - No more than 10 basis points lower than the original underwritten DCR

c. Other Conversion criteria (09/01/16)

Any special terms or conditions specified in the Forward Commitment must be satisfied. See Section 19A.16(a) and the TAH Cash Conversion Underwriting Package in Section 1.31 of Exhibit 1 for additional information about the items that must be submitted as part of the Conversion underwriting package.

d. Reserved (09/28/18)

e. Determination of the Mortgage amount (05/31/11)

The Seller must determine, and Freddie Mac must approve, the amount of the Mortgage using the requirements in the TAH Guide except that the total expense for the Property must be the greater of:

- Annualized, actual expense for Property operations from the time it reached underwritten occupancy until Conversion, based on a certified operating statement, or
- Underwritten expense, as adjusted for fully assessed taxes and actual insurance premiums, management fees and salaries.

f. Additional Mortgage proceeds (05/31/11)

Additional Mortgage proceeds may be available for Properties with a current net operating income (NOI) that exceeds the underwritten NOI. Any additional Mortgage proceeds must be approved by Freddie Mac after Freddie Mac's full re-underwriting. The additional proceeds will be re-priced as a first Mortgage, although Freddie Mac's security for such additional proceeds may be in the form of a subordinate Mortgage.

19A.16 TAH Cash Conversion Underwriting Package and notification of Conversion

a. TAH Cash Conversion Underwriting Package and Conversion schedule (07/01/14)

Once the Seller has completed all Conversion due diligence and analysis, the Seller must

- Prepare the TAH Cash Conversion Underwriting Package and submit it to Freddie Mac
- Submit the proposed Conversion schedule to Freddie Mac no later than 45 days prior to the proposed date of the Conversion

Freddie Mac uses the TAH Cash Conversion Underwriting Package to determine whether the Property has met the Conversion criteria specified in the Guide. Freddie Mac specifies the list of documents that the Seller must include in the TAH Cash Conversion Underwriting Package in Section 1.31 of Exhibit 1. Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

The TAH Cash Conversion Underwriting Package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13. The TAH Cash Conversion Underwriting Package and the proposed Conversion schedule must be submitted to Freddie Mac no later than 45 days prior to the proposed Conversion date.

After Freddie Mac completes its underwriting and approves the Conversion, Freddie Mac will execute the Conversion Acceptance Letter.

b. Notification of Conversion (08/30/13)

After Freddie Mac has executed the Conversion Acceptance Letter and no later than 15 days prior to the Conversion date, the Seller must notify Freddie Mac, the Borrower and the construction lender of the date of Conversion. This notification must contain the following information:

- The name, address, telephone number, facsimile number and email address of the escrow agent or title company to be used for originating the Mortgage
- A request for release of the Construction Phase Letter of Credit, if applicable
- A request for the cancellation and return of the Delivery Assurance Note, if applicable

- A request for the release of the Delivery Assurance Mortgage, if applicable

19A.17 Overall responsibilities of parties at Conversion

a. Responsibilities of the Seller (05/31/11)

The Seller is responsible for the preparation and distribution of a Conversion escrow agreement that must satisfy the requirements of the construction lender's Master Forward Financing Agreement (in the case of a Funded Forward Commitment) and the Guide. The Seller is also responsible for the payoff of the Construction Loan.

b. Freddie Mac's responsibilities (05/31/11)

Freddie Mac will coordinate with the Seller the delivery of the following collateral documents to the title company or escrow agent:

- Delivery Assurance Note marked paid and cancelled, if applicable
- Construction Phase Letter of Credit, if applicable
- Release of Delivery Assurance Mortgage, if applicable
- Any other escrow documents held by Freddie Mac

19A.18 Release of documents from escrow (05/31/11)

Freddie Mac will authorize the release of the documents delivered by Freddie Mac to the escrow agent upon

- The Seller's delivery to the escrow agent for recordation of the assignment of the Mortgage, assigning the Seller's interest to Freddie Mac,
- The escrow agent's confirmation that it has in its possession the lender's final policy of title insurance to be delivered to Freddie Mac with the final delivery package, which title policy meets the requirements of the Guide and insures the first lien priority of the Mortgage, and
- The Seller's certification that the Seller has all of the items required by the Guide for final delivery of the Mortgage

19A.19 Final delivery (05/31/11)

The Seller must deliver the final delivery package at the time and in accordance with the requirements set forth in Chapter 32.

19A.20 Funding (05/01/14)

See Section 32.1(c) for provisions related to funding.

19A.21 Late delivery; nondelivery

a. Late delivery (02/29/12)

For Mortgages delivered under a Forward Commitment, Freddie Mac may, in its discretion, treat either of the following situations as a late delivery of a Mortgage:

- The Seller fails to deliver the Final Delivery Package to Freddie Mac, including sending an email to mf_purchase_boarding_mgrs@freddiemac.com notifying *Multifamily Purchase* of the delivery of the Electronic Delivery Package, at or before noon Eastern time on the Mandatory Delivery Date.
- The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents.

b. Remedies for late delivery (02/29/12)

If Freddie Mac determines that there has been a late delivery of a Mortgage, Freddie Mac may take whatever action or actions it deems appropriate to protect its interests and enforce its rights, including

- Terminating the Purchase Contract (Freddie Mac will elect not to purchase the Mortgage)
- Charging the Seller a late delivery extension fee
- Taking any other action set forth in Chapter 4

c. Nondelivery (02/29/12)

For Mortgages delivered under a Forward Commitment, Freddie Mac may, in its discretion, treat any of the following situations as a nondelivery of a Mortgage:

- The Seller fails to deliver the Final Delivery Package to Freddie Mac, including sending an email to mf_purchase_boarding_mgrs@freddiemac.com notifying Multifamily Purchase of the delivery of the Electronic Delivery Package, at or before noon Eastern time on the Mandatory Delivery Date
- The Mortgage, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents
- After issuance of the Forward Commitment, there has been a material adverse change from what was disclosed to Freddie Mac in the full underwriting package in either of the following:
 - The financial position of the Borrower, any Borrower Principal or the guarantor
 - The condition of the Property
- The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents

d. Remedies for nondelivery (02/29/12)

If Freddie Mac determines that there has been a nondelivery of a Mortgage, Freddie Mac may take whatever action or actions it deems appropriate to protect its interests and enforce its rights, including

- Terminating the Purchase Contract (Freddie Mac will elect not to purchase the Mortgage)
- Taking any other action set forth in the Forward Commitment or in Chapter 4
- Charging the Seller a breakage fee
- Taking whatever action is necessary to collect the Delivery Assurance Fee

e. Calculation of the breakage fee (10/14/16)

As liquidated damages for the nondelivery of a Mortgage, Freddie Mac will charge the Seller a breakage fee, calculated in accordance with the formula set forth in the Forward Commitment.