2.1 Notification concerning Principals (10/07/11)

In addition to the requirements set forth below, Chapter 7 sets forth Freddie Mac’s requirements regarding fraud detection, prevention and reporting.

If a Seller/Servicer obtains knowledge of commission by a Principal of any act or offense indicating a lack of business competence, integrity or honesty, the Seller/Servicer must immediately

- Notify the Senior Vice President, Freddie Mac Multifamily in writing, and
- Cease involving the Principal in any of the Seller/Servicer’s Freddie Mac business

Such knowledge includes knowledge of a criminal conviction or civil judgment against any Principal for commission of fraud or a criminal offense in connection with negotiating, obtaining, attempting to obtain, or performing a public or private agreement or transaction; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, making false statements, misrepresentation, receiving stolen property, conspiracy, making false claims, or obstruction of justice.

2.2 Limitation on the number and amount of Mortgage purchases and commitments (10/07/02)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of Mortgage commitments it will accept from any Seller. Maximums are subject to change by Freddie Mac at any time without notice or publication.

2.3 Limitation on the number and amount of multifamily Mortgages (12/15/20)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of multifamily Mortgages it will purchase within any geographic area, or with the same Borrower, Borrower Principal, or with related persons or Affiliates of the Borrower or Borrower Principal (including partnerships or corporations with common, interlocking, or interconnected ownership or organizational structures).

2.4 Sale of Mortgages by Freddie Mac (12/05/03)

Freddie Mac may from time to time sell, in whole or in part, Mortgages it has purchased pursuant to the Purchase and Servicing Documents. Freddie Mac will attempt to make the sales in a manner that causes as little disruption as possible to the Servicer.
2.5 Modification of programs and products (12/05/03)

Freddie Mac reserves the right to supplement, modify or terminate any purchase program or product at any time without prior notice.

2.6 Race or racial composition of a neighborhood (12/05/03)

Freddie Mac does not consider race and the racial composition of a neighborhood to be reliable appraisal factors. Freddie Mac will not purchase any Mortgage supported by an Appraisal report that makes reference to race or the racial composition of the neighborhood.

2.7 Freddie Mac audit (12/16/15)

Freddie Mac may, at any time, conduct an audit of a Seller/Servicer that is selling or Servicing Mortgages for Freddie Mac for the purpose of verifying the Seller/Servicer’s compliance with the terms and conditions of the Purchase and Servicing Documents. Freddie Mac will select the Mortgages to be audited.

a. Before the audit (09/30/20)

Freddie Mac will inform Seller/Servicers who are scheduled to be audited that they must provide certain documentation to the Freddie Mac Multifamily Institutional Risk Manager through the Document Management System (DMS) or such other system or method as Freddie Mac may approve. The Servicer must provide the requested documentation within the applicable time frame(s) stated in the engagement letter that Freddie Mac sends to the Seller/Servicer before Freddie Mac’s on-site visit.

b. After the audit (09/30/20)

After the audit, Freddie Mac will prepare a written draft audit report that summarizes the audit and includes audit issues, if any, and provide such draft audit report to the Seller/Servicer.

Upon receipt of the draft audit report, the Seller/Servicer must immediately prepare a written response. The Seller/Servicer must send the response to the Freddie Mac Multifamily Institutional Risk Manager through DMS or such other system as Freddie Mac may approve within five Business Days after the Seller/Servicer’s receipt of the draft audit report. The response must include a detailed plan to resolve each material issue and all other issues identified in the audit.

If the Seller/Servicer fails to provide a timely response, or the response does not adequately address each issue identified in the audit, or the Seller/Servicer fails to resolve an audit finding satisfactorily, Freddie Mac may:

- Increase its audit frequency, and/or
- Exercise any of its rights (as described in Chapter 4) to impose Probation or Suspension or Termination
Freddie Mac will review the Seller/Servicer’s written response and include it in the final audit report. Freddie Mac will work with the Seller/Servicer to resolve any final problems with the identified issues. Once all issues are resolved, Freddie Mac will send the Seller/Servicer the final audit report.

2.8 Receipt and treatment of confidential information (12/07/04)

Freddie Mac may provide the Seller/Servicer with information and documentation that Freddie Mac has identified as "confidential information" or "confidential." Such confidential information includes information and documentation concerning the development, negotiation, operation or terms of various products, programs, technology, business terms, trade secrets, certain commercial and financial information, and "material inside information" within the meaning of the federal securities laws. Confidential information may also include confidential information belonging to third parties.

1. The Seller/Servicer must treat all confidential information and all information or materials prepared from confidential information, defined as "derivative information," as strictly confidential and proprietary. The Seller/Servicer must not release or disclose or permit the release or disclosure of all or any part of the confidential information or the derivative information for any purpose at any time except to the extent:

   • Allowed by this section
   • Expressly required or consented to by Freddie Mac in writing, or
   • Ordered by a court or administrative agency

In the event the Seller/Servicer anticipates that it may be required, for any reason, to release or disclose confidential information or derivative information, the Seller/Servicer must immediately notify the applicable Freddie Mac Multifamily Attorney to allow Freddie Mac to take any actions it deems necessary to prevent or limit the release or disclosure of the confidential information or derivative information.

2. Unless the Seller/Servicer has obtained prior written consent from Freddie Mac, the Seller/Servicer must not copy or permit copies to be made of all or any part of the confidential information or the derivative information except to the extent necessary for Servicing the Mortgages or fulfilling any other obligations to Freddie Mac. The Seller/Servicer must mark "Confidential" in a prominent location on all confidential information, derivative information and on all copies.

3. The Seller/Servicer may provide confidential information or derivative information to those officers, directors, principals, partners or employees of the Seller/Servicer and its regulators, auditors, counsel and accountants to the extent necessary to Service the Mortgages. The Seller/Servicer must notify any individuals receiving confidential information or derivative information that the individual has the same obligations as the Seller/Servicer to keep the confidential information or derivative information confidential.

4. Confidential information and derivative information do not include any information that is
• Generally available to the public

• Provided to the Seller/Servicer by a third party that is not itself under a confidentiality obligation with respect to the information, or

• Independently developed by the Seller/Servicer without use of any portion of the confidential information

2.9 Availability of Freddie Mac Multifamily Loan Documents and other legal forms

a. Freddie Mac Multifamily Loan Documents (02/29/12)

Freddie Mac Multifamily Loan Documents are available to Seller/Servicers in the Multifamily Loan Documents section of FreddieMac.com.

b. All other legal forms (02/29/12)

Freddie Mac legal forms that are not available on FreddieMac.com are available from the applicable Freddie Mac Multifamily Attorney.

2.10 Co-marketing with the Freddie Mac Multifamily and Optigo® name, logo and offerings

a. Optigo® Lenders (06/27/19)

1. Approval to use the Freddie Mac Multifamily and Optigo® logos

A Seller/Servicer approved as an Optigo Lender may use the Freddie Mac Multifamily and Optigo logos or graphics in advertising, marketing or other promotional materials, provided that the Optigo Lender has provided Freddie Mac with a copy of the materials and Freddie Mac has approved those materials prior to their use.

2. Approval to use the Freddie Mac Multifamily and Optigo names

Without review by Freddie Mac Multifamily, a Seller/Servicer approved as an Optigo Lender may use the name “Freddie Mac Multifamily” or “Optigo” in advertising, marketing or other promotional materials to indicate that it is approved to sell loans to Freddie Mac Multifamily, as long as those materials do not indicate that it is approved to sell a particular type of loan for which it does not have approval. Loan types include Conventional, Targeted Affordable Housing, Seniors Housing, and SBL Mortgages.

If the materials are being used for any purpose other than to indicate approval to sell Freddie Mac Multifamily loans, then prior to using these materials, the Optigo Lender must provide Freddie Mac with a copy of the materials for Freddie Mac’s review and approval.

3. Approval to use Optigo offering terms and other offering information

An Optigo Lender may use Optigo offering terms and offering information in whole or in part in its branded marketing materials if the following conditions are met:
• The Optigo Lender has not modified any Freddie Mac Multifamily or Optigo trademarks or registered marks.

• The Optigo Lender has not changed any program terms.

• The Optigo Lender has provided Freddie Mac with a copy of the materials prior to their use.

• Freddie Mac has approved the provided materials.

4. Approval to link to online Freddie Mac resources

   An Optigo Lender may post direct web links from its branded webpage to Optigo program terms located on FreddieMac.com.

5. Freddie Mac’s obligation to notify Optigo Lenders regarding changes

   If an Optigo Lender uses Freddie Mac offering terms or information in its marketing materials or posts direct web links from its webpage, it is the obligation of the Optigo Lender to keep the program terms and web links updated. Freddie Mac may modify, update or discontinue its product terms and other information or change its product terms located on its website from time to time. Freddie Mac is under no obligation to notify Optigo Lenders of any such changes beyond Freddie Mac’s standard communications to all Freddie Mac Seller/Servicers regarding such changes.

b. Seller/Servicers not approved to sell to Freddie Mac (06/27/19)

   A Seller/Servicer that is not an Optigo Lender may not use the Freddie Mac Optigo or Multifamily name, logo or offering information in any advertising, marketing or other promotional materials without the prior written consent of Freddie Mac.

c. Other entities (06/27/19)

   An Optigo Lender that enters into a relationship with other entities for the purpose of originating multifamily Mortgages for sale to Freddie Mac must obtain, on behalf of those entities, the prior written consent of Freddie Mac before the other entities may use the Freddie Mac Multifamily or Optigo names, graphics or logos in advertising, marketing or other promotional materials. Such entities may not use these items without Freddie Mac’s prior written consent.

d. Delivery of materials or requests for approval (06/27/19)

   Optigo Lenders must submit requests to use the Freddie Mac Multifamily or Optigo graphics to the Freddie Mac Corporate Branding Group via the “Logo Use Permission” section of FreddieMac.com, http://www.freddiemac.com/terms/logo_use.html.

   Optigo Lenders must send co-marketing requests, including requests to use the Freddie Mac name, to Multifamily Marketing at the multifamily_marketing@freddiemac.com.
Requests for consent must include a copy of the proposed material.

e. Withdrawal of approval (06/27/19)

Freddie Mac may withdraw an approval to use the Freddie Mac Optigo Lender designation, the Freddie Multifamily or Optigo logo, the Freddie Mac Multifamily or Optigo name, graphic, web link or product terms at any time upon 10 Business Days’ prior notice. After receipt of such notice, the Optigo Lender must discontinue use of the designation, logo, name, graphic, product terms and/or web links, as applicable. However, if the withdrawal of the consent is required by Freddie Mac’s regulators or any other governmental entity, Freddie Mac may withdraw the consent with such prior notice as is commercially reasonable or practicable under the circumstances. Upon receipt of notice that Freddie Mac is withdrawing its consent at the requirement of a regulator or other government entity, the Optigo Lender must promptly and diligently use good faith efforts to discontinue use of the product terms and/or web links, as applicable.

2.11 Minority-owned and women-owned business enterprises (06/27/19)

It is Freddie Mac's policy to provide the maximum practicable opportunity to minority-owned and women-owned business enterprises to compete fairly as suppliers, contractors and subcontractors in Freddie Mac's business activities, taking into account both price and quality. As an aspect of this policy, Freddie Mac encourages Optigo Lenders to ensure that minority-owned and women-owned business enterprises are given the opportunity to compete fairly in supplying services to our Optigo Lender network.

2.12 Using the Freddie Mac Multifamily Software Applications

a. Authorization to use the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (09/30/20)

Freddie Mac authorizes each Seller/Servicer to use the Freddie Mac Multifamily Software Applications, at no cost to the Seller/Servicer, in connection with the sale of Mortgages to and/or the servicing of Mortgages for Freddie Mac, solely for the delivery of information and documentation to Freddie Mac. The Freddie Mac Multifamily Software Applications include the following:

- Consent Request Tracker (CRT)
- Document Management System (DMS)
- General Loan Information (GLI)
- Insurance Compliance Tool (ICT)
- MultiSuite® for Bonds – Wire Request System (BWRS)
- MultiSuite for Investor Reporting (MSIR)
- MultiSuite Online Registration System (MSOR)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Servicer Guide via AllRegs® Online (Guide)
- myOptigoSM
- Origination and Underwriting System (OUS)
Freddie Mac further authorizes each Seller/Servicer to use Freddie Mac Approved Third Party Applications for the delivery of information and documentation to Freddie Mac. Such Freddie Mac Approved Third Party Applications may require the Seller/Servicer to enter into a contract for services with the applicable third party. Seller/Servicer remains solely responsible and liable for, and Freddie Mac undertakes no responsibility and/or liability in connection with, any error, omission, malfunction and/or negligence caused by Seller/Servicer’s use of Freddie Mac Approved Third Party Applications.

Freddie Mac Approved Third Party Applications include the Optigo Happy Inspection Application, powered by HappyCo.

Freddie Mac agrees to accept information and documentation through the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications.

b. Seller/Servicer’s use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (09/30/20)

The Seller/Servicer’s use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications must comply at all times with the requirements of the Guide and any user manuals and instructions provided by Freddie Mac.

c. Seller/Servicer’s warranties (09/30/20)

The Seller/Servicer acknowledges that all of the representations and warranties that it is deemed to make under Chapter 5 of the Guide are applicable to all loan documentation, data and other information provided to Freddie Mac by the Seller/Servicer through the Freddie Mac Multifamily Software Applications and/or Freddie Mac Approved Third Party Applications, and that Freddie Mac will have all rights and remedies available to it under the Guide with respect to

- A breach by the Seller/Servicer of any such warranty, or
- Any misrepresentation by the Seller/Servicer

d. No Freddie Mac liability (09/30/20)

In no event will Freddie Mac be liable to the Seller/Servicer or any other party for indirect, special, incidental, exemplary or consequential damages (including damages for loss of data or programming, loss of revenue or profits, or loss of business) arising out of, or related to, use of or inability to use the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications. Freddie Mac will have no liability to the Seller/Servicer for third-party claims made against the Seller/Servicer arising out of, or relating to, the Seller/Servicer’s use of or inability to use the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications.
e. **Ownership of the Freddie Mac Multifamily Software Applications (02/29/12)**

The Seller/Servicer acknowledges that the Seller/Servicer has no ownership or other interest in the Freddie Mac Multifamily Software Applications, except to the extent of the rights expressly granted in the Guide.

f. **Termination of the right to use the Freddie Mac Multifamily Software Applications (09/30/20)**

Freddie Mac reserves the right to terminate a Seller/Servicer’s use of any of the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications at any time in its sole discretion upon notice to the Seller/Servicer.

### 2.13 System administrator requirements

a. **Seller/Servicer assignment of a system administrator (09/30/20)**

Prior to the Seller/Servicer’s implementation of any of the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications, the Seller/Servicer must designate one or more individuals on its staff to serve as the system administrator(s) to manage access to the following:

- The Freddie Mac Multifamily Software Applications and the Freddie Mac Approved Third Party Applications, as listed in Section 2.12(a)
- The Multifamily Seller/Servicer Guide (Guide)
- Multifamily secure content on FreddieMac.com, including the Freddie Mac Exclusionary List

The Seller/Servicer must add, update or remove access for system administrators by submitting Form 1146, System Administrator Add/Update/Remove Request Form, following the directions found on the form.

b. **System administrator responsibilities (09/30/20)**

The system administrator is required to identify:

- Each Seller/Servicer employee (or vendor) who needs access to a particular Freddie Mac Multifamily Software Application, Freddie Mac Approved Third Party Application, the Guide and/or Multifamily secure content on FreddieMac.com
- For Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications, the appropriate authority level of the employee’s or vendor’s access based on the employee’s or vendor’s roles and responsibilities

The method of identification will vary. The system administrator must:
• Enter the user’s contact information in MSOR, to provide access to MultiSuite for Investor Reporting, the Guide, and the Multifamily secure content

• Enter the user’s contact information in both MSOR and in OUS, to provide access to OUS

• Complete the DMS New User Setup, Reactivation and Deactivation form and submit it to MF_Service_Desk@freddiemac.com, to provide access to or reactivate user access to DMS

• Enter the user’s contact information in MSOR, complete the Insurance Compliance Tool (ICT) User Access Request, and submit it to MF_Service_Desk@freddiemac.com, to provide access to the ICT

• Enter user information into PRS to manage access to that software application

• Enter user information into MES to manage access to that software application

• Confirm or revoke requests for user access to CRT as appropriate

• Work with the third-party service provider to manage user access for the applicable Freddie Mac Approved Third Party Application

When an employee or vendor for a Seller/Servicer leaves the Seller/Servicer’s employ or transitions to a role that no longer requires access to any Freddie Mac Multifamily Software Application or Freddie Mac Approved Third Party Application, the system administrator must, no later than 30 days after the departure or transition, take each of the following actions:

• Revoke the user’s access in MSOR

• Revoke the user’s access to OUS in OUS

• Submit the DMS New User Setup, Reactivation and Deactivation Form to MF_Service_Desk@freddiemac.com to request removal of the employee or vendor from DMS

• Submit the Insurance Compliance Tool (ICT) User Access Request to MF_Service_Desk@freddiemac.com to request removal of the employee’s or vendor’s access from the ICT

• Revoke the user’s access information in PRS

• Revoke the user’s access information in MES

• Revoke the user’s access information in CRT

• Revoke the user’s access information in each applicable Freddie Mac Approved Third Party Application, including Optigo Happy Inspection Application, powered by HappyCo
c. System administrator certification of valid users (09/30/20)

At least every six months, Freddie Mac will provide a user listing to the Seller/Servicer’s system administrator(s), who must review the listing and certify to Freddie Mac that each user granted access to a Multifamily Software Application is a current employee of the Seller/Servicer or a vendor for the Seller/Servicer, that the user has the appropriate application access and authority level based on the user’s roles and responsibilities, and that the user contact information, including the user’s e-mail address, is correct. The system administrator must complete Form 1148, System User Verification and Certification to make such certifications.

Form 1148 must be returned to Freddie Mac according to the instructions shown on the form within 15 Business Days of receipt of the request from Freddie Mac.

Any Seller/Servicer with a contract for services from a Freddie Mac Approved Third Party Application provider must obtain a user listing from such provider at least every six months. The Seller/Servicer’s system administrator(s) must confirm that each user granted access to a Freddie Mac Approved Third Party Application is a current employee of the Seller/Servicer or a vendor for the Seller/Servicer, that the user has the appropriate application access and authority level based on the user’s roles and responsibilities, and that the user contact information, including the user’s e-mail address, is correct. Seller/Servicer’s system administrator(s) must retain evidence of this review and provide such evidence to Freddie Mac within 15 Business Days of receipt of a request from Freddie Mac. Additionally, Seller/Servicer grants Freddie Mac the right to periodically request a user listing for Seller/Servicer’s users from the system administrators of Freddie Mac Approved Third Party Applications.

d. Seller/Servicer officer verification and certification of system administrators (04/27/18)

At least every six months, an authorized officer of the Seller/Servicer must review and verify the record for each of its system administrators and certify the following to Freddie Mac:

- Each of the current system administrators is a current employee of or vendor for the Seller/Servicer with appropriate application access and authority level based on the system administrator’s roles and responsibilities, and
- All system administrator contact information, including the system administrator’s e-mail address, is correct. The officer must complete Form 1149, System Administrator Verification and Certification to make these certifications.

Form 1149 must be returned to Freddie Mac according to the instructions shown on the form within 15 Business Days of receipt of the request from Freddie Mac.

2.14 Electronic Signatures, Electronic Records, and data security

a. Overview (05/05/17)

Freddie Mac may require or permit Seller/Servicers to conduct certain transactions with Freddie Mac electronically. Freddie Mac will identify the particular transactions that will be required or permitted to be Electronic Transactions in the Guide, in any other Purchase and Servicing Documents or by written instructions provided to each Seller/Servicer. Electronic
Transactions will be subject to this section and all other applicable sections of the Guide and the Purchase and Servicing Documents.

b. Definitions (06/30/16)

As used in this section, these terms are defined as follows:

- **Computer Systems**

  All computers, servers, fax machines, other Electronic devices, hardware, web sites, Internet, private networks, telephone lines or wireless communications, together with software applications, security measures, proprietary coding, interfaces and/or connectivity used to create, present, sign, transfer, transmit, send, submit, deliver, receive, retrieve, maintain, and/or store Records, Electronic Records or Electronic Signatures in order to engage in and/or conduct Electronic Transactions

- **Computer Contagion**

  Any computer viruses, time bombs, trojan horses, worms, trapdoors or other harmful or malicious computer information, commands, codes or programs

- **Electronic**

  Relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, as defined in the UETA and/or E-SIGN

- **Electronic Record**

  A Record created, generated, sent, communicated, received, or stored by Electronic means, as defined in the UETA and/or E-SIGN. An Electronic Record includes, but is not limited to the following:
  
  o A facsimile (“fax”) machine copy of a Record
  o A scanned copy of a Record
  o A paper Record converted into an Electronic Record
  o An e-mail
  o Electronic information communicated or transmitted using Electronic means permitted or required by Freddie Mac

- **E-SIGN**

  The federal Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S. Code, Chapter 96)

- **Electronic Signature**
An Electronic sound, symbol or process attached to, or logically associated with, a contract or other Record and executed or adopted by a person with the intent to sign the Record, as defined in the UETA and/or E-SIGN

- **Electronic Transaction**
  
  An action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using Electronic means, as defined in the UETA and/or E-SIGN

- **Host**
  
  Any third party selected by the Seller/Servicer or Freddie Mac to act as a web site host

- **ISP**
  
  Internet service provider or other method of being connected to the Internet

- **Record**
  
  Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form as defined in the UETA and/or E-SIGN. A Record may be a paper or an Electronic document

- **UETA**
  
  The Uniform Electronic Transactions Act of 1999, promulgated by the U.S. Uniform Law Commission for consideration and enactment by the States. Reference to the UETA herein means the UETA as promulgated by the U.S. Uniform Law Commission or the UETA as enacted by an applicable State

c. **Scope of Electronic Transactions and Electronic Signatures (05/05/17)**

  Electronic Transactions and Electronic Signatures that are not expressly required or permitted by Freddie Mac pursuant to the Guide, the Commitment, the early rate-lock application or another agreement are prohibited.

d. **Security standards (02/06/04)**

  Freddie Mac may, in its sole discretion and from time to time, without limiting the Seller/Servicer’s liability set forth in this section, establish minimum security standards that the Seller/Servicer must comply with in order to

  1. Protect and safeguard the Seller/Servicer’s Electronic Signature from loss, theft or unauthorized disclosure or use; and

  2. Prevent the infiltration and infection of the Seller/Servicer’s or Freddie Mac’s Computer Systems by a Computer Contagion.
e. Compliance with security standards (12/07/04)

1. Minimum security standards

- The Seller/Servicer must comply with Freddie Mac's minimum security standards within the time period established by Freddie Mac.
- Freddie Mac has the right to confirm the Seller/Servicer's compliance with Freddie Mac's minimum security standards.
- The Seller/Servicer's compliance with the minimum security standards does not relieve the Seller/Servicer from any of its obligations set forth in this section.
- The Seller/Servicer is solely responsible for adopting and maintaining security measures that are consistent with the risk associated with conducting Electronic Transactions with Freddie Mac, including any security measures that exceed any minimum security standards established by Freddie Mac.

2. Notification of breach of security standards

The Seller/Servicer must immediately notify Freddie Mac in the event of any loss, theft, unauthorized or improper disclosure or use of the Seller/Servicer's Electronic Signature (or if the Seller/Servicer has reason to believe any of the above has occurred or may occur and that, as a result, Freddie Mac's Computer Systems are no longer secure).

3. Failure to adopt or maintain standards

The Seller/Servicer's failure to adopt and maintain appropriate security measures or to comply with any minimum security standards established by Freddie Mac may result in, among other things, termination of the Seller/Servicer's access to Computer Systems of Freddie Mac or any Freddie Mac Host.

4. Seller/Servicer responsibility

The Seller/Servicer will be fully responsible for protecting and safeguarding its Computer Systems from any and all

a. Computer Contagions that may cause or facilitate the destruction, corruption, malfunction or appropriation of, or damage or change to, any of the Seller/Servicer's, Freddie Mac's and/or any Freddie Mac Host's Computer Systems; and

b. Computer Contagions that enable unauthorized access to the Seller/Servicer's, Freddie Mac's and/or any Freddie Mac Host's Computer Systems.
f. **Seller/Servicer’s agreement regarding Electronic Records and Electronic Signatures (06/25/20)**

1. The Seller/Servicer consents to the use of Electronic Records and/or Electronic Signatures whenever expressly required or permitted by Freddie Mac.

2. The Seller/Servicer agrees to adopt any Electronic Signature required or provided by Freddie Mac.

3. The Seller/Servicer agrees to adopt and maintain security measures sufficient to protect and safeguard its Electronic Signature from loss, theft and unauthorized or improper disclosure or use.

4. The Seller/Servicer agrees that if its Electronic Signature is attached to or logically associated with any Record transmitted or submitted to Freddie Mac, such attachment or association of its Electronic Signature will be conclusive verification that the Seller/Servicer executed and intended to be bound by the terms of the Record. In addition, such Electronic Signature will be deemed as valid as its ink counterpart on paper, and will not require the Seller/Servicer to conduct due diligence on DMS or on any signing technology embedded in a form downloaded from a Freddie Mac website, nor will it constitute any Seller/Servicer representation or warranty regarding the same.

5. Before Freddie Mac requires or permits the Seller/Servicer to send any Electronic Transaction to Freddie Mac, Freddie Mac may specify its requirements for the Seller/Servicer's Computer System and ISP, in which event the Seller/Servicer must ensure that it complies with those requirements.

6. The Seller/Servicer agrees that it is able to readily print, store and retrieve any Electronic Record transmitted by Freddie Mac to it; and the Seller/Servicer is able to transmit or submit Electronic Records to Freddie Mac.

7. The Seller/Servicer agrees that it is fully responsible for protecting and safeguarding its Computer System from all Computer Contagions that may damage Freddie Mac's or any Freddie Mac Host's Computer System.

g. **Indemnification (06/30/16)**

The Seller/Servicer agrees to indemnify, defend and hold Freddie Mac and any Freddie Mac Host harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac and/or any Freddie Mac Host may become subject or that arise out of or that occur in connection with

1. Any Computer Contagion; or

2. The loss, theft, unauthorized or improper disclosure or use of the Seller/Servicer's Electronic Signature; or
3. The Seller/Servicer’s failure to comply with Freddie Mac's requirements in connection with conducting an Electronic Transaction with Freddie Mac; or

4. The Seller/Servicer’s repudiation of the Seller/Servicer’s Electronic Signature affixed to, attached to, or otherwise logically associated with a Record (or copy thereof) delivered to Freddie Mac; or

5. A breach of Seller/Servicer’s representations and warranties under Section 2.14(j)(2), with respect to any Record delivered by Seller/Servicer to Freddie Mac bearing an Electronic Signature from a Borrower, Borrower Principal, guarantor, or their respective legal representatives/signatories.

h. Limit on Freddie Mac's liability (02/06/04)

Freddie Mac will not be liable for any of the following:

1. Any delay or failure in performing its obligation under an Electronic Transaction when the delay or failure is caused by an event beyond Freddie Mac's control
   - That could not reasonably be expected to have been taken into account at the time of the Electronic Transaction, or
   - The consequences of which could not be avoided or overcome

2. The failure of its or the Seller/Servicer's ISP to timely, properly or accurately transmit any Electronic Record

3. Any indirect, incidental, special or consequential damages arising out of or relating to any Electronic Transaction

Except as set forth in items 1 through 3 above, the provisions of this Section 2.14(h) will not limit Freddie Mac's responsibility for any direct losses sustained by a Seller/Servicer as a result of a Computer Contagion explicitly and directly transmitted by Freddie Mac.

i. Method of notification (06/30/16)

Each Seller/Servicer must designate the person(s) who will be the System Administrator(s) and must provide written notification to Freddie Mac Director, Multifamily Customer Management (or its current functional equivalent) regarding the name and complete contact information for each such person. A Seller/Servicer must provide written notification to Freddie Mac Director, Multifamily Customer Management (or its current functional equivalent) no later than five Business Days after the occurrence of any change of System Administrators or their contact information.

Freddie Mac will provide each Seller/Servicer with at least 30 days' notice of a change regarding Electronic Signatures or Electronic Records unless Freddie Mac determines that a shorter notice period is necessary or advisable to protect Freddie Mac's interest. Freddie Mac will provide such notice in a Guide Bulletin or by written notice to the System Administrators.
j. **Electronic Signatures from Borrowers (05/05/17)**

1. Subject to Section 2.14(j)(2), Freddie Mac will accept Electronic Signatures of Borrowers, Borrower Principals, guarantors, or their respective legal representatives/signatories (as applicable), on all numbered Guide forms, except to the extent otherwise indicated on such form or requested by Freddie Mac.

2. If a Seller/Servicer elects to deliver to Freddie Mac a Record identified in Section 2.14(j)(1) signed with an Electronic Signature, the Seller/Servicer represents and warrants as follows with respect to each such Record:
   - The Seller/Servicer has conducted prior due diligence on all software and processes involved in producing the Borrower’s Electronic Signature on such Record, and has confirmed that such software and processes create valid, enforceable and effective Electronic Signatures in compliance with E-SIGN and UETA. The due diligence and confirmation process includes having all necessary electronic systems and processes reviewed by internal or external technology and security experts and legal experts.
   - The delivered Record is a valid, enforceable and effective Electronic Record, in compliance with E-SIGN and/or UETA, as applicable.

k. **Electronic Signatures from third parties (06/30/16)**

Freddie Mac will accept Electronic Signatures on all third-party reports submitted in connection with the underwriting of a Mortgage.

l. **Electronic Signatures from Seller/Servicers (05/05/17)**

Freddie Mac will accept Electronic Signatures of Seller/Servicers on the following documents:
   - Commitments, early rate lock applications, Index Lock Agreements and all related Amendments, Adjustments/Modifications and Corrections
   - Servicing approval requests
   - All numbered Guide forms, except to the extent otherwise indicated on such form or requested by Freddie Mac

m. **Governing law (06/30/16)**

The law governing Electronic Transactions will be E-SIGN and/or the UETA, as enacted by an applicable State. Under no circumstances will any Electronic Transaction be governed by the Uniform Computer Information Transactions Act (UCITA), unless Freddie Mac expressly agrees in a written or Electronic amendment to the Purchase and Servicing Documents.

n. **Conflict (06/30/16)**

If the requirements set forth in this section conflict with requirements in other sections of the Guide, or with other Purchase and Servicing Documents, or any other written agreement
between the Seller/Servicer and Freddie Mac, then the requirements in such other Guide sections, or other Purchase and Servicing Documents, or other written agreements (as applicable), will control and prevail over these requirements, but only to the extent necessary to resolve the conflict. If the Seller/Servicer believes there is any such conflict, the Seller/Servicer must contact Freddie Mac to discuss any such conflict in an effort to resolve it.

2.15 Standard of care (02/07/08)

The Seller/Servicer must perform its obligations set forth in the Guide and the Purchase and Servicing Documents with the same degree of care and diligence as it would perform in originating or servicing a loan for its own portfolio.

2.16 Payment instructions (09/01/16)

Before instructing Freddie Mac to make any payment via wire transfer, Automated Clearing House (ACH) (if applicable), check or any other electronic payment system, a Seller/Servicer must submit to the Freddie Mac Multifamily Cash Desk authorization documentation in accordance with the requirements of Section 32.12(a). Payments cannot be made if such authorization documentation is not on file with Freddie Mac and in compliance with the requirements of Section 32.12(a). For payments to be made via wire transfer, a Seller/Servicer also must comply with the requirements of Section 32.12(b).

2.17 Delivery of documents and forms (06/25/20)

This Guide contains instructions for the delivery of various documents and forms to Freddie Mac, including the delivery of the underwriting packages, final delivery packages and a number of different Servicing forms. In lieu of using the delivery instructions set forth in this Guide, any Seller/Servicer that is a user of DMS must deliver all documents and forms in accordance with the instructions provided in the training provided to the Seller/Servicer for its use of DMS.

The Seller/Servicer's delivery of any document or form to Freddie Mac using DMS will be deemed to be an Electronic Transaction under the Guide, and, as set forth in Section 2.14(f), if such Electronic Record contains Seller/Servicer's duly authorized employee's Electronic Signature or signature, or a copy or representation of such Electronic Signature or signature, the document or form will be as effective, enforceable and valid as a paper version of such document or form containing a duly authorized handwritten signature.

2.18 Freddie Mac Exclusionary List

a. Purpose of the Exclusionary List (06/28/13)

Freddie Mac maintains the Freddie Mac Exclusionary List (“Exclusionary List”) to protect the integrity of its Mortgage purchase and Servicing functions. The names of persons or entities with the roles stated in Section 2.18(c) whose conduct presents risks to Freddie Mac, as determined by Freddie Mac in its sole discretion, may be placed on the Exclusionary List, in which case such persons or entities are prohibited from doing business with Freddie Mac, either directly or indirectly.
b. **Access to the Exclusionary List (02/15/21)**

The Exclusionary List is updated at least monthly by Freddie Mac and is electronically available to authorized Seller/Servicers as a document as part of the Multifamily secure content. The Seller/Servicer must ensure that it uses only the most current version of the Exclusionary List. The Seller/Servicer may obtain access to the Multifamily secure content and the Exclusionary List by contacting its system administrator. Seller/Servicers can access the Exclusionary List under "Quick Links" on the Origin and Underwrite and Asset Management web pages.

c. **Use of the Exclusionary List (02/15/21)**

The Seller/Servicer must use the Exclusionary List only for the purposes set forth in this Section 2.18(c). Except as provided in Section 2.18(f), if a party on the Exclusionary List has played one of the roles set forth in this Section with respect to the origination of a Mortgage, a Transfer of Ownership, or the underlying real estate transaction, the Mortgage is not eligible for sale to Freddie Mac or for Freddie Mac's approval of a Transfer of Ownership, as applicable. The Seller/Servicer must have written practices and procedures in place that instruct employees how to conduct searches of the Exclusionary List and how to verify and address potential positive and positive matches.

Seller/Servicers may contact Freddie Mac via elist_confirmation@FreddieMac.com regarding:

- Assistance with verifying potential matches
- Questions about access to and content of the Exclusionary List

The Seller/Servicer must maintain evidence in the Mortgage File that the Seller/Servicer has used the Exclusionary List to screen the applicable individuals and entities in accordance with this section, including the date that the Exclusionary List was screened.

1. **Screen employees and contractors of the Seller/Servicer.**

The Seller/Servicer must ensure that no individual or entity whose name is on the Exclusionary List is employed by or contracted to the Seller/Servicer for the purpose of working on sales or servicing transactions involving Freddie Mac loans. The Seller/Servicer must screen each individual or entity that:

- Has a substantive role in any credit decision that is part of the origination or Servicing of a Freddie Mac Mortgage
- Is responsible for the receipt or remittance of funds in connection with the sale of a Mortgage to Freddie Mac
- Reports, remits or processes Mortgage payments
- Performs property inspections for Freddie Mac Properties
• Manages Custodial Accounts for Freddie Mac loans

• Performs custodial fund accounting for Freddie Mac Mortgages including the Seller/Servicer’s own officers, directors, employees, any third parties to whom sales or Servicing functions regarding Freddie Mac Mortgages are outsourced.

2. Screen parties involved in the origination of the Mortgage.

A. Prior to the submission of the preliminary underwriting package and the full underwriting package for a Mortgage using the early rate-lock delivery option, or the submission of the full underwriting package for a Mortgage using the standard delivery option, the Seller must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File:

• Borrower

• Borrower Principal

• Property seller, if applicable (including the entity and any principal of that entity)

B. Prior to final delivery of the Mortgage to Freddie Mac, the Seller must screen each of the following:

• Appraiser (the entity and any individual who signs the Appraisal)

• Title insurer (the entity which will issue the title policy)

• Closing agent (the entity and any individual responsible for escrow any funds in connection with the origination of the Mortgage)

• Surveyor (the entity and the surveyor who signs the survey)

• Property condition consultant (the entity and engineer who signs the property condition report)

• Environmental consultant (the entity and any environmental consultant who signs the environmental report)

• Seller/Servicer’s counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)

• Borrower’s counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)

• Guarantor’s counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)
C. In addition to the above, for a Targeted Affordable Housing Mortgage originated under a Forward Commitment, prior to final delivery of the Mortgage, the Seller must screen the Architectural Consultant (the entity, the on-site inspector and any consultant who signs the construction reports described in Section 63.1).


The Servicer must use the Exclusionary List to determine whether a person or entity whose name is on the Exclusionary List has played one of the roles set forth in this Section in the Transfer of Ownership or in the underlying real estate transaction.

A. Prior to the submission of the request for Freddie Mac approval of a Transfer of Ownership, the Servicer must screen each of the following and provide evidence of the screening in the materials submitted to Freddie Mac in connection with the request:

- New Borrower, if applicable
- Any new Borrower Principal

B. Prior to the closing date of the Transfer of Ownership, the Servicer must screen each of the following and provide evidence of the screening (e.g., screenshots of the searches) in the materials submitted to Freddie Mac, if applicable for the particular transaction:

- Appraiser (the entity and any individual who signs the Appraisal)
- Title insurer (the entity which will issue the title policy)
- Closing agent (the entity and any individual responsible for escrowing any funds in connection with the Transfer of Ownership)
- Surveyor (the entity and the surveyor who signs the survey)
- Property engineer (the entity and engineer who signs the property condition report)
- Environmental consultant (the entity and any environmental consultant who signs the environmental report)
- Seller/Servicer’s counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)
- New Borrower’s counsel
- New guarantor’s counsel

4. Screen proposed new property management companies.
The Servicer must ensure that no proposed new property management company has its name on the Exclusionary List.

d. **Process for placement on the Exclusionary List (06/29/18)**

Freddie Mac will generally provide an individual or entity written notice of proposed placement on the Exclusionary List, along with an opportunity to submit a written response. However, Freddie Mac may determine, in its sole discretion, that circumstances require placement of the name of a person or entity on the Exclusionary List immediately, without prior written notice. Examples of grounds for placement on the Exclusionary List include:

- Fraud or possible fraud
- Misrepresentations, misstatements or omissions of facts
- Theft or misappropriation of funds
- Willful or reckless violation of statutory or regulatory requirements
- Business practices that Freddie Mac determines present risks to Freddie Mac
- Lack of business controls to ensure the integrity of the Mortgages sold to or serviced for Freddie Mac
- Evidence which demonstrates a lack of integrity or business competence
- Other grounds that in Freddie Mac’s judgment may adversely affect Freddie Mac

Freddie Mac, in its sole discretion, will render a final decision regarding placement on the Exclusionary List after reviewing the response, if any, submitted by the proposed individual or entity.

e. **Controls regarding use and confidentiality of the Exclusionary List (09/28/18)**

The Seller/Servicer must maintain sufficient controls to meet its warranty obligations regarding the Freddie Mac Exclusionary List set forth in Section 5.9(c).

f. **Waiver of Seller representations and warranties regarding Persons on the Exclusionary List (09/28/18)**

Before the Origination Date of a Mortgage, a Seller may contact Freddie Mac to request a waiver of representation and warranty obligations under Section 5.2(g) with respect to the Mortgage. The Seller must make such request to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such request by fax or regular mail to the Investigation Unit.

As part of the request, the Seller must inform Freddie Mac of the nature and extent of the role played by the person or entity whose name is on the Exclusionary List in connection with the Mortgage and must provide other relevant information, upon request. If Freddie Mac
reviews the request and subsequently elects to grant the waiver, Freddie Mac will provide the Seller with written notice of such election, in which case the Seller’s warranty concerning the involvement of the specified excluded person or entity will not be applicable to the sale of the Mortgage. All other requirements of the Purchase Documents relating to the sale of the Mortgage will remain in full force and effect. Freddie Mac’s election to review and its decision to purchase such a Mortgage are within its sole discretion.

g. Servicer representations and warranties regarding a Transfer of Ownership (09/28/18)

In addition to the warranty set forth in Section 5.9(c), prior to any Transfer of Ownership, the Servicer must represent and warrant that it has complied with the requirements of Section 2.18(c)(3).

h. Waiver of Servicer representations and warranties regarding the Exclusionary List (09/28/18)

The Servicer must contact Freddie Mac to request a written waiver prior to performing a function or entering into a transaction that would violate the Servicer’s representation and warranty set forth in Section 5.9(c) or in Section 2.18(g) above.

The Servicer must make such request to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such request by fax or regular mail to the Investigation Unit.

As part of the request, the Servicer must inform Freddie Mac of the nature and extent of the role played by the person or entity whose name is on the Exclusionary List in the proposed transaction, and must provide other relevant information upon request. If Freddie Mac elects to grant the waiver, Freddie Mac will provide the Servicer with written notice of such election, in which case the warranty concerning the involvement of the specified excluded person or entity will not be applicable to such transaction. All other requirements of the Purchase Documents relating to the Servicing of the Mortgage will remain in full force and effect. Freddie Mac’s decision regarding the waiver of such warranties is within its sole discretion.

i. Reporting obligations of the Seller and Servicer (10/07/11)

The Seller/Servicer must immediately report the discovery of any possible breach of its warranties regarding the Exclusionary List. The Seller/Servicer must make such report to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such report by fax or regular mail to the Investigation Unit.

j. Confidentiality and use of the Exclusionary List (10/07/11)

The identities of the persons and entities whose names are on the Exclusionary List are not publicly available, and the Exclusionary List is considered “Confidential Information” of Freddie Mac for purposes of Section 2.8. The Seller/Servicer must keep the Exclusionary List confidential in accordance with the terms and conditions of Section 2.8. The Seller/Servicer may use the Exclusionary List only as required in Section 2.18(c), and may not use or disclose the Exclusionary List for any other purpose without Freddie Mac’s written permission.
k.  **Indemnification (06/29/18)**

The Seller/Servicer must indemnify Freddie Mac for any loss, damage, or expense resulting from the Seller/Servicer’s unauthorized use or failure to maintain the confidentiality of the Exclusionary List or information contained on the Exclusionary List.

l.  **Remedies (10/07/11)**

Freddie Mac's remedies for a breach of the warranties, obligations or requirements of the Seller/Servicer regarding the Exclusionary List include all remedies available to Freddie Mac under the Purchase Documents, including suspension or termination of the Seller or Servicer, and repurchase of the Mortgage.

2.19  **Prevention, detection and reporting of fraud and other Suspicious Activity (10/01/14)**

Each Seller/Servicer must have specific prevention, detection and reporting practices and procedures in place to address fraud and other Suspicious Activity in all areas in connection with originating and selling a Mortgage to Freddie Mac and Servicing the Mortgage. Each Seller/Servicer must take the following minimum steps:

- Comply with Section 2.18 regarding screening through Freddie Mac’s Exclusionary List
- Comply with all other provisions of the Guide relating to the prevention, detection and reporting of fraud and other Suspicious Activity (See Chapter 7 for additional information relating to Seller/Servicer’s other responsibilities with respect to the prevention, detection and reporting of fraud and other Suspicious Activity)

It is also important for Seller/Servicers to know the parties with whom they do business. Each Seller/Servicer must approve, evaluate and monitor appraisers and any third party to whom functions relating to a Mortgage or REO are outsourced or assigned including consulting the Multifamily Restricted Vendor List (See Section 60.4(c), 61.18(e) and 62.8(e)).

2.20  **Business Continuity Plan (03/01/14)**

The Seller/Servicer must implement and maintain a business continuity and disaster recovery plan (“Business Continuity Plan”) that provides for the assured and continuous delivery of core operations in the event of a disaster or business disruption. The Business Continuity Plan must include:

- Documentation that the Business Continuity Plan can sustain the Seller/Servicer’s core operations through an event involving total loss of any facilities and personnel deemed critical to core operations
- Defined recovery time objectives and a strategy for meeting those objectives
- Documentation that the Business Continuity Plan has in place backup sites with the ability to recover all core operations if a business disruption prevents operations at any Seller/Servicer
facility

- Geographically dispersed work areas and resources available in the event of a regional disruption

- Documented procedures for crisis management, plan invocation and activation of recovery sites

- Identification of all mission-critical systems, external dependencies, network diversity, vital records, personnel and the provisions in place to ensure their continued availability

- Standards and controls that are appropriate for customers participating in the critical financial services markets

At least annually, the Servicer must test its Business Continuity Plan and retain evidence of the test results.

2.21 Email communications with Seller/Servicers (07/01/14)

Freddie Mac reserves the right to send emails, including those regarding our systems, products, services, and events, to Seller/Servicer personnel at the email addresses which they use to register for Freddie Mac events, training and access to the Freddie Mac Multifamily Software Applications or other Freddie Mac systems. Seller/Servicers may adjust their email preferences at any time by visiting the Multifamily News Subscription Center on FreddieMac.com.

2.22 Anti-money laundering compliance (02/15/21)

Freddie Mac requires Seller/Servicers subject to the anti-money laundering provisions of the Bank Secrecy Act to establish and maintain a compliance program that ensures compliance with all applicable provisions of the Bank Secrecy Act and implementing federal regulations. Such Seller/Servicers must, as permitted by law, notify the MF Asset Management Operations Fraud Investigation Unit, in accordance with Section 7.2, within seven Business Days of confirmation of any instances of the Seller/Servicer’s own non-compliance or compliance failure related to the anti-money laundering requirements of the Bank Secrecy Act, the Money Laundering Control Act, or Title III of the USA Patriot Act, and applicable implementing federal regulations.

2.23 Office of Foreign Assets Control (OFAC) compliance (02/15/21)

Freddie Mac requires every Seller/Servicer to establish and maintain an effective compliance program that ensures compliance with the United States Department of Treasury Office of Foreign Assets Control (OFAC) regulations. Freddie Mac will not purchase any Mortgage nor allow or approve any Transfer of Ownership under Chapters 41 or 41SBL, or approve any other Servicing-related transaction, in which any Borrower, Borrower Principal, Guarantor, Non-U.S. Equity Holder or property management company is the target of any sanctions law administered or enforced by OFAC, including those identified on the most current OFAC Specially Designated Nationals and Blocked Persons (“SDN”) List or OFAC Consolidated Sanctions List. Seller/Servicer’s compliance program must include written practices and procedures for conducting searches of the SDN List and the OFAC Consolidated Sanctions List including how to verify and address potential positive and positive matches on those lists.
It is the Seller/Servicer’s responsibility to determine compliance with these OFAC requirements, and to verify that the names of any Borrowers, Borrower Principals, Guarantors, Non-U.S. Equity Holders or property management companies do not appear on the most current SDN List or Consolidated Sanctions List prior to (1) delivering a full underwriting package to Freddie Mac, (2) delivering a Servicer’s certificate regarding OFAC/FHFA SCP compliance to Freddie Mac for Transfers of Ownership (as described in Section 41.1(d) and 41SBL.1(d)), Default Analysis (as described in Section 44.1(c)) or property management change (as described in 43.19(c)(5)), or (3) undertaking any other Servicing-related transaction, as applicable. The Seller/Servicer must: (a) maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage, and (b) provide evidence of the screening in the materials submitted in connection with any Servicing-related transaction, as applicable.

With respect to proposed Transfers of Ownership and Servicing-related transactions, Servicers should follow the procedures set forth in Section 43.28 if they determine there is a suspected or confirmed OFAC match.

2.24 Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) (02/15/21)

The Federal Housing Finance Agency (FHFA) maintains a Suspended Counterparty Program List ("FHFA SCP List") and requires Freddie Mac to refrain from and/or cease conducting business with individuals and entities listed on FHFA SCP List ("Named Parties"), subject to any conditions or exclusions set forth in each Named Party’s final suspension order.

Freddie Mac requires Seller/Servicers to establish and maintain written procedures to ensure they do not employ or contract with Named Parties for any purpose directly related to the origination, underwriting, or Servicing of a Freddie Mac Mortgage, subject to any conditions or exclusions set forth in each Named Party’s final suspension order.

Seller/Servicers are responsible for reviewing the FHFA SCP List and related final suspension orders, which can be found on the FHFA’s web site at http://www.fhfa.gov/SupervisionRegulation/LegalDocuments/Pages/SuspendedCounterpartyProgram.aspx.

Freddie Mac will not purchase any Mortgage nor allow or approve any Transfer of Ownership under Chapters 41 or 41SBL, or approve any other Servicing-related transaction, in which any Borrower, Borrower Principal or property management company is a Named Party on the FHFA SCP List, subject to any conditions and/or exclusions set forth in each Named Party’s final suspension order.

It is the Seller/Servicer’s responsibility to verify that the Borrower, each Borrower Principal and property management company is not a Named Party on the FHFA SCP List prior to (1) delivering a full underwriting package to Freddie Mac, (2) delivering a Servicer’s certificate regarding OFAC/FHFA SCP compliance to Freddie Mac for a Transfer of Ownership (as described in Section 41.1(d) and 41SBL.1(d)), Default Analysis (as described in Section 44.1(c)), or property management change (as described in 43.19(c)(5)), or (3) undertaking any other Servicing-related transaction, as applicable. The Seller/Servicer must: (a) maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage,
and (b) provide evidence of the screening in the materials submitted in connection with any Servicing-related transaction, as applicable, including the date the search was conducted.

2.25 **Equity Conflicts of Interest (06/25/20)**

(a) An Equity Conflict of Interest occurs when:

(i) A non-executive employee of the Seller/Servicer is engaged in the origination, underwriting or Servicing of a Mortgage in which such employee or a family member of the employee has an equity interest in the applicable Borrower (“Employee-Level Owner”).

Such Employee-Level Owner may hold up to 5% of total direct and indirect equity interest in the Borrower so long as:

- The Employee-Level Owner does not currently have, or have the ability to assume, control of the Borrower
- The property inspection and lease audit is not delegated by Freddie Mac to the Seller/Servicer
- If there are multiple Employee-Level Owners with equity interests in the same Borrower, the 5% threshold is applied to total combined interests per Seller/Servicer

(ii) The Seller/Servicer, an affiliate of the Seller/Servicer, an executive employee of the Seller/Servicer, or a family member of an executive employee of the Seller/Servicer (“Seller/Servicer-Level Owner”) has an equity interest in the applicable Borrower.

Such Seller/Servicer-Level Owner may hold less than 25% of total direct and indirect interest in the Borrower so long as:

- The Seller/Servicer-Level Owner does not currently have, or have the ability to assume, control of the Borrower
- The property inspection and lease audit is not delegated by Freddie Mac to the Seller/Servicer

For purposes of Equity Conflicts of Interest, a family member is defined as a spouse, parent, child (including stepchild), grandchild (including step-grandchild), sibling or domestic partner.

(b) Equity interests held through equity investments made in third-party investment vehicles (such as REITs not managed by the Seller/Servicer, mutual funds, exchange-traded funds, index funds and SEC-registered funds) that directly or indirectly own and/or control the Property are not considered Equity Conflicts of Interest.
(c) Seller/Servicer-Level Owners of tax credit equity investments in Low-Income Housing Tax Credit (LIHTC) transactions, as an investor (directly or through a syndication) or as a syndicator of LIHTC investments, are acceptable Equity Conflicts of Interest, but must be disclosed to Freddie Mac as provided in the Guide.

(d) Equity Conflicts of Interest must be disclosed to Freddie Mac as provided in Sections 9.2, 9SBL.2, 36.18, 41.4, 41SBL.4(c), 55.2 and 55SBL.2. In addition, the Seller/Servicer must contact its Freddie Mac representative in the following instances:

(i) The ownership thresholds exceed the levels outlined above.

(ii) The Employee-Level Owner or the Seller/Servicer-Level Owner of the equity interest currently has or will have the ability to assume control of the Borrower.

(iii) The Employee-Level Owner or the Seller/Servicer-Level Owner of the equity interest is a Guarantor of the applicable Mortgage regardless of ownership level.

(iv) The Seller/Servicer or its affiliate has an equity interest in the form of mezzanine debt, a Preferred Equity Contribution or Subordinate Financing.

(v) The Seller/Servicer or its affiliate is selling a Property in which it has an equity interest and the applicable Mortgage provides acquisition financing for the Property.

(vi) The individual attorney representing the Seller/Servicer in the applicable Mortgage has an equity interest in the Property or Borrower.

(e) A transfer of servicing will be required on or prior to Freddie Mac’s purchase of the Mortgage if a Seller/Servicer-Level Owner holds 25% or more of the total direct and indirect interest in the applicable Borrower. Transfer of servicing is not required for LIHTC transactions with the Equity Conflicts of Interest described in Section 2.25(c).