

# Multifamily Seller/Servicer Guide

## Chapter 21

### Originating a Mortgage under the Multifamily Seniors Housing Project



#### 21.1 [Overview \(12/14/23\)](#)

#### 21.2 [Definitions \(12/14/23\)](#)

- a. [Activity of Daily Living \(ADL\) \(09/08/04\)](#)
- b. [Assisted Living Residence \(05/11/10\)](#)
- c. [Continuing Care Retirement Community \(05/11/10\)](#)
- d. [Independent Living Property \(05/11/10\)](#)
- e. [Manager \(09/08/04\)](#)
- f. [Medicaid funds \(10/31/12\)](#)
- g. [Operating Leases and Operators \(05/11/10\)](#)
- h. [Skilled Nursing Property \(05/11/10\)](#)
- i. [Seniors Housing Liability Assessment \(09/28/18\)](#)
- j. [Stand-Alone Memory Care Property \(12/14/23\)](#)

#### 21.3 [Mortgage eligibility and credit underwriting requirements \(04/22/25\)](#)

- a. [Eligible Properties \(12/14/23\)](#)
- b. [Ineligible Properties \(05/11/10\)](#)
- c. [Eligible Borrower \(04/13/23\)](#)
- d. [Habitability \(09/08/04\)](#)
- e. [Licenses and certificates \(04/14/22\)](#)
- f. [Occupancy requirements \(12/15/20\)](#)
- g. [Subordinate Financing \(04/07/09\)](#)
- h. [Furniture, fixtures, and equipment \(04/22/25\)](#)
- i. [Service contracts \(04/14/22\)](#)
- j. [Operating leases and Operators \(04/22/25\)](#)

#### 21.4 [Fixed-rate Mortgage requirements \(05/05/17\)](#)

- a. [Eligible Mortgages; principal amount \[replaces Section 17.2\(b\)\] \(05/05/17\)](#)
- b. [Term \[replaces Section 17.2\(c\)\] \(05/05/17\)](#)
- c. [Amortization \[replaces Section 17.2\(d\)\] \(05/05/17\)](#)
- d. [Reserved](#)
- e. [Reserved](#)
- f. [Sales or transfers of Property or beneficial interests in the Borrower \[replaces Section 17.2\(j\)\] \(05/05/17\)](#)
- g. [Vacancy/collection loss \[replaces Section 17.2\(k\)\] \(05/05/17\)](#)
- h. [Servicing Spread \(05/05/17\)](#)

#### 21.5 [Underwriting package requirements \(04/15/21\)](#)

#### 21.6 [Standard delivery \(04/15/21\)](#)

#### 21.7 [Early rate lock delivery option \(04/15/21\)](#)

#### 21.8 [Standard delivery—LST \(04/15/21\)](#)



- 21.9 [Standard delivery—full underwriting package \(04/15/21\)](#)
- 21.10 [Standard delivery—final delivery \(04/15/21\)](#)
- 21.11 [Standard delivery—funding \(05/01/14\)](#)
- 21.12 [Early rate lock delivery option—preliminary underwriting package \(10/14/16\)](#)
- 21.13 [Reserved](#)
- 21.14 [Early rate lock delivery option—full underwriting package \(10/14/16\)](#)
- 21.15 [Multifamily Housing Bond Credit Enhancement for Seniors Housing \(05/05/17\)](#)
- 21.16 [Appraiser and Appraisal requirements \(10/31/12\)](#)
  - a. [Appraiser qualifications \(12/07/04\)](#)
  - b. [Information provided to appraiser by Seller/Servicer \(05/11/10\)](#)
  - c. [Sales and rental competition \(12/07/04\)](#)
  - d. [Management/property operations \(12/07/04\)](#)
  - e. [Capital needs over the term of the Mortgage \(Replacement Reserves\) for Seniors Housing \(10/31/12\)](#)
- 21.17 [Professional liability insurance requirements for certain Seniors Housing Mortgages \(01/01/13\)](#)
- 21.18 [Final delivery requirements \(05/01/14\)](#)
- 21.19 [General Servicing policy for Seniors Housing Mortgages \(04/15/21\)](#)
  - a. [Property performance reporting frequency \(04/15/21\)](#)
  - b. [Additional reporting requirements for Seniors Housing Mortgages \(04/30/19\)](#)



## 21.1 Overview (12/14/23)

Under the Multifamily Seniors Housing Product, Freddie Mac will purchase Mortgages that are secured by Seniors Housing Properties, including Independent Living Properties and Assisted Living Residences that may include an Alzheimer's component. Mortgages on Properties that provide a limited amount of skilled nursing care may also be eligible on a case-by-case basis. Seniors Housing Properties and the variety of resident care services offered at these Properties meet the targeted needs of a range of elderly residents, from services for active seniors to the daily care needs of the frail elderly. This chapter describes the unique requirements for the various Seniors Housing Property types.

Freddie Mac purchases Mortgages secured by Seniors Housing Properties using the requirements of this chapter and one of the following Freddie Mac Mortgage purchase programs or products:

- Multifamily Conventional Cash Mortgage Purchase Program, Chapter 17

### **Note:**

To originate a Mortgage under the Multifamily Seniors Housing Product, refer to the Multifamily Conventional Cash Mortgage Purchase Program (Chapter 17) as well as to this chapter. Chapter 17 states the requirements for all products related to the Multifamily Conventional Cash Mortgage Purchase Program, and this chapter details only how the requirements of the Multifamily Seniors Housing Product differ from those requirements.

Except as otherwise specified by this chapter, the provisions of Chapter 27 will apply.

- Multifamily Supplemental Mortgage Product, Chapter 20

Age-restricted seniors apartments are not included in the Freddie Mac Multifamily Seniors Housing Product. Seniors apartments are age-restricted multifamily communities that cater to senior residents who are able to function independently. These residences are typically restricted to residents 55 and older (or 62 and older). Seniors apartments do not provide healthcare services, medication assistance, meal services or other third-party contract services. Freddie Mac will purchase or provide credit enhancements for Mortgages secured by age-restricted seniors apartments directly under the requirements of the Multifamily Conventional Cash Mortgage Purchase Program and the Multifamily Supplemental Mortgage Product or the Multifamily Housing Bond Credit Enhancement Program.

Chapter 32 contains the requirements for final delivery of Mortgages to Freddie Mac and applies to each Seniors Housing Mortgage except as noted in this chapter.

All Mortgages submitted for purchase under the Seniors Housing Product must comply with the requirements of all other applicable chapters of the Guide, including Chapters 8, 9 and 10 as well as with the requirements of this chapter. Due to the nature of the resident care services necessary in a Seniors Housing Property:

- Origination of Seniors Housing loans for Freddie Mac is limited to Seller/Service providers that have received the Seniors Housing Seller/Service provider designation (see Section 3.1(c))
- Freddie Mac, in its sole discretion, sets credit parameters for any transaction based on its



underwriting criteria at the time of such request

## 21.2 Definitions (09/28/18)

### a. Activity of Daily Living (ADL) (09/08/04)

Activities of Daily Living are personal care services that provide the frail elderly with assistance in eating, dressing, bathing, incontinence care, transferring and other basic living activities. Transferring is the act of assisting a resident from one place to another, such as from a bed to a wheelchair.

These services are typically included in the lease; but, based on the resident's needs, the facility may charge an additional fee.

### b. Assisted Living Residence (05/11/10)

Assisted Living Residences are properties where at least 50 percent of the dwelling units must be for assisted living residents. They are designed to accommodate and provide 24-hour assistance for individuals with functional limitations. Most Assisted Living Residences offer private or semi-private rooms. The facility provides meals in a central location. Assisted Living Residences offer personnel and programs that assist residents with ADLs.

In addition to these services, some Assisted Living Residences provide specialized, secured environments and assistance to residents suffering from dementia or Alzheimer's disease and other cognitive impairment illnesses. Freddie Mac will purchase a Mortgage secured by an Assisted Living Residence that provides dementia care if less than 40 percent of the total units are dedicated to this type of care. Further, to assist with aging in place, some Assisted Living Residences provide limited skilled nursing care on a case-by-case basis or have dedicated space for limited skilled nursing care. Under certain circumstances, Freddie Mac will purchase a Mortgage secured by an Assisted Living Residence that provides limited skilled nursing care. See Section 21.3(b).

Most States require licensing of Assisted Living Residences.

### c. Continuing Care Retirement Community (05/11/10)

A Continuing Care Retirement Community (CCRC) is a seniors living complex designed to provide a continuum of care within a single community. The living accommodations and care provided within a CCRC are a combination of the accommodations and services provided by seniors apartments, Independent Living Properties [defined in Section 21.2(d)], Assisted Living Residences and Skilled Nursing Properties.

A CCRC is typically a campus of multiple buildings that are designed to provide the various types of housing and associated care. CCRC unit types range from cottages to high-rise apartments on a single campus with common areas that consist of administrative offices, commercial kitchen, common dining area, activity area and a healthcare center. CCRCs typically require monthly rent plus fees for optional services.

A CCRC facility frequently will require residents to pay an entrance fee in addition to monthly rental fees. Depending on the payment structure of a CCRC facility, an entrance fee may either be fully or partially refundable upon departure or death. In some cases, the facility may

*Guide Bulletin Update 04/22/25 Chapter 21 – Page 4*



apply the entrance fee to the healthcare services needs of the resident. A Mortgage secured by a CCRC requiring an entry fee may be eligible for purchase on a case-by-case basis.

A State license or certification is required if the CCRC provides skilled nursing services and may be required if the CCRC includes Assisted Living Residences.

**d. Independent Living Property (05/11/10)**

Independent Living Properties are multi-unit housing residences that offer optional services designed to aid the residents' independence. Management offers these services to the residents on an optional basis. Services include meals, housekeeping, laundry, transportation and 24-hour staff presence and may include an on-call nurse or physician. To be considered an Independent Living Property, at least 50 percent of the dwelling units must be for independent living residents.

Individual living units include full kitchens and bathrooms, and apartments are decorated and furnished by the resident. Most Independent Living Properties include extensive common areas, commercial kitchen, central dining room and activity areas.

**e. Manager (09/08/04)**

A manager is any independent contractor, including any affiliate of the Borrower, that manages and supervises the daily use and operation of the Property.

**f. Medicaid funds (10/31/12)**

While most Seniors Housing Properties will be private-pay, payments from the Medicaid program may be available to assist residents with housing and service costs. Freddie Mac may purchase Mortgages secured by Properties with a limited number of residents who participate in the Medicaid program. To be eligible for purchase, generally not more than 25 percent of the residents at the Property may participate in the Medicaid program (or Medicare or other subsidy, in the aggregate) and not more than 25 percent of the Property's gross income may be derived from Medicaid payments (or Medicare or other subsidy, in the aggregate). The Seller must complete an analysis of whether a Reserve should be required to cover the transition from residents receiving Medicare (or Medicaid or other subsidies) to private pay residents ("transition Reserve") when there is a significant level of Medicaid (or Medicare or other subsidy) income. Freddie Mac will use this analysis to determine whether a transition Reserve will be required. Please contact your Freddie Mac representative when reviewing any Property with tenants who participate in the Medicaid (or Medicare or other subsidy) program.

**g. Operating Leases and Operators (05/11/10)**

Operating Leases are frequently encountered in the Seniors Housing industry. Often they are long-term, triple-net leases with annual rent escalator clauses and sometimes purchase options. Operators (Lessees) under Operating Leases may be affiliated with the Borrower (Lessor) or may be an unrelated third-party Operator. A third-party Operator is expected to be a proven owner or manager of Seniors Housing Properties with the experience levels expected of Freddie Mac Borrowers. Leases must expire, or have lease extension options, beyond the term of the Freddie Mac Mortgage and must be subordinate to Freddie Mac's security interest. Sellers should analyze the lease income as it relates to the Property's

*Guide Bulletin Update 04/22/25 Chapter 21 – Page 5*



income and to the debt service of the Freddie Mac Mortgage. Normally, management fees must still be included in the underwriting proformas when there is an operating lease in place. Please contact your Freddie Mac representative when reviewing any Property with an Operating Lease.

**h. Skilled Nursing Property (05/11/10)**

Skilled Nursing Properties provide licensed skilled nursing care and related services for patients who require medical, nursing or rehabilitative services. These residences offer private and semi-private rooms. Units are typically small (100 to 250 square feet), with limited furnishings that may be provided by the facility. The units are equipped with patient-monitoring devices and emergency-call systems.

Skilled Nursing Properties are regulated and licensed by the States. See Section 21.3(b) for purchase eligibility requirements.

**i. Seniors Housing Liability Assessment (09/28/18)**

A Seniors Housing Liability Assessment is an assessment for a Seniors Housing Mortgage that will be originated on a Property that includes assisted living, Alzheimer's care or skilled nursing units.

The Seller/Servicer must provide a Seniors Housing Liability Assessment for each operator to evaluate its risk management practices with respect to employees, residents and incident reporting. The Liability Assessment must be delivered in the full underwriting package and include the elements set forth in Section 55.2.

Seller/Servicers must ensure that the Seniors Housing Liability Assessment is performed by a professional that meets, at a minimum, the following requirements:

1. Five years of experience in geriatrics/long-term-care clinical practice(s)
2. Five years as a Licensed Administrator, Licensed Practical Nurse (LPN) Registered Nurse (RN), or Physician Extender (PA, RNP)
3. References, which address the following:
  - Scope of work
  - Quality of recommendations given
  - Quality of resources provided
  - Timeliness of work product
4. Sample work product, to include the following:
  - Copy of typical assessment report
  - Sample recommendations based on industry exposures





- Sample resources provided to clients to assist in reducing risk to claims
- Training programs offered
- Monitoring programs offered

Active association with professional organizations is highly desirable.

Seller/Servicers must document the suitability of the professional performing the Seniors Housing Liability Assessment with positive references and sample work product and provide evidence of such documentation as part of the Seniors Housing Liability Assessment.

**j. Stand-Alone Memory Care Property (12/14/23)**

Stand-Alone Memory Care Properties are Properties where 100% of the dwelling units are dedicated to accommodating and providing 24-hour protective oversight, including a combination of housing, personalized supportive and health care services, all within a secure area for residents, for individuals with Alzheimer's disease or another form of progressive-degenerative dementia.

All States require licensing of Memory Care Properties and most often the licensing is separate from AL licensure.

**21.3 Mortgage eligibility and credit underwriting requirements (04/22/25)**

Many Seniors Housing Properties provide a variety of services and have various activities to meet the needs and desires of elderly residents. Many Properties provide a mixture of independent living, assisted living care and, in some cases, provide some skilled nursing care. This mixture of services accommodates aging-in-place as frailty levels change. The Freddie Mac Multifamily Seniors Housing Product has different requirements for different property types. Freddie Mac will determine, in its sole discretion, which requirements are applicable for Properties that provide a mixture of resident services and activities.

**a. Eligible Properties (12/14/23)**

Only Independent Living, Assisted Living Residences, Stand-Alone Memory Care, or Properties providing a variety of resident care services as defined in Section 21.2 are eligible.

**b. Ineligible Properties (05/11/10)**

If a Mortgage is secured by a Property with either of the following conditions, the Mortgage is not eligible for purchase by Freddie Mac:

- A Property in which more than 20 percent of the net operating income is derived from the provision of skilled nursing care, acute medical care or rehabilitative care services, or
- A Property that has a skilled nursing component that does not allocate a minimum of 15 percent of the total number of skilled nursing units for the assisted living or independent



living residents of the Property (i.e., individuals who were residents of the Property prior to entering the skilled nursing facility).

**c. Eligible Borrower (04/13/23)**

A Seniors Housing Borrower or Key Borrower Principal must demonstrate eligibility by meeting all of the following criteria:

- Own or manage comparable facilities in a similar property type (Independent Living Property, Assisted Living Residence, Skilled Nursing Property or CCRC) in similar or adjoining markets
- Have ten or more years' ownership or management experience
- Own or manage a minimum of five properties with at least 500 units

**d. Habitability (09/08/04)**

The Property must meet the requirements of Section 8.2(a) and be designed for the type of seniors care provided, including adequate and appropriate space for congregate and resident care services. The Property must provide adequate security to monitor residents based on their frailty level or care needs. The Property must meet or exceed local building and safety codes and have sprinkler systems.

**e. Licenses and certificates (04/14/22)**

Any and all licenses, certificates and permits required for operation of the Property must be current and in full force and effect. The Seller must provide copies of these licenses, certificates and permits to Freddie Mac as part of the applicable underwriting package (see Section 21.5 and Chapter 55).

If any license is in the name of anyone other than the Borrower, that arrangement must be satisfactory to Freddie Mac in its discretion. The determination of whether such arrangement is acceptable will be made by Freddie Mac in its discretion upon receipt and review of the full underwriting package.

For each party other than the Borrower that holds any license, the Borrower must provide the Certificate of [Operator][Property Manager] – Seniors Housing.

Prior to Mortgage purchase, all pending violations affecting the issuance, validity or continuation of a license, certificate or permit must be corrected or Freddie Mac must approve all plans for correcting such violations and any pending investigation by any governmental or regulatory authority must be resolved to the satisfaction of Freddie Mac.

**f. Occupancy requirements (12/15/20)**

A Seniors Housing Property must have demonstrated a stabilized occupancy for the trailing three-month average prior to underwriting and must have been occupied for at least 12 months. A Property is considered occupied if a certificate of occupancy has been issued and tenants have begun to move in.





Stabilized occupancy is defined as occupancy of at least 85 percent of the living units (or such higher level as may be necessary to cover debt service and pay all other expenses at the level required by the applicable purchase program or product) at a rent level that supports the Freddie Mac Underwriting Value of the Property.

Freddie Mac will establish the occupancy level based on the number of occupied units or, in the case of Properties with semi-private units, the number of resident leases (beds). If a Property has 12 months or more operating history and is an Assisted Living Residence with some semi-private units or a Property with some skilled nursing beds, Freddie Mac will underwrite the Property's occupancy based on a maximum unit-to-bed ratio of 120 percent of the total number of units.

**g. Subordinate Financing (04/07/09)**

In general, Freddie Mac will not purchase a Seniors Housing Mortgage with Subordinate Financing other than a supplemental Mortgage purchased under the Freddie Mac Multifamily Supplemental Mortgage Product.

**h. Furniture, fixtures, and equipment (04/22/25)**

1. The Seller must identify, as part of the applicable underwriting package (see Section 21.5 and Chapter 55), any and all furniture, fixtures, equipment, and motor vehicles located on or used in connection with the Property ("FF&E") that is owned or leased by a party other than the Borrower. If all FF&E is owned by the Borrower, the Seller must provide the Borrower's certification to that effect.
2. UCC searches must be conducted for any Operator and/or any Property Manager and must include every office where a financing statement would be filed to perfect a security interest in any of the collateral described in the Financing Statement Exhibit B – Seniors Housing.

If any collateral described in Financing Statement Exhibit B – Seniors Housing is not owned by the Borrower, any Operator, or any Property Manager, UCC searches must be conducted for the owner of that collateral.

Each search must include the jurisdiction of each Operator's, Property Manager's, and/or owner's state of organization. The UCC searches must be dated no earlier than 30 days prior to the Origination Date of the Mortgage. If any financing statements have been recorded, such statements must either be acceptable to Freddie Mac or be terminated prior to the origination date of the Mortgage.

3. If any FF&E is owned by a party other than the Borrower, such ownership must be acceptable to Freddie Mac in its discretion. The determination of whether such ownership is acceptable, and whether a security interest is required, will be made by Freddie Mac in its discretion at full underwriting.
4. For any FF&E not owned by the Borrower for which Freddie Mac requires a security interest, the owner of the FF&E must enter into a Security Agreement satisfactory in form and substance to Freddie Mac that grants the lender a security interest in such FF&E as additional security for the Mortgage. The proposed Security Agreement, together with

*Guide Bulletin Update 04/22/25 Chapter 21 – Page 9*



UCC Financing Statements for each such owner of FF&E, must be provided to Freddie Mac at least 10 days prior to origination of the Mortgage for its review and approval. All necessary financing statements must be filed and all other necessary steps must be taken to perfect the security interest in the FF&E not owned by the Borrower. The security interest and the documents creating it must be assigned to Freddie Mac.

5. All necessary financing statements must be filed and all other necessary steps must be taken to perfect the security interest in the FF&E owned by the Borrower. The security interest and the documents creating it must be assigned to Freddie Mac.

**i. Service contracts (04/14/22)**

1. The Seller must identify, as part of the applicable underwriting package [see Section 21.5 and Chapter 55], all contracts (i) for preparing and serving food (not including food supply contracts), (ii) for medical services or healthcare provider agreements, regardless of annual consideration or term, or (iii) the average annual consideration of which, directly or indirectly, is at least \$50,000. If there are no contracts that fall into the foregoing categories, the Seller must provide the Borrower's certification to that effect.
  - If any contract in the foregoing categories is in the name of anyone other than the Borrower, that arrangement must be satisfactory to Freddie Mac, and the determination of whether such arrangement is acceptable will be made by Freddie Mac in its discretion at full underwriting.
  - Any contract in the foregoing categories must be terminable by the Borrower (or by the manager, if the manager has contracted for the services) or its assignee, upon not more than 30 days' notice to the manager or service provider and without the necessity of establishing cause for termination or the payment of a penalty or fee.
2. Any contracts which Freddie Mac determines are material must be assigned to the lender via the Collateral Assignment of Service Contracts – Seniors Housing before final delivery, and such assignment must be consented to by the provider.

**j. Operating leases and Operators (04/22/25)**

1. The Seller must provide, as part of the applicable underwriting package [see Section 21.5 and Chapter 55], copies of all operating leases at the Property that will be in place on the Origination Date, and a completed [Operating Lease Analysis](#) for each operating lease.
2. The Loan Documents to which the Operator is a party must be modified to include any suboperator. Such modifications must be submitted to Freddie Mac for review and approval, in its sole discretion, no later than 10 Business Days prior to the Origination Date.
3. The Borrower must grant the lender a lien on all leases, rents and income from the Property including rents paid under the operating lease and the tenant leases, and rents generated by residential subleases of the Property. The operating lease must be subordinate to the Mortgage. Any option to purchase granted under the operating lease (provided any such option to purchase is approved by Freddie Mac in its sole discretion)



must be subordinate to the Mortgage, so that the lender has and will retain a first and prior lien on all leases, rents and income during the term of the Mortgage.

4. The title insurance policy insuring lender's lien must insure that the operating lease and any options to purchase are subordinate to the lien of the Mortgage.
5. Freddie Mac further reserves the right to require the Borrower, Operator, and/or Property Manager to execute separate estoppel certificates, amendments and modifications to the standard Freddie Mac form loan documents, and such other additional documentation as determined by Freddie Mac in order to ensure that the lender receives a fully perfected first priority lien and security interest in all collateral related to the Property and in any contracts necessary to operate the Property.
6. If the Operator or any Property Manager has entered into a commercial lease affecting the Property, such commercial lease must comply with Section 8.11.
7. If the Operator has any licenses, certificates, permits or other approvals or authorizations necessary to use and operate the Property for its Intended Use, an opinion from the Operator's counsel that such licenses, certificates, permits or other approvals or authorizations are in full force and effect must be provided.
8. The Seller's counsel must present for consideration by Freddie Mac all proposed loan document modifications at one time and in compliance with the requirements of the Guide. Proposed modifications originating from the Borrower and from the Operator or Property Manager must not be presented separately.

#### **21.4 Fixed-rate Mortgage requirements (05/05/17)**

A fixed-rate Mortgage submitted under the Seniors Housing Mortgage Product must meet the requirements of Section 17.2, unless specifically noted in this section. A fixed-rate Mortgage may be amortizing or may have an interest-only feature. For interest-only Mortgages, all other requirements of an amortizing Mortgage will apply unless specifically noted in this section.

##### **a. Eligible Mortgages; principal amount [replaces Section 17.2(b)] (05/05/17)**

A Mortgage for the purpose of refinancing or acquiring the Property is eligible. The principal amount may not be less than \$3 million.

##### **b. Term [replaces Section 17.2(c)] (05/05/17)**

The minimum term for an amortizing Mortgage is 5 years.

##### **c. Amortization [replaces Section 17.2(d)] (05/05/17)**

The maximum amortization period is 30 years. Loans with a term of 20 years or more must be fully amortizing.



d. **Reserved**

e. **Reserved**

f. **Sales or transfers of Property or beneficial interests in the Borrower [replaces Section 17.2(j)] (05/05/17)**

A Mortgage secured by a Seniors Housing Property will not permit the transfer, sale, conveyance or assignment of the Property or beneficial interests in the Borrower. Any such Mortgage will be due upon such a transfer.

g. **Vacancy/collection loss [replaces Section 17.2(k)] (05/05/17)**

Freddie Mac will calculate the vacancy and collection loss rate on the maximum number of units, or beds for Properties with semi-private units [see Section 21.3(f)].

The vacancy and collection loss rate used in underwriting Seniors Housing Properties may not be less than five percent.

h. **Servicing Spread (05/05/17)**

See Section 17.2(m).

## **21.5 Underwriting package requirements (04/15/21)**

See the following for information regarding the content of underwriting packages:

- Section 21.8, Standard delivery – LST
- Section 21.9, Standard delivery – full underwriting package
- Section 21.12, Early rate lock delivery option – preliminary underwriting package
- Section 21.14, Early rate lock delivery option – full underwriting package

Instructions for preparing and delivering the underwriting packages 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.

## **21.6 Standard delivery (04/15/21)**

Standard delivery is the preferred delivery process for Seniors Housing transactions because these transactions require additional documentation and information pertaining to regulatory or other operational history. Unless otherwise stated in this chapter, all requirements of Chapter 27 pertaining to the standard delivery option apply.



### **21.7 Early rate lock delivery option (04/15/21)**

The early rate lock delivery option is available for Seniors Housing Mortgages. Unless otherwise stated in this chapter, the provisions of Chapter 27 pertaining to the early rate lock delivery option apply.

### **21.8 Standard delivery—LST (04/15/21)**

Sellers wishing to take advantage of Freddie Mac's standard delivery begin the process with the submission of Freddie Mac's LST and supporting documents.

### **21.9 Standard delivery—full underwriting package (04/15/21)**

After Freddie Mac issues a preliminary Quote, the Seller may deliver a full underwriting package to Freddie Mac.

The nonrefundable application fee as set forth in Section 27.6(a) 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 set forth in Sections 27.6(b) and 27.6(d).

Freddie Mac specifies the list of documents that Sellers must include in the full underwriting package sent to Freddie Mac in [Section 1.1 of Exhibit 1](#).

Chapter 55 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. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

### **21.10 Standard delivery—final delivery (04/15/21)**

Within the time specified in Exhibit A to the Letter of Commitment, the Seller must deliver to Freddie Mac all of the documents listed in the applicable Final Delivery Table of Contents provided at [mf.freddiemac.com/lenders/purchase](http://mf.freddiemac.com/lenders/purchase). The Seller must comply with the requirements for final delivery provided in Chapter 32 and the requirements in the Final Delivery Instructions, also found at [mf.freddiemac.com/lenders/purchase](http://mf.freddiemac.com/lenders/purchase). For late delivery or nondelivery provisions, see Sections 27.24 and 27.26.

### **21.11 Standard delivery—funding (05/01/14)**

After final delivery of a Mortgage, other than Multifamily Housing Bond Credit Enhancement transactions (see Section 21.15), Freddie Mac will review the documentation and set the Freddie Mac Funding Date. See Section 32.1(c) for provisions relating to funding.

### **21.12 Early rate lock delivery option—preliminary underwriting package (10/14/16)**

Freddie Mac specifies the list of documents that Sellers must include in the preliminary underwriting package sent to Freddie Mac in [Section 1.1 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.

### **21.13 Reserved**

### **21.14 Early rate lock delivery option—full underwriting package (10/14/16)**

Within the time period specified in the application, the Seller must deliver a full underwriting package to Freddie Mac.

Freddie Mac specifies the list of documents that Sellers must include in the full underwriting package sent to Freddie Mac in [Section 1.1 of Exhibit 1](#).

The full underwriting package must include any document included in the preliminary underwriting package for which there is a material change. For a complete description of Freddie Mac's requirements for each document, including a description of the required content and whether the document must be certified, see Chapter 55, Documentation and Deliveries. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

### **21.15 Multifamily Housing Bond Credit Enhancement for Seniors Housing (05/05/17)**

Seniors Housing Properties financed with the proceeds from multifamily housing bonds must meet the requirements of Chapter 28 and the following requirements of this chapter:

1. Mortgage eligibility and credit underwriting (see Section 21.3)
2. General underwriting requirements (see Section 21.4)
3. Appraiser and Appraisal requirements (see Section 21.16)
4. Insurance requirements (see Section 21.17)
5. Application fee (the greater of \$5,000 or 0.15 percent of the proposed Mortgage amount)
6. Final delivery requirements (see Section 21.18)
7. General Servicing requirements (see Section 21.19)
8. Risk assessments (see Section 21.20)

### **21.16 Appraiser and Appraisal requirements (10/31/12)**

Unless otherwise stated in this section, each Seniors Housing Mortgage must meet the requirements of Chapter 60.

In addition, the appraiser and Appraisal for Properties financed through Freddie Mac's Seniors Housing Product must meet the requirements in the remainder of this section.





**a. Appraiser qualifications (12/07/04)**

In addition to the requirements of Section 60.4, each appraiser performing Appraisals of Seniors Housing Properties must be experienced in, and actively and regularly engaged in, appraising Seniors Housing and healthcare properties with complexity and characteristics similar to those of the Property. The appraiser must also be knowledgeable about current real estate market conditions and financing trends for all of the types of Seniors Housing Properties defined in Section 21.2 and be knowledgeable about such market conditions and trends in the geographic market area where the Property is located.

**b. Information provided to appraiser by Seller/Servicer (05/11/10)**

In addition to the requirements set forth in Section 60.6, the Seller/Servicer must provide the appraiser with information related to the tenancy and occupancy history of the Seniors Housing Property, including, but not limited to:

1. Actual and average number of tenants at the Property for the preceding three years
2. Typical fee for double occupancy units and second residents
3. Number of units that the Borrower makes available for occupancy on a semi-private basis
4. Feasibility study, if available, conducted for the Borrower for Properties with less than 18 months operating history

**c. Sales and rental competition (12/07/04)**

Because there may be a limited number of comparable Seniors Housing Properties in the Property's market area, the appraiser may use sales and rental comparables for similar properties located in markets similar to that of the Property. All other requirements of Section 60.16 apply.

**d. Management/property operations (12/07/04)**

The appraiser must provide a narrative description of the management firm and management practices. The appraiser must include available documentation related to policies, procedures, staffing and training.

**e. Capital needs over the term of the Mortgage (Replacement Reserves) for Seniors Housing (10/31/12)**

The consultant must identify repairs and replacements that must be performed prior to, or in connection with, the purchase of the Mortgage. The consultant must also provide an assessment of the Property that:

- Projects the need for replacements and repairs for the term of the Mortgage
- Determines a range for the per unit/per year Replacement Reserves based on level of service, the Property condition, the building materials, quality of equipment and the



complexity of the building components based on the following categories:

- Age Restricted:
  - Excellent condition, well maintained with proactive maintenance - Minimal Reserves (\$150-\$250/per unit/per year)
  - Adequate condition requiring typical repairs/replacements during the term of the Mortgage – Average Reserves (\$250-\$350/per unit/per year)
  - Fair condition requiring substantial replacement/repairs during the term of the Mortgage – Major Reserves (\$350-\$450/per unit/per year)
- Independent living – Average Reserves (\$200-\$300/per unit/per year)\*
- Assisted living – (\$250-\$350/per unit/per year)\*
- Skilled nursing – (\$300-\$400/per unit/per year)\*

\* (Assumes adequate to excellent condition)

Freddie Mac will review the consultant's assessment and determine the actual Replacement Reserve amount.

### **21.17 Professional liability insurance requirements for certain Seniors Housing Mortgages (01/01/13)**

If the Property has assisted living, Alzheimer's care, and/or skilled nursing units, the Borrower must obtain professional liability insurance meeting the requirements of Section 31.17.

### **21.18 Final delivery requirements (05/01/14)**

The Final Delivery Package must meet the requirements of Chapter 32, and the applicable Final Delivery Table of Contents and the Final Delivery Instructions, found at [mf.freddiemac.com/lenders/purchase](http://mf.freddiemac.com/lenders/purchase).

### **21.19 General Servicing policy for Seniors Housing Mortgages (04/15/21)**

Unless otherwise stated, the Servicing of each Seniors Housing Mortgage must meet the requirements of Chapters 36 through 43.

#### **a. Property performance reporting frequency (04/15/21)**

Unless otherwise specified in the Loan Documents, the Servicer must perform periodic assessments of each Seniors Housing Mortgage in accordance with the provisions of Chapter 40.

If Freddie Mac requires the Servicer to collect and review the Property's income and expense statements more frequently than annually, the Servicer must provide copies of the interim



statements and its review of the statements to Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance*.

The Servicer must review and analyze the statements to determine that there have been no material changes to the property cash flow since the previous reporting period or since loan origination. The Servicer must retain this information in the Mortgage File. The Servicer must report to Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* within 30 days after receipt of the property financials any material findings that, in the Servicer's opinion, will likely impact the performance of the Property or payment on a timely basis.

**b. Additional reporting requirements for Seniors Housing Mortgages (04/30/19)**

In addition to the requirements for periodic assessments required by Chapter 40, the Servicer must perform the following additional reporting for Seniors Housing Mortgages, as applicable:

**1. Regulatory performance information**

The Servicer must obtain a copy of any license or certificate no later than 30 days after its renewal and immediately forward it to Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance*.

The Servicer must forward to Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* within 10 days of receipt any notice from any government regulatory agency, licensing agency, or certifying agency received from the Borrower or such agency that any license is being downgraded to a substandard category, revoked or suspended, or that any violations, fines, findings, investigations or corrective actions concerning any license are pending or are being considered. If, in the Servicer's opinion, the information represents a material finding that will likely impact the Property's future performance or result in fines, the Servicer must immediately contact the director of Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance*. At least quarterly, the Servicer must specifically inquire of the Borrower and the Management about the existence of any regulatory performance issues.

**2. Public health and safety notices**

The Servicer must forward to Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* within 10 days of receipt any report of health or safety code violations, food service violations or any other notice or statement of deficiencies received from the Borrower, the Management or any regulatory agency, licensing agency or other agency along with the Servicer's evaluation of the impact on the Property and a plan of correction.

At least quarterly, the Servicer must specifically inquire of the Borrower or Management about the existence of any such issues.

**3. Changes to the Property**

In addition to complying with the requirements of Section 43.12, the Servicer must monitor the Property and notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* immediately if the Servicer becomes aware that the

*Guide Bulletin Update 04/22/25 Chapter 21 – Page 17*



Borrower intends to alter or has altered the nature of the resident care provided at the Property, intends to change or has changed the number of units dedicated to a specific type of resident care from the number identified in the Loan Documents or intends to change or has changed the types of subsidies received.

4. New service contracts, licenses, permits and certificates

If the Servicer becomes aware that the Borrower or Manager has entered into a new service contract or has received a new license, permit or certificate necessary for the operation of the Property, the Servicer must obtain from the Borrower or Manager, as applicable, an assignment of the service contract, license, permit or certificate in a form acceptable to Freddie Mac. In the case of a service contract, the provider of the services must consent to the assignment.