

# Multifamily Seller/Servicer Guide

## Chapter 41 Transfers of Ownership

### 41.1 Transfers of Ownership in the Property or in the Borrower (04/29/16)

As used in this Chapter 41, the term “transferee” refers to

- The new Borrower if the proposed transaction is a Transfer of Ownership in the Property with an assumption of the loan, or
- The new owner of interests in the Borrower if the proposed transaction is a Transfer of Ownership interests in the Borrower.

#### a. **Applicability, use of the Consent Request Tracker and review of General Loan Information (06/29/18)**

This chapter states the procedures for Servicers to use with respect to permitted, conditionally permitted, and prohibited Transfers of Ownership in the Property (assumptions) and Transfers of Ownership interests in the Borrower.

For each Transfer of Ownership, the Servicer must

- Use the Consent Request Tracker (CRT) to record date milestones, status information, comments and the date of a Servicer’s decision on individual Borrower requests for lender consent in accordance with Section 36.25
- Review the General Loan Information (GLI) (for example, the Borrower’s name and address) to ensure that the GLI data is accurate, and send any corrections via email to Freddie Mac *Multifamily Asset Management, Servicer and Client Management*

#### b. **Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership (04/29/16)**

##### 1. Electronic delivery

When this chapter requires electronic delivery of any document, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Document Management System (DMS) and using the “File Submission” link to notify:

- For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Asset Management, Borrower Transactions*
- For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, *Multifamily Asset Management, Structured*

### *Transactions*

- For all other Mortgages, Multifamily Asset Management, Borrower Transactions
2. Delivery of original documents to Freddie Mac

When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must

- Upload the document into DMS, and
  - Deliver the original to
    - For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Asset Management, Borrower Transactions*
    - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, *Multifamily Asset Management, Structured Transactions*
    - For all other Mortgages, Multifamily Asset Management, Borrower Transactions
3. Delivery of notices to Freddie Mac

When this chapter requires email delivery of a notice to Freddie Mac, the Servicer must direct the email to

- For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, Freddie Mac *Multifamily Asset Management, Structured Transactions*
- For all other Mortgages, Freddie Mac Multifamily Asset Management, Borrower Transactions

### **c. Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (04/29/16)**

#### 1. Electronic delivery

When this chapter requires electronic delivery of any document following a Transfer of Ownership, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into DMS and using the “File Submission” link to notify:

- For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Purchase*
- For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted

Affordable Housing Mortgages or credit facilities, *Multifamily Asset Management, Structured Transactions*

- For all other Mortgages, *Multifamily Purchase*

2. Delivery of original documents to Freddie Mac

When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

- Upload the document into DMS, and
- Deliver the original to
  - For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Purchase*
  - For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted Affordable Housing Mortgages or credit facilities, *Multifamily Asset Management, Structured Transactions*
  - For all other Mortgages, *Multifamily Purchase*

**d. Seller/Servicer obligation to screen existing and new Borrowers, Borrower Principals and Non-U.S. Equity Holders (09/01/16)**

Within five Business Days after the Transfer of Ownership occurs, the Servicer must electronically deliver the following certification to Freddie Mac in a letter on the Seller/Servicer's stationery:

- “Servicer certifies that it has determined that none of [insert the Borrower, new Borrower Principals, new Non-U.S. Equity Holders or new property management company, as applicable] are the target of any sanctions law administered or enforced by the U.S. Treasury Department Office of Foreign Assets Control (OFAC), including a person or entity identified on the most current OFAC Specially Designated Nationals and Blocked Persons (SDN) List or OFAC Consolidated Sanctions List; and
- Servicer certifies that it has reviewed the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List in accordance with Section 2.24 of the Guide and that none of the [insert Borrower, new Borrower Principals or new property management company, as applicable] are identified on the FHFA SCP List, subject to any conditions or exclusions set forth in any applicable FHFA SCP final suspension order published on FHFA's SCP website.”

See Sections 41.3(c) and 41.6(g) for requirements for submitting this certificate with the required documentation for a Transfer of Ownership.

The Servicer must also conduct the Exclusionary List review as provided in Section 2.18.

## 41.2 Loan Document provisions regarding Transfers of Ownership (11/30/12)

Loan Documents have varying provisions regarding Transfers of Ownership. The Servicer and its counsel must carefully review the applicable Loan Documents to determine what, if any, Transfers of Ownership are permitted and what the conditions are for reviewing those Transfers of Ownership.

### a. Mortgages that permit transfers without the consent of the Lender (06/29/18)

Certain Loan Documents permit Transfers of Ownership without consent of the lender, and without specific pre-authorization provisions. Mortgages purchased through the Multifamily Negotiated Transactions Program may fall under this category.

The Servicer must notify Freddie Mac via email of such a permitted transfer within five Business days after learning of it, and must at that time advise Freddie Mac of the name of the transferee, the date of the Transfer of Ownership, and the terms of the transfer, if known. The Servicer must ensure that all insurance policies reflect the new ownership.

For Transfers of Ownership permitted by Mortgages described in this section, the application and approval provisions of this Chapter do not apply, and neither Freddie Mac nor the Servicer will impose a review/processing fee or transfer fee (other than as set forth in the Loan Documents).

### b. Mortgages that conditionally permit Transfers of Ownership (06/29/18)

Some Loan Documents contain provisions that pre-authorize certain Transfers of Ownership that have been underwritten at the time of the origination or prior assumption of the Mortgage. See Section 41.3 for the procedures for approval and documentation of a conditionally permitted Transfer of Ownership.

### c. Mortgages that prohibit transfers without the consent of the Lender (06/29/18)

If the Loan Documents contain a provision that states that the lender may or will permit an otherwise prohibited Transfer of Ownership if the proposed transferee meets certain standards as to credit, management ability or other matters, the Property (and interests in a Borrower entity that are covered by the transfer language) may be transferred, but only subject to the provisions of Sections 41.3 through 41.8.

## 41.3 Conditionally Permitted Transfers of Ownership

### a. Notice to Freddie Mac (06/29/18)

Within two Business Days after receiving notice of a conditionally permitted Transfer of Ownership – whether that notice is received prior or subsequent to that Transfer of Ownership – the Servicer must notify Freddie Mac of the transfer via email and must enter the information into the Consent Request Tracker.

1. If the Servicer receives notice of a conditionally permitted Transfer of Ownership after the Transfer of Ownership is completed, the Servicer must
  - confirm that the Transfer of Ownership is conditionally permitted under the terms of the Loan Documents and

- deliver any documentation required by the terms of the conditional permission provisions in the Loan Documents and remit any applicable fees to Freddie Mac as described in 41.3(b) - (e).
2. If the Servicer receives notice of a conditionally permitted Transfer of Ownership prior to the date of the transfer, then promptly following the Servicer's receipt of notice from the Borrower, the Servicer must electronically deliver to Freddie Mac each of the following:
- Copies of any documentation required by the terms of the pre-authorization provisions in the Loan Documents
  - Preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 and confirming that the transfer is conditionally permitted under the terms of the Loan Documents
  - Servicer's written certification that the Transfer of Ownership meets all the requirements for a conditionally permitted Transfer of Ownership under the terms of the Loan Documents

If Freddie Mac concurs that the transfer is conditionally permitted under the terms of the Loan Documents, Freddie Mac will issue an Acknowledgment of Conditionally Permitted Transfer. The Servicer must then deliver the documentation and remit the applicable fees as described in 41.3(b) - (e).

**b. Delivery of documents requiring Freddie Mac signature (06/29/18)**

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least three Business Days prior to the date of the conditionally permitted Transfer of Ownership.

**c. Transfer documentation – electronic delivery (06/27/19)**

Not later than five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must electronically deliver the following documents if required by the Loan Documents and/or the Freddie Mac Acknowledgment of Conditionally Permitted Transfer:

1. Servicer's certification(s) regarding Borrower and organizational documents, if applicable
2. Servicer's OFAC/FHFA SCP certificate as required by 41.1(d)
3. Reserved
4. An executed Form 1115, Borrower and Borrower Principal Certificate as detailed in Section 55.2, for each transferee and new Required Borrower Principal and Non-U.S. Equity Holder, as applicable
5. Preliminary legal issues memorandum (PLIM), if not previously provided to Freddie Mac
6. Certified copy of the recorded Assumption Agreement

7. Borrower's and guarantor's Reaffirmation Agreement; if the Reaffirmation Agreement was recorded, a certified copy
8. Certified copy of the UCC Financing Statements
9. Freddie Mac Acknowledgement of Conditionally Permitted Transfer, acknowledged by the Servicer (if required by the terms of the Acknowledgment), if not previously uploaded to DMS
10. Opinions, if applicable
11. Any other documents required by the terms of the Loan Documents or the Freddie Mac Acknowledgement of Conditionally Permitted Transfer

**d. Post-transfer documentation – delivery of originals (06/29/18)**

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must deliver to Freddie Mac originals of any amendment to any Note, Loan Agreement, Guaranty or any other Loan Document for which delivery of an original is required under the Final Delivery Table of Contents.

**e. Remittance of fees (06/29/18)**

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must remit by wire transfer to Freddie Mac any fees required pursuant to the terms of the pre-authorization provisions of the Loan Documents, in accordance with the requirements of Section 41.9.

**41.4 Transfer of Ownership requiring Freddie Mac consent – application for approval (06/25/20)**

Within two Business Days after receiving a request for a Transfer of Ownership, the Servicer must enter the applicable information into the Consent Request Tracker.

If an Equity Conflict of Interest exists as defined in Section 2.25, the Servicer must provide Freddie Mac a written statement that discloses the nature and extent of that Equity Conflict of Interest within three Business Days after receiving the Borrower's request for approval of the Transfer of Ownership.

Within one Business Day following the Servicer's receipt of any item listed in Section 41.4(a), (c), (d) or (e), the Servicer must electronically deliver the item to Freddie Mac as described in Section 41.1(b).

The Servicer must electronically submit all items required for a complete review package and the Servicer's recommendation, including the applicable information required pursuant to Sections 41.4(a), (c) and (d), to Freddie Mac at least 15 days prior to the proposed date of the Transfer of Ownership. The Servicer must comply with the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable federal, State or local laws or regulations.

**a. Initial information required (06/25/20)**

In this Section, the term “new sponsor” refers to any Required Borrower Principal of the proposed new Borrower following a Transfer of Ownership in the Property.

Promptly following receipt of the existing Borrower’s notification of the pending Transfer of Ownership, the Servicer must collect the information listed below from each of the following:

- For a Transfer of Ownership interests in the Borrower, the proposed new Borrower Principals
  - For a Transfer of Ownership in the Property, the existing Borrower and proposed new sponsor
1. A nonrefundable review/processing fee in accordance with Section 41.9
  2. A copy of the executed contract of sale or other transfer agreement, letter of intent, or other indication of the existing Borrower’s intent to transfer an ownership interest in the Property or in the existing Borrower
  3. Current financial statements of each proposed Guarantor, as described in Section 55.2
  4. An executed Form 1115, Borrower and Borrower Principal Certificate, for the proposed transferee and each proposed new Required Borrower Principal, as detailed in Section 55.2
  5. An executed Form 1116, Real Estate Schedule, for each proposed Guarantor and/or proposed new sponsor, as detailed in Section 55.2
  6. Information concerning the managerial experience of the proposed transferee (if not otherwise fully reflected on Form 1115), and the proposed paid professional manager, if applicable, as detailed in the mortgage transaction narrative analysis description in Section 55.2
  7. Preliminary proposed Borrower organizational chart, which must include
    - Each entity’s name, State of formation, and type (e.g., Delaware limited liability company)
    - Each party’s ownership percentage
    - Each party’s role (e.g., Principal, Guarantor, manager, general partner, etc.)
    - Certification from a Borrower Principal that “except as noted on the Organizational Chart, the Organizational Chart correctly reflects (i) non-U.S. individuals or entities that have a 10% or greater direct or indirect aggregate ownership interest (“Non-U.S. Equity Holders”) in Borrower or any proposed Guarantor not in the Borrower’s organizational structure, and (ii) U.S. individuals or entities that have a 25% or greater direct or indirect aggregate ownership interest in Borrower or any proposed Guarantor.”
  8. Any additional information that the Servicer requires for its review, such as authorization for credit checks

**b. Early Indication Package (09/28/18)**

If the proposed transfer is a Transfer of Ownership in the Property, then each of the following will apply:

1. Immediately following receipt of any of items 1 – 7 listed in Section 41.4(a) (“Early Indication Package”), the Servicer must review and upload each item to DMS, selecting the email notification link for “Borrower Transactions – Cash Loans.”
2. Within one day following the Servicer’s receipt of all items required for a complete Early Indication Package, the Servicer must submit the Early Indication Package to Freddie Mac for review by updating the Early Indication section of CRT and selecting “Proceed.” If, at that time, the Servicer does not recommend approval of the proposed Transfer of Ownership, it must submit that recommendation (“Denial Recommendation”) with the Early Indication Package.
3. Freddie Mac will review the Early Indication Package and endeavor to deliver to the Servicer within three Business Days following Servicer’s CRT update one of the following, as applicable:
  - If the Servicer has submitted a Denial Recommendation, Freddie Mac’s response to the Denial Recommendation.
  - Freddie Mac’s evaluation of the Early Indication Package (“Early Indication Review”).
4. Following the Servicer’s receipt of Freddie Mac’s Early Indication Review, and no later than 10 days following the Servicer’s receipt of the complete Early Indication Package, the Servicer must issue to both the existing Borrower and the proposed new sponsor an early indication of the proposed new sponsor’s credit acceptability. The Servicer must use the form of Early Indication Letters found under the “Servicer Special Request Forms” heading on the Multifamily Asset Management page of FreddieMac.com. The Early Indication Letters must state either that the Servicer will proceed with the processing of the approval request, or that the Servicer requires additional information in order to proceed with review of the request.
5. The Servicer must update CRT (in the area for “PS Comments”) to reflect the early indication decision and the date of issuance of the Early Indication Letters.

**c. Additional information required for full review – all Transfers of Ownership (06/25/20)**

1. A completed Transfer of Ownership/Assumption Request, available via FreddieMac.com, including
  - The Servicer’s thorough analysis of the risks, strengths and weaknesses associated with the proposed transfer
  - The Servicer’s justification and support for its recommendations with respect to any requests for waivers or document modifications



- The Servicer's recommendations regarding the need for adjustment to any Impositions or Reserves
  - The Servicer's explanation of the terms of any seller take-back financing or other Subordinate Financing
  - The Servicer's explanation of any unusual proposed transferee structure or structure of a transaction done for tax purposes
  - Information regarding any deadline for a real estate exchange done pursuant to Internal Revenue Code Section 1031 and any subsequent transfers that will be requested
2. Current financial statements for the Property including a trailing 12-month statement, each certified by the existing Borrower in the manner described in Section 55.2, together with the Servicer's analysis of those statements. If the two most recent certified calendar year financial statements have been submitted to Freddie Mac via the Property Reporting System (PRS), the Servicer may make a statement to that effect on the Transfer of Ownership/Assumption Request and need not attach the calendar year statements unless requested to do so by Freddie Mac.
  3. Either a property condition report prepared by a property condition consultant in compliance with Chapter 62 or a Form 1108, Physical Risk Report prepared in compliance with Chapter 66 if any of the following apply:
    - the Property was built more than 15 years previously
    - the most recent Annual Inspection Form (AIF) noted significant Deferred Maintenance
    - the buyer proposes significant capital improvements

Form 1108 is an option only for a Mortgage

- With an initial principal balance of \$20 million or less, or a Supplemental Mortgage where the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are \$25 million or less in the aggregate
  - That is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
4. If neither a property condition report nor a physical risk report is required pursuant to Section 41.4(c)(3), and if the most recent AIF is dated more than six months prior to submission of the transfer request (or 12 months for an SBL Mortgage), then the Servicer must conduct a physical inspection of the Property and deliver an updated AIF to Freddie Mac.
  5. Copies of all current property reports obtained in connection with the Transfer (e.g., Appraisal, property condition, environmental report, physical risk report, the Level 1 Seismic Risk Assessment (SRA), etc.)

6. A current credit report for any proposed new Borrower or Borrower Principal that is an individual, as detailed in Section 55.2
7. A preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4
8. Written certification of the Servicer that there is no uncured event of default or any event, act, or condition that, but for the giving of notice or the passage of time, would constitute an event of default
9. For a Transfer of Ownership that does not involve a transfer of title to the Property, a Certified Organizational Chart (including Form 1114, Certification – Organizational Chart) for the Borrower as constituted prior to the proposed Transfer of Ownership
10. Any other information which Freddie Mac may request in connection with its review of the proposed Transfer

**d. Additional information required for Transfers of Ownership of title to the Property (09/28/18)**

If title to the Property will change as a result of the Transfer of Ownership, the Servicer must provide the following additional information to Freddie Mac:

1. Organizational documents of the proposed Borrower, together with Servicer's certification that it has reviewed the organizational documents and that they comply with the requirements of Section 9.7
2. Certified Organizational Chart of the proposed Borrower, together with the Form 1114, Certification — Organizational Chart
3. If the proposed new Borrower is an existing entity, Uniform Commercial Code (UCC) financing statement search for the proposed new Borrower dated within 30 days prior to the date of the Transfer of Ownership request and meeting the requirements of Section 29.4
4. Title update report dated no earlier than 30 days before the date of the Transfer
5. An explanation meeting the requirements of Section 29.2 for any title exception that did not appear on the title policy that was issued when the Mortgage was originated, with a copy to the applicable Multifamily Attorney
6. The proposed new Borrower's first year budget for the Property
7. Evidence of insurance, as described in Section 31.19(b)

**e. Information required five Business Days prior to the proposed Transfer of Ownership (09/28/18)**

The Servicer must deliver each of the following to Freddie Mac at least five Business Days prior to the date of the proposed Transfer of Ownership:

1. A draft property management agreement in essentially final form

2. A Form 1114, Certification – Organizational Chart, with the Certified Organizational Chart of the proposed Borrower. The Certified Organizational Chart must include the elements set forth in the Guidance – Organizational Charts that can be found on FreddieMac.com.

#### **41.5 Prohibited Transfer of Ownership requiring Freddie Mac consent – review of the application (06/29/18)**

Freddie Mac will evaluate the application and the Servicer's recommendation in accordance with Freddie Mac's credit policies and the terms of the Loan Documents. Factors to be considered may include the following:

- The net income of the Property before debt service and depreciation
- The Debt Coverage Ratio (DCR) and the Loan to Value Ratio (LTV)
- The Property condition
- The proposed transferee's equity in the Property
- The proposed transferee's previous management experience and its ability to maintain or increase the net income of the Property
- The proposed transferee's and proposed guarantor's financial statements and credit history (evidence that each has the ability to repay the Mortgage and evidence that each has repaid or is repaying other loans according to their respective terms)
- The terms and conditions of any Subordinate Financing

#### **41.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application (06/29/18)**

##### **a. Approval (10/07/08)**

If Freddie Mac approves the application for the Transfer of Ownership, Freddie Mac will issue an approval letter containing the terms and conditions of its approval.

##### **b. Preparation and review of the documents by the Servicer's counsel (11/30/12)**

Chapter 6 sets forth the responsibilities of the Servicer and its legal counsel in connection with a Transfer of Ownership.

The Servicer must obtain the necessary legal documentation to ensure that the existing obligations under the Mortgage remain in full force and effect and that the parties to the Loan Documents continue to be bound by all the terms and provisions of the Mortgage to the extent required by Freddie Mac's approval. The Servicer's counsel must prepare and review the necessary documents in accordance with Section 6.11.

**c. Freddie Mac's review of draft documents (11/30/12)**

At least 10 Business Days prior to the anticipated closing date for the Transfer of Ownership, the Servicer must submit the documents to Freddie Mac via email for Freddie Mac's review and approval.

**d. Execution of documents by Freddie Mac (11/30/12)**

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least three Business Days prior to the date of the Transfer of Ownership.

**e. Recordation (11/30/12)**

Following closing of the Transfer of Ownership, the Servicer must arrange for any recordation commonly required by private institutional mortgage investors or required by law to ensure the priority of Freddie Mac's lien. The Servicer must complete such recordation at no cost to Freddie Mac.

**f. Remittance of fees (11/30/12)**

Within five Business Days after the Transfer of Ownership, the Servicer must remit the following to Freddie Mac in accordance with the requirements of Freddie Mac's approval of the Transfer of Ownership and Section 41.9:

- The Freddie Mac counsel fee to Freddie Mac or its outside counsel
- The balance of any transfer fee due to Freddie Mac

**g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (12/14/18)**

If the provisions of this section require delivery of a certified copy of a filed or recorded document, the copy must show the recorder's stamp, book and page numbers or instrument numbers. If recorder or clerk delays make it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the title agent or closing attorney has certified as a "true and correct copy of the recorded/filed original." The Servicer must deliver to Freddie Mac a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

Within five Business Days after the Transfer of Ownership, the Servicer must electronically deliver each of the following documents to Freddie Mac, unless delivery of an original is specified:

1. Recorded transfer deed, if applicable, or other documentation evidencing the transfer (certified copy)
2. If an interest in the Property was transferred
  - a. Recorded Assumption Agreement (certified copy)

- b. Signed settlement statement (copy)
- c. Endorsement to the existing title policy or a new title policy stating the name of the new Borrower, reflecting the recordation of the Assumption Agreement and evidencing that the effective date of the policy is the date of recordation of the Assumption Agreement and that there are no intervening liens from the date of the original title policy insuring the First Lien until the Transfer of Ownership (copy). If the proposed new Borrower obtains a new title policy, that title policy must meet all of the requirements of Sections 29.1 through 29.3. Freddie Mac reserves the right to require a new title policy rather than to accept an endorsement to the original title policy.

Note: For assumptions involving Property located in Texas, in lieu of a new title policy or down-date endorsement to the original title policy, it is acceptable to provide both of the following:

- A certificate from the title insurance company that issued the existing title policy, dated no earlier than the date of recordation of the Assumption Agreement, listing all matters that affect title to the Property which have been placed of record since the effective date of such title policy
  - A T-38 Endorsement
- d. Explanation meeting the requirements of Section 29.2 of the Guide for any title exception that did not appear on the title policy that was issued when the Mortgage was originated. The Servicer may use and adapt the Title Exception and Survey Analysis form found on FreddieMac.com
3. Signed Guaranty, if applicable (original)
  4. Signed Reaffirmation of Borrower, if applicable (copy)
  5. Signed Reaffirmation of guarantor, if applicable (copy)
  6. Signed Amendment to Multifamily Loan and Security Agreement, if applicable (original)
  7. Signed Amendment to Multifamily Note, if applicable (original)
  8. Signed Assignment of Management Agreement and Subordination of Management Fees, if applicable (copy), with a copy of the fully-executed property management agreement attached
  9. Signed Replacement Reserve Agreement, if applicable (copy)
  10. Signed Repair and Escrow Agreement, Repair Escrow Agreement, Repair Agreement or Repair Agreement with LOC, if applicable (copy)
  11. If the proposed transferee is an entity, filed and recorded UCC financing statements in the name of the proposed transferee in accordance with the requirements of the Final Delivery Instructions found on FreddieMac.com (certified copy)

12. Statement from the Servicer's counsel that it has examined the UCC search for the proposed transferee, that the search is dated no earlier than 30 days from the Transfer of Ownership and that the search does not indicate any previous filings (or, in the case of previous filings, that any such filings have been approved by Freddie Mac) (copy)
13. Opinions of proposed new Borrower's/new guarantor's counsel, regardless of whether the new guarantor is an individual or an entity (copy). The opinion of counsel must be addressed to Freddie Mac and must contain the provisions and opinions set forth in the Form of Opinion Letters available on FreddieMac.com, as applicable

Except as set forth below, the Servicer may accept modifications to the Form of Opinion Letter without Freddie Mac's prior review and written consent to such changes, provided that the Servicer remains able to make the warranties contained in Section 5.2(c) of the Guide and the proposed new Borrower and new guarantor (if applicable) meet the requirements of Section 9.7 of the Guide.

For a Mortgage securing a Seniors Housing Property, a cross-collateralized and/or cross-defaulted Mortgage, or a Mortgage for which the Freddie Mac Approval of the Transfer of Ownership requires a specific legal opinion in addition to the Form of Opinion Letter, the Servicer must submit a copy of the opinion marked to indicate clearly the additions to and deletions from the appropriate Form of Opinion Letter and receive Freddie Mac's decision as to the acceptability of the additions and deletions before the Servicer completes the Transfer of Ownership.

**NOTE:** The counsel rendering the opinions must be acceptable to Freddie Mac, or to the Servicer if the Servicer is authorized to approve the opinion. The Freddie Mac Approval may require that the counsel state additional conclusions in the opinion. Freddie Mac reserves the right to require the Servicer at any time to deliver to Freddie Mac all documents on which the counsel based or should have based the opinion.

14. Signed Borrower's Certificate of Representations and Warranties (copy)
15. UCC along with indications of where filed (certified copy)
16. Servicer's OFAC/FHFA SCP certificate as required by 41.1(d)
17. Any other documents required by the Freddie Mac approval letter

#### **h. Servicer's responsibilities following the Transfer of Ownership (10/14/16)**

Following the closing of the Transfer of Ownership, the Servicer must

- For a Transfer of Ownership in the Property, promptly file and record UCC termination statements evidencing the release of Freddie Mac's security interest in the fixtures and personal property of the transferor located on or related to the Property. The Servicer must file such termination statements, at the Servicer's expense, in each office in which a UCC financing statement has been filed or recorded

- Deliver to all parties concerned a copy of all documents listed in Section 41.6(g)
- Retain copies in the Mortgage File of the documents listed in Section 41.6(g)
- Provide all notices and disclosures required under applicable law or regulation
- Ensure all data fields in the CRT that are Servicer's responsibility to populate are completed
- Ensure that all insurance policies reflect the Transfer of Ownership
- Continue to service the Mortgage as required in the Purchase and Servicing Documents

**i. Servicer's warranties in connection with a Transfer of Ownership (09/28/18)**

When a Servicer delivers documentation for a Transfer of Ownership, the Servicer will be deemed to have made the warranties in Sections 5.2 through 5.5, 5.10 and 5.14 as of the date the documentation for a Transfer of Ownership is delivered to Freddie Mac.

**41.7 Prohibited Transfer of Ownership - Declination of the application for Lender consent (06/29/18)**

If Freddie Mac declines the application for Transfer of Ownership, the Servicer must send written notice of the decision to the Borrower and the proposed transferee on behalf of Freddie Mac, in a manner that complies with all applicable laws and regulations and the requirements of Section 10.13.

**41.8 Unauthorized Transfers of Ownership (06/29/18)**

If the Servicer suspects a prohibited Transfer of Ownership has taken place, the Servicer must act in a timely, efficient and responsible manner to carry out Freddie Mac's instructions and to fully protect Freddie Mac's interests as follows:

- Immediately notify Freddie Mac via email describing the circumstances of the possible prohibited Transfer of Ownership.
- Immediately contact the Borrower, the transferees that are not permitted or any party that may have been connected with the transfer to determine whether a prohibited Transfer of Ownership has occurred. If the Servicer confirms a prohibited Transfer of Ownership has in fact occurred, the Servicer must notify Freddie Mac via email.

**a. Information to be provided to Freddie Mac (06/29/18)**

The Servicer must electronically submit the following information to Freddie Mac within two Business Days after confirming that the prohibited Transfer of Ownership has occurred:

1. Information detailing the prohibited Transfer of Ownership (The letter must include the Freddie Mac loan number, the name of the Borrower, the property address, the names and addresses of all known parties connected with the prohibited Transfer of Ownership and details of the discovery of the Transfer of Ownership.)

2. A written summary of any conversations between Servicer personnel and the Borrower or any party involved with the Transfer of Ownership
3. Any evidence of the prohibited Transfer of Ownership
4. Any other information requested by Freddie Mac

**b. Property inspection (06/29/18)**

Freddie Mac may request that the Servicer complete a Freddie Mac Annual Inspection Form (AIF) in connection with the prohibited Transfer of Ownership. Within 60 days of a request by Freddie Mac, the Servicer must inspect the Property and submit the AIF in accordance with the submission procedures in Chapter 40. If the Servicer is unable to fully inspect the Property, the Servicer must conduct an exterior inspection and identify any Deferred Maintenance. The Servicer must also conduct a market survey, which, along with past rental and expense information, is to be used by the Servicer to complete the AIF.

**c. Additional Servicer obligations (06/29/18)**

If the Servicer discovers any additional defaults during the investigation of the prohibited Transfer of Ownership, the Servicer must immediately notify Freddie Mac via email.

## **41.9 Fees**

**a. Review/processing fee (09/18/14)**

For loans allowing Transfers of Ownership subject to lender consent, unless otherwise provided in the Loan Documents, the Servicer must charge the Borrower a nonrefundable review/processing fee in the amount set forth in Exhibit 10.

The Servicer may retain 50 percent of the review/processing fee and must remit the remaining 50 percent to Freddie Mac by wire transfer with the application for the Transfer of Ownership. The review/processing fee is in addition to the transfer fee and will not be applied to reduce the transfer fee. The Servicer may not charge the Borrower any additional fees for processing a Transfer of Ownership unless required by Freddie Mac.

**b. Counsel fee (04/29/16)**

At closing of the Transfer of Ownership, the Servicer must collect a nonrefundable counsel fee to reimburse Freddie Mac for the fees, expenses and costs of Freddie Mac's legal counsel, which may be either outside or in-house counsel. When Freddie Mac approves the Transfer of Ownership, Freddie Mac will issue a letter setting forth the amount of the counsel fee.

The Servicer may also require the Borrower to pay the Servicer's legal expenses and costs (for example, costs for searches, filings, title reviews and endorsements) relating to the Transfer of Ownership.



**c. Transfer fee (09/18/14)**

Unless otherwise set forth in the Loan Documents, for all approved Transfers of Ownership, Freddie Mac charges a nonrefundable transfer fee in the amount set forth in Exhibit 10. If the Loan Documents provide for different fees, the fees specified in the Loan Documents will apply.

**NOTE:** If the Transfer of Ownership involves a transfer of interests in the Borrower that does not result in a change in control of the Borrower, and if the Transfer of Ownership will not result in the addition of any new Borrower Principal(s), Freddie Mac may consider reducing or waiving the transfer fee upon written request from the Servicer.

At closing of the Transfer of Ownership, the Servicer must collect the transfer fee. Unless Freddie Mac provides otherwise in its approval letter, the Servicer must remit 50 percent of the transfer fee to Freddie Mac by wire transfer. The Servicer may retain the remaining 50 percent of the transfer fee.

**d. Remittance of fees (04/30/19)**

For all Transfers of Ownership, the Servicer must obtain wire transfer instructions from Multifamily Asset Management, Borrower Transactions.

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