

Multifamily Seller/Servicer Guide

Chapter 41SBL SBL Transfers of Ownership

41SBL.1 Transfers of Ownership in the Property or in the Borrower (06/30/16)

As used in this Chapter 41SBL, 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 (06/30/16)**

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 *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 *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 Freddie Mac *Multifamily Asset Management, Borrower Transactions*.

c. Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (06/29/18)

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 onto the Freddie Mac Multifamily DMS and using the “File Submission” link to notify *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 onto DMS, and
- Deliver the original to Multifamily Purchase.

d. Seller/Servicer obligation to screen existing and new Borrowers and 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 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 41SBL.3(c) and 41SBL.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.

41SBL.2 Loan Document provisions regarding Transfers of Ownership (06/30/16)

Loan Documents have varying provisions regarding Transfers of Ownership. The Servicer and Single 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 interests in the Borrower without consent of the lender, and without specific pre-authorization provisions.

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.

For Transfers of Ownership permitted by SBL 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 41SBL.3 for the procedures for approval and documentation of a conditionally permitted Transfer of Ownership.

c. Reserved (06/29/18)

d. 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 41SBL.4 through 41SBL.8.

41SBL.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 provisions in the Loan Documents and remit any applicable fees to Freddie Mac as described in 41SBL.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
 - Confirmation from Single Counsel 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 41SBL.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 41SBL.1(d)
3. Reserved

4. An executed Form 1115 – SBL, Borrower and Borrower Principal Certificate as detailed in Section 55SBL.2, for each transferee and new Required Borrower Principal and Non-U.S. Equity Holder, as applicable
5. Preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6SBL.7, 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 Acknowledgement), 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 Package Table of Contents - SBL.

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 any fees required pursuant to the terms of the pre-authorization provisions of the Loan Documents, in accordance with the requirements of Section 41SBL.9.

41SBL.4 Transfer of Ownership requiring Freddie Mac consent

a. Conditions for Freddie Mac consent (12/14/18)

For all Transfers of Ownership requiring Freddie Mac consent, including (i) transfers of all or any portion of the Property, (ii) transfers of a direct or indirect controlling interest in Borrower, and (iii) transfers of greater than 50% of non-managing member or limited partner interests in Borrower or any entity that controls Borrower, the Servicer must provide to Freddie Mac an analysis of and, if applicable, recommendation with respect to, each of the following requirements:

1. The Borrower has submitted to the Servicer all information required by the Servicer to make the determination required by this Section along with the applicable nonrefundable Transfer of Ownership processing fee

2. The transferee meets Freddie Mac's eligibility, credit, management and other standards (including any standards with respect to previous relationships between Freddie Mac and the transferee), including having no unmitigated adverse findings from the public record searches required by Section 18SBL.30
3. The transferee's organization, credit and experience in the management of similar properties is appropriate to the overall structure and documentation of the Loan, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests.*
4. The Property will be managed by (or will continue to be managed by) a Property manager meeting the requirements of the Loan Agreement
5. The Property, at the time of the proposed Transfer of Ownership, meets all of Freddie Mac's standards as to its physical condition, occupancy, net operating income, and the accumulation of reserves
6. In the case of a Transfer of Ownership of all or any part of the Property, each of the following conditions is satisfied:
 - The transferee meets the requirements of Section 6.13 of the Loan Agreement.
 - The transferee executes Freddie Mac's then-standard assumption agreement for SBL Mortgages that, among other things, requires the transferee to perform all obligations of the Borrower set forth in the Loan Documents, and may require that the transferee comply with any provisions of the Loan Agreement or any other Loan Document which previously may have been waived or modified by the lender.
 - If Freddie Mac requires, the transferee causes one or more Persons acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty in a form acceptable to Freddie Mac.
 - The transferee executes such additional documentation as Freddie Mac may require.
7. In the case of a Transfer of Ownership of a direct or indirect controlling interest in Borrower, each of the following conditions is satisfied:
 - If Freddie Mac requires, the transferee causes one or more Persons acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty in a form acceptable to Freddie Mac.
 - If a guarantor requests that Freddie Mac release the guarantor from its obligations under a Guaranty executed and delivered in connection with the Loan Documents, then the requirements of Section 41SBL.4(b) will apply.
 - The transferee and Borrower execute such additional documentation as Freddie Mac may require.

8. In the case of a Transfer of Ownership of greater than 50% of non-managing member or limited partner interests in Borrower or any entity that controls Borrower, each of the following conditions is satisfied:
 - If a guarantor requests that Freddie Mac release the guarantor from its obligations under a Guaranty executed and delivered in connection with the Loan Documents, then (i) the Borrower causes one or more persons or entities acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty in a form acceptable to Freddie Mac and (ii) the requirements of Section 41SBL.4(b) will apply.
9. Freddie Mac receives any such legal opinions that Freddie Mac deems necessary, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests.*
10. The Servicer collects all costs, including the cost of all title searches, title insurance and recording costs, and all attorneys' fees and costs incurred in reviewing the Transfer of Ownership request.
11. At the time of the Transfer, the Borrower pays a Transfer of Ownership Fee equal to one percent of the outstanding principal balance of the indebtedness as of the date of the Transfer of Ownership, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests.*

b. Continuing liability of the Borrower and guarantor (06/29/17)

If the Borrower and guarantor request a release of their respective liabilities under the Loan Documents in connection with a Transfer of Ownership of all of the Borrower's interest in the Property, and Freddie Mac approves the Transfer of Ownership pursuant to Section 41SBL.6, then one of the following will apply:

1. If the Form 1104, SBL Physical Risk Report, meeting the requirements of Section 62SBL.3 submitted by the Servicer in connection with the Transfer of Ownership (A) is dated within 90 days prior to the date of the proposed Transfer of Ownership, and (B) evidences no presence of environmental hazards or issues using the methodology described in Chapter 62SBL, then Freddie Mac will do each of the following:
 - (i) Release the Borrower from all its obligations under the Loan Documents except for liability under Section 6.12 or Section 10.02(b) or 9.02(b) of the Loan Agreement (as applicable, relating to environmental indemnification) with respect to any loss, liability, damage, claim, cost or expense which directly or indirectly arises from or relates to any Prohibited Activities or Conditions existing prior to the date of the Transfer of Ownership.
 - (ii) Release the guarantor from all the guarantor's obligations under the Loan Documents except for the guarantor's obligation to guaranty the Borrower's liability described in Section 41SBL.4(b)(1)(B)(i) above.
2. If the Form 1104, SBL Physical Risk Report, prepared in connection with the Transfer of Ownership request identifies any environmental hazards or issues using the

methodology described in Chapter 62SBL, then Freddie Mac will release the Borrower and the guarantor from all of their respective obligations under the Loan Documents except for the Borrower's liability under Section 6.12 or Section 10.02(b) or 9.02(b) of the Loan Agreement (as applicable, relating to environmental indemnification) and the guarantor's obligation to guaranty the Borrower's liability.

c. Required Servicer disclosure (06/25/20)

If an Equity Conflict of Interest exists as defined in Section 2.25, then the Servicer must provide to 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.

d. Application for approval; information required (12/14/18)

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.

The Servicer must electronically submit a complete review package and the Servicer's recommendation, including the applicable information required pursuant to Sections 41SBL.4(d) and (e) 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.

Promptly following receipt of the Borrower's notification of the pending Transfer of Ownership, the Servicer must collect the following information from the Borrower and proposed new Borrower Principals, as applicable, following up with the Borrower as necessary to ensure timely receipt of required materials. *Items 3, 4, 6, 7, and 9 through 14 are not applicable for Transfers of Ownership of greater than 50% of non-managing member or limited partner interests.*

1. A nonrefundable review/processing fee in accordance with Section 41SBL.9
2. 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 (Note: Reverse 1031 exchanges are not permissible)
3. A copy of the executed contract of sale or other transfer agreement, letter of intent, or other indication of the Borrower’s intent to transfer an ownership interest in the Property or in the Borrower
 4. Current financial statements of the proposed transferee and the proposed new Required Borrower Principals, as described in Section 55SBL.2
 5. An executed Form 1115-SBL, Borrower and Borrower Principal Certificate, for the proposed transferee and each proposed new Required Borrower Principal, as detailed in Section 55SBL.2
 6. An executed Form 1116, Real Estate Schedule, for each proposed new Required Entity, as detailed in Section 55SBL.2
 7. Information concerning the managerial experience of the proposed transferee (if not otherwise fully reflected on Form 1115-SBL) and the proposed paid professional manager, if applicable, as detailed in the mortgage transaction narrative analysis description in Section 55SBL.2
 8. 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
 - 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.)
 9. Current financial statements for the Property including a trailing 12-month statement, each certified by the Borrower in the manner described in Section 55SBL.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
 10. A Form 1104, SBL Physical Risk Report, prepared by a physical risk consultant in compliance with Chapter 62SBL 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
- the Borrower and Guarantor are requesting a release from environmental liability pursuant to Section 41SBL.4(b)

11. If a Form 1104, SBL Physical Risk Report, is not required pursuant to Section 41SBL.4(a)(10), and if the most recent AIF is dated more than 12 months prior to submission of the transfer request, then the Servicer must conduct a physical inspection of the Property and deliver an updated AIF to Freddie Mac
12. Copies of all current property reports obtained in connection with the Transfer (e.g., Appraisal, the Level 1 Seismic Risk Assessment (SRA), the Form 1104, SBL Physical Risk Report, etc.)
13. A current credit report for any proposed new Borrower or Borrower Principal that is an individual, as detailed in Section 55SBL.2
14. A preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6SBL.7
15. 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 unless such Transfer of Ownership would cure the event of default
16. 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
17. Any other information which Freddie Mac may request in connection with its review of the proposed Transfer

e. Additional information required for Transfers of Ownership of interest in 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 9SBL.7
2. Certified Organizational Chart of the proposed Borrower, together with the Form 1114, Certification — Organizational Chart

3. Title update report dated no earlier than 30 days before the date of the Transfer
4. An explanation by the Single Counsel for any title exception that did not appear on the title policy that was issued when the Mortgage was originated that was not previously approved by Freddie Mac or the Servicer, is in violation of the Loan Documents, or would otherwise not be acceptable to a prudent institutional lender
5. The proposed new Borrower's first year budget for the Property
6. Evidence of insurance, as described in Section 31.19(b)

f. Information required five Business Days prior to the proposed Transfer of Ownership (12/14/18)

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, *except that item 1 is not applicable for Transfers of Ownership of greater than 50% of non-managing member or limited partner interests.*

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 Organizational Chart must include the elements set forth in the Guidance – Organizational Charts that can be found on FreddieMac.com.

41SBL.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

41SBL.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application

a. Approval (06/30/16)

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 counsel (06/30/16)

Chapter 6SBL sets forth the responsibilities of the Servicer and Single 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. Single Counsel must prepare and review the necessary documents in accordance with Section 6SBL.11 or 6SBL.14, as applicable.

c. Freddie Mac's review of draft documents (06/30/16)

If required by Freddie Mac in the approval letter for the Transfer of Ownership, then 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. Otherwise, Single Counsel will be responsible for the review and approval of all draft documents required for the Transfer of Ownership.

d. Execution of documents by Freddie Mac (06/30/16)

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, including a statement from Single Counsel that the documents are acceptable for execution by Freddie Mac, unless the approval required that the Servicer submit the draft documents to Freddie Mac for prior review in accordance with Section 41SBL.6(c).

e. Recordation (06/30/16)

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 (06/30/16)

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 41SBL.9:

- The Freddie Mac counsel fee to Freddie Mac or its outside counsel, or to Single Counsel, as applicable
- The balance of any transfer fee due to Freddie Mac

g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (06/27/19)

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 29SBL.1 through 29SBL.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. An explanation by the Single Counsel for any title exception that did not appear on the title policy that was issued when the Mortgage was originated that was not previously approved by Freddie Mac or the Servicer, is in violation of the Loan Documents, or would otherwise not be acceptable to a prudent institutional lender
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. Fully-executed property management agreement (copy)
9. 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)
10. If required by Freddie Mac, opinions of proposed transferee's/guarantor's counsel (If the proposed transferee or any new guarantor is a corporation, partnership, limited liability company or other legal entity, then if required, the Servicer must deliver to Freddie Mac an opinion of counsel for each such entity. 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.) (copy)

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.
11. UCC along with indications of where filed (certified copy)
12. Servicer's OFAC/SCP certificate as required by 41SBL.1(d) (copy)
13. Any other documents required by the Freddie Mac approval letter

The Servicer must not obtain an Assignment of Management Agreement and Subordination of Management Fees for loans purchased under the Freddie Mac Small Balance Loan Program.

h. Servicer's responsibilities following the Transfer of Ownership (06/30/16)

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

- Deliver to all parties concerned a copy of all documents listed in Section 41SBL.6(g)
- Retain copies in the Mortgage File of the documents listed in Section 41SBL.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.

41SBL.7 Prohibited Transfers 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.

41SBL.8 Prohibited 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 prohibited transferees 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.

41SBL.9 Fees

a. Review/processing fee (12/14/18)

For loans allowing Transfers of Ownership subject to lender consent, (whether conditionally permitted or prohibited), the Servicer must charge the Borrower a nonrefundable review/processing fee in the amount specified in the Loan Agreement.

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 (06/30/16)

At closing of the Transfer of Ownership, the Servicer must collect the counsel fee for Single Counsel, and if specified in the approval letter, 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 other than the Single Counsel fee.

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

c. Transfer fee (12/14/18)

For all approved Transfers of Ownership, Freddie Mac charges a nonrefundable transfer fee in the amount set forth in the Loan Agreement.

For Loan Agreements with a revision date of 11-21-17 or earlier, Transfers of Ownership requested pursuant to Section 7.05 of the Loan Agreement that will result in a change of Control (as defined in the Loan Agreement), except for transfers of greater than 50% of non-managing member or limited partner interests, must be characterized as a Transfer of the “Mortgaged Property.”

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.

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

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.