

Multifamily Seller/Servicer Guide

Chapter 9

Borrower/Sponsor Fundamentals

9.1 Introduction (09/08/04)

This chapter details Freddie Mac's requirements for the Borrower. These Borrower requirements may also apply to Special Servicing Requests when appropriate.

The individual program and product chapters detail specific program or product requirements. In the event of a conflict between any provision of this chapter and any provision of another chapter of the Guide that contains requirements for a specific mortgage purchase program or product, the program- or product-specific chapter will control.

9.2 Borrower requirements (06/25/20)

a. General Borrower requirements (06/25/20)

1. The following types of Borrower are generally acceptable:
 - Limited partnership
 - Corporation
 - Limited liability company
 - Tenancy-in-Common (TIC), provided that the TIC meets the requirements of Section 9.12
2. The following types of Borrower may be acceptable in limited circumstances and may be subject to additional requirements:
 - General partnership
 - Limited liability partnership
 - Revocable or irrevocable trust, including a Delaware Statutory Trust
 - Real estate investment trust (REIT)
 - Illinois, Indiana, Florida or Virginia land trust, provided that the Borrower meets the requirements of Section 9.4, or
 - Unincorporated business trust such as a Massachusetts business trust.
3. The Borrower must be an entity formed in the United States. Each Borrower Principal of a Borrower must be a United States citizen or United States entity. However, an entity

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formed in a foreign country or a foreign citizen may hold a direct or indirect interest in a United States-chartered Borrower Principal.

4. If an Equity Conflict of Interest as defined in Section 2.25 exists, then the Seller must disclose the nature and extent of the Equity Conflict of Interest in writing to Freddie Mac when the Seller delivers to Freddie Mac the preliminary underwriting package for a Seller utilizing the early rate-lock delivery option, or the full underwriting package for a Seller utilizing the standard delivery option. The Seller must notify Freddie Mac in writing immediately if an Equity Conflict of Interest arises following delivery of the underwriting package to Freddie Mac.

b. Single Purpose Entity (SPE) requirements; newly-formed vs. recycled entities (05/01/14)

Each Borrower and each SPE Equity Owner (if applicable) must be a Single Purpose Entity (SPE). If the Borrower is a TIC, each tenant must be an SPE.

However, for each Mortgage with an initial principal balance of less than \$5 million, at the request of the Borrower (except for TICs), Freddie Mac will not require the Borrower to be an SPE.

Each SPE Borrower and each SPE Equity Owner (if applicable) must be newly formed; provided, however, that if a Mortgage has an initial principal balance of \$100,000,000 or less, Freddie Mac may accept a recycled SPE if all recycled SPE requirements set forth in the Letter of Commitment or early rate-lock application are met.

The Property must be the Borrower's sole asset and the operation of the Property must be the Borrower's sole business. Additional SPE limitations for the Borrower and SPE Equity Owner are set forth in the Loan Documents available on FreddieMac.com.

c. SPE Equity Owners (05/01/14)

For each Mortgage with an initial principal balance of \$25 million or greater, or each Mortgage that is part of a cross-collateralized and cross-defaulted pool of Mortgages that are, when aggregated, \$25 million or greater, each Borrower must have an SPE Equity Owner unless the Borrower is a single member limited liability company formed in Delaware or is a corporation.

d. Reserved (10/14/16)

e. Borrower requirements specific to a Single Member Limited Liability company (06/25/20)

Except as noted below, each Borrower and each SPE Equity Owner, if applicable, that is a limited liability company with a single member must be formed in Delaware and must have one or more "springing members" in the event the single member ceases to be a member of the Borrower or SPE Equity Owner, as applicable. Additional "springing member" requirements are set forth in the Loan Documents.

Whenever the Guide refers to a “single member” limited liability company, the term “single member” refers to a Borrower or SPE Equity Owner’s organizational structure in which the Borrower or SPE Equity Owner has a sole equity member (i.e., the “single member”). A Borrower or SPE Equity Owner that has a sole equity member but has other members or managers that each have a zero percent interest in the Borrower or SPE Equity Owner is also a “single member” limited liability company and must be formed in Delaware.

A Borrower that is a limited liability company (LLC) with a single member will not be required to satisfy the above requirements if the Mortgage has an initial principal balance of \$20 million or less, unless the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are at least \$25 million in the aggregate.

f. Borrower requirements specific to non-profit Borrowers and Borrower Principals (09/25/15)

Section 9.2(f) does not apply to partnerships in States in which a non-profit general partner is in place solely to satisfy the eligibility requirement for receiving a tax abatement or other benefits, where there is also a qualified Borrower Principal in addition to the non-profit general partner.

1. General Borrower and Borrower Principal requirements

In transactions where the ownership structure of the Borrower and/or Borrower Principal contains multiple non-profit entities performing differing functions, the Seller/Servicer must evaluate each entity on its capacity to perform its particular function, for example, acquisition, development, ownership, asset management, property management or social service provider. The non-profit Borrower and/or Borrower Principal being evaluated may not be equally strong with respect to all criteria. Therefore, only the criteria for the areas in which the non-profit entity has direct responsibility or authority need to be applied during the evaluation process.

The Seller/Servicer must apply a higher standard when the non-profit developer is involved in a large-scale development with complicated structures than in a small-scale development with simple structures.

The non-profit Borrower and/or Borrower Principal must have reasonable liquidity (nonrestricted cash balances or restricted cash balances related to the Property), working capital reserves appropriate for the proposed transaction and no material unmitigated contingent liabilities.

When the Seller/Servicer is assessing a non-profit Borrower or Borrower Principal for whom the Seller/Servicer originated a Mortgage or assumption within the most recent three years, the Seller/Servicer needs only to update its initial evaluation. Freddie Mac will determine if a non-profit Borrower or Borrower Principal meets its requirements.

2. Specific non-profit Borrower and Borrower Principal requirements

The following requirements apply when a non-profit entity is the Borrower or the Borrower Principal:

- The non-profit Borrower/Borrower Principal must have a minimum of three years' experience
 - In the same capacity that it will have for the proposed transaction, and
 - Acquiring, developing or owning a minimum of three properties.
- The Borrower/Borrower Principal must own and manage other properties in the market where the Property is located.
- The executive director and key staff of the Borrower/Borrower Principal must have adequate experience to successfully fulfill their respective roles and responsibilities.
- The non-profit Borrower/Borrower Principal must not have any unresolved internal control or compliance findings.
- The non-profit Borrower/Borrower Principal must have no unresolved issues of integrity or conflict of interest.

When the non-profit Borrower Principal demonstrates a significant weakness in one or more of the evaluation criteria, Freddie Mac may require the funding of one or more of the following Reserves to mitigate the risk:

- A debt service Reserve in the minimum amount of six months of debt service payments that is funded by the Origination Date, a portion of which may be deferred
- A lease-up Reserve that is funded by the Origination Date
- An operating Reserve that will remain in place until specified rental achievement
- A funded Replacement Reserve that is subject to re-evaluation at 10-year intervals or shorter periods at Freddie Mac's discretion

g. Borrower requirements specific to Crowdfunding (09/26/19)

1. No direct or indirect interest in Borrower that constitutes a Controlling interest may consist of investments raised via Crowdfunding.
2. No direct or indirect interest in Borrower which may assume Control of Borrower under any terms of either Borrower's organizational documents, or the organizational documents of any entity in Borrower's ownership structure, regardless of whether the change in Control is the subject of a preapproved transfer right, may consist of investments raised via Crowdfunding.
3. The preliminary legal issues memorandum (PLIM) described in Section 6.4 must include analysis of any Crowdfunding in the ownership structures of the Borrower or Borrower Principals.

9.3 **Persons or entities unacceptable as Borrowers, Borrower Principals, SPE Equity Owners, Master Tenants, Operators, guarantors and Non-U.S. Equity Holders (09/28/18)**

a. Unacceptable persons or entities (09/28/18)

Freddie Mac will not purchase any Mortgage or allow any Transfer of Ownership under Chapter 41, or approve any other Servicing-related transaction if it determines that any of the following is true with regard to a Borrower, Borrower Principal, SPE Equity Owner, guarantor or Non-U.S. Equity Holder or any person or entity that is proposed as a potential Borrower, Borrower Principal, SPE Equity Owner, guarantor or Non-U.S. Equity Holder:

1. Is a confirmed match to a name on any of the following lists:
 - OFAC Specially Designated Nationals and Blocked Persons List
 - OFAC Consolidated Sanctions List
 - FHFA Suspended Counterparty List (subject to any conditions or exclusions set forth in the final suspension order)
 - Freddie Mac Exclusionary List
2. Has a civil or criminal conviction for the commission of terrorism, terrorism financing, or money laundering
3. Has a civil or criminal conviction in connection with a financial crime such as embezzlement, fraud, misappropriation of funds or breach of fiduciary duty
4. Is named as an accused or defendant in any pending or current criminal or civil proceeding relating to any of the crimes set forth in subsection 2 and 3 above
5. Is insolvent or the subject of a pending bankruptcy or similar proceeding
6. Is an adverse party to Freddie Mac in any pending or current litigation

b. Potentially unacceptable persons or entities (09/28/18)

Freddie Mac, in its sole discretion, may refuse to enter into a Letter of Commitment to purchase a Mortgage or allow any Transfer of Ownership under Chapter 41, or approve any other Servicing-related transaction if a Web Based Negative News search indicates any of the following with regard to a Borrower, Borrower Principal, SPE Equity Owner, guarantor or Non-U.S. Equity Holder or any person or entity that is proposed as a potential Borrower, Borrower Principal, SPE Equity Owner, guarantor or Non-U.S. Equity Holder or any person or entity that Controls any Borrower, Borrower Principal, guarantor or Non-U.S. Equity Holder:

1. Adverse information regarding Financial Crime
2. Negative credit events

3. Adverse actions that may pose a reputational risk for Freddie Mac including prior suits by tenants for improperly maintaining facilities with regard to insects or rodent pest control or other negative news events

9.4 Land trusts (03/03/14)

Under limited circumstances, Freddie Mac will consider purchasing Mortgages secured by multifamily properties owned by land trusts and located in Illinois, Indiana, Florida and Virginia. Mortgages secured by properties owned by land trusts and located in other States that do not provide for statutory land trusts are not eligible for purchase.

Land trust Mortgages must meet all Freddie Mac multifamily Mortgage eligibility requirements in addition to meeting the specific requirements of this section and Section 32.4.

A land trust that owns Property securing a Mortgage to be purchased by Freddie Mac must be a "sole asset" land trust; that is, the Property must be the only asset of the land trust.

9.5 Cooperatives (09/28/18)

Freddie Mac purchases Mortgages secured by multifamily Properties owned by Cooperatives (Co-ops). Co-op Mortgages must comply with the multifamily Mortgage eligibility requirements in addition to meeting the warranties detailed in Section 5.8.

9.6 Trusts (06/30/15)

a. Revocable and irrevocable trusts (06/30/15)

- A revocable or irrevocable trust may be an eligible guarantor.
- A revocable or irrevocable trust or a Massachusetts business trust may be a Borrower only in Freddie Mac's discretion following review of the information described below. A Massachusetts business trust will not be eligible to be a Borrower with respect to a Mortgage that will be securitized in a REMIC trust.
- A trust may not be an SPE Equity Owner.

b. Trust underwriting requirements (06/30/15)

In addition to its ordinary underwriting procedures, the Seller must take the following steps when reviewing an application for a Mortgage to a trust Borrower or for a Mortgage with a trust guarantor. The Seller must examine the trust agreement to determine that

- The Seller has received a complete copy of the trust agreement including all amendments.
- If the trust is a revocable trust (also known as a living or inter vivos trust), the settlor (also known as the grantor) is the trustee or one of the co-trustees or there is an institutional trustee.

- If the trust is a revocable trust, the settlor is still alive and is a co-obligor or co-guarantor with the trust.

c. Trust legal requirements (06/30/15)

1. Legal analysis

The Seller/Servicer's legal counsel must examine the trust agreement to determine that the trust meets all of the following conditions in addition to meeting the general conditions set forth in Section 9.7, where applicable. This analysis is not required for a trust that is a Borrower Principal but is not a guarantor unless specifically requested by Freddie Mac.

- a. If the trust is the Borrower, there are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Borrower's ability to hold and manage the Property.
- b. If the trust is the Borrower, there is no unusual risk of impairment of Lender's rights (for example, the trust agreement should only permit distributions to be made from net income remaining after payment of amounts due under the Mortgage).
- c. The beneficiary does not need to grant written consent for the trust to borrow money or to guarantee the debt of another entity (as applicable); or, if the beneficiary must grant such consent, the beneficiary has granted the consent in writing for purposes of the Mortgage.
- d. If the trust is the guarantor, the trustee is authorized to guarantee the debts of another entity.
- e. If the trust is the guarantor, there are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the guarantor's ability to guarantee the Mortgage.
- f. A lender can enforce its security interest in the trust property in the event of a default.
- g. The title insurer will provide full title protection to Freddie Mac, without exception for the trust structure.
- h. For a Massachusetts business trust, third parties may rely on a recorded certificate of the trustee certifying that he or she was authorized and directed by the beneficiary to execute and deliver deeds, mortgages, promissory notes, and all other documents required to be executed in connection with the Mortgage.
- i. If the trust is the Borrower, the form of identification of the Borrower in the deed conveying the Property to the trustee or trust is the same as that in each Loan Document and the title policy is the same as the form in which the Borrower holds title to the Property.

2. Additional requirements

If the trust fails to fully satisfy any of the above requirements and the trust will not be

modified prior to the Origination Date of the Mortgage to comply with all of the requirements, the Seller/Servicer's legal counsel must provide a legal analysis detailing which requirements(s) will not be satisfied and the counsel's recommendation as to whether and why Freddie Mac should accept the trust agreement without it being fully compliant with this Section 9.6. The legal analysis memorandum must be in compliance with the preliminary legal issues memorandum (PLIM) requirements described in Section 6.4. If the trust agreement fully satisfies all of the above requirements, the Seller/Servicer's legal counsel must confirm in a PLIM that all such requirements have been satisfied.

9.7 Review of Borrower, SPE Equity Owner and guarantor organizational documents (06/30/15)

1. The Seller/Servicer's legal counsel must review the organizational documents for any entity (including a trust, investment fund or REIT) that is a Borrower, SPE Equity Owner, or guarantor to ensure that the following conditions are met:
2. The entity is validly formed under the laws of the State in which it was organized.
3. The entity (except the guarantor, unless required by Freddie Mac) is qualified to do business in the State in which the Property is located.
4. The entity has the required organizational power to execute, deliver and perform its obligations under the Loan Documents or the Guaranty (as applicable).
5. The individual executing the Loan Documents or the Guaranty (as applicable) on behalf of the entity has been properly authorized by the entity to take such actions on its behalf.
6. The entity complies with any Freddie Mac conditions set forth in the Guide, the Letter of Commitment or the early rate-lock application concerning the identity of Borrower Principals.
7. There is no risk of impairment of Freddie Mac's rights resulting from the structure or operation of the entity that would be unacceptable to a prudent institutional lender originating a mortgage loan secured by a comparable property in the same locale as the Property.
8. The entity does not expire during the term of the Mortgage.
9. The organizational documents of a Borrower that is required to be an SPE contain SPE covenants which require the Borrower to meet the requirements set forth in Section 6.13 of the Loan Agreement. The SPE covenants in the organizational documents are not required to be identical to those contained in the Loan Agreement but must be substantially similar.
10. The organizational documents of each SPE Equity Owner that is required to be an SPE contain SPE covenants that meet the requirements set forth in Section 6.13 of the Loan Agreement. The SPE covenants in the organizational documents are not required to be identical to those contained in the Loan Agreement but must be substantially similar.
11. If applicable, if the Borrower or SPE Equity Owner is a single member limited liability company, the provisions of Section 9.2(e) are met.

12. If required by Freddie Mac, the Borrower or SPE Equity Owner has one Independent Director/Manager as set forth in Section 9.2(d).

The Seller/Servicer's legal counsel will continue to be responsible for review of such documents, notwithstanding any submission of such documents to Freddie Mac. If the organizational documents do not meet the requirements set forth above, the Seller/Servicer's legal counsel must describe the differences and the counsel's recommendations in a PLIM. The legal analysis memorandum must be in compliance with the PLIM requirements described in Section 6.4. If the organizational documents fully satisfy all of the above requirements, the Seller/Servicer's legal counsel must confirm in a PLIM that all such requirements have been satisfied.

9.8 Adverse circumstances—Borrower (09/08/04)

There must be no circumstances or conditions of which the Seller is aware involving the credit standing of the Borrower that adversely affect the value or marketability of the Mortgage.

9.9 Preferred equity (05/09/12)

The Seller must provide Freddie Mac with a detailed analysis and recommendations as to any Borrower structure which includes a preferred equity feature.

9.10 Investment fund (12/14/17)

a. Investment fund requirements (12/14/17)

In addition to its ordinary underwriting procedures, the Seller/Servicer must provide any information requested by Freddie Mac when it reviews an application for a Mortgage with an investment fund guarantor.

b. Investment fund legal requirements (12/14/17)

If any guarantor is an investment fund, the Seller/Servicer's counsel must review the organizational documents for the investment fund to ensure that, in addition to meeting the general conditions set forth in Section 9.7, where applicable, the following conditions are met:

1. The investment fund's termination date does not occur prior to the maturity date of the Mortgage.
2. The investment fund's organizational documents contain a customary provision regarding the orderly dissolution of the fund upon the occurrence of the investment fund's termination date.

Additionally, if specifically requested by Freddie Mac, this analysis of whether the conditions set forth in (1) and (2) above have been met may be required for an investment fund that is a non-guarantor Borrower Principal.

The Seller/Servicer's legal counsel will continue to be responsible for review of such organizational documents, notwithstanding any submission of such documents to Freddie Mac.

The Seller/Service's legal counsel must confirm in a preliminary legal analysis memorandum (PLIM) described in Section 6.4 that the organizational documents for the investment fund fully satisfy the above requirements. If the investment fund's organizational documents do not meet the above requirements, the PLIM must include a description of the differences and recommendations as to why Freddie Mac should approve the investment fund as a guarantor or non-guarantor Borrower Principal, if required, without its organizational documents being fully compliant with this Section. Additionally, if the investment fund's termination date occurs prior to the maturity date of the Mortgage, the PLIM must include an explanation of any renewal options available to extend the fund and how such renewal options are exercised.

9.11 Foreign Guarantor (09/26/19)

A Foreign Guarantor is one of the following:

- A United States citizen who does not reside in the United States
- Not a United States citizen
- Not a United States entity

If Freddie Mac approves a Foreign Guarantor, Freddie Mac will require the Foreign Guarantor to appoint an agent in the United States acceptable to Freddie Mac for service of process on behalf of the Foreign Guarantor. The Borrower ownership structure must at all times comply with the requirements of Section 9.2.

If there is no additional financially compliant United States guarantor, the Foreign Guarantor will be required to:

- Maintain a minimum liquidity in one or more U.S. bank account(s) of five percent of the original principal balance of the Mortgage, or such other amount as Freddie Mac may require. If there is more than one Foreign Guarantor, the minimum five percent liquidity requirement may be held in the aggregate by the Foreign Guarantors. The bank(s) holding the account(s) must be acceptable to Freddie Mac.
- For any Mortgage greater than \$40 million, provide an additional non-consolidation opinion acceptable to Freddie Mac, written in English, from the Foreign Guarantor's country of citizenship and/or residency.
- For any Mortgage greater than \$50 million, deliver an opinion of counsel, written in English, covering (i) the validity and enforceability of the form of appointment of the process agent under the laws of the Foreign Guarantor's country of citizenship and/or residency, even if there were to be a change, whether voluntary or involuntary, in the Foreign Guarantor's permanent residence status in the United States, and (ii) the procedure for the collection and enforcement of any U.S. judgment obtained against the Foreign Guarantor in the Foreign Guarantor's country of citizenship and/or residency. The opinion must be acceptable to Freddie Mac and must be given by a firm that is familiar with the applicable laws of the country and which is otherwise acceptable to Freddie Mac.

9.12 Tenancy-in-common (TIC) (04/15/21)

A TIC may be an eligible Borrower if it meets all of the following conditions.

a. Conditions applicable to TIC owners (06/30/15)

- There may not be more than 10 TIC owners.
- Each TIC owner must be a Single Purpose Entity (SPE) regardless of the size of the loan.

b. Tenant in common agreement (09/25/15)

The tenant in common agreement (“TIC Agreement”) must include the following (all references to Freddie Mac may be to any mortgage lender in general; all references to the Mortgage may be to any loan in general; all references to Freddie Mac Loan Documents may be to loan documents in general):

1. General

- Name, address, telephone number and percentage of ownership interests of each TIC owner
- Requirement that no termination, modification or waiver of the TIC Agreement may be made without Freddie Mac’s prior written consent
- Provision that names Freddie Mac as a third-party beneficiary of the TIC Agreement
- Provision that allows Freddie Mac to enforce the provisions of the TIC Agreement against any party to the TIC Agreement
- Specific provision for transfer of ownership interests, particularly in the event of death of an individual, or divorce of a couple owning a common interest

2. Management

- The name of the entity that is responsible for the management of the Property (“Manager”)
- The authority of the Manager for both actions and expenditures

The Manager must have actual or effective authority for managing the day-to-day operation of the Property and leasing the Property and must control the operating budget, operating account(s), and other accounts with respect to the Property. The Manager must at all times be a “Qualifying Manager” as set forth below. The TIC owners and the Manager (unless the Manager is a third-party manager) must agree to stand still with respect to the enforcement of any of their rights and remedies under the management agreement and must not take any enforcement action with respect to the management agreement so long as the Mortgage is outstanding.

A “Qualifying Manager” is a property manager acceptable to Lender which meets all of the following requirements:

- Is a reputable management company having at least five years’ experience in the management of multifamily properties and in the metropolitan area or other appropriate geographic area in which the Property is located
- Has, for at least five years prior to its engagement as property manager, managed at least five multifamily properties
- At the time of its engagement as property manager, has units of the same property type as the Property equal to the lesser of (A) 10,000 units and (B) five times the number of units the Property has
- Is not the subject of a bankruptcy or similar insolvency proceeding
- Decisions for which consent from the TIC owners is required
- If the TIC owners’ consent is required, the percentage required and how that consent can be given (For example, does consent need to be in writing?)
- An irrevocable power-of-attorney from the TIC owners for the Manager to deal with Freddie Mac on matters relating to the operation and maintenance of the Property

3. Limitations on TIC owners

The TIC Agreement must provide that at all times while the Mortgage is outstanding, each TIC owner will agree to the following:

- Not to seek to partition the Property
- Not to allow its interest in the Property to become subject to any liens from any third parties and if a lien is filed by a third party to promptly discharge such lien
- To the extent applicable, to waive its rights to residency in the Property
- To promptly notify all other TIC owners and Freddie Mac of any change in address or telephone numbers
- To waive any and all lien rights it holds against any other TIC owners, including any capital calls, for a failure of such TIC owner to perform its obligations as a tenant in common, either under the TIC Agreement or at law
- To subordinate any and all rights and remedies, including rights of indemnity or otherwise, under the TIC Agreement or at law, to the lien of the Mortgage and all other terms and provisions of the Loan Documents
- To stand still with respect to the enforcement of any of their rights and remedies, under the TIC Agreement or at law, and take no enforcement action with respect to such rights and remedies

4. Requirements related to the Mortgage

The TIC Agreement must include all of the following;

- Provision that all payments under the Mortgage have priority over distributions to the TIC owners and that all distributions to TIC owners will in all ways be subordinate and subject to the terms and conditions of the Mortgage
- Requirement that each TIC owner will promptly respond to requests for information from other TIC owners and Freddie Mac
- Requirement that each TIC owner will promptly make themselves available for execution of documents required by Freddie Mac
- Agreement that any rights of first refusal with respect to or options to purchase the Property will be subordinate to the lien of the Mortgage
- Provision that the TIC Agreement is subject to all requirements and restrictions set forth in the Freddie Mac Loan Documents, noting particularly that any provisions for transfer of ownership interests are subject to, and may be limited by, the provisions of the Loan Documents

c. Additional requirements pertaining to TIC Agreements (04/15/21)

If the TIC Agreement fails to fully satisfy any of the requirements outlined in Sections 9.12(a) and (b) above, and the TIC Agreement will not be modified prior to the Origination Date of the Mortgage to comply with all of the requirements, the Seller/Service's legal counsel must provide a legal analysis detailing which requirement(s) will not be satisfied and the counsel's recommendation as to whether and why Freddie Mac should accept the TIC Agreement without it being fully compliant with this Section 9.12. If the TIC Agreement fully satisfies all of the requirements above, the Seller/Service's legal counsel must confirm in a PLIM that all such requirements have been satisfied.