

Appendix B to February 24, 2026 Bulletin: Redlined Guide Chapter Changes

A combined redlined file of all Guide chapter changes
made with the February 24, 2026 Bulletin



Redlined Guide Chapter Changes

Compilation of redlined Guide chapters

This PDF is a compilation of redlined changes to each revised Guide chapter, the Glossary and Directory that were announced with the February 24, 2026 Bulletin. It does not contain redlined changes of the full Guide. The redlined changes are only of the chapters that have been revised with this Bulletin.

Review in conjunction with the Bulletin and Guide Updates Spreadsheet

These redlined changes must be reviewed in conjunction with the February 24, 2026 Bulletin and Appendix A to February 24, 2026 Bulletin, Guide Updates Spreadsheet. The redlined changes may appear more extensive than the change is, as text may have moved or formatting may have changed. The footers are updated by chapter.

Official electronic version of the Guide available on AllRegs®

The current official electronic version of the Guide is published by AllRegs and accessible via either mf.freddiemac.com (for free) or the AllRegs web site of ICE Mortgage Technology, Inc. (with a paid subscription). Seller/Service providers are advised to view the Guide and Guide Bulletins on the AllRegs web site for the most current Guide requirements. Seller/Service providers are responsible for compliance with the Guide and Bulletins containing specific Guide changes with corresponding effective dates, as posted on the AllRegs web site.

Multifamily Seller/Service Guide

Chapter 3

Seller/Service Eligibility Requirements



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3.1 Freddie Mac Seller/Servicer requirements and designations (~~06/15/23~~02/24/26)

All Freddie Mac Seller/Servicers must:

- Be a permanent organization and an ongoing concern
- Be properly authorized to do business in each jurisdiction in which it engages in origination or Servicing
- Be:
 - Organized under federal law, or
 - Organized under the laws of one of the 50 States, the District of Columbia, Guam, Puerto Rico or the Virgin Islands, or
 - A United States-domiciled branch or subsidiary of a foreign entity

Freddie Mac, in its sole discretion, may approve a Seller/Servicer as one or more of the designations below in Sections 3.1(a) through (c). See Section 3.1(d) for the Prescreen and Application Processes and fees.

a. Optigo Lender (~~06/15/23~~)

An Optigo Lender must meet Freddie Mac's eligibility requirements, including the net worth requirements in Section 3.3, and must be approved by Freddie Mac. Optigo Lenders are approved to originate, sell, and service Mortgages for Freddie Mac, as follows:

1. Optigo Conventional Lender

Freddie Mac may approve a Seller/Servicer to originate conventional Mortgages for sale to Freddie Mac on an ongoing basis, and to service those Mortgages. Such a Seller/Servicer will be designated as an Optigo Conventional Lender. In the Guide, an Optigo Conventional Lender will be referred to as a Conventional Seller/Servicer.

2. Optigo Targeted Affordable Housing (TAH) Lender

Freddie Mac may approve a Seller/Servicer to originate Targeted Affordable Housing Mortgages for sale to Freddie Mac on an ongoing basis, and to service those Mortgages. Such a Seller/Servicer will be designated as an Optigo Targeted Affordable Housing (TAH) Lender. In the Guide, an Optigo TAH Lender will be referred to as a TAH Seller/Servicer.

Section 3.13 outlines additional requirements applicable to TAH Seller/Servicers. Once approved, a TAH Seller/Servicer will be permitted to originate loans for Targeted Affordable Housing properties in every State.

3. Optigo Small Balance Loan Lender

Freddie Mac may approve a Seller/Servicer to originate Small Balance Loan Mortgages for sale to Freddie Mac on an ongoing basis, and to service those Mortgages. Such a



Seller/Servicer will be designated as an Optigo Small Balance Loan (SBL) Lender. In the Guide, an Optigo SBL Lender will be referred to as an SBL Seller/Servicer. Section 3.15 outlines additional requirements applicable to SBL Seller/Servicers.

4. Optigo Seniors Housing Lender

Freddie Mac may approve a Seller/Servicer to originate Seniors Housing Mortgages for sale to Freddie Mac on an ongoing basis, and to service those Mortgages. Such a Seller/Servicer will be designated as an Optigo Seniors Housing Lender. In the Guide, an Optigo Seniors Housing Lender will be referred to as a Seniors Housing Seller/Servicer.

Section 3.14 outlines additional requirements applicable to Seniors Housing Seller/Servicers. Once approved, a Seniors Housing Seller/Servicer will be permitted to originate loans for Seniors Housing properties in every state.

b. Freddie Mac Multifamily Structured Transaction Seller/Servicer (05/11/10)

Freddie Mac may approve a Seller/Servicer to originate Mortgages for sale to Freddie Mac, and to service those Mortgages, only in connection with one or more Structured Transactions. This designation includes Seller/Servicers who have been approved for tax-exempt bond securitization (TEBS) transactions. Such a Seller/Servicer will be designated as a Freddie Mac Multifamily Approved Structured Transaction Seller/Servicer.

c. Freddie Mac Multifamily Servicing-only approval (06/17/21)

Freddie Mac has approved certain existing customers as Servicers only, authorized only to service Mortgages for Freddie Mac. If the applicant is approved as a Servicer only, it may neither originate Mortgages for sale to Freddie Mac nor represent itself as a Freddie Mac Seller. Subject to Freddie Mac approval, the Servicer may purchase Freddie Mac Servicing and may continue to service any Freddie Mac Mortgages that it has in its servicing portfolio.

d. Prescreen and Application Processes and fees (~~06/15/23~~02/24/26)

To begin the process to become an approved Freddie Mac Seller/Servicer, the applicant must submit the Notification of Interest Form found at <https://mf.freddiemac.com/lenders/eligibility/>. The web form requires confirmation that the applicant has reviewed Freddie Mac's eligibility requirements in this Chapter 3.

Freddie Mac will evaluate the applicant following the Prescreen Process and Application Process detailed in the Optigo Lender Application Roadmap.

Freddie Mac will charge a fee due during the Prescreen Process ("Prescreen Review Fee") and an application fee during the Application Process to cover the costs of evaluating the Seller/Servicer's application to become an approved Freddie Mac Seller/Servicer.

Effective for all new requests beginning on June 15, 2023, the Prescreen Review Fee is as follows:



Prescreen Review Fee		
Designation	Fee	Notes
Conventional Seller/Servicer	\$5,000	- Freddie Mac may adjust the fee based on prior approval and transaction type - There is no additional fee for an approved Conventional Seller/Servicer to become an approved Seniors Housing Seller/Servicer
TAH Seller/Servicer		
SBL Seller/Servicer		

Effective for all new requests beginning on ~~June 17, 2021~~ February 24, 2026, the application fee to become an approved Freddie Mac Seller/Servicer is as follows:

Application fee to become an approved Seller/Servicer		
Designation	Fee	Notes
Conventional Seller/Servicer	\$50,000	- Freddie Mac may adjust the fee based on prior approval and transaction type - There is no additional fee for an approved Conventional Seller/Servicer to ~~become an approved~~ <u>attain a Seniors Housing Seller/Servicer or Conventional Forward Commitment designation</u>
TAH Seller/Servicer		
SBL Seller/Servicer		
Servicer-only	~~\$50,000~~ <u>\$30,000</u>	

Effective for all new requests beginning on February ~~18, 2021~~ 24, 2026, the application fee to become an approved Freddie Mac Structured Transaction Seller/Servicer on a **per transaction basis** is as follows:

Application fee to become an approved Structured Transaction Seller/Servicer		
Designation	Fee	Notes
Structured Transaction Seller/Servicer ~~that will both sell and service the Mortgage~~	\$30,000	~~The fee is valid for 12 months if the~~ Structured Transaction Seller/Servicer



Application fee to become an approved Structured Transaction Seller/Servicer		
Designation	Fee	Notes
		~~returns with the same transaction structure and the same approved Seller/Servicers~~ will be charged a one-time fee during the approval process ~~The fee is reduced by 50 percent if the Structured Transaction Seller/Servicer returns beyond 12 months with the same transaction structure and the same approved Seller/Servicers~~ Returning counterparties will not be charged a fee
Structured Transaction Seller-only	\$15,000	Same notes as above plus: - The servicing must be performed by a current Optigo <u>Seller/Servicer</u> - The fee must be paid by the Structured Transaction Seller, not the current Optigo <u>Seller/Servicer</u> performing the servicing
<u>Low Income Housing Tax Credit ("LIHTC") Syndicator</u>	<u>\$10,000</u>	<u>LIHTC Syndicators will be charged a one-time fee during the approval process</u>

3.2 Branch production offices and geographic areas for Optigo Conventional Lenders (Conventional Seller/Servicers) (06/15/23)

Freddie Mac, in its sole discretion, approves Conventional Seller/Servicers to originate business nationwide.

Each Conventional Seller/Servicer is responsible for managing its active branch production offices, including creating and terminating such branch offices, and more generally determining that each branch production office engaged in Freddie Mac Multifamily business are fully trained, experienced, and qualified before submitting any loans into Freddie Mac for quote.

Should Freddie Mac, in its sole discretion, determine that a branch production office is not qualified to submit loans to Freddie Mac, it may result in Freddie Mac rejecting submissions from the office, reducing the geographic area of the Conventional Seller/Servicer, and/or placing the Conventional Seller/Servicer on probation.

3.3 Financial eligibility and minimum servicing volume and experience requirements (10/17/24)

a. Minimum net worth and other financial eligibility requirements, and minimum servicing volume and experience requirements (10/17/24)

These requirements are effective for financial reporting for the period ending June 30, 2025.

The financial eligibility requirements must be met on a quarterly basis.

Each applicant seeking to become an approved Seller/Servicer must have a minimum of two years of audited financial history and meet the minimum standards below as of the date of the application.

Eligibility topic	Requirement
Minimum tangible net worth	Greater of: \$7.5 million OR \$2.5 million plus 10 bps of total servicing portfolio UPB
Minimum capital ratio	≥ 6%
Minimum Liquid Assets	\$500,000
Minimum volume of servicing portfolio and servicing experience	\$750 million of mortgages secured by multifamily and/or commercial properties AND Three years' experience servicing commercial and/or multifamily securitized loans, consisting of a minimum of 100 securitized loans

For purposes of determining compliance with the requirements of this Section 3.3(a):

- Tangible net worth = net worth (as determined in accordance with generally accepted accounting principles (GAAP)), less restricted cash, less receivables due from related



parties, less goodwill and other intangible assets, less carrying value of pledged assets, less restricted retained earnings, less deferred tax assets

- Capital ratio = tangible net worth / total assets
- Eligible liquid assets can include any or all of the following:
 - Cash and cash equivalents, Treasury bills, money market investments or certificates of deposit with maturities of one year or less, or allowable marketable securities which include short-term, investment-grade securities either held for sale or trading, such as agency mortgage-backed securities, obligations from Government Sponsored Enterprises, and Treasury obligations

b. Additional financial requirements for non-SBL Seller/Servicers (10/17/24)

The Seller/Servicer must demonstrate to Freddie Mac that it has sufficient capitalization, profitability, and funding sources to support its ongoing operations and its commitments to Freddie Mac.

Freddie Mac will periodically review the Seller/Servicer's financial condition and the sufficiency of Seller/Servicer's financial capacity will be determined by Freddie Mac in its sole discretion.

c. Additional requirements and considerations for SBL Mortgages (10/17/24)

In addition to meeting the financial requirements of Section 3.3(a), an SBL Seller/Servicer must have sufficient resources to support the Seller's SBL Obligations (as described in Chapter 46SBL).

Freddie Mac will require the SBL Seller/Servicer to post the SBL Collateral (as described in Chapter 46SBL) to ensure that it is able to meet its SBL Obligations. For an SBL Seller/Servicer, letters of credit and cash provided to secure its SBL Obligations will be considered as part of its financial strength.

Freddie Mac will periodically review the SBL Seller/Servicer's financial condition including capitalization, profitability, and funding sources (including letters of credit and cash provided) to ensure that each SBL Seller/Servicer maintains sufficient financial capacity.

3.4 Servicer-only net worth requirements (01/01/11)

Each Servicer that is not approved to sell multifamily Mortgages to Freddie Mac, but that is approved by Freddie Mac only for Servicing multifamily Mortgages, must comply at all times with the following minimum net worth requirements:

Net worth category	Requirement
Minimum net worth according to GAAP	\$1 million



3.5 Annual Certification Report (02/06/17)

a. Multifamily Annual Certification Report, Form 16M (02/06/17)

1. Seller/Servicer requirement to submit [Form 16M](#)

Seller/Servicers with the following designations must submit a complete and accurate [Form 16M, Multifamily Annual Certification Report](#), with all required attachments described in the Form 16M instructions, in accordance with the requirements of this section:

- Freddie Mac Multifamily Approved Conventional Seller/Servicer
- Freddie Mac Multifamily Approved TAH Seller/Servicer
- Freddie Mac Multifamily Approved SBL Seller/Servicer

Freddie Mac requires the submission of [Form 16M](#) even if the Seller/Servicer is currently suspended from selling Mortgages to Freddie Mac.

2. Form 16M reporting requirements

Each Seller/Servicer required to complete [Form 16M](#) must use the Multifamily Eligibility System, available at mf.freddiemac.com/lenders/guide, to complete the Form and to submit it to Freddie Mac.

[Form 16M](#) must be submitted to Freddie Mac within 90 days after the end of the Seller/Servicer's fiscal year and in accordance with the provisions of Section 2.14. The Seller/Servicer must use its fiscal year-end results when completing [Form 16M](#).

[Form 16M](#) must be executed by the Seller's or Servicer's authorized representative following the instructions found on the form. Any attachments as required in the Form 16M instructions may be submitted following the instructions found on the form.

b. Multifamily Annual Certification Report – Multifamily Structured Transaction & Tax-Exempt Bond Seller/Servicers, Form 17M (02/06/17)

1. Each Freddie Mac Multifamily Structured Transaction Seller/Servicer, including each Seller/Servicer approved for tax-exempt bond securitization (TEBS) transactions, must complete [Form 17M](#) within 90 days of the end of the Seller/Servicer's fiscal year. Each such Seller/Servicer must complete every applicable section of the most current version of the report form, or its filings will be returned and its eligibility to participate in Freddie Mac programs may be suspended.

Freddie Mac requires the submission of [Form 17M](#) even if the Seller/Servicer is currently suspended from selling Mortgages to Freddie Mac.

2. Each Seller/Servicer required to complete [Form 17M](#) must use the Multifamily Eligibility System, available at mf.freddiemac.com/lenders/guide, to complete the Form and to submit it to Freddie Mac.



The Seller/Servicer must submit the completed [Form 17M](#) and required accompanying reports within 90 days after the end of the Seller/Servicer's fiscal year following the instructions found on the form.

c. Multifamily Annual Certification Report – Servicer Only, Form 1110M (05/11/10)

Annually, a Servicer that is not approved to sell multifamily Mortgages to Freddie Mac, but that is approved by Freddie Mac only for Servicing of multifamily Mortgages, must submit [Form 1110M](#) in accordance with Chapter 39.

3.6 Reporting requirements for internal control and mortgage bankers quarterly financial report (12/16/21)

a. Internal control report (12/16/21)

Each Seller/Servicer that is not an institution regulated by a federal agency must submit the internal control report with the Seller/Servicer's financial audit. The internal control report must be a separate report stating whether the independent public accountant (IPA) noted any material weaknesses during the audit of the financial statements. The report must be prepared in compliance with the elements set forth in AU-C 940.55.

b. Mortgage bankers quarterly financial report (02/07/08)

Each Seller/Servicer that is a mortgage banker must submit a complete and accurate [Form 1055, Mortgage Bankers Financial Reporting Form](#), on a quarterly basis. For reporting purposes, mortgage bankers are firms, other than federally insured depositories, that originate mortgages for sale in the secondary market and/or service mortgages. This definition includes Seller/Servicers that are mortgage banker subsidiaries of federally insured depositories.

Each Seller/Servicer that is a mortgage banker must submit [Form 1055](#) in accordance with the following requirements:

- For reporting periods ending March 31, June 30 or September 30, the Seller/Servicer must file [Form 1055](#) no later than 30 days after the end of the reporting period. For reporting periods ending on December 31, the Seller/Servicer must file [Form 1055](#) no later than 60 days after the end of the reporting period. Mortgage bankers with fiscal years that do not end on December 31 should refer to the instructions that accompany Form 1055 online at www.mbfrf.org before completing the report.
- The Seller/Servicer must complete and submit Form 1055 online at <https://www.mbfrf.org>. Seller/Servicers may print Form 1055 from the website, as well as obtain instructions on how to complete the form.

3.7 Seller/Servicer numbers (06/27/19)

a. Use by Seller/Servicers (06/27/19)

Freddie Mac will issue a Seller/Servicer number to each approved institution. A Seller/Servicer may have more than one Seller/Servicer number if, in addition to having been approved as a Conventional Seller/Servicer, it has also been approved with a different designation, such as a TAH Seller/Servicer, or if it has merged with or acquired another Seller/Servicer.



Unless stated otherwise in the Purchase and Servicing documents, the Seller/Servicer or the Servicer must conduct all business with Freddie Mac with respect to a particular Mortgage under the Seller/Servicer number that was used in connection with the acceptance of the Letter of Commitment for that Mortgage.

If the Letter of Commitment's agreement-to-service provisions provide for a separate entity to service the Mortgage, the Servicer must conduct all Servicing business with respect to a Mortgage under the Seller/Servicer number that was used in the Letter of Commitment's agreement-to-service provisions.

If Freddie Mac approves a transfer of the Servicing of the Mortgage, then the transferee Servicer must conduct all business with Freddie Mac with respect to the Mortgage under the Seller/Servicer number under which it was approved as a transferee Servicer.

b. Use by affiliates of Seller/Servicers (06/27/19)

An affiliate of a Seller/Servicer or Servicer, acting on behalf of the Seller/Servicer or Servicer, in the Seller/Servicer's or Servicer's name, and under the Seller/Servicer's or Servicer's Freddie Mac Seller/Servicer number, must obtain separate Freddie Mac approval.

The Seller/Servicer or Servicer remains fully liable to Freddie Mac under the Purchase and Servicing Documents with respect to any Mortgage originated, sold to, or serviced for Freddie Mac by the affiliate on behalf of the Seller/Servicer or Servicer.

3.8 Seller/Servicer change notification requirements (08/15/24)

This section sets forth the requirements to notify Freddie Mac of Seller/Servicer changes and defines the required notification time, information requirements and related fees, where applicable. Freddie Mac reserves the right to evaluate information related to the Seller/Servicer change and to take any action it deems necessary. All organizational change notifications required by this Section 3.8 must be reported to Freddie Mac using [Form 1107M](#). The Seller/Servicer's authorized representative must send a signed copy of the form via email to Multifamily_Eligibility@freddiemac.com.

a. Seller/Servicer changes requiring 60-day advance notice and Freddie Mac approval (08/15/24)

1. Major changes require 60-day advance notice and Freddie Mac prior written approval

A Seller/Servicer must request Freddie Mac's prior written approval at least 60 days before any major change occurs in its ownership or organization by submitting [Form 1107M](#), completing Section A and Section(s) B, C, D or E (as applicable), following the directions on the form. To maintain its eligibility after a major change, the Seller/Servicer must obtain Freddie Mac's written approval prior to such major change. Freddie Mac may require more than 60 days to review the request and respond, in which case Freddie Mac will promptly advise the Seller/Servicer of the need for additional time.

Such major changes include:



- a. Transfer of ownership interests that results in any person or entity directly or indirectly owning a percentage of ownership interests that results in a Change of Control
- b. Transfer by the Seller/Servicer of all or most of its assets or the assets of a subsidiary or a related entity that performs a mortgage-related function
- c. Merger, acquisition or consolidation (including a regulatory agency-assisted transaction)
- d. A major change in the Seller/Servicers' organization that has an effect on the operational capabilities of the Seller/Servicer as it relates to its business with Freddie Mac, including but not limited to, plans for significant staff reduction or significant restructuring of teams associated with production, underwriting or servicing in any capacity for Freddie Mac
- e. Performance of any Freddie Mac-required functions by a subsidiary or other related organization
- f. Change in its charter regarding its purpose or authority
- g. Conversion (such as a thrift institution converting from mutual to stock form)
- h. Contracting with a Servicing Agent for the performance of Freddie Mac Servicing (note: the Servicing Agent chosen by the Servicer must have prior Freddie Mac approval to service the requested collateral type), or
- i. A change of the Seller/Servicer's fiscal year-end

2. Information required for Freddie Mac approval of the change request

As a part of the request for Freddie Mac approval of the major change, the Seller/Servicer must submit each of the applicable items listed below along with the request for approval of the change at least 60 days prior to the proposed effective date of the change:

- a. For major changes a through e in Section 3.8(a)1 above, a \$30,000 nonrefundable processing fee. The Seller/Servicer must remit the fee to Freddie Mac by wire transfer. Before submitting the [Form 1107M](#) and remitting the fee, the Seller/Servicer must call Freddie Mac *Multifamily Counterparty Risk & Compliance* to obtain wire transfer instructions. The Seller/Servicer must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must include the Seller/Servicer number and the Freddie Mac contact person
- b. A written summary explaining the transaction
- c. As applicable, organizational charts including functional and corporate organizational charts showing the corporate structure of the new entity, including reporting relationships and full legal names of each person or entity shown on the organizational charts
- d. Resumes of managing executives and key personnel, if changing
- e. If the entity resulting from the acquisition or merger is not a currently approved Freddie Mac Seller/Servicer, audited financial statements for that entity, or officer-certified financials or audited financials of the entity's parent company



- f. As applicable, pro forma balance sheet for the resulting entity
- g. As applicable, copies of any applicable regulatory approvals

3. Information required at Freddie Mac's discretion

Freddie Mac may require the Seller/Servicer to provide additional information related to the proposed transaction, including but not limited to:

- Information regarding financing of the transaction
- Copies of revised organizational documents
- Confirmation regarding change to the Named Insured
- Certificate of good standing for the resulting entity or transferee

4. Issues for Seller/Servicer analysis and submission required at Freddie Mac's discretion

As part of the review and approval process, Freddie Mac may also require the Seller/Servicer to address issues relating to:

- Custodial Accounts
- Change of Named Insured on all insurance policies
- Transfer of Servicing (see Chapter 42 for [Transfer of Servicing Agreement – Form 981M](#) or [Transfer of Securitized Servicing Agreement – Form 983M](#) as applicable)
- Personnel retention
- Minimum net worth
- Standard & Poor's rating
- Assumption of liability
- Evidence of fidelity and E&O coverage
- Evidence of good standing with creditors and investors

b. Seller/Servicer changes requiring 30-days' notice to Freddie Mac (02/16/23)

At least 30 days prior to the effective date of either of the following changes, the Seller/Servicer must submit [Form 1107M, Multifamily Seller/Servicer Change Notification](#), completing Section A and Section B (as applicable) following the directions on the form:

1. The Seller/Servicer will change its name



2. The Seller/Servicer will employ or change a “Doing Business As” (“DBA”) name

c. Seller/Servicer changes requiring 14-days’ notice to Freddie Mac (02/16/23)

At least 14 days prior to the effective date of any of the following changes, if the changes are not as the result of a transaction addressed in Section 3.8(a), the Seller/Servicer must submit [Form 1107M, Multifamily Seller/Servicer Change Notification](#), completing Section A and Section(s) B, C, D or E (as applicable) following the directions on the form:

1. The Seller/Servicer will change its address
2. The Seller/Servicer will change any of its banking relationships, including a change in the institution to which or from which Freddie Mac funds are wired
3. Any contract between a Seller/Servicer and a vendor, that will have or is reasonably likely to have a Material Adverse Effect, which for the purposes of this Section 3.8, shall mean any event or circumstance having a material adverse effect on:
 - The Seller/Servicer’s ability to perform its obligations under the Purchase and Servicing Documents
 - Freddie Mac’s interests as an assignee
 - A class or significant group of Borrowers, and/or
 - The economic interests of Freddie Mac or an investor of a Securitization

d. Seller/Servicer and parent changes requiring immediate notice to Freddie Mac (06/13/24)

A Seller/Servicer must notify Freddie Mac after the occurrence of any of the following events.

With respect to a Seller/Servicer, such notice must be provided no later than one Business Day after the occurrence of the applicable event.

With respect to any person or entity with either a direct or indirect controlling interest in Seller/Servicer or an aggregate direct or indirect ownership interest in Seller/Servicer of 25% or more (a “Seller/Servicer Parent”), such notice must be provided no later than one Business Day after the Seller/Servicer has knowledge of the applicable event.

1. The Seller/Servicer or a Seller/Servicer Parent has:
 - Filed a voluntarily bankruptcy petition under the United States Bankruptcy Code
 - Become the subject of an order for relief issued in any involuntary bankruptcy proceeding, or
 - Become the subject of any reorganization, receivership, insolvency or similar proceeding under State or federal law



2. A trustee, receiver, custodian, conservator, liquidator or similar entity or individual has been appointed for the Seller/Servicer or a Seller/Servicer Parent or its property
3. Any agency of the federal or State government has placed the Seller/Servicer or a Seller/Servicer Parent on probation or restricted its activities in any manner
4. The Seller/Servicer or a Seller/Servicer Parent has become subject to any judgment, order, finding or regulatory action that would adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase and Servicing Documents
5. The Seller/Servicer has changed its fiscal year-end, not in connection with a transaction addressed in Section 3.8(a)
6. A secondary market agency has terminated its business relationship with the Seller/Servicer or a Seller/Servicer Parent
7. The Seller/Servicer's or a Seller/Servicer Parent's warehouse credit line has been terminated
8. The Seller/Servicer or a Seller/Servicer Parent has violated any financial covenants in its warehouse lending agreement
9. With respect to any dispute, litigation or other adversary proceeding with a vendor that may have a Material Adverse Effect:
 - (a) Receives notice of a dispute not subject to litigation or other adversary proceeding, no later than one Business Day after Seller/Servicer's reasonable determination that such dispute may have a Material Adverse Effect;
 - (b) Initiates litigation or other adversary proceedings asserting claims by or on behalf of the Seller/Servicer that may have a Material Adverse Effect, no later than one Business Day after the initiation of such litigation or proceedings; and
 - (c) Receives notice of litigation or other adversary proceedings asserting claims against the Seller/Servicer that may have a Material Adverse Effect, no later than one Business Day after notice to the Seller/Servicer of any such litigation or proceedings

Within one Business Day after the occurrence of any of the above events, the Seller/Servicer must submit [Form 1107M, Multifamily Seller/Servicer Change Notification](#), completing Section A and Section(s) B, C, D or E (as applicable), following the directions on the form.

Freddie Mac may require the Seller/Servicer to provide additional information concerning the event such as copies of any pleadings or other documents related to the dispute, litigation or other adversary proceedings.

e. Seller/Servicer changes requiring subsequent notice to Freddie Mac (06/13/24)

Within 30 calendar days following the occurrence of any of the events set forth in this Section 3.8(e), the Seller/Servicer must submit [Form 1107M, Multifamily Seller/Servicer Change Notification](#), completing Section A and Section(s) B, C, D or E (as applicable), following the directions on the form. Freddie Mac may also require the Seller/Servicer to provide additional



information concerning the event.

1. There has been a change in the Seller/Servicer's managing executives, key operating personnel, or the membership of its board of directors, not in connection with a transaction addressed in Section 3.8(a).
 - Managing executives and key personnel are defined as officers of the company as well as Chief Underwriter, Chief Architect, Chief Servicing Officer, Chief Compliance Officer, Chief Information Security Officer, Multifamily Eligibility contact and division heads or equivalents in the following mortgage-related functions:
 - mortgage originations
 - operations
 - secondary marketing
 - servicing
 - Additionally, for changes to Seller/Servicer managing executives, key operating personnel, or the membership of its board of directors, the Seller/Servicer must submit a resume for each new individual or individual entering a new role, whether or not Freddie Mac approval is required.
2. There has been a change in the Seller/Servicer's top five major investors.
3. There has been a change in the Seller/Servicer's external auditor.
4. There has been a change to the Seller/Servicer email domain name.

3.9 Seller/Servicer Material Vendor change notification requirements (06/15/23)

The Seller/Servicer must update the Vendor Inventory in the Multifamily Eligibility System within 10 Business Days of the date of onboarding or termination of a Material Vendor.

For the purposes of this Section 3.9:

- The date of onboarding is the date when the Material Vendor begins to provide services to the Seller/Servicer
- The date of termination is the date when:
 - The contract with the Material Vendor ends, or
 - The Seller/Servicer makes a determination that the Material Vendor is no longer providing services to the Seller/Servicer

Refer to the Material Vendors [web page](#) on mf.freddiemac.com for more details and examples of Material Vendors.



3.10 Loans-in-process and existing Mortgages (07/31/12)

a. Special terms (02/07/08)

For purposes of this section, the following terms will have the meanings indicated:

1. Acquired Entity

The Seller/Servicer(s) that will be acquired by, or that will merge into, the Resulting Entity

2. Loan-in-Process

A Mortgage that has been assigned a Freddie Mac loan number

3. Resulting Entity

The Seller/Servicer that will acquire the Acquired Entity, or that will result from the merger of two or more Seller/Servicers

4. Effective Date

The effective date of the acquisition or merger

b. Existing Mortgages (07/31/12)

With respect to all Mortgages sold to Freddie Mac by the Acquired Entity and all Mortgages serviced by or on behalf of the Acquired Entity for Freddie Mac, as of the Effective Date, the Resulting Entity will be obligated for all representations and warranties with respect to the Mortgages that are set forth in the fully-executed Commitment, this Guide and any other Purchase and Servicing Documents, including any other agreements between or among the Acquired Entity and Freddie Mac. All references to the “Seller” or “Seller/Servicer” in the representations and warranties, including references to the knowledge of the “Seller” or to acts or disclosures of the “Seller,” will be deemed to refer to the Resulting Entity.

As of the Effective Date, for purposes of the representations and warranties, any knowledge of either of the Acquired Entity or the Resulting Entity will be attributed to the Resulting Entity, and any acts or disclosures by either of the Acquired Entity or the Resulting Entity prior to Freddie Mac's purchase of a Mortgage will be deemed to have been committed or made by the Resulting Entity.

c. Commitment, delivery and purchase of Loans-in-Process (02/07/08)

1. In the case of a Loan-in-Process, “Seller's full underwriting package” in the “Material Differences” provision of the Commitment will be deemed to refer to any full underwriting package submitted by the Acquired Entity with respect to that Loan-in-Process, together with any underwriting information submitted by the Resulting Entity.
2. As of the Effective Date, the Resulting Entity will be obligated for all representations and warranties with respect to the Loans-in-Process that are set forth in the fully-executed Commitment, the Guide and any other Purchase and Servicing Documents. All references to



the “Seller” or “Seller/Servicer” in the representations and warranties, including references to the knowledge of the “Seller” or to acts or disclosures of the “Seller,” will be deemed to refer to the Resulting Entity. As of the Effective Date, for purposes of the representations and warranties, any knowledge of either of the Acquired Entity or the Resulting Entity will be attributed to the Resulting Entity, and any acts or disclosures by either of the Acquired Entity or the Resulting Entity prior to Freddie Mac's purchase of a Loan-in-Process will be deemed to have been committed or made by the Resulting Entity.

3. Upon Freddie Mac's purchase of each Loan-in-Process, the Resulting Entity must service the Loan-in-Process in accordance with the applicable fully-executed Commitment, the Guide and any other Purchase and Servicing Documents.

d. Categories of Loans-in-Process (07/31/12)

Upon the effective date of an acquisition of a Seller/Servicer or the merger of two Seller/Servicers, the commitment, delivery and purchase for Loans-in-Process will be completed as described in whichever of the following subsections (1) through (4) is applicable to that Loan-in-Process, and in accordance with the provisions in Section 3.10(c).

- 1. Loans-in-Process that are the subject of fully-executed Commitments and have been originated by the Acquired Entity before the Effective Date, but have not been purchased by Freddie Mac as of the Effective Date**

The Resulting Entity represents and warrants to Freddie Mac that the Acquired Entity has originated each Loan-in-Process in this category that has not yet been delivered to Freddie Mac, since Freddie Mac has no independent knowledge that a Mortgage has been originated until it receives delivery of that Mortgage.

As the successor to the Acquired Entity, the Resulting Entity assumes all of the obligations of the Acquired Entity under each such fully-executed Commitment as of the Effective Date. Each such Loan-in-Process that has not been delivered to Freddie Mac as of the Effective Date may be delivered to Freddie Mac by either the Resulting Entity or, so long as the Acquired Entity remains a legal entity, the Acquired Entity. Freddie Mac will wire the purchase price for each such Loan-in-Process in accordance with the wire transfer instructions included in the Final Delivery Package for the Loan-in-Process.

- 2. Loans-in-Process that are the subject of fully-executed Commitments but have not been originated by the Acquired Entity before the Effective Date**

As the successor to the Acquired Entity, the Resulting Entity assumes all of the obligations of the Acquired Entity under each such fully-executed Commitment as of the Effective Date. If interest rate-lock under any such fully-executed Commitment has not been completed as of the Effective Date, the Resulting Entity will complete the interest rate-lock. The Resulting Entity will originate each such Loan-in-Process and will deliver it to Freddie Mac.

- 3. Loans-in-Process for which Freddie Mac has issued commitments that have not become fully-executed Commitments because the Acquired Entity has not accepted the Commitments before the Effective Date**

As the successor to the Acquired Entity, the Resulting Entity assumes all of the rights of the Acquired Entity under each such issued Commitment as of the Effective Date. The Resulting



Entity may accept each such Commitment by following the acceptance procedure set forth in Section 17.11(b), whereupon the accepted Commitment will become a fully-executed Commitment between Freddie Mac and the Resulting Entity. The Resulting Entity will complete the interest rate-lock under each such fully-executed Commitment, originate the related Loan-in-Process and deliver that Loan-in-Process to Freddie Mac.

4. Loans-in-Process for which the Acquired Entity has submitted early rate-lock applications to Freddie Mac that Freddie Mac has not yet executed (accepted) as of the Effective Date

For each such Loan-in-Process, as of the Effective Date, the Resulting Entity makes an irrevocable offer to sell the Loan-in-Process to Freddie Mac on the terms and conditions described in the applicable early rate-lock application, which offer will be irrevocable through the Expiration Date specified in that application. Freddie Mac may accept any such offer at any time by executing the related early rate-lock application, whereupon the early rate-lock application will become a fully-executed Commitment between the Resulting Entity and Freddie Mac. The Resulting Entity will be substituted fully for the Acquired Entity as the offerer and Seller under each such application. If and when such an early rate-lock application or a resulting fully-executed Commitment requires a refund of the good faith deposit, Freddie Mac will make that refund to the Resulting Entity.

3.11 Disposition of application; confidentiality (02/07/08)

If a Seller/Servicer fails to seek or obtain any approval of Freddie Mac as required by this chapter, Freddie Mac may suspend or terminate with cause certain rights and approvals of the Seller/Servicer, including its right to sell Mortgages to Freddie Mac, in accordance with Chapters 4 and 48.

A Seller/Servicer may designate information submitted in connection with any notice or request for approval under this chapter as confidential. Freddie Mac will receive and hold all such confidential information in strict confidence, to be used only for Freddie Mac's internal review and approval process. Freddie Mac may release such confidential information to independent auditors, accountants, attorneys and other professionals acting on behalf of Freddie Mac or if ordered to do so by a court, regulator, administrative agency or other entity with enforceable subpoena power.

3.12 Changes that affect Seller/Servicer's single-family Freddie Mac approval (02/07/08)

The requirements of Sections 3.8 through 3.11 apply to entities selling multifamily Mortgages to Freddie Mac or servicing multifamily Mortgages for Freddie Mac. Requirements for notification to Freddie Mac of changes affecting the Seller/Servicer's single-family Freddie Mac activities may differ. Multifamily Seller/Servicers that are approved for both single-family and multifamily purposes must comply with both sets of requirements relating to changes in the Seller/Servicer's organization or status.

3.13 Additional requirements applicable to TAH Seller/Servicers (08/18/22)

Each TAH Seller/Servicer must have five or more years of experience in lending for affordable multifamily properties benefiting from:

- 9 percent Low Income Housing Tax Credits (LIHTC) as a source of capital



- Sources of capital specific to housing preservation
- Tax-exempt bond financing with or without LIHTC

Each TAH Seller/Service must develop and maintain expertise in the areas of affordable housing finance, including tax-exempt bond finance, and regulatory requirements affecting LIHTC, tax-exempt bonds and rental and operational subsidy programs. It must maintain successful working relationships with third party professionals, such as appraisers with experience in evaluating affordable multifamily properties, construction and environmental engineers, architects and other affordable housing professionals. Each TAH Seller/Service must demonstrate that its current staffing plan is able to meet forecasted volumes.

In addition, each TAH Seller/Service must maintain specialized underwriting staff who are experienced and knowledgeable about underwriting debt financing for affordable multifamily properties. Specifically, each TAH Seller/Service must have:

- One or more TAH Underwriting Supervisors with approximately seven to 10 years of experience in underwriting affordable multifamily properties, to include those with:
 - 9 percent LIHTC equity as one of the capital sources for construction or rehabilitation
 - Other rental and operational subsidy programs for LIHTC and affordable multifamily properties
 - Capital, rental and operational subsidy programs designed to preserve affordable multifamily properties, including those with restrictive covenants
 - Tax-exempt bonds and LIHTC equity as capital sources
 - Forward commitments and substantial rehabilitations, if the TAH Seller/Service wishes to do Forward Commitments
- At least two Senior Underwriters with a minimum of five years of debt underwriting experience with LIHTC equity and other sources of capital for affordable multifamily properties

The TAH Underwriting Supervisor(s) must be approved by Freddie Mac as part of the TAH Seller/Service approval process, and at least one TAH Underwriting Supervisor must approve each prescreen package and underwriting package submitted to Freddie Mac. If a TAH Seller/Service wishes to change a staff member in the TAH Underwriting Supervisor position, it must submit a written request to Targeted Affordable Housing Home Office Underwriting, which may be in the form of an email. Freddie Mac will respond in writing with its decision.

Each TAH Seller/Service entering into a Forward Commitment must have designated staff with 10 or more years of experience with forward commitments, substantial rehabilitations and other construction-related loans for affordable multifamily properties. The Seller must ensure that it maintains on its staff or a relationship with a third party Chief Architect/Engineer with the following background:

- At least five years' experience in construction lending and the origination and management of construction loans, and



- A professional background or accredited degree in the field of engineering, architecture or construction management, or 10 years of experience and demonstrated knowledge of building materials and design, construction processes and documentation, cost analysis, and project scheduling

The Chief Architect/Engineer must review construction related information at commitment, during construction and at Conversion, in accordance with Guide Chapters 19A, 25A and 28A.

3.14 Additional requirements applicable to Seniors Housing Seller/Service (09/01/16)

Each Seniors Housing Seller/Service must maintain specialized staff that is experienced and knowledgeable in the structure and origination of Freddie Mac Seniors Housing mortgages. Specifically, each Seniors Housing Seller/Service must employ:

- At least one senior producer with a minimum of five to seven years of significant GSE loan origination experience with Seniors Housing properties. Relevant experience includes origination of independent living, assisted living, memory care, and Continuing Care Retirement Community (CCRC) property loans. The producer's experience in originating Seniors Housing loans for the portfolio of the Seller or other lenders will also be taken into consideration.
- At least one senior underwriter with a minimum of five to seven years of significant GSE loan underwriting experience for Seniors Housing properties. Relevant experience includes underwriting independent living, assisted living, memory care, and CCRC property loans. The underwriter's experience in underwriting Seniors Housing loans for the portfolio of the Seller or other lenders will also be taken into consideration.

In addition to the above requirements, each Seniors Housing Seller/Service must develop and maintain expertise in Seniors Housing evidenced by:

- A successful working relationship with third party professionals including appraisers with experience in evaluating Seniors Housing assets, inspection engineers, insurance consultants, and resident care survey consultants
- Demonstrated stable, clear roles and responsibilities for underwriting and credit oversight
- A thorough review of risks and mitigants in credit submission packages for all Seniors Housing transactions closed
- Clear, well considered, and supported recommendations that demonstrate an understanding of Freddie Mac's current underwriting parameters and risk tolerance for Seniors Housing transactions
- Retention of legal counsel experienced and competent in the structure, origination, and delivery of Freddie Mac Seniors Housing mortgages



3.15 Additional requirements applicable to Seller/Servicers (12/16/25)

a. Policies and procedures (01/01/25)

Seller/Servicers must adopt, maintain and administer written minimum policies and procedures that address doing business in compliance with Freddie Mac requirements, in accordance with Section 2.19(a).

b. Additional requirements applicable to SBL Seller/Servicers (12/14/23)

Each SBL Seller/Servicer must:

- Have access to dedicated resources that specialize in the origination and servicing of small balance loans
- Have a servicing portfolio consisting of small balance loans with a strong performance history
- Have a technology/systems platform supporting the origination, underwriting, closing and servicing of a large number of small balance loans, that is capable of:
 - Providing pricing of transactions
 - Tracking an SBL Mortgage from the price quote and origination of the SBL Mortgage to Servicing
 - Generating reports on the servicing portfolio, with the ability to identify Freddie Mac SBL Mortgages
 - Providing access to all areas of the Seller/Servicer's organization that are involved in loan origination and Servicing
 - Capturing and providing data required by Freddie Mac
- Have a technology/systems platform that is capable of accepting ACH transactions

c. Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (12/16/25)

1. **Broker; Correspondent.** The terms “broker” and “correspondent” refer to any individual and/or entity who arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer on behalf of the Borrower or the Seller/Servicer, whether such individual or entity is referred to as a broker, mortgage broker or a correspondent. For the purposes of this chapter, the terms “broker” and “correspondent” may sometimes be referred to together as “broker/correspondent.”
 - For acquisition financing, an investment sales team, investment sales team representative or listing agent retained by the Property seller and not otherwise engaged by the borrower in connection with the loan financing (for the purposes of these policies, individually or collectively referred as the “investment sales team”) will not be considered a “broker/correspondent” for the purposes of this chapter.



2. **Disclosure of agreements.** When requested by Freddie Mac, each Seller/Service must provide Freddie Mac with the names of the broker/correspondents with whom it directly engages. Upon request, the Seller/Service will also provide Freddie Mac with additional information regarding such agreements. The terms of the broker and correspondent agreements are not subject to Freddie Mac approval.
3. **Mortgage loan requirements.** The following requirements regarding transactions with brokers and correspondents must be satisfied for each Mortgage:
 - A. **Non-Small Balance Loans.** For any Mortgage that is not a Small Balance Loan:
 - i. Broker and correspondent firms and individual names must be disclosed to Production at loan submission for a Quote request in the Loan Submission Template (LST).
 - ii. Quote requests involving a broker/correspondent must be accompanied by a confirmation from the Borrower that the Seller/Service is the sole lender authorized to submit the loan to Freddie Mac.
 - iii. The [Optigo® Lender's Fee Certification – Conventional & Targeted Affordable Housing](#) form must be submitted with delivery of the underwriting package for any transaction that involves a broker or correspondent.
 - iv. Sponsor Meeting requirements in Section 11.8.
 - B. **Small Balance Loans.** For Small Balance Loans:
 - i. The Seller/Service must complete the broker information (deal contacts) tab in the Pipeline Management Tool (PMT) at loan application and provide updates if the information changes at Full Underwriting.
 - ii. The Seller/Service must complete the Lender Fee Certification tab in PMT at or prior to submission of the full underwriting package.
 - iii. Sponsor Meeting requirements in Section 11.8.
 - C. **Inspection process.** The broker/correspondent must not be involved in the Property inspection process. The Seller/Service must manage the inspection process in accordance with the inspection requirements set forth in Chapters 8 and 40. This also includes any inspections performed in connection with Freddie Mac required third-party reports or appraisals.
 - D. **Due diligence; chain of custody.**
 - i. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and Borrower Principals (*i.e.*, rent rolls, aged receivables, operating statements, financial statements, etc., but excluding required reports ordered by the Seller/Service from third parties) must be delivered directly to the Seller/Service by the Borrower and Borrower Principals or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the



Borrower or Borrower Principal, without the broker/correspondent being in the chain of custody of the documentation. Seller/Servicers must communicate directly with the Borrower and Borrower Principals or their authorized representatives with respect to source documentation, due diligence and other underwriting matters.

- ii. For acquisition financing, Freddie Mac may provide indicative pricing to a Seller/Servicer based upon financial information obtained from the Property seller and provided to the Seller/Servicer by an investment sales team. However, for issuance of a Quote (as provided in Section 27.3 and other chapters), the source documents and due diligence must be delivered directly to the Seller/Servicer by the Borrower and Borrower Principals or the authorized representatives of such parties, as provided above.
- iii. When a broker/correspondent arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer, the Seller/Servicer must preserve emails or other documentation regarding the Seller/Servicer's compliance with the due diligence and underwriting documentation chain of custody requirements set forth in this section.
- iv. By submission of source documents, due diligence or other underwriting documentation to Freddie Mac, the Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with the requirements of this subsection.

E. **Index Lock.** Prior to any Index Lock, for all transactions submitted to the Seller/Servicer through a broker/correspondent:

- i. The Seller/Servicer must either (a) have conducted a preliminary property inspection of the Property, consisting of the elements described in Section 8.15(a), or (b) for a refinance of a Freddie Mac Mortgage, have reviewed a servicing inspection of the Property completed in accordance with Chapter 40 and dated within 120 days from Index Lock and determined it was acceptable.
- ii. The Seller/Servicer must have received source documentation and other due diligence directly from the Borrower as noted in Section 3.15(c)2.D. above, and in addition, for first-time sponsors only, financial statements for the proposed Borrower Principal(s) and, when applicable, the proposed Guarantor(s).
- iii. The Seller/Servicer must submit the [Optigo Lender's Index Lock Agreement Certification for Broker/Correspondent Loans](#).

4. **Broker/Correspondent policies and searches.** When a Seller/Servicer engages a broker/correspondent or otherwise has an agreement to compensate a broker/correspondent for referring a Borrower to the Seller/Servicer in connection with the financing of Freddie Mac Mortgage(s), the Seller/Servicer must also comply with the requirements below:

- A. The Seller/Servicer must develop and implement internal policies and procedures to address the broker/correspondent firm's business, including qualifications for



determining acceptability, which must be periodically reviewed, as well as performance monitoring and quality control reviews.

- B. The Seller/Servicer must complete a broker/correspondent background search periodically for both the firm and the individuals employed at the firms who are involved in the Mortgage transactions.
- C. The Seller/Servicer must advise the broker/correspondent in writing that: (i) the Freddie Mac logo, designs, product identifiers, slogans, trademarks, and service marks may not be used in any broker/correspondent advertising, publicity, promotion, or other commercial manner without the prior written consent of Freddie Mac, (ii) the broker/correspondent must accurately represent their role in the lending process in any broker-published and/or distributed information, and (iii) the broker/correspondent must not represent itself as an approved Freddie Mac lender or as a direct provider of Freddie Mac's offerings.
 - NOTE: When a Seller/Servicer refers a Mortgage loan to another Seller/Servicer, the referring Seller/Servicer is not subject to the requirements in this subsection "4."

d. Additional requirements applicable to Seller/Servicers for Forward Commitments (10/21/25)

Each Seller/Servicer entering into a Forward Commitment pursuant to Chapter 17A must have:

- One or more underwriting supervisors with approximately seven to 10 years of experience in underwriting multifamily properties with forward commitments and substantial rehabilitations.
- Designated staff with 10 or more years of experience with forward commitments, substantial rehabilitations and other construction-related loans for multifamily properties.
- Staff or a relationship with a third party Chief Architect/Engineer with the following background:
 - At least five years' experience in construction lending and the origination and management of construction loans, and
 - A professional background or accredited degree in the field of engineering, architecture or construction management, or 10 years of experience and demonstrated knowledge of building materials and design, construction processes and documentation, cost analysis, and project scheduling

3.16 Seller/Servicer's fidelity and errors & omissions insurance coverage (02/16/23)

The Seller/Servicer must maintain in effect, at all times and at its expense, fidelity insurance and mortgagee's errors and omissions (E&O) insurance that meets all of the requirements of this Section.

a. Acceptable insurer (09/26/19)

The fidelity insurance and mortgagee's errors and omissions (E&O) insurance must be underwritten by one or more insurers authorized by law to conduct business in the jurisdiction



where the Seller/Service is located. Such insurers must meet or exceed at least one of the requirements below:

1. Minimum A.M. Best rating:

- Financial Strength Rating of “A-”, AND
- Financial Size Category of “VII”

OR

2. If rated by Fitch, Inc., Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc., a minimum Financial Strength Rating of:

- “A-” or its equivalent by Fitch, Inc., or
- “A-” or its equivalent by Standard & Poor’s Ratings Services, or
- “A3” or its equivalent by Moody’s Investors Service, Inc.

b. Seller/Service fidelity insurance coverage (09/26/19)

1. General fidelity insurance requirements

The Seller/Service must maintain fidelity insurance coverage in the form of a financial institution bond or equivalent. The financial institution bond or equivalent must be written on a Discovery Policy Form and must include the following insuring agreements/coverage:

- Fidelity/Employee Dishonesty
- On Premises
- In Transit
- Forgery or Alteration
- Securities/Extended Forgery

The insurance must protect the Seller/Service against loss resulting from dishonest or fraudulent acts committed by:

- Officers and/or employees of the Seller/Service
- Persons duly authorized by the Seller/Service to act on its behalf in the servicing of mortgages
- Employees of outside firms who provide legal services to the Seller/Service or who perform as data processors of checks for the Seller/Service, unless such firms have provided to the Seller/Service satisfactory evidence of fidelity insurance at least



equal to that required of the Seller/Servicer by Freddie Mac

- Persons assigned to the Seller/Servicer through an intervening employer or agency to perform the usual duties of an employee of the Seller/Servicer on a contingent or temporary basis

Additionally, the policy must:

- Name Freddie Mac as a loss payee as its interest may appear on payment drafts issued by the insurer for losses in which Freddie Mac has an interest resulting from acts covered by the insurance,
- Upon failure of the Seller/Servicer to make a claim, give Freddie Mac the right to file a claim directly with the insurer for losses in which Freddie Mac has an interest in connection with acts covered by the insurance, and
- Not limit any improper financial benefit required by the definition of dishonesty solely to the employee's own improper personal gain

2. Fidelity insurance requirements – single loss limit of liability

For all losses discovered during the policy term, the Seller/Servicer must, at a minimum, maintain fidelity insurance (single loss or per occurrence) as shown in the table below.

Base* (Insured Portfolio UPB)	Coverage Calculations by Base*	Cap
≤ \$100 million	\$2.5 million	N/A
>\$100 million and ≤ \$500 million	\$2.5 million + 0.125% * Base over \$100 million	N/A
>\$500 million and ≤ \$1 billion	\$3 million + 0.1% * Base over \$500 million	N/A
> \$1 billion	<i>The lesser of:</i> \$3.5 million + 0.075% * Base over \$1 billion <i>or</i> \$150 million	\$150 million



- * Base = the aggregate unpaid principal balance of all loans covered by the fidelity insurance policy
- ** Freddie Mac does not require more than \$150 million in fidelity coverage, regardless of Base

3. Fidelity insurance deductible/SIR

The maximum deductible or SIR (self-insured retention) or combined deductible and SIR allowed for any one fidelity loss is the higher of (i) \$250,000 or (ii) ten percent of the minimum single loss limit of fidelity insurance required by Freddie Mac per occurrence.

The deductible or SIR or combined deductible and SIR may not be calculated based on the actual limit of insurance in force.

c. Seller/Servicer errors & omissions (E&O) insurance coverage (09/26/19)

1. Seller/Servicer E&O insurance requirements

The Seller/Servicer must maintain mortgagee's E&O insurance or the equivalent coverage. The policy may be written on a Claims Made Policy Form or an Occurrence-based Policy Form. The Seller/Servicer must notify Freddie Mac if the Seller/Servicer plans to switch the coverage:

- From a Claims Made Policy Form to an Occurrence-based Policy Form, or
- From an Occurrence-based Policy Form to a Claims Made Policy Form

Freddie Mac reserves the right to review and approve the change.

The mortgagee's E&O coverage or the equivalent coverage must protect the Seller/Servicer against loss resulting from negligence, errors and/or omissions, including the following:

- Failure to determine whether the Property is located in a Special Flood Hazard Area (SFHA) as defined by the Director of the Federal Emergency Management Agency (FEMA)
- Failure to maintain any and all of the insurance (property and liability insurance) required by Chapter 31, as amended by the Purchase and Servicing Documents
- Failure to pay real estate taxes, ground rents and/or any other mandatory assessments on the Property, as required

Additionally, the policy must:

- Name Freddie Mac as a loss payee as its interest may appear on payment drafts issued by the insurer for losses in which Freddie Mac has an interest resulting from acts covered by the insurance, and



- Upon failure of the Seller/Servicer to make a claim, give Freddie Mac the right to file a claim directly with the insurer for losses in which Freddie Mac has an interest in connection with acts covered by the insurance

2. E&O insurance coverage requirements

The Seller/Servicer must maintain E&O insurance in an amount at least equal to the minimum required as shown in the table below.

Base* (Insured Portfolio UPB)	Coverage Calculations by Base*	Cap
≤ \$100 million	\$2.5 million	N/A
> \$100 million and ≤ \$500 million	\$2.5 million + 0.125% * Base over \$100 million	N/A
> \$500 million and ≤ \$1 billion	\$3 million + 0.1% * Base over \$500 million	N/A
> \$1 billion	<i>The lesser of:</i> \$3.5 million + 0.05% * Base over \$1 billion <i>or</i> \$50 million	**\$50 million

- * Base = the aggregate unpaid principal balance of all loans covered by the E&O insurance policy
- **Freddie Mac does not require more than \$50 million in E&O coverage, regardless of Base

3. E&O deductible/SIR

The maximum deductible or SIR or combined deductible and SIR allowed for any one E&O loss is the higher of (i) \$250,000 or (ii) ten percent of the minimum limit of E&O insurance required by Freddie Mac per occurrence.

The deductible or SIR or combined deductible and SIR may not be calculated based on the actual limit of insurance in force.

Freddie Mac reserves the right to review and approve the terms of such a policy.

d. Documentation of fidelity and E&O insurance (02/16/23)

1. Acceptable documentation



Within 30 days of obtaining or renewing fidelity and/or mortgagee's E&O insurance, the Seller/Servicer must submit acceptable proof of insurance to *Multifamily Counterparty Risk & Compliance* on one of the following:

- ACORD 25, Certificate of Liability Insurance (or other appropriate ACORD form)
- Certificate of insurance
- Evidence of insurance
- Declarations page
- Policy

2. Required information

Each form of documentation must include all of the following:

- Name of insurer
- Bond or policy number
- The Seller or Seller/Servicer, as applicable, as named insured or joint named insured
- Entity covered by the insurance policy
- Freddie Mac named loss payee
- Type of insurance and coverage
- Effective date and expiration date of coverage
- Deductible or SIR or combined deductible and SIR
- Any endorsement or optional coverage modifying the original bond or policy if the endorsement or optional coverage reinforces compliance with Freddie Mac's requirements or reduces the coverage required by Freddie Mac (The Seller/Servicer must submit a copy of the endorsement or optional coverage if the endorsement or optional coverage is not summarized on the certificate or other documentation.)
- Coverage amount:
 - For fidelity insurance, the single loss (per occurrence) limit of liability and the maximum single loss limit of liability and any aggregate, if applicable to the policy
 - For E&O insurance, the per occurrence limit of liability and any applicable sub-limits



- The aggregate unpaid principal balance of all loans covered by the fidelity insurance policy
- The aggregate unpaid principal balance of all loans covered by the E&O insurance policy

e. Blended fidelity and E&O insurance policies (02/16/23)

The Seller/Servicer must contact *Multifamily Counterparty Risk & Compliance* if the fidelity and E&O insurance is purchased in a blended policy. A blended policy has an aggregate limit that covers both fidelity and E&O insurance.

Freddie Mac reserves the right to review and approve the terms of such a policy.

f. Reinstatement of coverage (02/16/23)

If the Seller/Servicer fidelity and/or E&O insurance limits fall below 80 percent of Freddie Mac's requirements, the Seller/Servicer must contact *Multifamily Counterparty Risk & Compliance*.

g. Self-insurance and Fidelity and/or E&O insurance provided by a captive insurance company (09/26/19)

Seller/Servicers that self-insure or utilize insurance carriers whose ratings do not meet the requirements set forth in Section 3.16(a) must themselves meet at least two of the following ratings:

- "A" from Fitch Ratings
- "A" from Standard & Poor's Global Ratings
- "A2" from Moody's Investors Service
- "A-" from Kroll Bond Rating Agency
- "A" from DBRS, Inc.

h. Other Seller/Servicer obligations for fidelity and E&O insurance (02/16/23)

1. Notice of change in coverage

The Seller/Servicer must report to Freddie Mac the following events within 10 Business Days of their occurrence using [Form 1107M, Seller/Servicer Change Notification Form](#):

- The receipt of a notice from the insurer that the insurer has taken or intends to take action to cancel, reduce, not renew or restrictively modify the Seller/Servicer's fidelity or mortgagee's E&O insurance for any reason. The Seller/Servicer must include a copy of the insurer's notice and detail the reasons for the insurer's action or intended action if not stated in the insurer's notice. The Seller/Servicer must also report its efforts to obtain replacement coverage or otherwise satisfy Freddie Mac's insurance



requirements.

- The determination that any single act of embezzlement, theft of funds or fraud or mortgagee's E&O loss has caused a loss exceeding \$100,000, whether or not Freddie Mac's interests are affected, or a claim is filed with the insurer.

2. Obligation to compensate

The Seller/Servicer is obligated to compensate Freddie Mac in full for any loss Freddie Mac sustains that is not recovered from the proceeds of claims made against the required fidelity and/or mortgagee's E&O insurance.

Freddie Mac's requirements for fidelity and mortgagee's E&O insurance do not diminish, restrict or otherwise limit the Seller/Servicer's responsibilities and obligations stated in the Purchase and Servicing Documents.

3. Notice of loss

Within 10 Business Days of a loss greater than \$100,000, the Seller/Servicer must:

- Notify *Multifamily Counterparty Risk & Compliance* in all instances.
- If the loss impacts Freddie Mac's interests, file a claim with its insurer and provide evidence of the claim report to *Multifamily Counterparty Risk & Compliance*, or notify *Multifamily Counterparty Risk & Compliance* of its intent not to file a claim.

4. Annual certification

The Seller/Servicer must certify compliance with Freddie Mac's requirements, including Freddie Mac's requirements for fidelity and mortgagee's E&O insurance, as specified in Section 3.5.

3.17 Non-discrimination (12/16/25)

1. Freddie Mac requires all Seller/Servicers to:

- Practice the principles of equal employment opportunity and non-discrimination in all its business activities. As such, each Seller/Servicer must not discriminate on the basis of race, color, religion, sex, age, marital status, disability, veteran status, genetic information (including family medical history), pregnancy status, national origin, ethnicity, familial status, sexual orientation, gender identity or other characteristic protected by law.
- Contractually require each subcontractor it engages to provide services or goods for the use of Freddie Mac to practice the principles of equal employment opportunity and non-discrimination in all its business activities.

2. Upon request by Freddie Mac, a Seller/Servicer must provide Freddie Mac with information and appropriate certifications necessary to comply with all Housing and Economic Recovery Act (HERA) obligations.

Multifamily Seller/Service Guide

Chapter 8

Property Fundamentals



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8.1 Introduction (09/08/04)

This chapter details Freddie Mac's requirements for the Property. These Property 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.

See Chapter 8SBL for Freddie Mac's requirements for a Property secured by an SBL Mortgage.

8.2 Structure (12/17/19)

a. Structure type and habitability (06/29/18)

The Property must contain five or more dwelling units and must be designed, in whole or in part, for residential use. Construction of the Property, including subsurface utilities and off-site improvements, must be completed as of the Delivery Date. If improvements cannot be completed for valid reasons, such as inclement weather, an adequate Reserve for the incomplete items must be established. Reserves must also be established for any repairs, improvements, alterations, conditions or construction required by the appraiser, engineer and/or Freddie Mac. A satisfactory completion certificate, accompanied by color photographs, must be submitted to Freddie Mac.

Each residential unit in the Property must contain kitchen and bathroom facilities. The Property must be served by public water and sanitary sewer systems.

The Borrower must not participate in home sharing activities, which are defined as short-term rentals (typically less than one month) that are marketed through a peer-to-peer online marketplace or a home sharing platform, nor enter into leases, including master leases, of residential, corporate or commercial units that the Borrower knows or should have known are intended to be used by the tenants for full or part-time home sharing activities. For clarity, nonexclusive examples of home sharing platforms include Airbnb, VRBO, and booking.com.

b. Commercial use (04/30/13)

Some multifamily rental properties contain space used for commercial (nonresidential) purposes. In addition to space occupied by typical commercial establishments, Freddie Mac also considers suites leased to professionals, such as physicians, dentists and attorneys, and used in the conduct of their professions to be commercial space. Freddie Mac considers leases for oil, gas and minerals located on, beneath or upon the Property to be commercial use as well.

Mortgages on such Properties are eligible for purchase under Freddie Mac's multifamily programs and products, provided that the commercial usage is permitted under local zoning and use ordinances and utilization of the commercial space is compatible with the Property and neighborhood. In addition, both the amount of gross rental income from the commercial space, as compared to the total gross income of the Property, as well as the square footage devoted to commercial space, as compared to the total square footage of the Property, must



be acceptable to Freddie Mac. For underwriting purposes, both the amount of commercial rental income recognized and the lease term must be supported by market comparison.

Freddie Mac reserves the right to require additional documentation or information for mixed-use properties, including copies of commercial space leases, lease analyses, comparable commercial rental and vacancy rate data or other data regarding comparable properties, lease rollover analysis, and separate commercial space income and expense operating history and pro forma.

c. Reserved (05/01/14)

d. Aluminum wiring (02/28/18)

If any of the buildings at the Property contain aluminum wiring, the Seller must notify Freddie Mac in writing, comply with the requirements of Chapter 62 and submit the following documentation:

1. Certification from the appraiser indicating whether the wiring has any adverse impact on the value of the Property, if required by Freddie Mac
2. A cost estimate from a licensed electrician for any repairs or corrections due to unsafe conditions or as required by any applicable code
3. Certification of completion for all repairs and corrections to the wiring in the Property due to unsafe conditions or as required by any applicable code

e. Wood-damaging insect inspection reports (12/17/19)

A wood-damaging insect inspection report is not required if the Property has no wood framing or structural members (*i.e.*, significant components that could be subject to damage by wood-damaging insects, such as termites, powderpost beetles, carpenter ants, etc.) as determined by either the Property Condition Report or the Physical Risk Report.

For any Property with wood framing or structural members as described above, the following documentation must be provided:

- A wood-damaging insect inspection report stating that there is no evidence of wood-damaging insect infestation, or
- Certification from the Property's current pest control provider stating that there is no evidence of wood-damaging insect infestation and that the Property is regularly inspected and/or treated to prevent wood-damaging insect infestation.

The wood-damaging insect inspection report or the certification from the Property's current pest control provider must be dated within six months prior to the date of the submission of the full underwriting package to Freddie Mac and must be in compliance with all applicable federal, State and local regulations. See Section 62.5(e) for additional requirements for wood-damaging insect inspections.



Freddie Mac will require a Repair Reserve for the costs to repair any areas damaged by wood-damaging insects.

Notwithstanding the above, the documentation listed above is not required if the following three conditions are satisfied:

- The Borrower provides documentation confirming that there is a wood-damaging insect contract in place for the Property,
- A wood-damaging insect contract(s) will remain in place for the term of the Mortgage, and
- There is no evidence of wood damage per the Property Condition Report (if applicable).

8.3 Moisture or Mold issues (08/17/23)

a. Moisture Management Plan (08/17/23)

If the environmental consultant or the physical risk consultant determines that a Moisture Management Plan (MMP) is needed at the Property, the Borrower must maintain an MMP in accordance with the following requirements:

1. Training the maintenance staff to understand the hazard and respond to all water intrusion events or leaks according to Environmental Protection Agency (EPA) guidelines
2. Providing information to tenants including, but not be limited to
 - Tenant housekeeping responsibilities (This information must be provided to tenants when they execute a new lease and at lease renewal.)
 - Tenant responsibility for notifying management in a timely manner regarding moisture or Mold issues
 - Description of any remediation done within a tenant's unit or on a tenant's behalf
3. Identifying the source of and remedying the water intrusion or leak, or remediating the Mold (in accordance with EPA guidelines) and recording the corrective actions taken
4. Documenting and promptly responding to tenant complaints relating to water intrusion, leaks, Mold, musty odors or health impacts and recording actions taken
5. Scheduling and documenting routine inspections of building areas to search for evidence of water intrusion, leaks or Mold (At a minimum, these inspections must take place annually for all common areas and areas with a past history of water intrusion, leaks or Mold and at unit turnover or at a tenant's request for all units.)
6. Keeping all plan documentation at the Property or at the property manager's office and available for the annual assessment inspection by the Servicer



The Moisture Management Plan must indicate that it is for the Property. If requested, a copy of any required Moisture Management Plan must be delivered to Freddie Mac.

For more detailed information on creating a Moisture Management Plan that meets Freddie Mac's requirements, Seller/Service providers should consult the [Moisture Management Plan Handbook](#).

Note:

Freddie Mac has published these guidelines to provide the Borrower with assistance in developing a Moisture Management Plan that is responsive to Freddie Mac's requirements. However, the Borrower is not required to use these tools. The tools provided by Freddie Mac are not documents that are ready to be implemented without the Borrower's input regarding the particular practices and conditions at the Property. In addition, Freddie Mac's tools for the preparation of the Moisture Management Plan are not a guaranty that the Property will not experience any issue with moisture or Mold in the future, and use of these tools does not relieve the Borrower of any liability it may have with regard to such issues.

b. When Freddie Mac requires a Special Moisture or Mold Inspection or Increased Scrutiny for Moisture and Mold (02/28/19)

Freddie Mac may require a Special Moisture or Mold Inspection (as described in Section 8.3(c)) or Increased Scrutiny for Moisture and Mold Issues (as described in Section 40.7(e)) if any of the following are applicable:

- A significant history of unresolved moisture or Mold was identified at underwriting
- Significant moisture or Mold is identified during the term of the Mortgage
- Pervasive moisture or Mold issues are listed as required Repairs in the Loan Documents

c. Special Moisture or Mold Inspection Requirements (02/28/19)

Freddie Mac may require a Special Moisture or Mold Issues Inspection prior to origination of the Mortgage and until the moisture or Mold issue has been resolved to its satisfaction. After the Borrower has resolved the moisture or Mold issue to Freddie Mac's satisfaction, Freddie Mac will not require a subsequent Special Moisture or Mold Issues Inspection more frequently than once every three years.

The Borrower will bear the cost of all Special Moisture or Mold Issues Inspections.

A Special Moisture or Mold Issues Inspection must meet the following requirements:

1. A third-party property condition consultant, meeting the requirements of Section 62.8 and with specific expertise in the identification and correction of water intrusion and mold issues, must conduct the Special Moisture or Mold Issues Inspection.
2. The third-party property condition consultant who performs the Special Moisture or Mold Issues Inspection must



- a. Conduct a visual and olfactory inspection for evidence of current or past moisture or Mold issues
- b. Look for evidence of moisture or Mold issues in all areas customarily inspected in accordance with Section 62.5(d)
- c. Make inquiries of the Borrower or property manager regarding past and current water intrusion or potentially damaging leaks; any known Mold problems; or any tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks
- d. Examine any areas where water intrusion or leaks have been reported
- e. Examine all building components or areas most typically associated with water intrusion or potentially damaging leaks
- f. Identify any defective building conditions that would likely lead to future water intrusion or potentially damaging leaks
- g. Provide Freddie Mac with a comprehensive report on the inspection which includes recommendations to correct all issues reported and observed with cost estimates for the repair work.

8.4 Occupancy (02/07/05)

For the three consecutive months prior to loan closing and as of the Delivery Date, at least 90 percent of the living units (or such higher level as may be necessary to cover debt service and pay all other expenses at the level required by the applicable purchase program or product) must have been occupied at rent levels that support the Freddie Mac Underwriting Value of the Property.

8.5 Zoning and building code conformity (04/15/21)

- a. For a Mortgage to be eligible for purchase by Freddie Mac, the Property securing it must conform to all applicable zoning, subdivision and use laws, ordinances or codes and local building and housing codes.
- b. The Seller must submit a zoning report as specified on the applicable underwriting checklist. The zoning report must be satisfactory to Freddie Mac, and must include clear determinations with respect to the following:
 - Whether all Certificates of Occupancy required for the use, operation and occupancy of the Property for its presently-contemplated use have been issued and are in effect or, if all Certificates of Occupancy are not available, a statement in accordance with Section 8.5(e),
 - Whether the applicable municipality or other jurisdiction has on record any notice of violations of applicable zoning laws and ordinances and building codes, and
 - If not fully addressed in the property condition report delivered pursuant to Chapter 62, whether the applicable municipality or other jurisdiction has on record any notice of



violations relating to fire and life safety or accessibility requirements applicable to the Property

If a zoning report is not available for the jurisdiction in which the Property is located, Freddie Mac may purchase a Mortgage if the Property meets the requirements of Section 8.5(d) below.

- c. If the zoning report states that the Property does not conform to current zoning regulations, including those governing density, building restriction lines, size or parking, Freddie Mac may purchase the Mortgage for the Property if the Property meets one of the following requirements:
- The zoning report states that the improvements may be rebuilt to predamage size, density and configuration in the event of partial or full destruction by fire or other casualty ("statement of full restoration"). The statement of full restoration must be satisfactory to Freddie Mac and must be from the zoning or housing authority or other authorized agency representative or official ("zoning authority").

If it is not possible to obtain the statement of full restoration from the zoning authority, Freddie Mac may accept a copy of legislation or a variance demonstrating that the Property may be rebuilt as is in the event of a partial or full casualty loss. Any statement of full restoration or copy of legislation or variance must be accompanied by an evaluation by the Seller, and if a copy of legislation or a variance is submitted, Seller's counsel must also submit a preliminary legal issues memorandum (PLIM) with a copy to the applicable Freddie Mac *Multifamily Attorney*.

- If the zoning report does not provide a statement of full restoration or satisfactory variance or legislation that the Property can be completely restored, in order for Freddie Mac to consider the Mortgage for purchase, all of the following conditions must be satisfied:
 1. The zoning report must contain a damage restoration statement from the zoning authority that
 - a. States the requirements of the current zoning classification (*i.e.*, number of units that could be rebuilt or the set back that would be required under current zoning), and
 - b. Specifies the percentage of damage to the Property's market, replacement or appraised value that could occur (the "damage threshold level") that would still allow the owner to rebuild the Property to predamage size and density without having to comply with current zoning requirements. The percentage of destruction must not be based on the Property's taxation assessed value.
 2. The Seller must submit an evaluation of the likelihood that a fire or other casualty could damage the Property beyond the damage threshold level by evaluating
 - a. The number of buildings on the Property and their proximity to one another
 - b. The type of construction materials used
 - c. The presence of smoke detectors and sprinklers



- d. Whether any flame-retardant material has been used
 - e. The proximity of the Property to natural hazards such as flood zones, earthquake zones or tornado alleys
 - f. The proximity of the buildings to fire hydrants and fire stations
 - g. Whether the damage threshold level applies to the Property as a whole or is applied building-by-building
3. The Seller must submit an evaluation of the availability of Ordinance and Law insurance, in accordance with the requirements of Section 31.12, to mitigate the risk of
 - a. Increased demolition cost
 - b. Increased cost to construct
 - c. Loss of value due to operation of zoning laws
 4. The Seller must submit an analysis of the impact on the Property if more than the damage threshold level of the Property was destroyed and had to be restored to current zoning requirements [*i.e.*, the number of units that could be rebuilt under current zoning requirements and the resulting Debt Coverage Ratio (DCR) and Loan-to-Value (LTV) Ratio].
 5. The Seller must submit an analysis of any other risk to Freddie Mac and how the risk could be mitigated and whether the risk has been mitigated.
 6. If requested by Freddie Mac, the Seller's counsel must submit a PLIM.
- d. If a zoning report is not available in the jurisdiction in which the Property is located, Freddie Mac may purchase the Mortgage for the Property if one of the following requirements is met:
 - The Seller must submit documentation that the improvements may be rebuilt to predamage size, density and configuration in the event of partial or full destruction by fire or other casualty ("statement of full restoration"). The statement of full restoration must be satisfactory to Freddie Mac and must be from the zoning or housing authority or other authorized agency representative or official ("zoning authority").

If it is not possible to obtain the statement of full restoration from the zoning authority, Freddie Mac may accept a copy of legislation or a variance demonstrating that the Property may be rebuilt as is in the event of a partial or full casualty loss. Any statement of full restoration or copy of legislation or variance must be accompanied by an evaluation by the Seller, and if a copy of legislation or a variance is submitted, Seller's counsel must also submit a PLIM with a copy to the applicable Freddie Mac *Multifamily Attorney*.

- If the Seller cannot provide a statement of full restoration or satisfactory variance or legislation that the Property can be completely restored, in order for Freddie Mac to consider the Mortgage for purchase, all of the following conditions must be satisfied:



1. The Seller must submit a damage restoration statement from the zoning authority that
 - a. States the requirements of the current zoning classification (*i.e.*, the number of units that could be rebuilt or the set back that would be required under current zoning), and
 - b. Specifies the percentage of damage to the Property's market, replacement, or appraised value that could occur (the "damage threshold level") that would still allow the owner to rebuild the Property to predamage size and density without having to comply with current zoning requirements. The percentage of destruction must not be based on the Property's taxation assessed value.
 2. The Seller must submit the evaluations, analysis and if applicable, the PLIM required in Section 8.5(c)(2) through 8.5(c)(6) above.
- e. If not all Certificates of Occupancy are available for the Property, the Property's zoning report must include one of the following:
1. The following statement:

 The absence of any Certificate of Occupancy within the "applicable governmental authority" Property file is not a violation nor will it give rise to any enforcement action affecting the property. A new Certificate of Occupancy will only be required for new construction and to the extent that any renovations/remodeling are made to all or a portion of the Property.

 OR
 2. An explanation of why the statement in Section 8.5(e)(1) is not applicable, based on the particular facts and circumstances related to the Property or the requirements of the applicable jurisdiction.
- f. Notwithstanding the above, a zoning report is not required if the zoning analysis described in Section 60.12(f)(2) is provided in the Appraisal and all of the following conditions are met:
- The Mortgage has an initial principal balance of \$20 million or less or 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 \$25 million or less in the aggregate
 - The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
 - Copies of all available Certificates of Occupancy are provided to Freddie Mac in the final underwriting package

If the Additional Zoning Compliance Information identified in the chart in Section 60.12(f) is included in the zoning analysis

- If the appraiser's conclusion on conformity states that the Property is legal conforming, then no further action is necessary



- If the appraiser's conclusion on conformity states that the Property is legal non-conforming, Ordinance and Law Insurance per Section 31.12 and a non-conforming carveout are required
- If the appraiser's conclusion on conformity states that the Property is non-conforming or illegal, then the Seller/Serviceicer must propose additional mitigants to address the increased risk and Freddie Mac will determine whether such mitigants are satisfactory

If Additional Zoning Compliance Information is not included in the zoning analysis, then Ordinance and Law insurance per Section 31.12 and a non-conforming carveout are required, even if the Appraisal concludes that the Property is legal conforming, unless the Seller/Serviceicer provides documentation from the zoning jurisdiction confirming legal conforming status.

8.6 Independent Properties (04/13/23)

a. Independent Property (06/30/15)

Except as set forth in this Section 8.6, Freddie Mac requires that a Property be an "Independent Property." An Independent Property is a Property that satisfies all of the following conditions:

1. Has direct access to a publicly dedicated and maintained street for all improvements and parking spaces without reliance on a Shared Access Agreement, even if the Shared Access Agreement is perpetual and the right of access to and from the Property is fully insured by a title insurance policy (See Section 8.8).
2. Contains the Essential Facilities needed to operate independently (See Section 8.9 for a description of "Essential Facilities").
3. Contains Recreational Facilities needed to operate independently (See Section 8.9 for a description of "Recreational Facilities").
4. Is financially viable and independent of all other properties, including other properties in the same phased development, if applicable.

If a Property is operated together with one or more properties on which the Essential Facilities, Recreational Facilities, and/or direct access are located, or with another phase of a phased development, Freddie Mac will consider the Property to be an Independent Property if it meets the requirements set forth in Section 8.6(d) and Section 8.6(e).

If the Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located are part of a phased development, they need not comprise all of the phases of the phased development.



b. Information required for purchase of a Mortgage secured by a Property that is not an Independent Property (06/30/15)

If the Seller requests that Freddie Mac purchase a Mortgage secured by a Property that is not an Independent Property, the Seller must submit the following information in writing to Freddie Mac as part of the applicable underwriting package:

- Description of the Essential Facilities and Recreational Facilities located on the Property, which may include Essential Facilities and Recreational Facilities located on other properties if the Mortgage and the Mortgage for the other properties will be cross-collateralized, cross-defaulted and coterminous as set forth in Section 8.6(d)
- Either (i) confirmation from the Seller/Service's legal counsel in a preliminary issues memorandum that any Shared Access Agreement and/or Shared Use Agreement complies or will comply as of the Origination Date with the requirements set forth in Section 8.8 and/or 8.9, as applicable, or (ii) a detailed analysis of which requirements will not be satisfied, and the legal counsel's recommendation as to whether and why Freddie Mac should accept the Shared Access Agreement and/or Shared Use Agreement
- Seller's analysis of the feasibility and practicality of the creation/construction of Essential Facilities or Recreational Facilities on the Property, if not all Essential Facilities and Recreational Facilities are located on the Property (required even if the Property has access to Essential Facilities and/or Recreational Facilities through a Shared Use Agreement)
- Seller's analysis of the practicality and feasibility of the creation of direct access to a publicly dedicated and maintained right of way, if the Property's primary access is not directly to a publicly dedicated and maintained right of way (required even if the Property has access to a public right of way through a Shared Use Agreement)

The Seller's analysis must include financial considerations as well as zoning issues and the availability of land.

c. Requirements for purchase (06/30/15)

If a Property is not an Independent Property, Freddie Mac may require one or more of the following as a condition to Freddie Mac's agreeing to purchase the Mortgage:

- If Freddie Mac determines that it is feasible to create or construct Essential Facilities, Recreational Facilities or direct primary access, Freddie Mac may require the Borrower to make the necessary modifications so that the Property meets all of the requirements for an Independent Property
- Freddie Mac may require the Borrower to establish a Reserve of the funds necessary to make the required modifications at a later date, as determined by Freddie Mac
- Freddie Mac may require the Mortgage to be cross-collateralized and cross-defaulted with the mortgage(s) on the property(ies) on which the Essential Facilities, Recreational Facilities or direct access are located (See 8.6(d))



- Freddie Mac may require that the Borrower be personally liable for any loss or damages incurred by Freddie Mac because the Property is not an Independent Property

d. Cross-collateralized, cross-defaulted and coterminous Mortgages (06/30/15)

If the Property is not and will not be an Independent Property as of the Origination Date and Freddie Mac has not required a Reserve of the funds or additional recourse pursuant to Section 8.6(c), Freddie Mac may agree to purchase the Mortgage if each of the following requirements is met:

- The Mortgage is cross-defaulted and cross-collateralized with any mortgage for any property on which the Essential Facilities, Recreational Facilities, and/or direct access are located
- The Mortgage is coterminous with any mortgage for any property on which the Essential Facilities, Recreational Facilities, and/or direct access are located
- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located are operated as a single unit with the Property and the other property having unimpeded ingress and egress to each other and to the Essential Facilities and/or Recreational Facilities, regardless of whether such ingress and egress, Essential Facilities, and/or Recreational Facilities are located on the other property
- The Cross-Collateralization Agreement does not permit the release of any property unless each of the remaining properties is able to meet the requirements for an Independent Property

e. Additional requirements for Property and other property (04/13/23)

The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located must each meet all of the following requirements:

- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located must be owned and controlled by substantially the same Key Borrower Principals
- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located must together meet the requirements for an Independent Property
- For a Property that is part of a phased development, the Property must meet the tax parcel requirements of Section 8.7(a)

A Mortgage cannot be cross-collateralized and cross-defaulted with any other mortgage not being simultaneously purchased by Freddie Mac in order to meet the requirements set forth in this subsection.



8.7 Tax parcels, taxes and utilities (03/31/11)

a. Tax parcels (03/31/11)

The Property must be identified as a single tax parcel or, if identified as multiple tax parcels, the Property must constitute the entirety of those tax parcels. Any tax parcel or parcels in which the Property is located may not include property that is not subject to the Mortgage sold to Freddie Mac.

b. Taxes and utilities (03/31/11)

All taxes (including personal property taxes), other than ad valorem real estate taxes not yet due or payable, and all utility fees and charges must be current.

8.8 Access (06/29/17)

a. Eligibility for Purchase of Property subject to a Shared Access Agreement (06/30/15)

Freddie Mac will consider purchasing a Mortgage secured by a Property with primary access via an easement or a private road if the Shared Access Agreement meets the requirements set forth below and one of the following conditions is met:

- The Shared Access Agreement is with an Affiliate of the Borrower and the Mortgage will be cross-collateralized with the mortgage on the property on which the direct access is located in accordance with the requirements set forth in Section 8.6(d) and (e)
- The Shared Access Agreement is with an Affiliate of the Borrower and the Borrower will establish a Reserve of the funds necessary to create primary access as set forth in Section 8.6(c)
- The Borrower will be personally liable for any loss or damage incurred because of the Shared Access Agreement as set forth in Section 8.6(c)

b. Review of Shared Access Agreement (06/29/17)

If the Shared Access Agreement fully satisfies all of the requirements listed below, the Seller/Service's legal counsel must confirm in a PLIM that all such requirements have been met. If the Shared Access Agreement fails to fully satisfy any of the requirements listed below and the Shared Access 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 Shared Access Agreement without it being fully compliant with this Section 8.8.

1. The Shared Access Agreement must contain a stipulation that access to and use and enjoyment of any easement or private road are perpetual and that such rights will inure to the benefit of all future owners of the Property.
2. Each party's remedies in the event of a breach by any other party must be generally acceptable to a prudent lender. The Shared Access Agreement may not allow for loss of use in the event of a breach. However, the Shared Access Agreement may permit the



placement of a lien which is subordinate to the Mortgage for unpaid maintenance costs for the easement.

3. Each party's responsibilities and share of expenses under the Shared Access Agreement must be stipulated.
4. The Shared Access Agreement must be recorded in the applicable records for the jurisdiction prior to the Freddie Mac Funding Date. If the Shared Access Agreement is not or will not be recorded, the Seller/Servicer's legal counsel must provide an explanation acceptable to Freddie Mac.
5. If shared access is evidenced only by a subdivision plat, deed restriction or similar instrument then there must not be anything in the plat, deed restriction or similar instrument or under the applicable laws in the jurisdiction that could result in the loss of use by the Borrower.
6. If the Property is not visible from the public street, the Shared Access Agreement or a separate sign agreement must permit signage to be placed in the easement area or in or about the private road in a location near the entrance to the Property or, if applicable, the phased development.

c. Underwriting requirements for access via easement or private road (06/30/15)

The Seller/Servicer must confirm that the easement or private road complies with the following conditions:

1. The easement or private road must provide safe ingress/egress to a publicly dedicated and maintained street.
2. The Property must have good visibility from the public street it accesses via the easement or private road.
3. The easement or private road must be wide enough to provide satisfactory fire/police/utility access and to handle all current and foreseeable types of traffic.
4. If the easement or private road represents a shared access with, or through, another property, the Property must be able to operate satisfactorily without adverse effects (now or in the future) from the other properties that share access.
5. Signage must be of sufficient size so that it is clearly visible from the public street.

The Seller must provide a copy of the survey, if required for the Mortgage, and photographs (including photographs taken from the public street) showing the location of the access easement, the signage for the Property, the Property and the view of the Property and/or other property(ies) and the phased development, if applicable, from the public street, the easement or the private road.

d. Additional requirements (06/30/15)

- The Seller must provide the appraiser with all information regarding the Shared Access Agreement



- The title insurance policy must fully insure the right of access to and from the Property
- The Seller/Servicer must notify Freddie Mac immediately if the Seller/Servicer learns of any circumstances that might limit access to the Property

e. Freddie Mac approval not a waiver (06/30/15)

Freddie Mac's approval of any non-compliant provisions in the ingress/egress arrangement through a Shared Access Agreement does not discharge or limit the Seller's liability for breach of any warranties made under the Purchase and Servicing Documents. See Section 29.2 for more information on title exceptions.

8.9 Essential Facilities; Recreational Facilities; Shared Use Agreement (06/29/17)

a. Eligibility for Purchase of Property subject to a Shared Use Agreement (06/30/15)

Freddie Mac will consider purchasing a Mortgage on a Property that shares Essential Facilities or Recreational Facilities that are not located on the Property and under the exclusive control of the Borrower if one of the following conditions is met:

- The Shared Use Agreement is with an Affiliate of the Borrower and the Mortgage will be cross-collateralized with the mortgage on the property on which the Essential Facilities and the Recreational Facilities are located in accordance with the requirements set forth in Section 8.6(d) and (e)
- The Shared Use Agreement is with an Affiliate of the Borrower and the Borrower will establish a Reserve of the funds necessary to make the required modifications at a later date, as determined by Freddie Mac as set forth in Section 8.6(c)
- The Borrower will be personally liable for any loss or damage incurred because of the Shared Use Agreement as set forth in Section 8.6(c)

b. Essential Facilities (03/31/11)

"Essential Facilities" include the following:

- Leasing office
- Model unit(s), if applicable
- Private streets
- Parking necessary for the Property to be in compliance with all zoning laws and regulations
- Any utility and/or maintenance buildings and/or facilities (for example, on-site central heating and cooling system, parking and/or driveway maintenance, maintenance garage, repair shop, bridge connecting one phase to another phase)



- Any utilities (for example, electricity, gas, telephone, cable TV, water, sewer), as applicable, that are not provided by public utilities and/or local government
- Lawn/grounds maintenance and snow removal, including storage of equipment and contractual obligations to provide such services on the Property

c. Recreational Facilities (03/31/11)

“Recreational Facilities” include the following:

- Swimming pool(s)
- Tennis, basketball, and/or other hard-surface court(s)
- Playground(s)
- Indoor recreation center(s), club houses(s), and gym facilities
- Other recreational facilities
- Laundry facilities, if the units are not equipped with a washer/dryer
- View easement
- Air rights

d. Underwriting requirements for Shared Use Agreements (06/30/15)

The Seller/Service must submit all relevant documents concerning the shared Essential Facilities and shared Recreational Facilities in the final underwriting package and upon Freddie Mac’s request.

e. Review of Shared Use Agreement (06/29/17)

If the Shared Use Agreement fully satisfies all of the requirements of this Section 8.9(e), the Seller/Service’s legal counsel must confirm in a PLIM that all such requirements have been met. If the Shared Use Agreement fails to fully satisfy any of the requirements listed below and the Shared Use 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 Shared Use Agreement without it being fully compliant with this Section 8.9(e).

1. The Shared Use Agreement must contain a stipulation that access to and use and enjoyment of the Essential Facilities and/or Recreational Facilities are perpetual and that such rights will inure to the benefit of all future owners of the Property.
2. Each party’s remedies in the event of a breach by any other party must be generally acceptable to a prudent lender. The Shared Use Agreement may not allow for loss of



use in the event of a breach. However, the Shared Use Agreement may permit the placement of a lien which is subordinate to the Mortgage for unpaid maintenance costs.

3. Each party's responsibilities and share of expenses under the Shared Use Agreement must be stipulated.
4. The Shared Use Agreement must be recorded in the applicable records for the jurisdiction prior to the Freddie Mac Funding Date. If the Shared Access Agreement is not or will not be recorded, the Seller/Servicer's legal counsel must provide an explanation acceptable to Freddie Mac.

f. Additional requirements (06/30/15)

- The Seller/Servicer must provide the appraiser with all information regarding the Shared Use Agreement
- The title insurance policy must fully insure the right of access to and from the Essential Facilities and Recreational Facilities, and the right of use and enjoyment of the Essential Facilities and Recreational Facilities
- The Seller/Servicer must notify Freddie Mac immediately if the Seller/Servicer learns of any circumstances that might limit the access to or the use or enjoyment of the Essential Facilities and/or Recreational Facilities

g. Freddie Mac's approval not a waiver (06/30/15)

Freddie Mac's approval of any non-compliant provisions in the Shared Use Agreement does not discharge or limit the Seller/Servicer's liability for breach of any warranties made under the Purchase and Servicing Documents. See Section 29.2 for more information on title exceptions.

8.10 Adverse circumstances—Property (02/07/05)

No proceeding may be pending for condemnation of all or any part of the Property. There must be no circumstances or conditions of which the Seller is aware involving the Property that adversely affect the value or marketability of the Mortgage.

8.11 Nonresidential leases (04/22/25)

a. General (09/25/15)

For the purposes of this Section, the term "commercial lease" refers to any non-residential lease under which the Borrower is the lessor (excluding ground leases and master leases), including leases for retail space, office space, laundry facilities, cellular communication equipment, billboards, and petroleum products/minerals.

See Section 55.2 regarding commercial lease documentation required in the full underwriting package.

**b. Analysis (09/25/15)**

Freddie Mac may request additional Commercial Lease Analyses on a case-by-case basis. In addition to any Commercial Lease Analyses submitted with the full underwriting package as required under Section 55.2, the Seller must also promptly provide a Commercial Lease Analysis for such additional commercial leases for which Freddie Mac has requested an analysis.

c. Tenant improvements and leasing commissions (02/29/16)

Freddie Mac will deduct tenant improvements and leasing commissions from Net Operating Income when underwriting Properties where commercial gross potential rent is five percent or more of the Property's total gross potential rent. Freddie Mac will require an escrow or other acceptable credit enhancement if there will be any outstanding tenant improvements or leasing commission obligations at Mortgage origination. Freddie Mac may require a separate escrow to address the costs of any potential future tenant improvements or leasing commissions.

d. Tenant estoppels (09/25/15)

The Seller must provide a tenant estoppel, executed by the applicable tenant, confirming or explaining the items detailed below, for the following commercial leases:

- Commercial leases which individually account for five percent or more of gross potential rent
- If income from all commercial leases is 10 percent or more of gross potential rent, then all commercial leases which lease more than 1,000 square feet
- Any commercial lease for which a tenant estoppel is specifically requested by Freddie Mac on a case-by-case basis

Tenant estoppels must confirm or explain the following items:

1. Commencement date, expiration date, and any extension rights
2. Tenant is in actual possession of the premises and is open for business
3. Name of any Guarantor of the lease
4. Amount of rents and all other charges payable (common area maintenance fees, real estate tax reimbursements, insurance reimbursements, etc.); date through which rent and other such charges have been paid; amount of any advance rent paid and the period for which such advance rent is to be applied; amount of any outstanding concessions, including future "free rent" periods; any additional data necessary to compute the rent (e.g., the base year and/or sales figures)
5. Amount and type (e.g., cash or letter of credit) of security deposit; if estoppel indicates that the security deposit is in the form of a letter of credit, the Seller must confirm whether the letter of credit is freely assignable/transferable to a successor owner of the Property



6. No outstanding landlord obligations (tenant improvement allowance, repairs, unpaid annual adjustments, etc.)
7. No current default by landlord or tenant; no set-off or other pending claims or disputes by tenant against landlord
8. No option or right of first refusal to purchase the Property or any space; no right of first refusal to lease additional space
9. No rights of termination except as described in the estoppel, other than customary rights of termination due to substantial casualty or condemnation
10. A true, correct, and complete copy of the lease is attached to the estoppel
11. Any additional items which are necessary to address specific unique issues relating to the lease, including concerns identified in the Commercial Lease Analysis or the PLIM

If an issue is identified in a tenant estoppel, the PLIM must be updated or supplemented to include the issue and the Seller's counsel's analysis and recommendations as to how to address the issue.

e. Subordination, nondisturbance and attornment (SNDA) (09/25/15)

Subordination, nondisturbance and attornment agreements (SNDAs) are not required for commercial leases unless expressly requested by Freddie Mac. Generally, such request will be reserved for the following circumstances:

- A commercial lease which provides for material liability or obligation (e.g., significant unpaid tenant improvement allowances or non-customary indemnifications) or a right of first refusal to purchase the Property
- A commercial lease for which the tenant estoppel that was received in connection with the commercial lease identified material outstanding claims or offsets, any of which, if imposed upon a lender in the event of foreclosure, would not be acceptable
- A commercial lease that has rent that provides five percent or more of gross potential rent, and such lease does not provide that upon foreclosure or deed-in-lieu of foreclosure the tenant will attorn to the lender and any subsequent purchaser of the Property

In the PLIM (or in an update or supplement, if such information is received after issuance of the PLIM), the Seller's counsel must identify commercial leases for which any of the above circumstances are applicable, and must recommend the execution of an SNDA upon identification of any other similarly unique instances in which an SNDA would be advisable for Freddie Mac. Additionally, the PLIM must include any modifications to the form SNDA which are necessary to address the issue for which the SNDA is recommended.

f. Subordination of a commercial lease with Affiliate (09/25/15)

A commercial lease between the Borrower and any Affiliate of the Borrower or any Borrower Principal (including any Guarantor) must be subordinate to the lien of the Mortgage unless



the lease contains a provision for termination by the owner of the Property with or without cause on 30 days' notice and without payment of a fee or penalty. Such subordination may be contained in the provisions of the lease itself or may be contained in a separate subordination agreement. The subordination agreement must be recorded if the lease is recorded. Freddie Mac will not agree to a nondisturbance agreement for a lease that is with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor).

8.12 Subordinate Financing (04/18/24)

a. Conditions for Freddie Mac approval (10/31/12)

In general, Freddie Mac does not permit Subordinate Financing for newly originated Mortgages. However, if the Borrower requests Subordinate Financing at the time of origination of the Mortgage, then the Seller must forward that request to Freddie Mac with the Seller's recommendation for action.

Freddie Mac may reject a request for Subordinate Financing at its discretion. Freddie Mac will consider consenting to Subordinate Financing only under the following circumstances:

1. The subordinate lender must be a financial institution or other lender that is not related to the Borrower.
2. The subordinate lender must enter into Freddie Mac's standard Subordination Agreement, which provides, among other things, that the subordinate lender will
 - Provide notice of default to Freddie Mac
 - Give Freddie Mac the right (but not the obligation) to cure defaults, and
 - Not exercise its remedies under the Subordinate Financing for the period specified in the Subordination Agreement after notice to Freddie Mac that sets forth the specific remedy that the subordinate lender intends to exercise
3. The Subordination Agreement must be recorded in the land records of the jurisdiction in which the Property is located.
4. The combined debt may not result in an LTV Ratio that exceeds 85 percent *and* the combined debt service may not result in a DCR that is below 1.20x.
5. The Subordinate Financing must be based on a fixed interest rate for the entire term or an adjustable interest rate with a rate cap.
6. If the Subordinate Financing is not fully amortizing, the term of the Subordinate Financing must be equal to or longer than the term of the Freddie Mac Mortgage.
7. The Seller must perform a refinance test acceptable to Freddie Mac on the combined debt.
8. The Seller must establish tax and insurance Reserves at the time of origination of the Freddie Mac Mortgage.



9. The Subordinate Financing must not provide for recourse against the Borrower or a third-party guarantee by a Borrower Principal.
10. The Borrower must be a single asset entity.

b. Information to be provided to Freddie Mac for review (02/07/05)

The Seller must include all relevant information that Freddie Mac may request pertaining to the proposed Subordinate Financing, including

1. Seller's analysis of the Subordinate Financing along with the Seller's recommendation for action
2. If the Subordinate Financing is not already in existence, a copy of the signed commitment from the subordinate lender, containing the Subordinate Financing amount, interest rate (including the factors relating to a floating rate), term to maturity and anticipated amount of annual debt service
3. Copies of the proposed or actual Subordinate Financing loan documents that have been completed with the applicable loan amount, interest rate, payment schedules, and all other transaction-related information (If the Subordinate Financing is not already in existence, all Subordinate Financing loan documents must be approved by Freddie Mac prior to execution.)
4. Payment histories for any existing Subordinate Financing on the Property, including the amount of annual debt service
5. A description of the proposed use of the Subordinate Financing proceeds
6. Information about the proposed or actual subordinate lender and its financial capacity

c. Documents to be provided after settlement of Subordinate Financing (04/18/24)

At final delivery of the Freddie Mac Mortgage or within 15 days after the settlement of the Subordinate Financing if the Subordinate Financing is originated after the Freddie Mac Mortgage, the Seller/Servicer must provide to Freddie Mac a copy, a certified copy or an original (as noted) of each executed relevant document. 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's or clerk's delays make it impossible to effect timely delivery of a copy showing the required information, the Seller may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The Seller must deliver to Freddie Mac a copy of the recorded/filed original showing the required information as soon as the copy becomes available. The documents are:

1. Recorded Subordination Agreement (certified copy)
2. Subordinate note (copy)
3. Recorded Subordinate Financing security instrument (certified copy)



4. Any third-party guaranties executed in connection with the Subordinate Financing (copy)
5. Recorded or filed subordinate Uniform Commercial Code (UCC) financing statements (certified copy)
6. Settlement statement (copy)

The title policy that the Seller delivers to Freddie Mac with the final delivery of the Freddie Mac Mortgage must insure that the lien of the Freddie Mac Mortgage is superior to the lien of the Subordinate Financing and that there are no inferior liens other than the Subordinate Financing. The policy must reflect the recordation of the Subordination Agreement and the security instrument for the Subordinate Financing and must meet all the requirements of Chapter 29.

8.13 General property management requirements (12/16/15)

At all times, the Borrower either must manage the Property or provide for professional management of the Property by a property management company meeting the requirements of the Loan Documents. No property management company will be acceptable if the property management company appears on the Freddie Mac Exclusionary List or the [Multifamily Restricted Vendor List](#), or on the most current U.S. Treasury Department Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) List, the OFAC Consolidated Sanctions List, or the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List.

See Section 2.18 regarding the Freddie Mac Exclusionary List, Section 2.23 regarding OFAC compliance and Section 2.24 regarding the FHFA SCP.

Unless the property management contract has been assigned to the Mortgage lender and subordinated to the lien of the Mortgage, the contract must be terminable upon not more than 30 days' notice without the necessity of establishing cause and without payment of a penalty or termination fee by Borrower or its successors. The forms of [Assignment of Management Agreement and Subordination of Management Fees](#) and [Assignment of Management Agreement and Subordination of Management Fees \(New Property Manager\)](#) can be found at mf.freddiemac.com/lenders/legal/.

As part of its underwriting process, and as part of its review of a proposed replacement property management company (if required), Freddie Mac will evaluate

- The appropriateness of the management fee charged by the property management company
- For Properties entitled to Low-Income Housing Tax Credits (LIHTC) or benefiting from other forms of subsidy, whether the property management company has expertise in managing comparable properties, including experience and a demonstrated track record in managing properties comparable to the Property in scale, complexity and regulatory compliance requirements



8.14 Mortgages ineligible for purchase (09/26/19)

A Mortgage is ineligible for sale to Freddie Mac if

- The Mortgage is secured by a Property located in an Elevated Seismic Hazard Region, the Probable Maximum Loss (PML) on a Seismic Risk Assessment (SRA) is greater than 40 percent, and the affected buildings have not undergone a seismic retrofit
- The Mortgage is secured by a Property that is encumbered by a Private Transfer Fee Covenant that was created on or after February 8, 2011
- The Mortgage is secured by a Property located in an area that has been identified by FEMA as a Special Flood Hazard Area (SFHA), and
 - The community where the Property is located does not participate in the National Flood Insurance Program (NFIP), regardless of whether private flood insurance is available, or
 - The Borrower has not obtained the required flood insurance coverage
- The Mortgage is secured by a Property that is encumbered by a regulatory agreement that encumbers any property other than the Property

For additional information regarding flood insurance see Section 31.8. For additional information regarding seismic risk, see Chapter 64.

8.15 Property inspections and lease audits (06/24/25)

The Seller must inspect the Property and submit the required property inspection documentation. An inspector who is familiar with evaluating multifamily asset quality must review the age, condition and quality of all major asset components. A third-party contractor may not perform the inspection.

See Section 8SBL.15 for property inspection for SBL Mortgages, Section 8.16 for property inspection requirements for Forward Commitments. See Section 22.8 for property inspection requirements for MHC Mortgages. For MHC Mortgages with Borrower-Owned Homes, see Section 22.8 for additional requirements.

a. Preliminary property inspection requirements (04/18/24)

Prior to early-rate lock or Index Lock (if applicable per Section 3.15) the Seller must:

- Interview the property manager or other management company staff,
- Walk the Property, and
- Inspect an appropriate sample of units based on the Seller's discretion and expertise, the condition of the Property, and any identified issues or other factors

Prior to early rate-lock or Index Lock (if applicable), the Seller must complete and document these inspection requirements as part of the mortgage transaction narrative analysis or on



the [Property Inspection and Lease Audit](#) form. The Seller must include the names of all parties participating in the property inspection and the management interview, including the company each individual represents.

b. Complete property inspection and lease audit (06/24/25)

At full underwriting, in addition to conducting the inspection requirements specified in 8.15(a) above, the Seller must conduct a complete property inspection including, but not limited to, the following:

1. The unit inspection must include the following:
 - 10 percent of units, with no fewer than 10 units and no more than 30 units. This excludes Down Units and commercial units and must include a representative sample of vacant units and occupied units (of which at least 50% must be occupied), unit types and floor levels, including top floor and bottom floor units, and any owner-operated guest suites, units subject to corporate leases, or units rented by short-term stay operators.
 - If the calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 10-unit requirement is met (e.g., 10.9 units becomes 10 units)
 - Notwithstanding the above, if inspecting 10 percent of the total number of units results in an insufficient number of inspected units to meet lease audit requirements, then additional units must be inspected to meet those requirements
 - All Down Units
 - All commercial units
2. Prior to the inspection date, the Seller must select twice the required number of units for inspection, and the Seller must instruct the Borrower to provide appropriate notification to the tenants of the selected units. A list of the units selected must be provided to Freddie Mac prior to the date of inspection.
3. On the day of the inspection, if Freddie Mac is on-site and participating in the inspection, Freddie Mac will identify an appropriate sample of units to inspect from the selected units, ensuring that the required number of units are inspected and that the inspected units are sufficient to meet lease audit requirements, which can be confirmed by the Seller. If Freddie Mac is not present, the Seller will select units to be inspected. Neither the Borrower nor the property manager may select or recommend units to be inspected.

When a property inspection is delegated to the Seller, and the Borrower or the property manager cannot gain access to units, the Seller may substitute originally noticed units for the inaccessible units in order to fulfill the unit inspection and lease audit requirements. The Seller must identify the inaccessible units and the substituted units in the inspection form.



4. The Seller must interview the property manager to discuss unit and property amenities, concessions, tenant mix, renovations, capital expenditures, marketing efforts, turnover, current competition, and any new supply that will compete with the Property. If unit renovations are reported, the Seller should request a list of such units.
5. The Seller must inspect each building, including exteriors and all common spaces to include the following:
 - a. Roof access should be gained if not clearly visible from the ground (flat roofs)
 - b. Inspect a representative sample of ongoing or recently completed unit renovations, if applicable
 - c. Verify reported completed or in process capital improvements
 - d. Inspect amenities available to tenants at the Property
 - e. Walk the Property and look for deferred maintenance and any easily recognizable need for environmental remediation
 - f. Inspect the building's heating, ventilation and air conditioning (HVAC) and other systems
6. The Seller must include in the property inspection documentation the names of all parties participating in the property inspection and the management interview, including the company each individual represents.
7. The Seller must conduct a market analysis to include the following:
 - a. Drive by the rental comparables identified for purposes of the preliminary site visit and identify any new rental comparables in the market
 - b. Determine the Property's compatibility with the neighborhood and assess the Property's competitiveness in its submarket
 - c. Take photographs of rental comparables
 - d. If requested by Freddie Mac, inspect any other multifamily properties that are owned by the Borrower and/or Key Borrower Principal and are located in the Property's submarket
8. The Seller must document the complete property inspection and lease audit. At full underwriting, the Seller must submit the property inspection and lease audit documentation set forth below:
 - a. Photographs representative of the Property. If Freddie Mac delegates the property inspection to the Seller, at least two photographs of each unit inspected must be provided.



- b. Rent roll dated the day of inspection from the property manager consistent with the rent roll requirements as defined in Section 55.2
- c. A sample or unexecuted residential lease or an executed residential lease with any personal or private information redacted
- d. Completed applicable property inspection form
- e. Completed applicable lease audit form, reflecting the following:
 - A lease audit of 10 percent of units, with no fewer than 10 units and no more than 30 units. At least 50 percent of leases audited must be units inspected; the remainder can be chosen randomly by the inspector after including representative samples of:
 - Leases from any inspected corporate units
 - Leases signed within the last 60 days

If the calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 10-unit requirement is met (e.g., 10.9 units becomes 10 units).

- Leases must also be validated against documentation reflecting actual rental payments received by the respective tenant, such as a tenant ledger, general ledger, copies of checks, or similar documentation. If discrepancies are identified, the applicable comments field must be used to provide an explanation, such as when a portion of the rental payment is in the form of a governmental subsidy (e.g., Section 8 or Medicaid) or when the ledger reflects additional payments (e.g., late fees or other one-time charges).

The Seller/Servicer must retain electronic or hard copy records evidencing Seller's compliance with the verification requirements in this section.

- f. An indication of the number of units that were actually notified of the potential property inspection, as required by Section 8.15(b)
 - g. Documentation of complete property inspection in accordance with this section
 - h. If Freddie Mac delegates the property inspection to the Seller, acknowledgment that the inspection is a delegated inspection
9. If Freddie Mac delegates any inspection requirement to the Seller, the Seller may not further delegate the inspection requirement.

c. Timing of property inspections (06/13/24)

- When submitted as part of the preliminary underwriting package:

The inspection requirements of Section 8.15(a) must have been completed within 90 days of Freddie Mac's receipt of the preliminary underwriting package.



- When submitted as part of the full underwriting package:

The inspection requirements of Sections 8.15(a) and 8.15(b) must have been completed within 90 days of Freddie Mac's receipt of the full underwriting package.

If the Seller inspection is not completed within 90 days of Freddie Mac's receipt of the underwriting package, a new inspection must be performed; no recertification will be allowed.

8.16 Property inspections for Forward Commitments (~~10/21/25~~02/24/26)

- a. ~~For a Forward Commitment, a Forward Commitment Property Inspection must be Complete property inspection conducted prior to commitment and by the Seller at time of Conversion (02/24/26)~~**

The Seller must conduct a complete property inspection must be conducted prior to conversion. Freddie Mac may either conduct the property inspection or delegate at time of Conversion. See Section 8.15(b) for a description of the requirements for a complete property inspection to the Seller. When conducting a. The property inspection requirements must have been completed within 90 days of Freddie Mac's receipt of the Conversion Underwriting Package. If not, a new inspection must be performed; no recertification will be allowed.

- b. ~~Property inspection prior to issuance of the Seller must document Unfunded Forward Commitment (02/24/26)~~**

A property inspection is not required prior to the findings on issuance of the Property Inspection and Lease Audit form. Unfunded Forward Commitment unless requested by Freddie Mac in its discretion. If Freddie Mac requests a Forward Commitment Property Inspection prior to issuance of the Unfunded Forward Commitment, the following requirements apply:

1. General requirements for the Forward Commitment Property Inspection (~~10/21/25~~)

As part of the Forward Commitment Property Inspection, the Seller must develop an understanding of the scope of the proposed construction and look for any conditions or other factors of the site or market that might affect the completion or lease-up of the Property when constructed as proposed. In addition, for Substantial Rehabilitation projects, the Seller must determine that the scope of the work proposed is sufficient to address all observed and/or documented deficiencies in the Property's physical condition.

2. Specific requirements for the Forward Commitment Property Inspection (~~10/21/25~~)

For a Forward Commitment Property Inspection, the Seller must, at a minimum, complete the following items:

- Inspect a representative sample of the units and all commercial space, if any
- Drive by the rental comparables that the Seller and/or the property manager and the appraiser have identified, and conduct an inside inspection, if the Seller deems such



an inspection necessary

- Interview the property management for at least three market rate rental comparables. For Low-Income Housing Tax Credit (LIHTC) Forward Commitment Property Inspections, obtain three LIHTC comparables, if available
- Drive by any other multifamily properties owned by the Borrower or Key Borrower Principal that are located in the Property's submarket
- Include in the property inspection documentation the names of all parties participating in the property inspection and the management interview, including the company each individual represents
- Document the findings for the above information on the Property Inspection and Lease Audit form

In addition to the above, if the Forward Commitment is for a Property with a Substantial Rehabilitation project, the Seller must complete the items specified in Section 8.15(a). In addition, the Seller must:

- Discuss unit and property amenities, concessions, tenant mix, marketing efforts, turnover, current competition, and any new supply that will compete with the Property in the interview with the property manager
- Take interior and exterior photographs of the Property
- Comment on the physical condition of the units inspected and general maintenance of the Property
- Identify any needed repairs or required environmental remediation that is observed beyond the scope of the rehabilitation
- Inspect the site, common areas and units sufficiently to confirm the recommendations and conclusions made by the architectural consultant (Architectural Consultant). See Sections 63.3(b), 63.4(b) and 63.5(b) for additional information regarding the duties and responsibilities of the Architectural Consultant

~~0.3.~~ **Timing of the Forward Commitment Property Inspection** ~~(06/13/24)~~

When submitted as part of the Forward Commitment full underwriting package, the Forward Commitment Property Inspection requirements must have been completed within 90 days of Freddie Mac's receipt of the Forward Commitment underwriting package. ~~If not, a new inspection must be performed; no recertification will be allowed.~~

~~d. Complete property inspection conducted by the Seller at time of conversion~~ ~~(03/03/17)~~

~~The Seller must conduct a complete property inspection at time of conversion. See Section 8.15(b) for a description of the requirements for a complete property inspection.~~



~~e. — Timing of the property inspection at time of conversion (06/13/24)~~

~~When submitted as part of the conversion underwriting package, the property inspection requirements must have been completed within 90 days of Freddie Mac's receipt of the conversion underwriting package. If not, a new inspection must be performed; no recertification will be allowed.~~

8.17 Property condition report (12/12/24)

This section sets forth the requirements, duties and responsibilities of the Seller/Serviceur once the property condition report has been completed by the property condition consultant. See Chapter 62 for the following:

- The property condition consultant's requirements for evaluating the physical condition of the Property and completing [Form 1105, Property Condition Assessment](#)
 - The Seller's requirements for retaining a property condition consultant and reviewing [Form 1105](#)
1. Freddie Mac requires the Seller/Serviceur to submit a property condition report (also commonly referred to as an engineering report) meeting the requirements of Section 62.3 before Freddie Mac will issue a Letter of Commitment or accept the early rate-lock application to purchase a Mortgage.
 2. Once the Seller has received and reviewed [Form 1105](#), the Seller must disclose to Freddie Mac any Critical Repairs, as defined in Section 62.3(b), including actual or suspected structural, mechanical, electrical or other material physical deficiencies or Mold at the Property and inform the *Applicable Freddie Mac Multifamily Regional Office* or the *Multifamily TAH Underwriter* of unusual or questionable conditions.
 3. Additionally, the Seller must:
 - Verify that all Critical Repairs have been addressed and provide evidence of completion to Freddie Mac prior to Freddie Mac's issuance of the Letter of Commitment or acceptance of the early rate-lock application
 - Prepare Loan Documents which include completion, reserve funding and other requirements for Capital Replacements and Repairs required by the Letter of Commitment, as applicable
 - If applicable, prepare a Repair Letter for all Operational Repairs if there are any identified by the property condition consultant, to be provided to the Borrower prior to or on the Origination Date
 4. Each Priority Repair listed in the Loan Agreement, as required by the Letter of Commitment, must:
 - Clearly describe the work to be completed



- Have a specific and realistic proposed completion date that reflects the urgency of the Priority Repair and the Borrower's plans and capacity
- Be escrowed for when the total cost of all Priority Repairs exceeds 0.25 percent of the loan amount or \$25,000, whichever is greater
- Seismic retrofits are excluded from the waiver calculation above. Seismic retrofits must be escrowed at 125 percent of the estimated cost in the Seismic Risk Assessment, regardless of amount, as required in Section 64.14

The most urgent Priority Repairs must be identified as PR-90 Repairs on [Form 1105, Property Condition Assessment](#), and completed within 90 days after the Origination Date. All other Priority Repairs must be addressed as soon as possible and must be completed within 365 days after the Origination Date.

5. *For loans taken under Seller Application after December 31, 2024, the following applies:*

If the Priority Repairs exceed the greater of 100 basis points of the loan amount or \$200,000 or have a material repair more likely to impact habitability, the Seller must submit a remediation plan from the Borrower indicating the source of funds for completing the work, whether work will be performed in-house or by a third party, if permitting is required and other pertinent details for remediating all repairs within the required time frame. See Guidance – [Priority Repair Remediation Plan](#) at mf.freddiemac.com/lenders/uw.

Material repairs more likely to impact habitability are:

- Structural repairs related to foundation/building slabs, stairs, walkways, balconies, decks, and fire escapes
- Moisture and mold issues requiring the use of a mold remediation professional or where a major building system is identified as the source of moisture
- Major building system such as electrical (excludes in-unit systems, fixture replacement such as GFCI outlets, smoke detectors, etc.), HVAC, plumbing, down elevator(s)

8.18 Condominiums (10/14/16)

a. Types of Condominiums (06/30/15)

Freddie Mac will consider purchasing a Loan that is secured by a security interest in Property that is subject to a condominium regime ("Condominium"). If the Seller requests that Freddie Mac purchase a Mortgage secured by a Condominium, the Seller must submit the following information in writing to Freddie Mac as part of the applicable underwriting package:

- The total number of units subject to the Condominium regime ("Condominium Units")
- The number of Condominium Units the Borrower owns



- The percentage of Borrower's undivided interest in the common elements of the Condominium
- If the Borrower does not own 100 percent of the real property that is subject to the Condominium regime ("100 Percent Borrower-owned Condo"), whether the Property is
 - A "Partial Condo" (*i.e.*, the Property consists of all of the residential units in the Condominium but there are commercial, office, parking or other Condominium Units that will not be part of the collateral for the Mortgage)
 - A "Fractured Condo" (*i.e.*, the Property does not consist of all of the residential units in the Condominium and some of the residential Condominium Units have been sold to third party purchasers)
- The number of members that comprise the board of directors of the Condominium association ("Condominium Association") and the number of members of the board of directors of the Condominium Association that the Borrower controls

b. Requirements for a 100 Percent Borrower-owned Condo (06/30/15)

- The Seller/Service's legal counsel must state in the PLIM that the Property is a 100 percent Borrower-owned Condo
- There are no additional underwriting requirements for a Property that is a 100 percent Borrower-owned Condo
- The Letter of Commitment or early rate-lock application may require certain modifications to the Loan Agreement and the Security Instrument

c. Requirements for a Fractured Condo or Partial Condo (06/30/15)

The Seller/Service's legal counsel must confirm in a PLIM that the Condominium meets all of the requirements set forth below. If the Condominium fails to fully satisfy any of the requirements set forth below and the Condominium Documents 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 Condominium without it being fully compliant with this Section 8.18(c).

- The Borrower must own a majority of the Condominium Units
- The Borrower must control a majority of the Condominium Association's board of directors
- The voting rights held by the Borrower must be sufficient to control voting for the following:
 1. Appointment of a majority of directors on the board of directors of the Condominium Association established under the Condominium Documents



2. Amendments or modifications to the Condominium Documents
 3. Improvements to the buildings or common areas
 4. Approval of the operating budget (including special assessments and reserves) of the Condominium Association
 5. Removal of the board of directors or trustees with or without cause
 6. Filling any vacancy caused by the removal of a director or trustee
 7. Adoption of the budget
 8. Levying a special assessment
 9. Ability of the board of directors to spend beyond its budget
 10. Amending the Condominium Unit owners' right to the use of the recreational facilities or common areas
- The consent of at least a “super majority” of the lenders holding mortgages on the Condominium Units (“Condominium Mortgagee”) must be necessary in order to amend the Condominium Documents concerning various rights, priorities, remedies and interests of the mortgagees including the following:
 1. Changing the voting rights of any owner
 2. Changing any restrictions on the use of the Condominium Units
 3. Changing the priority of liens for assessments
 4. Reallocating the undivided interest in common elements
 5. Encumbering the common elements
 6. Expanding, contracting or terminating the Condominium
 7. Materially modifying the insurance requirements
 8. Using any insurance or condemnation proceeds for anything other than the repair of the Condominium or distribution to the Condominium Unit owners
 9. Restricting the leasing of Condominium Units
 10. Altering any provision that decreases the rights of any Condominium Mortgagee
 - There must be no limits on the rights of a Condominium Unit owner to alter its unit(s)

**d. Legal issues (06/30/15)**

The Seller/Service's legal counsel must provide a PLIM with regard to the following:

- The rights of the Condominium Mortgagees with respect to proceeds of a claim on the Condominium Association's insurance policy covering the building and common areas including the percentage of Condominium Mortgagees that must agree to rebuild
- The rights of Condominium Mortgagees with respect to the proceeds of a partial condemnation affecting the building and/or common areas
- Whether the Condominium board of directors is required to hold insurance proceeds and condominium awards or whether such funds can be held by an independent trustee
- Whether the Condominium Mortgagees have any consent right with regard to the appointment of an independent trustee
- The rights of a Condominium Unit owner and a Condominium Mortgagee in connection with the ability to partition the Condominium and what applicable law provides with regard to partitioning the Property
- Any additional information that a prudent lender would consider in its review of the Condominium Documents

e. Additional legal issues with regard to a Fractured Condo (06/30/15)

In addition to the issues set forth above, the Seller/Service's legal counsel's PLIM must also address the following:

- Whether there are any statutes or case law that would prevent or impair the Borrower (or Condominium Mortgagee in the event of foreclosure) from exercising control over the Condominium and/or the Condominium Association
- Whether there are any state or local laws or regulations that prevent the developer of the Condominium, or anyone obtaining an interest in the developer of the Condominium, from obtaining control of the board of directors of the Condominium Association
- Whether the offering and disclosure requirements of the condominium statute apply to a bulk sale of Condominium Units
- Whether there is any statutory risk of the Borrower becoming a "developer in lieu" with legal liability for claims by existing Condominium Unit owners

f. Condominium/cooperative conversion restriction and/or indemnification (10/14/16)

If there is a prohibition against the conversion of the Property to a condominium or cooperative structure or any indemnification by an owner of the Property relating to the conversion of the Property to a condominium or cooperative structure, then the agreement/restriction must meet the following conditions:



- a. Other than the restriction prohibiting the conversion of the Property into a condominium or cooperative development, there may be no other restrictions on the use or development of the Property in the agreement/restriction.
- b. The term of the agreement/restriction and any obligations contained in it must be no longer than 10 years.
- c. The lender's liability under the agreement/restriction must be limited solely to the period (if any) during which the lender has ownership of the Property. The lender (including the mortgagee and its affiliates) must not have any liability for a condominium or cooperative conversion that occurs (a) during the period that Borrower owns the Property, or (b) after the lender sells the Property.
- d. The lender's liability under the agreement/restriction must be limited solely to its interest in the Property.
- e. The lender (including the mortgagee and its affiliates) must not have any liability under the agreement/restriction for permitting or consenting to a condominium or cooperative conversion action (whether by Borrower or any other party).
- f. The remedies for breach of the agreement/restriction may not include a right of reversion or repurchase by developer or any other party. If the remedies for breach are broadly defined (*i.e.*, any remedy available at law or in equity), or could be read to include a right of repurchase or reversion, the agreement/restriction must expressly provide that no such right is granted to the developer or any other party.
- g. The agreement/restriction may not impose any notice obligations on the lender (including the mortgagee and its affiliates).
- h. The agreement/restriction may not contain any terms, provisions or conditions that would be unacceptable to a prudent institutional commercial lender (*e.g.*, any waiver of construction defects, warranty claims, or other rights or remedies available at law or in equity binding on Borrower, the lender and/or future owners of the Property).

If the underlying agreement/restriction fails to fully satisfy any of the above requirements and the agreement/restriction will not be modified prior to the Origination Date of the Mortgage to comply with all of the requirements in this Section then, the Seller or its counsel must provide a legal analysis detailing which requirement(s) will not be satisfied and the Seller's recommendation (or Seller's counsel's recommendation on behalf of the Seller) as to why Freddie Mac should accept the agreement/restriction without it being fully compliant with this Section.

The legal analysis memorandum must be prepared in accordance with the requirements for the preliminary legal issues memorandum (PLIM) described in Section 6.4.

8.19 Tax abatements (10/21/25)

a. Tax abatement definition and overview (02/29/16)

Properties that have been developed or redeveloped under a State or local economic development program often qualify for a reduction in their property taxes. As used in this



Guide, the term “tax abatement” covers either of the following:

- A reduction of or exemption from taxes granted by a governmental body (typically local government)
- A payment made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a property (PILOT or payment in lieu of taxes)

b. Tax abatement eligibility (04/14/22)

1. Program eligibility

The Seller/Servicer must verify that the governing State or local authority has granted a tax abatement to the Property or the Borrower, as applicable, under an eligible program. The Seller/Servicer must:

- Obtain and review the documents required for program eligibility listed in the [Tax Abatement/Exemption/PILOT Questionnaire](#), and
- Include in the applicable underwriting package the Tax Abatement/Exemption/PILOT Questionnaire and the applicable documentation required in the Tax Abatement/Exemption/PILOT Questionnaire

2. Statutory approval

The applicable statute for the tax abatement must be in force at the time that the Seller/Servicer submits the full underwriting package to Freddie Mac. If the statute is in force, but the Property has not yet been formally approved for the tax abatement, Freddie Mac may approve the Mortgage subject to certain additional conditions as set forth below.

3. Continuation of tax abatement

The Seller/Servicer must determine whether the tax abatement will continue as stated during the term of the Mortgage. The Seller/Servicer must review the documentation for the tax abatement in order to understand

- The nature of the tax abatement, that is, the length of the abatement and phase-out, if any
- The requirements of the governing authority
- What happens to the tax abatement if the Property is transferred by sale or through foreclosure
- Whether the tax abatement is freely transferable upon sale, foreclosure or similar disposition of the Property, or dependent on the non-profit status of the Borrower and/or Borrower Principal or other non-profit entity in the ownership structure, or other criteria



c. Underwriting Properties with tax abatements or potential tax abatements (06/24/25)

1. At the time that the Seller/Servicer submits the full underwriting package to Freddie Mac, the Seller/Servicer must verify whether the Borrower and the Property have been approved for the tax abatement.
2. If both the Property and the Borrower have been approved for the tax abatement, then Freddie Mac will underwrite the Mortgage by calculating the monthly deposit to the Reserve for taxes using the abated tax amount.

If there is a concern that the tax abatement will not be maintained as underwritten or may be forfeited, Freddie Mac will either underwrite the Mortgage using full taxes or reduce the Mortgage by an amount that it determines to be commensurate with the risk.

3. If the Mortgage is for the acquisition of a Property that has previously received a tax abatement but as of the Origination Date the Borrower will not have been approved to assume the tax abatement, Freddie Mac may consider underwriting the Mortgage using the abated tax amount. However, Freddie Mac reserves the right to underwrite the Mortgage using the amount of the full unabated taxes.
4. If the Property does not have a tax abatement in place but the Borrower has applied or will apply for the tax abatement, then Freddie Mac may, in its discretion, underwrite the Mortgage using the abated tax amount. Freddie Mac will look at whether the potential tax abatement meets the following requirements:
 - The Borrower has an entity in its organizational structure that has at least one other property that has qualified for a tax abatement
 - The Borrower Principal has a record of qualifying for tax abatements
 - The Tax Abatement/Exemption/PILOT Questionnaire confirms that the Borrower is likely to obtain the tax abatement following origination

To mitigate the risk that the tax abatement will not be approved, the Borrower may be required to deposit into an escrow an amount sufficient to prepay the Mortgage as set forth below.

5. If Freddie Mac has underwritten a Mortgage with a tax abatement but the tax abatement has not been received as of the Origination Date, the monthly deposit into the Reserve for taxes will be calculated using the amount of the full taxes.
6. If Freddie Mac has underwritten a Mortgage with abated taxes but the Borrower does not obtain the tax abatement within 12 months after the Origination Date, Freddie Mac may also require that the Borrower partially prepay the Mortgage. The amount of the prepayment will be calculated on the Origination Date as the difference between the amount of the Mortgage supported with the tax abatement and the amount of the Mortgage that would be supported with full taxes. In addition, the Borrower will be required to pay any applicable prepayment premium on the amount of the Mortgage required to be prepaid.



d. Documentation required for underwriting package and tax abatement approval (04/14/22)

1. For all tax abatements, the Seller/Servicer must include in the applicable underwriting package the evidence of tax abatement documentation listed in Section 55.2.

The form of tax abatement documentation may vary from one taxing authority or governing body to another. The following types of documentation are listed in order of preference:

- Letter or certificate from the taxing authority or the governing body granting or confirming the abatement
- Copy of the Borrower's current tax statement showing the amount of taxes assessed

If the tax abatement is subject to periodic renewal and/or reporting, the Seller/Servicer must obtain and include in the underwriting package the evidence that such renewal and/or reporting is current.

2. Additional requirements for tax abatements that must be approved by Freddie Mac

In addition to the documentation described above, the Seller/Servicer must:

- Deliver the [Tax Abatement/Exemption/PILOT Questionnaire](#)
- Include the applicable documentation required in the Tax Abatement/Exemption/PILOT Questionnaire (as required in Section 8.19(b)(1)), and
- Respond to any issues raised by the *Multifamily Attorney*

e. Collateral valuation for tax abatement (09/25/15)

Freddie Mac has a preferred valuation methodology for an Appraisal of a Property with a tax abatement. See Section 60.23 for instructions for an Appraisal for a Property with a tax abatement.

f. Refinance test and DCR calculation for Properties with tax abatements (10/21/25)

1. Refinance test for all Mortgages underwritten with a tax abatement

Freddie Mac performs a refinance test as follows:

- The refinance period will be equal to the 10 years following the maturity date of the Mortgage
- The Mortgage must meet the DCR and LTV requirements of the standard refinance test

2. DCR calculation for all Mortgages underwritten with tax abatements



Freddie Mac analyzes a Property with a tax abatement under one of the following two scenarios:

- If any of the following conditions exist, Freddie Mac considers the tax abatement to be “infinite” and abated taxes can be utilized to derive the NOI and perform the refinance test:
 - a. The abatement expires more than 10 years after Mortgage maturity date
 - b. The abatement phases out at least 10 years after the Mortgage maturity date
 - c. The abatement expires at least 20 years after the Origination Date
 - d. The abatement is renewable annually and the applicable authority does not have discretion in determining whether the Borrower or Property qualifies for renewal
- For all other Mortgages, the underwritten NOI must include the tax expense based on actual in-place taxes, whether fully or partially abated. Freddie Mac performs a cash flow analysis to show the effect on NOI of any decrease in the tax abatement for the term of the Mortgage. If the tax abatement expires or phases out within 10 years after the maturity date of the Mortgage, Freddie Mac performs a cash flow analysis for the 10-year period following loan maturity.

g. Recourse for loss of tax abatement (02/29/16)

Freddie Mac may require the Borrower to be personally liable for any loss or damage to Freddie Mac because the tax abatement is not maintained during the term of the Mortgage.

8.20 Student Housing Properties (04/18/06/13/24)

a. Documentation required for underwriting package (04/18/24)

When preparing the underwriting package for a Mortgage secured by a Student Housing Property, the Seller must submit to Freddie Mac:

- A completed and executed [Form 1120, Student Housing Questionnaire](#)
- An Appraisal meeting the requirements of Section 60.22

b. Pre-leasing debt service Reserve (06/13/24)

If Freddie Mac issues a Letter of Commitment for a Mortgage securing a Student Housing Property between January 1 and the start of the next school year, the Borrower must establish a pre-leasing debt service Reserve. The Reserve will be structured equal to three months of amortizing debt service if the loan is amortizing for the full term, or interest-only debt service if the loan is Partial Interest Only (PIO) or Interest Only (IO) for the full term.

The pre-leasing debt service Reserve will be released when the Property achieves stabilized net rental income and occupancy during the next school year. Collection of the Reserve may be waived under the following circumstances:



- The Property has achieved pre-leasing for the next school year equal to or greater than the underwritten occupancy
- The Mortgage is a refinance of a Property with at least two full years of stable operating history and pre-leasing for the next school year is equal to or greater than the pre-leasing level for the same month in the prior school year
- At Freddie Mac's discretion (consideration given to conservatively underwritten Loan-to-Value and Debt Coverage Ratio levels)

Freddie Mac may also require a separate, ongoing Reserve based on Freddie Mac's determination of the Student Housing Property's ability to cover debt service during periods when school is not in session and occupancy is lower.

c. Property inspections and lease audits (04/18/24)

For Student Housing Properties, the property inspection and lease audit requirements in Section 8.15 apply. In addition, for Student Housing Properties where leases are by the bed or bedroom the following applies:

- The required number of units that must be selected is calculated based on the percentage of total units at the Property
- For the inspection of a unit to be considered sufficient to count towards the required number of units that must be inspected, a majority of beds or bedrooms must have been accessible and inspected
- The required number of lease audits is calculated based on the percentage of total leases at the Property. At least 50 percent of leases audited must be for beds or bedrooms inspected.

8.21 Solar Agreements (04/18/24)

a. Eligibility for Purchase of Property subject to a Solar Agreement (12/14/23)

Freddie Mac will consider purchasing a Mortgage secured by a Property that is subject to a Solar Agreement if the Solar Agreement meets the requirements set forth below.

As used in this Guide, the term "Solar Agreement" collectively refers to any instrument or agreement, or combination of instruments and agreements (e.g., power purchase agreement, interconnection agreement, license, lease, easement, covenant, security agreement, construction agreement, maintenance agreement) related to the design, ownership, financing, installation, operation and/or maintenance of a system ("Solar Electric System") for conversion of solar energy to electrical energy on the Property.

As used in this Guide, the term "Solar Equipment" collectively refers to the equipment comprising the Solar Electric System.

**b. Analysis (04/18/24)**

Seller/Service's legal counsel must provide Freddie Mac with the [Solar Analysis](#). The Solar Analysis must include the following, in addition to any other information the Seller/Service or its counsel deems necessary for consideration by Freddie Mac:

- An analysis of the Solar Electric System on the Property, including each Solar Agreement to which a Property is subject and all applicable licenses and permits that are required for the legal use and operation of the Solar Electric System
- An analysis of any financial and/or operational obligations imposed upon Borrower
- The recommendation of Seller/Service or its counsel for mitigating any risk identified in the Solar Analysis or an explanation of why mitigation is not necessary or possible

c. Title Insurance Policy requirements (12/14/23)

Any Solar Agreement that would result in an encumbrance having priority over the lien of the Mortgaged Property must satisfy the applicable requirements in Chapter 29 and in the [Title Policy and Endorsement Requirements](#).

d. Borrower Ownership of Solar Electric Systems (12/14/23)

Freddie Mac may permit Borrower to own and install a Solar Electric System in its sole discretion, following a review of the information and recommendations specified in the Solar Analysis and provided that the Solar Agreement otherwise complies with the requirements of this chapter. The Seller/Service must pay particular attention to any financial and/or operational obligations imposed on Borrower in the Solar Agreement.

No financing of a Borrower owned Solar Electric System is permitted.

e. Third-Party Ownership of Solar Electric Systems (12/14/23)

Freddie Mac may permit third-party ownership (including third-party affiliates) and financing of a Solar Electric System, in Freddie Mac's sole discretion, following Freddie Mac's review of the information and recommendations specified in the Solar Analysis and provided that the Solar Agreement otherwise complies with the requirements of this Chapter. If requested by an approved third-party owner of the Solar Equipment, Freddie Mac authorizes the Lender (i) to specifically exclude the Solar Equipment from the Mortgage UCC financing statement, and (ii) to review and approve the filing of a narrowly-tailored UCC financing statement in favor of the approved third-party owner of the Solar Equipment solely with respect to the Solar Equipment (which specifically excludes any reference to the Property).

f. Insurance requirements; Property condition report (12/14/23)

1. If the Solar Electric System is in place as of the Origination Date, Seller/Service must verify that the Property satisfies the applicable insurance requirements in Chapter 31.
2. If the Solar Electric System is not in place as of the Origination Date, Seller/Service must verify that the Property, after installation of the Solar Electric System, (i) will satisfy



the applicable requirements in Chapter 31, and (ii) will not be subject to a material incremental increase in insurance premiums.

3. If the Solar Equipment is owned by a third-party (whether or not related to Borrower), the third-party must be obligated by the Solar Agreement (i) to maintain commercial general liability insurance, including personal injury and property damage coverage against claims arising out of or connected with the use, operation or occupation of the Property for installation, ownership and operation of the Solar Equipment, and (ii) to list Borrower as an additional insured party under such insurance policy.
4. If the Solar Electric System is installed or will be installed on the Property, the property condition report should at least include information on (i) its location, condition, and plan for its operations and maintenance, (ii) the anticipated useful life of the roof and whether that useful life is less than the term of the applicable Solar Agreement, and (iii) any roof warranty and whether the installation of the Solar Electric System voids or limits any roof warranty.

g. Subordination, Nondisturbance and Attornment (SNDA) (04/18/24)

Freddie Mac may require a subordination, nondisturbance and attornment agreement ([SNDA – Solar Agreements](#)) in the form available at mf.freddiemac.com/lenders/legal with respect to a Solar Agreement to mitigate the risk of any issue identified in the Solar Analysis, including ownership of Solar Equipment by an Affiliate of the Borrower, a right of first refusal, material claim or offset, or a material liability or obligation (e.g., recapture rights, material termination penalties/fees, significant unpaid tenant improvement allowances, or non-customary indemnifications), which, if imposed upon a lender in the event of foreclosure, would not be acceptable, as determined by Freddie Mac in its sole discretion.

Freddie Mac, in its sole discretion, may agree to a nondisturbance agreement with respect to a Solar Agreement that is with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor), following a review of the information and recommendations specified in the Solar Analysis.

Freddie Mac will not enter into a subordination, nondisturbance and attornment agreement with respect to a Solar Agreement other than in the form available at mf.freddiemac.com/lenders/legal.

h. Reserved (12/14/23)

i. Solar Agreement loan document requirements (04/18/24)

Freddie Mac, in its sole discretion, may require additional documents, instruments, or loan document modifications to mitigate the risk of any issue identified in the Solar Analysis, including:

- An estoppel certificate
- An SNDA or subordination agreement pursuant to Section 8.21(g)
- A collateral assignment of an applicable Solar Agreement or rights, contracts, licenses, or permits associated with the Solar Agreement or Solar Electric System



- Credit enhancements to offset any recapture obligations of Borrower
- Modifications to one or more Loan Documents including the [Solar Project – Completed Rider to Loan Agreement](#) or the [Solar Project – To Be Constructed Rider to Loan Agreement](#), as applicable

j. Connection to the electrical grid; public utilities (12/14/23)

1. Any Solar Electric System on the Property must have permission to operate (“PTO”) from the public utility for the jurisdiction in which the Property is located, the form and confirmation of which may vary among jurisdictions.
2. If the Solar Electric System is in place as of the origination of the Mortgage, Seller/Servicer must verify that: (i) the Solar Electric System has received PTO, (ii) the Property remains connected to the electric grid, and (iii) neither the Solar Electric System nor the Property is subject to regulation under the public utility code or any other similar statutes regulating public utilities for the jurisdiction in which the Property is located.
3. If the Solar Electric System is not in place and in operation as of the Origination Date, Seller/Servicer must verify that the Property, after installation of the Solar Electric System: (i) will remain connected to the electrical grid, (ii) will not be subject to regulation under the public utility code or any other similar statutes regulating public utilities for the jurisdiction in which the Property is located, and (iii) has received PTO.

k. Incentives; net-metering service (12/14/23)

Freddie Mac, in its sole discretion, may require a review of the information specified in the Solar Analysis regarding specific benefits and incentives that the Solar Electric System may be currently claiming or to which it may be entitled. Such review may include a request for additional documents and instruments identified in the Solar Analysis, including:

- Net electric metering agreements
- Specialized financing agreements used to finance the Solar Electric System (e.g., grants, tax equity financing, renewable energy credit sales, etc.)
- Agreements for the transfer of U.S. federal income tax credits to a third party under IRC Section 6418
- Evidence of any recapture obligations of Borrower

8.22 Infrastructure Agreements (04/22/25)

a. General (12/14/23)

As used in this Guide, the term “Infrastructure Agreement” collectively refers to any instrument or agreement, or combination of instruments and agreements (e.g., license, lease, easement, covenant, security agreement, construction agreement, maintenance agreement) related to the design, ownership, financing, installation, operation and/or maintenance of infrastructure (“Infrastructure”) impacting the Property and involving the provision of telecommunication services (including internet, high speed data, cable television,



cellular/wireless tower, high speed data, personal communication systems, or similar services) or renewable energy (including solar photovoltaic or wind turbine systems).

b. Infrastructure Agreements with non-Affiliates (04/22/25)

An Infrastructure Agreement that is not with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor), and that meets the requirements set forth in Chapter 29 and in the [Title Policy and Endorsement Requirements](#) and Section 43.32, does not have to be subordinated to the lien of the Mortgage. Freddie Mac may agree to enter into the standard Freddie SNDA with a provider to protect the provider's interest in the Property, upon written request by the Borrower.

c. Infrastructure Agreements with Affiliates (04/22/25)

1. An Infrastructure Agreement with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor) and encumbering the Property must be specifically subordinate to the lien of the Mortgage unless the applicable agreement contains a provision for termination by the owner of the Property without cause on 30 days' notice and without payment of a fee or penalty. The subordination agreement must be recorded if the applicable Infrastructure Agreement is recorded. In addition, Freddie Mac will not agree to a nondisturbance agreement with respect to an Infrastructure Agreement (other than a Solar Agreement in accordance with Section 8.21) that is with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor).
2. Freddie Mac will not subordinate the lien of the Mortgage to an Infrastructure Agreement with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor).

d. Severance of lessor's interest from the Property (04/22/25)

Freddie Mac will not permit or otherwise approve an Infrastructure Agreement (including a Solar Agreement) that purports to assign Borrower's interest as "lessor" (or Borrower's reversionary interest) under a lease to a third party.

Multifamily Seller/Servicer Guide

Chapter 10

Fundamentals of Mortgages, Mortgage Origination and Credit Underwriting



- 10.1 [Freddie Mac's core credit principles \(11/30/12\)](#)
- 10.2 [Seller/Servicer evaluation of Property and Borrower \(04/13/23\)](#)
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10.1 Freddie Mac's core credit principles (11/30/12)

Freddie Mac bases its credit decisions on the following core credit principles:

- **Cash Flow:** Freddie Mac invests in Mortgages secured by residential rental properties that produce sustainable cash flow sufficient to provide net operating income that will cover the debt service for the entire term of the Mortgages.
- **Market Knowledge:** Freddie Mac considers a current and comprehensive knowledge of the economic strength and resiliency of the applicable market to be key to any prudent credit decision.
- **Equity:** Borrower Principals (sponsors) who have verifiable cash investment in a Property will receive the best credit terms since they have a strong incentive to actively manage the operation of the Property, which contributes to the growth of equity.
- **Viable Exit:** Each Mortgage must show a clear, definable exit at loan maturity through refinance, sale or amortization. The projection of exit at maturity must take into consideration future interest rate and value estimates as well as other possible market constraints.
- **Sponsorship:** Borrower Principals (sponsors) who have the most operational experience, the greatest financial strength and the most extensive property ownership will be eligible for the best credit terms since these are key factors to the long-term success of multifamily properties.
- **Quality Real Estate Collateral:** Properties securing Freddie Mac-owned Mortgages must be of good quality, representing high standards for the applicable property class and market.

The individual program and product chapters detail specific program or product requirements. If there is 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.

10.2 Seller/Servicer evaluation of Property and Borrower (04/13/23)

a. Seller/Servicer evaluation factors (04/13/23)

The underwriting of a multifamily Mortgage involves consideration of the economics of the Property as well as of the financial capability, credit standing and managerial ability of the Borrower.

The Seller/Servicer must determine that each multifamily Mortgage offered for sale to Freddie Mac meets the purchase standards and other requirements commonly acceptable to private institutional mortgage investors in the area in which the Property is located. The Seller/Servicer must base this determination on its thorough evaluation of all available pertinent information. The Seller/Servicer's evaluation must include an analysis of the Borrower's investment policy and long-range plans for the Property.

The Seller/Servicer must memorialize the gathered information and its evaluation in writing.

The Seller/Servicer must include the following in its evaluation:



1. Management

The quality of the management of the Property is significant to maintaining or increasing net income and, therefore, to the success of the Property. Good management will keep the Property competitive and rented to the extent necessary to operate the Property at a profit when possible. Good management also enacts good maintenance and replacement policies that maintain the Property at adequate standards to maximize rents. Maintenance must be consistent with the Property's quality and financial ability to pay while maintaining maximum occupancy. The Borrower must recognize the difference between minimal maintenance and maintenance that may improve the net income of the Property on a continuing basis.

2. Borrower's creditworthiness

The Seller/Servicer must analyze each Borrower's and Key Borrower Principal's creditworthiness. The evaluation of the Borrower's and Key Borrower Principal's financial responsibility and credit history is a major consideration in the underwriting. Not only must there be strong evidence of ability to repay and/or guaranty the Mortgage, but also a history of making payments according to the terms of other financing.

3. Borrower's equity

The Seller/Servicer must carefully analyze the Borrower's and Key Borrower Principal's financial statements to determine the Borrower's and Key Borrower Principal's equity as it relates to real estate investments, mortgage debt and attendant mortgage demands on equity. If the Borrower's or Key Borrower Principal's holdings are encumbered so that the debt service on those holdings requires a high percentage of the rental income from those properties or if the holdings consist substantially of unimproved or underimproved properties having little or no gross income, the Seller/Servicer must exercise care to determine whether the Borrower and Key Borrower Principals can and will be able to meet all of the loan obligations of the Property.

b. Key Borrower Principal guaranty and spousal information (04/13/23)

The evaluation of the Property and Borrower may result in Freddie Mac requiring one or more of the Key Borrower Principals, in the Key Borrower Principal's individual capacity, to guaranty the payment of all or a portion of the amounts due and the performance of certain obligations of the Borrower under the Mortgage. If more than one Key Borrower Principal provides such a guaranty, the Guarantors' liability may be joint and several.

If Freddie Mac requires one or more of the Key Borrower Principals to guaranty the payment of all or a portion of the amounts due under the Mortgage, such Key Borrower Principal must satisfy Freddie Mac's standards for creditworthiness. If it is determined that a Key Borrower Principal's financial strength does not meet Freddie Mac's standards for creditworthiness for the Mortgage, then Freddie Mac may require additional credit enhancement or an additional Guarantor.

In determining the financial strength of the Key Borrower Principal, the Seller/Servicer must not request information about the Key Borrower Principal's spouse or former spouse and must not require the Key Borrower Principal's spouse or former spouse to guaranty the Mortgage except for the following reasons:



- The Key Borrower Principal is relying on the spouse's income or assets as a basis for guarantying the Mortgage, or
- The spouse has a substantial interest in the Borrower and/or the Property.

10.3 Creditworthiness of a previous Borrower (04/13/23)

Freddie Mac does not consider the creditworthiness of a previous Borrower in its underwriting process. If the Borrower purchased the Property subject to the Mortgage or assumed the Mortgage, Freddie Mac will consider only the current Borrower's and Key Borrower Principal's creditworthiness.

10.4 Underwriting analysis (11/30/12)

High-quality underwriting is essential to protect Freddie Mac's interests in its purchase of Mortgages. This includes consideration of objective and subjective criteria in the review of the Borrower's qualifications and of the proposed Property. The information required in Sections 10.2 and 10.3 and under each program or product is essential for a meaningful underwriting.

Some of the foremost factors the Seller/Service must consider include the following:

1. Borrower's qualifications (see Section 10.2)
2. Property vacancy, market vacancy and/or collection loss
3. Rental concessions and rent levels
4. Tenant demand and housing supply
5. Property operating and maintenance expenses
6. Property physical condition
7. Debt Coverage Ratio
8. Loan-to-Value Ratio
9. The return on the Borrower's equity
10. Estimated long-term marketability of the Property

Freddie Mac will not purchase a Mortgage unless there is a positive return on the Borrower's equity before income tax considerations.

10.5 SPE Equity Owner (11/30/12)

An SPE Equity Owner may not be the Guarantor.



10.6 Amortization/term (09/08/04)

All monthly payments on a Mortgage must be due on the first day of the month.

For an amortizing mortgage, the monthly payments on the Mortgage, including principal and interest, must be sufficient to fully amortize the Mortgage within a period of not more than 30 years. The term of the Mortgage may be the same as or shorter than the amortization period.

For purposes of calculating the original maturity of a fixed-rate or interest-only Mortgage, the commencement date of the Mortgage term is

- For newly originated fixed-rate or interest-only Mortgages, the date one month prior to the Due Date of the first amortization payment or full interest-only payment
- For fixed-rate or interest-only Mortgages that have been modified prior to delivery to Freddie Mac, the date one month prior to the Due Date of the first amortization payment or full interest-only payment on the modified Mortgage

For example, in both of the above cases, if the Due Date of the first amortization payment is April 1, 1986, the commencement of the Mortgage term is March 1, 1986.

10.7 Investment quality (04/13/23)

The Mortgage must have the characteristics of an “investment quality mortgage,” which is defined as a loan to a Borrower from whom timely repayment of the debt can be expected and that is secured by real property providing sufficient value to recover the lender’s investment if a default occurs. The characteristics of an “investment quality mortgage,” may include:

1. Strong market (which is demonstrated by low vacancy, minimal rental concessions, stable or increasing tenant demand, good balance of housing supply and demand, stable economic base, and employment diversification)
2. Strong property operations (which is shown by low vacancy, minimal rental concessions, stable or increasing rents, and stable or decreasing operating and maintenance expenses)
3. Excellent property condition
4. Strong Borrower and Key Borrower Principals (which is evidenced by a strong net worth, liquidity, credit history and experience)
5. Proven management ability of the Borrower, Key Borrower Principals or third-party property manager

10.8 Mortgage lien priority (11/30/12)

a. Mortgages which are not supplemental Mortgages (11/30/12)

Each Mortgage must be a valid First Lien on the Property. The Property must be free and clear of all prior liens and encumbrances. No rights may be outstanding that could give rise to such liens, except for liens for real estate taxes and special assessments not yet due and payable and those that Freddie Mac has waived in writing.



Each Mortgage must also be a valid First Lien security interest in all fixtures, all of the Borrower's personal property that is located in or on the Property or is used or is intended to be used in connection with the Property and any other UCC collateral defined in the Security Instrument, whether owned at the time the Mortgage is made or acquired after that date. (See Section 29.4 for requirements related to Uniform Commercial Code searches.)

A security interest must be perfected on all personal property of the Borrower which is located in or on the Property or is used or intended to be used in connection with the Property, whether owned at the time the Mortgage is made or acquired after that date.

b. Supplemental Mortgages (11/30/12)

Each supplemental Mortgage originated pursuant to Chapter 20 must be a valid lien on the Property, with the applicable priority approved by Freddie Mac. Except as approved in writing by Freddie Mac

- The Property must be free and clear of all prior liens and encumbrances.
- No rights may be outstanding that could give rise to any prior liens, except for liens for real estate taxes and special assessments not yet due and payable.

Each supplemental Mortgage must also be a valid security interest in all fixtures, all of the Borrower's personal property that is located in or on the Property or is used or is intended to be used in connection with the Property and any other UCC collateral defined in the Security Instrument, whether owned at the time the Mortgage is made or acquired after that date. (See Section 29.4 for requirements related to Uniform Commercial Code searches.)

A security interest must be perfected on all personal property of the Borrower which is located in or on the Property or is used or intended to be used in connection with the Property, whether owned at the time the Mortgage is made or acquired after that date.

10.9 Adverse circumstances – Mortgage (09/08/04)

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

10.10 Originator and origination fees (09/28/18)

The Seller is fully liable for all warranties and representations made to Freddie Mac regardless of who originated the Mortgage, including the warranties and representations regarding origination fees in Section 5.3(d).

10.11 Mortgage not modified (11/30/12)

The Mortgage must be a legal, valid and binding obligation of the Borrower, enforceable according to its terms and conditions, and free from any right of setoff, counterclaim or other claim or defense. No part of the Property may have been released from the Mortgage.

The terms of the Mortgage may not be modified, amended or in any way waived or changed, except as approved by Freddie Mac prior to the delivery of the Mortgage and as evidenced in a

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written modification agreement or other document that the Seller delivers to Freddie Mac with the Mortgage.

10.12 Principal amount advanced; no mandatory future advances; outstanding balance (04/30/13)

The Mortgage originator must have advanced the full principal amount of each Mortgage to the Borrower or according to the direction of the Borrower. The Borrower must not have an option under the Loan Documents to borrow additional funds secured by the Security Instrument from the Seller or the Servicer or any other person.

The outstanding principal balance of the Mortgage must be as represented by the Seller to Freddie Mac and must be fully secured by the Security Instrument.

10.13 Compliance with laws (~~12/16/25~~02/24/26)

a. General requirements (04/30/13)

The Seller, as Mortgage originator, and the Mortgage must meet all requirements of all federal, State, and local laws, rules and regulations applicable to Mortgages and mortgage transactions, including truth in lending laws, licensing laws, doing-business laws and usury laws.

b. Equal Credit Opportunity Act and Fair Credit Reporting Act compliance (~~12/16/25~~02/24/26)

If the Seller declines a Mortgage application, if the Mortgage application is incomplete, or if the Servicer declines a post-closing extension of credit (e.g., a Transfer of Ownership/Assumption; refer to the [FAQs on Adverse Action Notices](#) for the entire list), the Seller/Servicer, as Mortgage originator and/or Servicer, must comply with all applicable laws, rules and regulations, including the Equal Credit Opportunity Act and Fair Credit Reporting Act, as amended from time to time.

1. Equal Credit Opportunity Act (ECOA)

If an application is incomplete or declined, the Seller/Servicer must deliver written or oral notice to the Borrower on behalf of Freddie Mac within the applicable time frame stated in ECOA and in substantial conformity of the applicable model notices included in Appendix C of ECOA.

2. Fair Credit Reporting Act (FCRA)

In addition to the requirements above, if a Mortgage application is declined due to an adverse credit report of an individual Borrower Principal (i.e., the general partner in a partnership), the Seller/Servicer must comply with the FCRA, including the delivery of written or oral notice solely to the individual Borrower Principal on behalf of Freddie Mac (which includes the contact information for the applicable credit reporting agency) with the adverse credit report in accordance with Section 615 of FCRA, as amended from time to time.



The Seller/Servicer must maintain a record of all written notices that it sends out on behalf of Freddie Mac and must maintain copies in accordance with ECOA and FCRA, as applicable.

The Seller/Servicer must issue the Borrower an Adverse Action Notice within 30 calendar days if:

- Freddie Mac declines to purchase a new Mortgage loan or a post-closing extension of credit (e.g., a Transfer of Ownership/Assumption; refer to the [FAQs on Adverse Action Notices](#) for the entire list), ~~and~~or
- For loan originations, the Borrower does not accept the Seller's quote from another institution offering similar credit terms

Additionally, effective April 1, 2025, the Seller/Servicer must upload into DMS in the Adverse Action Notices folder (in accordance with the [DMS Job Aid for Uploading Adverse Action Notices](#)) within five Business Days following issuance of the Adverse Action Notice to the Borrower:

- A copy of a written Adverse Action Notice and evidence that the Seller/Servicer issued it to the Borrower (e.g., email, certified mail receipt, courier receipt, etc.); or
- A written statement detailing the date that the Seller/Servicer issued an oral Adverse Action Notice to the Borrower to inform them of the application denial, including a statement that all ECOA required information was conveyed to the Borrower; or
- For Mortgage loan originations, a written statement ~~detailing that details~~ that the Seller did not issue an Adverse Action Notice ~~because the Borrower accepted a quote from another institution offering similar credit terms. The statement must detail the date the Seller/Servicer was informed that the Borrower accepted another quote and explains why non-issuance complies with ECOA (see FAQs on Adverse Action Notices for additional details).~~

10.14 Mortgage not in default (09/08/04)

All costs, fees and expenses incurred in making, closing and recording the Mortgage must have been paid. Within the three-month period before the Delivery Date, there must not have been outstanding any advance of funds by the Seller or any prior holder of the Mortgage, or by another at the request of the Seller or any prior holder of the Mortgage, to or on behalf of the Borrower to be used by the Borrower for the payment of any monthly installment, principal, interest or other charges payable under the terms of the Mortgage.

10.15 Seller authorized to sell Mortgage; Purchase and Servicing Documents authorized (04/30/13)

As of the Freddie Mac Funding Date, the Seller must

- Be the sole owner of the Mortgage
- Have full legal authority to sell, transfer and assign the Mortgage to Freddie Mac, and



- Have duly taken all required corporate action and obtained any consents required to sell, transfer and assign the Mortgage to Freddie Mac free and clear of all claims, security interests, participations or other encumbrances

The Seller must have duly authorized, executed and delivered the Purchase Contract, which must be valid, binding and enforceable according to its terms and conditions.

Compliance by the Seller with the terms and conditions of the Purchase and Servicing Documents must not conflict with, result in a breach of or default under, or be adversely affected by any of the following:

- Any terms and conditions of the charter or bylaws of the Seller
- Any agreement or instrument to which the Seller is a party
- Any judgment, order or regulation to which the Seller is subject

The Seller must be a Seller/Servicer in good standing on the date of the Seller's offer, on the Delivery Date and on the Freddie Mac Funding Date.

10.16 Characterization and nature of SBL Mortgages (06/30/16)

For SBL Mortgages:

1. The Seller and Freddie Mac agree that with respect to every SBL Mortgage purchase and sale transaction entered into under the Purchase and Servicing Documents, the Seller and Freddie Mac intend the transaction
 - To be construed as the Seller's sale, transfer, conveyance and delivery of each SBL Mortgage to Freddie Mac
 - To be construed as Freddie Mac's purchase and receipt of such SBL Mortgage
 - Not to be construed as the Seller's pledge to secure a debt or any other obligation
2. The Seller and Freddie Mac intend for the sale, transfer, conveyance and delivery of all SBL Mortgages to Freddie Mac by the Seller to be true, absolute and unconditional sales.

If despite the intent of the Seller and Freddie Mac, the SBL Mortgages (or any of them) are determined to be the property of the Seller (i.e., the sale was not a true sale), Freddie Mac and the Seller agree that

- The Purchase and Servicing Documents create a security agreement within the meaning of the Uniform Commercial Code (UCC) in effect in the applicable State, conveying to Freddie Mac a security interest in all of the Seller's right, title, and interest in and to the Mortgage and all proceeds from the Mortgage
- Freddie Mac is the secured party under such security agreement
- The possession by Freddie Mac of the Notes (and any related documents) will be deemed to be possession by Freddie Mac for purposes of perfecting the security interest pursuant

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to the UCC

- The Seller will assist Freddie Mac with any reasonable actions necessary to ensure that Freddie Mac receives a perfected security interest of first priority under applicable law
- Freddie Mac will have all of the rights and remedies of a secured party and creditor under the UCC and may execute and file UCC financing statements as reasonably necessary

10.17 Purchase amount (09/08/04)

Generally, the amount paid by Freddie Mac to purchase a multifamily Mortgage will not exceed 100 percent of the outstanding principal balance of the Mortgage, adjusted for prepaid or accrued interest as of the day before the Freddie Mac Funding Date.

10.18 Permitted Mortgage amount – Acquisition financing and certain refinances (12/16/25)

The Mortgage amount must be based on the lesser of the appraised value or the total acquisition cost. This section applies not only to acquisition transactions, but also to refinance loans in which the Property was acquired within 12 months of the date of the full underwriting package submission to Freddie Mac. A description of the appraised value is found in Chapter 60. (See also Section 32.3 for settlement statement content regarding closing costs.)

a. Total acquisition costs (06/24/25)

The total acquisition cost is defined as the sum of: (1) the purchase price and (2) permitted closing costs paid to third parties in connection with the acquisition in an amount no more than three percent of the purchase price and acceptable to Freddie Mac in its sole and absolute discretion. For SBL loans, capital improvements performed on refinance loans acquired within the past 12 months may also be permissible (see Section 10.18(b)(ii) below) (*Note:* See also Section 10.18(c) for additional adjustments if an allocation to intangible assets is contemplated.)

b. Permitted closing costs (12/16/25)

(i) Permitted closing costs must be documented and may include:

- Mortgage origination fees payable in connection with the new Mortgage (including Seller/Servicer fees incurred by the Borrower in connection with the origination of the loan and Freddie Mac's application fee) if not included in the interest rate (*Note:* See also Sections 5.3(d) and 17.1(f) origination fee requirements)
- Broker fees or acquisition fees for the new Mortgage paid by the Borrower, subject to a sublimit of one percent
- Prepayment fees on the existing indebtedness if paid by the Borrower
- For adjustable rate mortgages, the actual cost of the initial interest rate cap
- Other reasonable closing or settlement costs paid by the Borrower, such as mortgage registration taxes, recordation fees, survey, title searches and title insurance

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premiums, attorney's fees, and credit report charges

- Fees to consultants for the preparation of third-party reports including Appraisals, environmental reports, and property condition reports
- Costs associated with the Borrower's voluntary capital improvements for the Property and/or Priority Repairs identified in the Property Condition Report or SBL Physical Risk Report, so long as the following three requirements are met:
 - The total cost of the voluntary capital improvements and/or Priority Repairs is escrowed at Mortgage origination
 - The voluntary capital improvements and Priority Repairs will be completed within 12 months of Mortgage origination
 - The Loan Agreement must require that if there are remaining funds after satisfactory completion of the voluntary capital improvements and Priority Repairs, such funds must be deposited into the Replacement Reserve Fund
- In a Utility Efficiency Loan, costs associated with Utility Efficiency Improvements, so long as the following three requirements are met:
 - The total cost of the Utility Efficiency Improvements is escrowed at Mortgage origination
 - The Utility Efficiency Improvements will be completed within 24 months of Mortgage origination
 - The Loan Agreement must require that if there are remaining funds after satisfactory completion of the Utility Efficiency Improvements, such funds must be deposited into the Replacement Reserve Fund
- (ii) For SBL loans, permitted closing costs for refinance loans acquired within 12 months of the date of the full underwriting package submission to Freddie Mac may include costs associated with the Borrower's Capital improvements that are verified at the time of the property inspection by the Seller/Servicer and Freddie Mac, as well as by the third-party consultant as documented within the SBL Physical Risk Report. These capital improvements costs are not subject to the three percent cap noted in Section 10.18(a) and must be acceptable to Freddie Mac.

c. Allocation to intangible assets (10/17/24)

With the exception of Seniors Housing Mortgages, if there is any allocation to intangible assets (including goodwill) in connection with the acquisition of the Property, such allocation may be permitted subject to the following:

- The final Mortgage amount, as reflected on the final settlement statement, cannot exceed 90% of the real property allocation (i.e., total purchase price less any intangible asset allocation (including goodwill)). For purposes of this calculation, if any amount of the purchase price is allocated to personal property, such amount will be considered part of the real property allocation.



- If the transaction includes an allocation to goodwill, the total acquisition cost is defined as the sum of: (1) the purchase price excluding goodwill and (2) permitted closing costs paid to third parties in an amount no more than three percent of the purchase price excluding goodwill.

Multifamily Seller/Servicer Guide

Chapter 11

Miscellaneous Fundamentals



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11.1 Introduction (09/08/05)

This chapter details Freddie Mac's miscellaneous requirements. These requirements may also apply to Special Servicing Requests.

11.2 Letters of credit (08/18/22)

a. General requirements for a letter of credit (04/15/21)

Freddie Mac will accept a letter of credit in the following circumstances:

- As part of the Seller/Servicer's good faith deposit delivered as security for part of the Seller's obligations under an early rate-lock application under Chapter 27 (see Section 27.10), so long as the letter of credit meets the requirements set forth in Section 11.2(b); or
- As security for the Borrower's obligations (for example, under a Rental Achievement Agreement or any other agreement for Reserves), subject to Freddie Mac's approval, so long as the letter of credit meets the requirements set forth in Section 11.2(b); or
- As collateral held until stabilization in connection with a transaction under the Moderate Rehabilitation (Mod Rehab) with LIHTC product; or
- As security for the Borrower's obligations under a Forward Commitment issued by Freddie Mac; or
- As security for the Seller/Servicer's Reimbursement Obligations under its Master Agreement; or
- As security for the SBL Seller/Servicer's SBL Obligations under Chapter 46SBL

Additional requirements:

- Any letter of credit must be obtained from a person or entity other than the Borrower or any SPE Equity owner, and
- No Borrower or SPE Equity Owner may have any liability or other obligations under any reimbursement agreement with respect to any letter of credit or otherwise in connection with reimbursement to the issuer for draws on such letter of credit

Freddie Mac, in its discretion, may accept a letter of credit in other circumstances if the letter of credit meets all of the requirements set forth in this section.

b. Issuer and issuer's rating (12/12/14)

At the time of issuance of the letter of credit (including any renewal, replacement or amendment of an existing letter of credit), the issuer of the letter of credit must be listed on the [Approved Counterparties List](#). If the issuer of the letter of credit is not currently approved, the Seller/Servicer must provide Freddie Mac with a completed [Counterparty Approval Request](#).



Unless the Seller/Servicer has obtained Freddie Mac's prior written approval, the following issuers of letters of credit are not permitted:

- The Seller/Servicer or Affiliated Persons of the Seller/Servicer in connection with a Mortgage originated or serviced by that Seller/Servicer, or
- Affiliates of the Borrower

At the time of issuance of the letter of credit to the Seller/Servicer, the issuer of a letter of credit must be a domestic Eligible Institution or an agency or branch of a foreign Eligible Institution located in the United States. If at any time the issuer of the letter of credit ceases to be an Eligible Institution, Freddie Mac or its successors and assigns will have the right to immediately draw down the letter of credit in full and hold the proceeds of such draw in accordance with the applicable provisions of the Loan Documents.

Any letter of credit must be freely assignable by Freddie Mac and its successors and assigns without any consent or approval of the issuer of such letter of credit and without cost to Freddie Mac or its successors and assigns. All letters of credit must have an acceptable assignment form attached to them when delivered in the Purchase Final Delivery Package.

Freddie Mac may withdraw approval of a letter of credit issuer at any time for any reason. See Section 11.2(g) for additional information.

c. Issuer's security (02/28/11)

For all Mortgages, the issuer may not have a lien on all or part of the Property or related personal property as collateral for the Borrower's obligations to the issuer without Freddie Mac's prior written consent.

d. Form of letter of credit (06/29/17)

The letter of credit must:

1. Be a clean, irrevocable, unconditional standby letter of credit
2. Be issued for the account of the Borrower in the case of a Borrower obligation, or for the Seller/Servicer's account in the case of the Seller/Servicer's obligation
3. Name Freddie Mac as the sole beneficiary
4. Be in the amount determined by Freddie Mac
5. Have an initial term of:
 - Not less than six months for a letter of credit issued in connection with an early rate-lock application that does not have an extended term
 - Not less than twelve months for a letter of credit issued in connection with a Rental Achievement Agreement or any other agreement for Reserves, debt service Reserve or an early rate-lock application with an extended term



- Not less than 60 days following the maturity date of the Forward Commitment for a letter of credit issued in connection with a Forward Commitment
 - Not less than 60 days after the end of the Mod Rehab period for a letter of credit issued in connection with a transaction under the Mod Rehab with LIHTC product
 - Not less than 12 months following its delivery date to Freddie Mac for the Seller/Service's SBL Obligations under Chapter 46SBL; such letters of credit must also be renewable by amendment for a letter of credit issued as collateral
6. Provide that it may be drawn in whole or part by presentation to the issuer of a sight draft without any other requirements to the right to draw (The form of sight draft is found as Exhibit A to the form of letter of credit found at mf.freddiemac.com/lenders/legal)
 7. Except for a letter of credit issued in connection with a Seller/Service's SBL Obligations under Chapter 46SBL, be in the form found at mf.freddiemac.com/lenders/legal

e. Seller/Service responsibilities regarding letters of credit (08/18/22)

Within 30 days prior to the issuance of a new letter of credit, including a renewal, replacement, or amendment of an existing letter of credit, the Seller/Service must:

1. For a letter of credit that the Seller/Service is holding, verify that the issuer of the letter of credit is listed on the [Multifamily Counterparty Approved List](#).
2. For a letter of credit that Freddie Mac holds, verify that the rating of the issuer complies with Freddie Mac's requirements.
3. Bring to Freddie Mac's attention any variations from the Freddie Mac form of letter of credit and explain whether such variations are material.
4. Complete the [Letter of Credit Certification](#) form or [Form 921, Letter of Credit – SBL Certification](#), as applicable.
5. Obtain an opinion of the issuer's counsel with respect to the issuer of the letter of credit, which opinion must provide that:
 - The issuer has the power and authority to execute and deliver the letter of credit.
 - The letter of credit constitutes the legal, valid and binding obligation of the issuer, enforceable by the lender (or by Freddie Mac, in the case of a letter of credit as collateral for a Seller/Service's Reimbursement Obligations or SBL Obligations) against the issuer in accordance with the terms of the letter of credit.
 - The opinion is intended to be relied upon by the lender and its successors as holder of the Mortgage (or by Freddie Mac, in the case of a letter of credit as collateral for a Seller/Service's Reimbursement Obligations or SBL Obligations).
6. Upon issuance of a new letter of credit, including a renewal, replacement or amendment of an existing letter of credit, the Seller/Service must:



- For a letter of credit that the Seller/Servicer is holding, hold the original letter of credit in a secure place in trust for Freddie Mac until instructed by Freddie Mac to deliver the letter of credit to Freddie Mac or return the letter of credit to the Borrower
 - In the case of a letter of credit provided in connection with a Mortgage, maintain a copy of the Letter of Credit Certification as part of the Mortgage File
 - In the case of a letter of credit provided as collateral for a Seller/Servicer's Reimbursement Obligations or a Construction Phase Letter of Credit required under Section 19A.7 or Section 28A.10, deliver such letter of credit and Letter of Credit Certification to Freddie Mac as required under the Seller/Servicer's Master Agreement or the Forward Commitment, as applicable
 - In the case of a Letter of Credit – SBL provided as collateral for an SBL Seller/Servicer's SBL Obligations, deliver such letter of credit and the [Form 921, Letter of Credit – SBL Certification](#) to Freddie Mac as required under Chapter 46SBL
7. Upon issuance of a renewal, replacement or amendment of an existing letter of credit held by the Seller/Servicer, the Seller/Servicer must provide the following information to Freddie Mac within 30 days of issuance:
- Complete legal name of the issuer of the letter of credit
 - Letter of credit number
 - Amount
 - Expiration date
 - Issuer bank branch address and presentation site address

The information in this subsection must be delivered to *Multifamily Asset Management, Structured Transactions* for:

- Structured Transactions
- Tax Exempt Bond Credit Enhancements
- Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products
- Targeted Affordable Housing Mortgages, or
- Credit Facilities

For all other Mortgages, the information in this subsection must be delivered to *Multifamily Asset Management, Borrower Transactions*.



f. Documents to be delivered to Freddie Mac (06/29/17)

- Any time the Seller/Servicer is holding the original letter of credit, the Seller/Servicer must deliver to Freddie Mac a copy of the letter of credit, the original Letter of Credit Certification and original opinion of issuer's counsel.
- For a letter of credit that Freddie Mac will hold, the Seller/Servicer must deliver the original letter of credit to Freddie Mac with the Final Delivery Package.

g. Change in issuer's Freddie Mac approval status (06/29/17)

Freddie Mac may withdraw approval of a letter of credit issuer at any time and for any reason.

- For Mortgages prior to origination:

If Freddie Mac withdraws its approval of an issuer of a letter of credit prior to origination of the Mortgage, in the case of a letter of credit held in connection with an early rate-lock application or any Forward Commitments:

- The TAH Seller/Servicer must notify *Multifamily TAH Production*
- The SBL Seller/Servicer must notify the *Multifamily Small Balance Loan Team*
- All other Seller/Servicers must notify the *Applicable Freddie Mac Multifamily Regional Office*

- For Mortgages that have been purchased by Freddie Mac:

If Freddie Mac withdraws its approval of an issuer of a letter of credit, the Servicer must require the Borrower to obtain any renewals, replacements or amendments of an existing letter of credit from an issuer approved by Freddie Mac as of the date of the renewal, replacement or amendment. Letters of credit that have not expired are not affected by the change in the issuer's approval status.

- For letters of credit securing an SBL Seller/Servicer's SBL Obligations: If Freddie Mac withdraws its approval of an issuer of a letter of credit, the SBL Seller/Servicer must obtain any renewals, replacements or amendments of an existing letter of credit from an issuer approved by Freddie Mac as of the date of the renewal, replacement or amendment. Letters of credit that have not expired are not affected by the change in the issuer's approval status.

h. Delivery of letter of credit to Freddie Mac (06/29/17)

The Seller must deliver the original letter of credit, the original opinion of issuer's counsel and the Letter of Credit Certification or the [Form 921, Letter of Credit – SBL Certification](#), as applicable, as specified below:

- For Mortgages or SBL Mortgages, with the Final Delivery Package



- For any other matter, as specified by Freddie Mac in the applicable agreement or Chapter 46SBL

i. Presentation of letter of credit (10/07/08)

Upon receipt of written instructions from Freddie Mac, the Seller/Servicer is authorized to present a sight draft to the issuer of a letter of credit and draw on the letter of credit.

The Seller/Servicer must hold the funds it obtains from a letter of credit in trust for Freddie Mac in an account in the name of the Seller/Servicer as custodian for Freddie Mac until it receives instructions from Freddie Mac as to where it should deposit the funds.

j. Notification to Freddie Mac of letter of credit expiration (02/27/15)

The Seller/Servicer must provide Freddie Mac with written notice of the expiration of any letter of credit not less than 30 days prior to the expiration of the letter of credit.

k. Indemnification (10/07/08)

The Seller must indemnify and defend Freddie Mac against any claims that may be asserted against Freddie Mac and any costs (including attorneys' fees), losses or damages that Freddie Mac may incur as a result of any failure by the Seller/Servicer to perform its obligations with regard to any letter of credit.

11.3 Third-party interest rate cap requirements for cash ARMs (02/29/16)

For any cash ARM where Freddie Mac has required an interest rate cap and the ARM does not have an internal interest rate cap, Freddie Mac requires that the Borrower obtain an interest rate cap agreement with a third party cap provider ("cap agreement"). The Borrower must maintain a cap agreement until the entire indebtedness is paid in full.

See Sections 28.12 and 28.18 for interest rate cap requirements for Bond Credit Enhancement Mortgages.

a. Cap provider (12/12/14)

At the time of acquisition of the cap, and based on the term of the cap, the cap provider must be listed on the [Approved Counterparties List](#). If the cap provider is not currently approved, the Seller/Servicer must provide Freddie Mac with a completed [Counterparty Approval Request](#).

Unless the Seller/Servicer has obtained Freddie Mac's prior written approval, the following cap providers are not permitted:

- The Seller/Servicer or Affiliated Persons of the Seller/Servicer in connection with a Mortgage originated or serviced by that Seller/Servicer, or
- Affiliates of the Borrower

Freddie Mac may withdraw approval of the cap provider at any time for any reason.



The cap provider must maintain the rating required by Freddie Mac in the governing transaction documents (for example the cap agreement) throughout the term of the cap.

b. Cap agreement (04/07/06)

Freddie Mac will accept a cap agreement only in the form agreed upon by Freddie Mac and the approved cap provider. The Seller/Servicer must notify the *Applicable Freddie Mac Multifamily Regional Office* of the name of the cap provider and must request that Freddie Mac provide the Seller/Servicer with the agreed form of cap agreement for that cap provider.

c. Cap guaranty; opinion (04/07/06)

Freddie Mac will notify the Seller/Servicer whether a cap agreement guaranty and/or opinion of counsel are required. If a cap agreement guaranty and/or an opinion of counsel are required, Freddie Mac will provide the Seller/Servicer with the forms of such document(s).

d. Delivery of cap agreement (02/29/16)

The Borrower must deliver an electronic copy of the cap agreement to the Seller/Servicer. For a newly originated Mortgage, the Borrower must bid the cap agreement not later than the Origination Date. The Seller must deliver an electronic copy of the cap agreement in the Final Delivery Package.

e. Payments under the cap agreement (04/07/06)

- So long as there is not an event of default and the Borrower has made the full monthly payment due, the Servicer will remit any payments made by the cap provider to the Borrower.
- Following an event of default, Freddie Mac may apply any payments made under the cap agreement to the Mortgage in any order and amount that Freddie Mac determines.

f. Reserve for subsequent cap agreement (07/01/14)

If a cap agreement expires prior to the maturity date of the Mortgage, during the term of the cap agreement, the Borrower must make monthly deposits with the Servicer on the first day of each calendar month ("cap deposits"). The cap deposits must be sufficient to accumulate funds in an amount equal to 125 percent of the amount estimated by the Servicer to be sufficient to purchase, immediately prior to the termination of the then-existing cap agreement, a subsequent third-party cap agreement (see Section 43.22).

g. Expiration of cap agreement (04/07/06)

- Any time a cap agreement expires, a new cap agreement has not been put into effect and an event of default has occurred, Freddie Mac, at its option, may apply any payment made by the Borrower under the Note to the purchase of a cap agreement.
- Any time a cap agreement expires and a new cap agreement has not been put into effect, Freddie Mac, at its option, may apply the default interest rate contained in the Note.



h. Servicing a cap agreement (02/07/08)

See Sections 43.21 and 43.22 for the Servicing requirements for a cap agreement.

11.4 Reliance on third-party reports (09/18/14)

This Guide contains specific reliance provisions for various types of third-party reports. If not otherwise specified in this Guide, each third-party report must include the following provision:

“This report is for the use and benefit of, and may be relied upon by

- a. the Seller/Servicer, Freddie Mac and any successors and assigns (“Lender”);
- b. independent auditors, accountants, attorneys and other professionals acting on behalf of Lender;
- c. governmental agencies having regulatory authority over Lender;
- d. designated persons pursuant to an order or legal process of any court or governmental agency;
- e. prospective purchasers of the Mortgage; and
- f. with respect to any debt (or portion thereof) and/or securities secured, directly or indirectly, by the Property which is the subject of this report, the following parties and their respective successors and assigns:
 - any placement agent or broker/dealer and any of their respective affiliates, agents and advisors;
 - any initial purchaser or subsequent holder of such debt and/or securities;
 - any Servicer or other agent acting on behalf of the holders of such debt and/or securities;
 - any indenture trustee;
 - any rating agency; and
 - any institutional provider from time to time of any liquidity facility or credit support for such financings.

In addition, this report, or a reference to this report, may be included or quoted in any offering circular, information circular, offering memorandum, registration statement, private placement memorandum, prospectus or sales brochure (in either electronic or hard copy format) in connection with a securitization or transaction involving such debt (or portion thereof) and/or securities.”



11.5 Insurance requirements for third-party consultants (12/16/25)

Freddie Mac requires the following third party consultants to have the insurance coverage described below:

- Appraisers
- A/E Consultants performing the duties outlined in Chapter 63
- Property condition or Physical Risk consultants
- Environmental consultants
- Property inspectors conducting:
 - Forward Commitment property inspections as described in Section 8.16~~(b)~~
 - Property inspections at time of conversion as described in Section 8.16~~(d)~~
- Utility Efficiency Consultants

These third party consultants must have the following insurance coverage in place:

- Commercial General Liability (CGL) insurance with limits of at least \$1 million per occurrence and \$2 million aggregate with a maximum deductible amount of \$35,000
- Professional Liability insurance with limits of \$1 million per claim and \$2 million aggregate with a maximum deductible amount of \$100,000

The above policies must be issued by an insurance carrier rated either Standard & Poor's Insurer Solvency Review "BBB" or better, or AM Best A-, VI, or higher (i.e., A-, X; A, VI, etc.).

The requirements above do not apply to third-party fee consultants performing annual property inspections.

Third party consultants should have appropriate insurance coverage in place while traveling to and from and conducting work at the Property. The following are recommended guidelines for the types and levels of insurance coverage to be considered:

- Worker's Compensation insurance as required by law
- Automobile liability insurance for all owned (if any), non-owned and hired vehicles of \$1 million per accident

The Seller/Service provider should review the insurance coverage held by third-party consultants and determine and document that the consultants have adequate insurance relevant to the work to be performed.



11.6 Real Estate Schedule – Form 1116 verification (02/27/25~~24~~/26)

a. Verification applicability (02/27/25)

The requirements in this section apply to each [Form 1116, Real Estate Schedule](#), delivered to Freddie Mac for the following parties:

- For all Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of a First-Time Sponsor,
- For all Mortgages, effective for transactions taken under Seller Application on and after February 27, 2025, each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of a Rapid Growth Sponsor
- For all Mortgages other than SBL Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of a Limited Multifamily Experience Sponsor as referenced in Section 9.2(d), and
- For SBL Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor not meeting the requirements of Section 9SBL.2(c)(2)

This verification is not applicable to U.S. Public Companies or Governmental Entities that are First-Time Sponsors, Limited Multifamily Experience Sponsors, or Rapid Growth Sponsors.

b. Verification sample (02/27/25)

As additional verification measures for the [Form 1116, Real Estate Schedule](#), submitted for the parties listed in Section 11.6(a), the Seller/Servicer must select a sample of assets to confirm that the schedule accurately reflects each such party's ownership role (e.g., general partner, limited partner, managing member, member, etc.) of each asset based on the following criteria:

- (i) If [Form 1116, Real Estate Schedule](#), reflects 10 assets or less (5 assets or less for SBL Mortgages), ownership in all properties must be verified (other than a personal residence).
- (ii) If [Form 1116, Real Estate Schedule](#), reflects more than 10 assets (more than 5 assets for SBL Mortgages), a sample of 10 assets (5 assets for SBL Mortgages) may be selected provided that the sample reflects multifamily properties in which the Key Borrower Principal has Control (e.g., general partner or managing member interest), if applicable. The sample can include multifamily properties with a non-controlling interest or other asset types once all multifamily properties in which the Key Borrower Principal has Control have been selected for inclusion. Additionally, if a majority of the Key Borrower Principal's [Form 1116, Real Estate Schedule](#) reflects non-multifamily assets, then the verification should be expanded to include a representative sample of these assets as well.



c. **Verification requirements (02/27/25~~24~~/26)**

Upon the delivery to Freddie Mac of each [Form 1116, Real Estate Schedule](#), for the parties listed in Section 11.6(a), the Seller/Servicer is certifying to Freddie Mac that each such party's ownership role of each asset listed has been verified for the sample noted in Section 11.6(b) by the Seller/Servicer's review of the documentation described in (1), (2) or (3) below:

1. Documentation either independently obtained or received from the party completing the [Form 1116, Real Estate Schedule](#), consisting of both of the following:
 - Evidence of the owner name of each asset provided by the party completing [Form 1116, Real Estate Schedule](#), (such as a tax bill, title policy, property deed or other commercially reasonable evidence)
 - Organizational documents, provided by the party completing [Form 1116, Real Estate Schedule](#), for the owner(s) of each asset evidencing the Key Borrower Principal or Guarantor ownership role (redacted copies are acceptable so long as the ownership role can be verified)
2. Federal tax return (Schedule K-1) for the parties listed in Section 11.6(a) confirming each party's ownership role in applicable assets identified on the [Form 1116, Real Estate Schedule](#) (redaction of non-relevant information permitted).
3. Other reasonable documentation approved by Freddie Mac (e.g., website listing real estate assets for an SEC-registered entity or lender certification confirming Key Borrower Principal ownership role for those assets in which the lender was involved in the prior financing).

The Seller/Servicer must contact Freddie Mac Underwriting if the Seller/Servicer is unable to verify the ownership information for the sample or if any discrepancies are found. The Seller/Servicer may not make any adjustments to the sample as a result of insufficient information or discrepancies.

The mortgage transaction narrative analysis must include confirmation that the verification of the ownership information has been successfully completed or, in the event the Seller/Servicer is unable to verify the ownership information for the sample or if any discrepancies were found, an explanation as to the issues identified and the efforts taken to address them. Additionally, if alternative documentation was approved by Freddie Mac per Section 11.6(c)(3) above, that should also be summarized in the mortgage transaction narrative analysis.

If Freddie Mac agrees to accept alternative documentation for [Form 1116, Real Estate Schedule](#), which documentation must be approved in advance by Freddie Mac, the above verification requirements apply to such documentation.



d. Retention of Records (04/18/24)

The Seller/Servicer must retain electronic or hard copy records evidencing the Seller's compliance with the verification requirements in this section.

11.7 Historical property financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages (04/22/25 02/24/26)

a. Reconciliation applicability (04/22/25)

The requirements in this section apply to Mortgages taken under Seller Application on or after August 15, 2024, that are (i) refinances of Freddie Mac Mortgages where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage and (ii) Supplemental Mortgages where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage.

With respect to acquisition Mortgages, nothing herein shall restrict or limit Freddie Mac or Seller/Servicer from performing a reconciliation of property financial statements available to Freddie Mac or Seller/Servicer, similar to the reconciliation described in Section 11.7(b). In connection with any such reconciliation related to an acquisition Mortgage, Seller/Servicer must comply with all reporting requirements, including but not limited to those in Section 7.6, with respect to any Suspicious Activity and actual or possible fraud or misrepresentation in connection with such reconciliation.

b. Reconciliation requirements (08/15 02/24/26)

Prior to the delivery to Freddie Mac of the underwriting package, Seller/Servicer must reconcile each historical property financial statement (including the most current property financial statement in a T-12 format) required by Sections 55.2 and 55SBL.2 against the property financial statements received for the same periods during the Servicing of the existing or senior Mortgage, as applicable (for the purposes of this Section 11.7, "Servicing Statements").

For historical property financial statements covering an annual period, this reconciliation must include a review against each applicable full-year Servicing Statement, when available. For historical property financial statements covering the most recent annual or twelve-month period, due to timing differences, this reconciliation only applies to those months in most recent Servicing Statement (provided in a T-12 format) that overlap the months reflected in such statements.

By delivering the underwriting package to Freddie Mac, the Seller/Servicer is certifying that the reconciliation required by this section has been performed ~~and~~. The mortgage transaction narrative analysis must either (i) contain a statement that there are no deviations identified or (ii) disclose any deviations ~~have been clearly disclosed to Freddie Mac~~. In either case, a summary of the analysis performed, including the specific statements used in the analysis must be documented in the mortgage transaction narrative analysis.



c. Submission of Servicing Statements (08/15/24)

If the Servicing Statements are not found on DMS for the existing or senior Mortgage, as applicable, the Seller/Servicer must submit the Servicing Statements used to perform the reconciliation required in Section 11.7(b) as part of the underwriting package.

If the Servicing Statements used to perform the reconciliation required in Section 11.7(b) are already found on DMS for the existing or senior Mortgage, as applicable, the Seller/Servicer is not required to separately submit the Servicing Statements to Freddie Mac as part of the reconciliation requirements of this Section 11.7.

d. Identification of possible misrepresentation (04/22/25)

Seller/Servicer must comply with all reporting requirements, including but not limited to those in Section 7.6, with respect to any Suspicious Activity and actual or possible fraud or misrepresentation in connection with the reconciliation required in Section 11.7(b).

e. Retention of Records (08/15/24)

The Seller/Servicer must retain records evidencing the Seller's compliance with the reconciliation requirements in this section.

11.8 Sponsor Meetings (12/16/25)

The provisions of this section apply to Mortgages that are placed under Seller Application on or after February 1, 2026, or any Borrower consent request involving a Transfer of Ownership submitted for approval on or after February 1, 2026, where the Mortgage or the Transfer of Ownership, as applicable, involves any of the following:

- One or more of the following sponsor types (as a transferee, with respect to a Transfer of Ownership):
 - First-Time Sponsor,
 - Limited Multifamily Experience Sponsor (or for SBL Mortgages, Key Borrower Principals that do not individually meet the criteria noted in Section 9SBL.2(c)(2)),
 - Rapid Growth Sponsor
- A broker/correspondent

A Seller Representative (as defined below) must meet with a Sponsor Representative (as defined below), either in person or by video call where the Sponsor Representative can be seen ("Sponsor Meeting"). The Sponsor Meeting must take place within the 12 months preceding the submission of the full underwriting package, or full Transfer of Ownership package with respect to a Transfer of Ownership, to Freddie Mac. For the purposes hereof, (A) a "Sponsor Representative" means (i) any Key Borrower Principal that is an individual, or (ii) with respect to a Key Borrower Principal that is an entity, an individual that is an officer, equity holder, or employee of a Key Borrower Principal with significant responsibility to Control or direct matters relating to the Key Borrower Principal, the Mortgage or the Property and (B) a "Seller Representative" means an individual



employed by Seller that is an underwriter or originator (or an equivalent role with respect to a Transfer of Ownership), or another Seller representative acceptable to Freddie Mac.

If a transaction involves multiple sponsors where one or more of the sponsors meets the criteria noted above, a Sponsor Meeting must be conducted with a Sponsor Representative for each such sponsor, but is not required for sponsors who do not meet the criteria noted above. If there are multiple sponsors that meet the criteria noted above, the Seller can conduct a joint meeting or separate meetings.

If a transaction involves a broker/correspondent and there are no sponsors meeting the criteria noted above, then the Sponsor Meeting may be conducted with any Sponsor Representative.

During the Sponsor Meeting, the Seller must, at a minimum:

- Confirm the identity of the Sponsor Representative using a current driver's license or passport and the Sponsor Representative's personal address.
- Ask the Sponsor Representative to describe the individual's role with respect to the Key Borrower Principal (if the Key Borrower Principal is an entity)
- Ask the Sponsor Representative about their professional background and business objectives

The Seller's mortgage transaction narrative analysis, or Transfer of Ownership/Assumption request form in the case of a Transfer of Ownership, must include a description of the Sponsor Meeting that includes the following:

- The name, company and title of each participant
- The date on which the Sponsor Meeting took place
- Whether the Sponsor Meeting took place by video call, or if in person, the location in which the Sponsor Meeting took place
- A summary of the documentation used by the Seller to confirm the identity of the Sponsor Representative
- The role of the Sponsor Representative with respect to the Key Borrower Principal
- A summary of the matters discussed
- Any other information learned during the Sponsor Meeting that is likely to be material to Freddie Mac in its underwriting or approval of the transaction

Unless requested by Freddie Mac, no documentation other than the mortgage transaction narrative analysis, or Transfer of Ownership/Assumption request form in the case of a Transfer of Ownership, is required regarding the Sponsor Meeting. The Seller should not submit to Freddie Mac copies of driver's licenses or passports.



11.9 Impact of a natural disaster or weather-related adverse condition (12/12/24)

a. Applicability (12/12/24)

Upon Freddie Mac's notification to Seller/Servicers, this section is applicable to Mortgage loans that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property. (See also Section 5.2(b) for Seller/Servicer representations and warranties regarding the Property and Section 27.4(a) for Nondelivery in the event of a material adverse change in Property condition).

Freddie Mac may provide notification to Seller/Servicers regarding the applicability of this section with respect to a particular natural disaster or weather-related adverse condition, but in the absence of a notification, Seller/Servicers remain obligated to comply with the provisions of this Section 11.9, to the extent applicable to their Mortgage loans.

b. Types and Status of Mortgage Loans (12/12/24)

1. For Conventional, Seniors, Targeted Affordable Housing (TAH) and Structured & Facility Mortgages in the quote stage, and for Small Balance Loans (SBL) under Seller Application that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property:
 - If the property condition consultant's physical inspection of the Property is taking place after the occurrence of the natural disaster or weather-related adverse condition, nothing further required.
 - If the property condition consultant's inspection has taken place prior to the occurrence of the natural disaster or weather-related adverse condition:
 - The Seller/Servicer must deliver the [Borrower Certification of Weather-Related Event](#) as part of the full underwriting package and must specifically address any impact to the Property sustained from the natural disaster or weather-related adverse condition.
 - Freddie Mac, in its sole discretion, may require additional information or further inspections of the Property.
2. For Mortgage loans that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property (i) for which an underwriting package has been delivered to Freddie Mac, (ii) that are awaiting Index Lock, (iii) where a Letter of Commitment (or Early Rate Lock Application) has been accepted, or (iv) are in process at any point thereafter prior to Freddie Mac's purchase of the Mortgage, the following items must be submitted to Freddie Mac either as part of the full underwriting package or via a separate email communication:
 - [Borrower Certification of Weather-Related Event](#) specifically addressing any impact to the Property sustained from the natural disaster or weather-related adverse



condition.

- Written confirmation that the Property has sufficient property damage (All-Risk) coverage, Business Income/Rental Value Insurance coverage, or any other applicable coverage (i.e., Windstorm, Named Storm, Flood, etc.).
 - If an acquisition Mortgage, in addition to the above items, written confirmation that there has been no change to the Purchase and Sale Agreement, or if there has been a change, receipt of the revised Purchase and Sale Agreement and updated Purchase and Sale Agreement Analysis including an explanation of the change.
3. For any loans that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property that Freddie Mac has committed to purchase (via a fully executed Letter of Commitment or an accepted Early Rate-Lock Application) but has not yet purchased, in addition to submission of the items set forth in subsection b.2. above, Seller/Servicers must report any impacted Properties to the [Surveillance – Compliance Team](#), including any damage updates for such Properties when available.
- For any such Mortgages delivered to Freddie Mac for purchase, Seller/Servicers must also coordinate with the *Multifamily Purchase team*; Mortgage loan funding may be delayed pending a damage assessment.

Multifamily Seller/Service Guide

Chapter 17A

Originating a Conventional Cash Mortgage under a Forward Commitment



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17A.1 Overview (10/21/25)

This chapter provides the requirements for a Multifamily Conventional Cash Mortgage originated under a Forward Commitment utilizing the prior approval model.

a. Description of Unfunded Forward Commitments (10/21/25)

For purposes of this chapter, an ~~unfunded~~Unfunded Forward Commitment provides permanent financing for new construction or Substantial Rehabilitation of a multifamily Property that qualifies for a Mortgage under the Multifamily Conventional Cash Mortgage Purchase Program as described herein. In this chapter, the term “construction” will include Substantial Rehabilitation.

The ~~unfunded~~Unfunded Forward Commitment is executed by the Seller and Freddie Mac. Freddie Mac commits to locking the interest rate or spread for the permanent Mortgage and the Seller commits to delivering a permanent Mortgage to Freddie Mac when the project is complete and has met each of the Conditions to Conversion (as defined in Section 17A.10). Freddie Mac locks the rate or spread for the permanent Mortgage when the Forward Commitment is accepted by the Seller. The Property must meet the Conditions to Conversion before Freddie Mac purchases the Mortgage.

In an ~~unfunded~~Unfunded Forward Commitment, Freddie Mac does not advance construction funds to the construction lender. See the Unfunded Conventional Forward Commitment [Form](#) and [term sheet](#) for details.

b. Other Guide provisions (10/21/25)

1. The applicable provisions of Chapter 27 apply regarding the LST, Quote, underwriting package, Commitment and Rate Lock.
2. See the following sections in Chapter 17, Originating a Mortgage under the Multifamily Conventional Cash Mortgage Purchase Program, for additional information and requirements:
 - Section 17.1(b): Investment quality
 - Section 17.1(f): Minimum Origination Fee
 - Section 17.1(g): Other requirements
 - Section 17.2: Fixed-rate Mortgage requirements
 - Section 17.3: Floating-Rate Mortgage requirements

c. Fees (10/21/25)

The Seller must pay to Freddie Mac the Application Fee, as set forth in the Forward Commitment (if applicable) and in Section 27.6 (under the standard delivery option). If the Actual Mortgage Amount at Conversion exceeds the Maximum Mortgage Amount in the Forward Commitment, then the Seller must pay to Freddie Mac the additional Application Fee described in the Conversion Acceptance Letter (as defined below) prior to the acceptance of the Conversion Acceptance Letter. The Application Fee is not refundable.



Seller is responsible for all other fees as specified in the Forward Commitment.

17A.2 Eligibility (10/21/25)

a. Eligible Seller/Service Providers (10/21/25)

To be eligible to enter into a Forward Commitment, a Seller/Service Provider must meet the requirements specified in Section 3.15.

b. Types of Mortgages and Mortgage requirements (10/21/25)

Unless otherwise specified below, the requirements for investment quality, types of Mortgages and other Mortgage requirements are the same for all Mortgages, including those purchased by Freddie Mac pursuant to a Forward Commitment.

1. Mortgages eligible for purchase under a Forward Commitment

Freddie Mac may purchase either a fixed rate Mortgage or a Floating Rate Mortgage under a Forward Commitment after Conversion.

2. Mortgages ineligible for purchase under a Forward Commitment

- Mortgages secured by Manufactured Housing Communities (MHC)
- Mortgages secured by multifamily properties owned by Cooperatives (Co-ops)
- Small Balance Loans
- Lease-Up Loans and Value-Add Loans

3. Borrower Ownership of Property

It will be a condition to Rate Lock under a Forward Commitment that the Property is owned by the Borrower or under contract with the purchase date scheduled to occur within 90 days of Rate Lock.

17A.3 Construction Documentation (10/21/25)

The Seller must submit the following for Freddie Mac to review as part of the full underwriting package:

- A pre-construction analysis report, as described in Section 63.3(a)
- A narrative summary, including a property and site description and a summary analysis of the development team's qualifications, that is prepared by the Chief Architect/Engineer, as outlined in Section 63.3(c) and [Exhibit 1.30](#).

17A.4 Forward Commitment Property Inspection (~~10/21/25~~02/24/26)

~~Freddie Mac requires~~ For an Unfunded Forward Commitment, a complete property inspection must be conducted prior to Conversion, as discussed in Section 17A.9; however, a Forward Commitment Property Inspection ~~for every Forward Commitment. See Section 8.16 for Freddie Mac's requirements for~~ is not required prior to the issuance of the Unfunded Forward Commitment



Property Inspection unless requested by Freddie Mac in its discretion. If Freddie Mac makes such a request, then see Section 8.16.

17A.5 Construction lender (10/21/25)

The Seller must confirm in its narrative summary that Seller has determined that the construction lender:

- Employs an experienced, fully-staffed construction lending department
- Demonstrates sufficient construction lending experience with successful construction lending on projects of similar size and complexity for the relevant type of property

17A.6 Construction monitoring (10/21/25)

The Seller must retain an Architectural Consultant meeting the requirements of Section 63.2(a) to prepare the construction reports and monitor the progress of the construction.

During the construction phase, the Architectural Consultant is responsible for ensuring that appropriate construction due diligence takes place, including the preparation of construction monitoring reports, which must be provided to the Seller on a regular basis. The Seller must monitor the progress of the construction and notify Freddie Mac of any material issues that could have an adverse effect on the project's scope or quality or could result in a request to extend the Forward Commitment. Freddie Mac expects the Seller to be familiar with the progress of the project. See Section 63.4 for the content of the construction monitoring reports and the duties and responsibilities of the Seller and the Architectural Consultant with respect to the construction monitoring reports.

17A.7 Requests for Freddie Mac approvals during construction phase (10/21/25)

If the Seller receives a request during the construction phase from a third party (such as an agency of the local governing body) for Freddie Mac's authorization or sign-off for items (such as plat recordation) the Seller must advise the third party to send any such documentation directly to the Seller. The Seller's counsel must review all documentation and provide Freddie Mac with a preliminary legal issues memorandum meeting the requirements of Section 6.4. Freddie Mac must receive a written recommendation from the Seller prior to executing or denying any requested authorization or sign-off. The Seller and its counsel must ensure that any such requests comply with all documents previously executed or approved for the transaction, including the approved plans and specifications.

17A.8 Extending the Forward Commitment (10/21/25)

a. General (10/21/25)

1. The Forward Commitment Maturity Date may be extended for one ~~6~~six-month period, upon _____ full and timely satisfaction of each and all of the conditions to extension set forth herein _____ and payment of the extension fee as set forth in the Forward Commitment.
2. Any extension request beyond the first six months will be in Freddie Mac's sole discretion and approval may be based on the satisfaction of any conditions that Freddie Mac

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determines in its sole discretion, including the payment of an extension fee in an amount to be determined by Freddie Mac.

3. In connection with any extension, the Seller must confirm to Freddie Mac that:
 - The Seller has taken such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property, if applicable; and
 - The Seller has received the prior written consent of the Construction Lender, or to the extent applicable, the Seller has provided to Freddie Mac evidence as to why such consent is not required.
4. The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

b. Request for extension (10/21/25)

No later than 60 days prior to then-applicable Forward Commitment Maturity Date, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify whether the request is for a first extension or a subsequent extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

If approved, Freddie Mac will issue an extension approval letter, which will specify the amount of any required fees and any other applicable conditions.

If the Forward Commitment Maturity Date is extended, the term “**Forward Commitment Maturity Date**” will mean the original Forward Commitment Maturity Date, as extended pursuant to the conditions in the extension approval letter.

The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the applicable letter of credit.

17A.9 Complete property inspection (12/16/25)

The Seller must conduct a complete property inspection of the Property before submitting the Conversion Underwriting Package initiating Conversion pursuant to Section 17A.10. The Seller must be satisfied that the finished project has been completed as proposed in a workmanlike manner and that there have been no changes to the Property that would adversely affect its lease-up or ongoing operational costs as originally proposed. The Seller may make this determination by reviewing the final construction reports of the Architectural Consultant, the construction lender, the architect of record and government inspectors; however, the Seller must make its own



determination of the Property and the market. For additional information on the complete property inspection, see Section 8.15(b).

Once the architect of record has executed the certification of substantial completion, the Architectural Consultant must submit to the Seller the post-construction analysis report with a final narrative evaluation. The Seller must review this report and ensure that it meets the requirements of Section 63.5(a).

17A.10 Conditions to Conversion (12/16/25)

a. Conversion Underwriting Package and Conversion schedule (12/16/25)

Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the Conversion Underwriting Package and submit it along with the proposed Conversion schedule to Freddie Mac no later than 60 days prior to the earlier of (i) the proposed date of the Conversion or (ii) the Forward Commitment Maturity Date. The Conversion Underwriting Package must be approved by an underwriting supervisor as described in Section 3.15(d).

Freddie Mac uses the Conversion Underwriting Package to determine whether the Property has satisfied all Conditions to Conversion. Freddie Mac specifies the list of documents that the Seller must include in the Conversion Underwriting Package in [Section 1.31 of Exhibit 1](#). Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

b. Underwriting criteria for Conversion (12/16/25)

By: (i) submission of a Conversion Underwriting Package and (ii) the Seller's execution of the Forward Commitment, the Seller represents and confirms to Freddie Mac that the Seller will underwrite the Mortgage described in the Forward Commitment and deliver the Mortgage in accordance with the standards set forth in the Guide, as modified by the Forward Commitment. Except as expressly set forth in the Guide or in the Forward Commitment, at Conversion Freddie Mac will apply its then-current Guide requirements with respect to the Mortgage.

c. Time limit for meeting Conditions to Conversion (10/21/25)

Freddie Mac's Forward Commitment and agreement to purchase the Mortgage will terminate and be of no force or effect in the event that the Seller is unable to fully satisfy each and all of the Conditions to Conversion on or before the Forward Commitment Maturity Date or extended Forward Commitment Maturity Date, as applicable.

d. Definitions applicable to Conditions to Conversion (10/21/25)

As used in this Section 17A.10, the following terms have the following meanings:

- “*Acceptable Leases*” means legally valid, binding and enforceable written lease agreements with bona fide residential tenants (excluding employees of the Borrower or



any affiliate of the Borrower) providing for initial lease terms of not less than six months and complying with all applicable laws and with the Guide.

- “*Approved Plans*” means the plans, specifications, drawings, sketches, reports, budget and completion schedule and materials specified in the Seller’s full underwriting package for the Forward Commitment submitted to and approved by Freddie Mac prior to the Rate Lock date, together with such changes as have been approved for the Improvements pursuant to the terms of the Forward Commitment.
- “*Event of Insolvency*” means any of the following events with respect to the Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal: (a) any of the foregoing will: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or fail to vacate the appointment of a receiver or trustee for itself or for all or any part of its property or assets; (iii) file a petition seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; (iv) make a general assignment for the benefit of creditors; (v) admit in writing its insolvency, bankruptcy or inability to pay its debts as they come due; (vi) have all or any substantial portion of its assets attached, seized, subjected to a writ or distress warrant, or otherwise levied upon; or (vii) be unable to or fail to pay its debts as they mature; (b) any Governmental Authority will enter an order, judgment or decree appointing a receiver or trustee for the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal for all or any part of its property or assets; (c) a petition is filed against the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; or (d) any Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal is put on probation or its activities are restricted in any manner by any Governmental Authority, or becomes subject to any order, judgment, decree, finding or regulatory action that would adversely affect such person’s ability to comply in all respects with the terms and conditions of the Forward Commitment, the Lender Permanent Loan Commitment, the Mortgage, the Construction Loan documents, or any other document, instrument or certificate executed and delivered, or required to be executed and delivered, pursuant thereto.
- “*Governmental Authority*” means the United States of America, any State, district, territory, municipality, foreign state, or other foreign or domestic government, or department, agency, board, commission, or instrumentality of any of the foregoing.
- “*Improvements*” means the buildings, structures and improvements now constructed or at any time in the future constructed or placed upon the land, including any future alterations, replacements and additions.
- “*Lender Permanent Loan Commitment*” means the commitment to be executed by the Seller and the Borrower in respect to the Mortgage, the terms of which are consistent with the terms of the Forward Commitment.

e. Requirements for Conversion (12/16/25)

By the Seller’s acceptance of the Forward Commitment, the Seller has agreed to deliver to Freddie Mac a Mortgage in accordance with the standards set forth in the Purchase and



Servicing Documents. In order for Freddie Mac to purchase the Mortgage, the following Conditions to Conversion must have been satisfied on the date of submission of the Conversion Underwriting Package (see checklist in [Section 1.31 of Exhibit 1](#)) by the Seller to Freddie Mac, and on the date of Conversion:

- 1. Completion of Construction or Rehabilitation.** The Borrower will have completed the construction and/or rehabilitation of the Improvements on the Property (including all amenities, landscaping, signage, parking and the like, except for minor punch list and weather-sensitive items for which sufficient funds have been reserved in a repair escrow) (i) in a good and workmanlike manner and substantially in accordance with the Approved Plans, (ii) on a lien-free basis, (iii) in compliance in all material respects with all applicable legal requirements, including all applicable treaties, conventions, statutes, laws, regulations, ordinances, permits, licenses, variances, certificates, consents, clearances, closures, exemptions, injunctions, judgments, orders, decrees, settlement agreements, decisions, actions or requirements of any Governmental Authority, subdivision requirements, fire and safety laws, the requirements of the Americans with Disabilities Act and, if applicable, the design and construction requirements established pursuant to the Fair Housing Act, as amended, and (iv) in compliance with the environmental and other requirements of the Guide and the Forward Commitment. The Conversion Underwriting Package will contain evidence of such completion as may be requested by Freddie Mac.
- 2. Requirements for Borrower; Guarantor(s); Designated Entity for Transfers; Borrower Principal.** Except in accordance with the requirements set forth below, the identity of the Borrower, and Guarantor(s) will remain as specified in the Forward Commitment. There will be no reduction in the direct or indirect ownership or control of the Borrower by any Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal. There will be no material adverse change in the condition, financial or otherwise, of the Borrower, any partner of the Borrower (if the Borrower is a partnership), any member of the Borrower (if the Borrower is a limited liability company), any Guarantor, Designated Entity for Transfers or Borrower Principal or any affiliate thereof from that which was disclosed to Freddie Mac in the Seller's full underwriting package for the Forward Commitment.
- 3. Minimum Occupancy Requirement.**
 - The Property must have stabilized residential occupancy at 85 percent for the three consecutive months preceding the submission of the Conversion Underwriting Package
 - For each month from and after completion of construction, through and including Conversion, the Borrower will provide to the Seller a current rent roll for that month, each certified as true and correct by the Borrower and the property manager for the Property, and such other information as may be reasonably required by the Seller and/or Freddie Mac to determine the physical occupancy of the Property.
- 4. Debt Coverage Ratio Requirement.** The Property must have a Debt Coverage Ratio (DCR) that is:
 - Greater than or equal to the minimum DCR for the Mortgage product, and
 - Greater than or equal to the priced DCR



5. Actual Mortgage Amount.

- a. At Conversion, Freddie Mac will have determined the amount of the Mortgage, in its sole discretion, using Freddie Mac's underwriting standards and criteria as of the date of the Conversion ("**Actual Mortgage Amount**"). Unless waived in writing by Freddie Mac, which waiver will be made by Freddie Mac in its sole discretion, the Actual Mortgage Amount will not exceed the Maximum Mortgage Amount and will not be less than the Minimum Mortgage Amount at Conversion, each as set forth in the Confirmation Sheet of the Forward Commitment.
- b. If the Actual Mortgage Amount is less than the Maximum Mortgage Amount but greater than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower must demonstrate to Freddie Mac's satisfaction, prior to Conversion, that the Borrower has secured a source of funds acceptable to Freddie Mac ("Additional Source of Funds") to cover the difference between the Maximum Mortgage Amount and the Actual Mortgage Amount ("Loan Differential"). If the Actual Mortgage Amount is less than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower and/or Breakage Obligor must pay the Modified Breakage Fee (as defined in the Forward Commitment) and the Borrower must show an Additional Source of Funds; provided that in the event there is a nondelivery, the Borrower and/or Breakage Obligor must pay the Breakage Fee described in the Forward Commitment.
- c. Reserved.
- d. Additional Actual Mortgage Amount
 1. Upon completion and lease up of the Property, and prior to the origination of the Mortgage, if the performance of the Property exceeds the pro-forma rents, occupancy and other criteria used by Freddie Mac to underwrite the Mortgage prior to the issuance of the Forward Commitment, the Seller may request the Actual Mortgage Amount be greater than the Maximum Mortgage Amount by an amount that does not exceed the Additional Actual Mortgage Amount Percentage listed in the Confirmation Sheet (the "**Additional Actual Mortgage Amount Percentage**") of the Maximum Mortgage Amount (any such increase referred to as the "**Additional Actual Mortgage Amount**").
 2. In connection with a request for Additional Actual Mortgage Amount, the Seller will include in the Conversion Underwriting Package (i) a calculation of the Actual Mortgage Amount supporting the requested Additional Actual Mortgage Amount and (ii) a new Appraisal which complies with the requirements of Chapter 60, and which Appraisal supports the requested Additional Actual Mortgage Amount.
 3. Freddie Mac's approval of any Additional Actual Mortgage Amount in excess of the Maximum Mortgage Amount will be made in Freddie Mac's own discretion based on its underwriting criteria at the time of such request.
 4. To the extent the requested Additional Actual Mortgage Amount is approved by Freddie Mac, (i) the interest rate on such Additional Actual Mortgage Amount will be equal to the Mortgage interest rate determined at Rate Lock and specified in



the executed and delivered Confirmation Sheet and (ii) the Conversion Acceptance Letter delivered by Freddie Mac pursuant to Section 17A.10 (the “**Conversion Acceptance Letter**”) will also set forth: (a) the Additional Actual Mortgage Amount so approved, (b) any additional Application Fee that may be due as a result of the Additional Actual Mortgage Amount, and (c) any other updated terms and conditions related to the Additional Actual Mortgage Amount or otherwise with respect to the Mortgage.

6. **Equity Contributions; Other Funds.** The Conversion Underwriting Package will contain:
 - a. Confirmation that the Borrower: (i) has received or will receive, fully and timely, all equity contributions as required by the Borrower’s operating documents to be made to the Borrower as of the date of Conversion, and has properly applied such equity contributions, proceeds, and other cash to the Property to the extent received, and (ii) has funded or will fund, fully and timely, all cash required to be invested in the Property; and
 - b. Reserved.
7. **Title and Survey.** The Conversion Underwriting Package will contain: (i) an update to the analysis of and recommendation as to the exceptions to title from the Seller and the Seller’s counsel and (ii) an ALTA “as-built” survey of the completed construction and/or rehabilitation of the Improvements on the Property, prepared by a licensed surveyor, certified to the Seller, Freddie Mac and the title insurance company and which will otherwise conform with Freddie Mac’s then-current survey requirements.
8. **Appraisal.** If required by the Guide, the Forward Commitment or the Conversion Acceptance Letter, the Seller will obtain, at the Borrower’s sole expense a new Appraisal of the Property that complies with the requirements of Chapter 60.
9. **Updated Environmental Report and Post-Construction Analysis Report.** Freddie Mac will have received for review an updated Phase I environmental report, if required pursuant to the Forward Commitment and/or the Guide, and post-construction analysis report, which will include, among other things, an on-site inspection and identification of any Deferred Maintenance or Life Safety Hazards issues. Such documentation must be in form and substance acceptable to Freddie Mac.
10. **Updated Legal Analyses.** The Seller’s counsel will have prepared updated legal analyses on the then-current forms acceptable to Freddie Mac and will have emailed those updated analyses to the Freddie Mac in-house counsel assigned to the specific transaction.
11. **Other Real Estate Due Diligence.** In addition to those items required by this Section 17A.9, review of any other agreements, documents, instruments, certificates, reports, papers and matters which are subject to Freddie Mac’s review and approval under the terms of the Forward Commitment and the Guide.
12. **Absence of Change in Law.** There will be no: (i) change in federal or State law, (ii) pending or proposed legislation, (iii) decision or pending decision of any court or administrative body, (iv) ruling or regulation (including any final, temporary or proposed



federal regulation), (v) official pronouncement, or (vi) other action or event that, in Freddie Mac's sole judgment, materially adversely affects or may materially adversely affect, directly or indirectly, the Property, the Mortgage, or the other transactions to be effected pursuant to the Forward Commitment or Freddie Mac's ability to purchase the Mortgage.

- 13. Compliance with Regulatory Agreement and Other Agreements.** The Conversion Underwriting Package will also contain any regulatory agreements and other material agreements affecting the Property as well as evidence, satisfactory to Freddie Mac, of the Property's compliance with the terms of each. The Seller's counsel will provide Freddie Mac with an analysis for each such agreement affecting the Property.
- 14. Absence of Default.** There will be no uncured default, or the continuation of any event that may with the passage of time cause a default, under: (a) any of the Purchase and Servicing Documents, (b) the Mortgage Documents, (c) any approved Subordinate Financing or (d) any organizational document of the Borrower. Further, an Event of Insolvency will not have occurred at any time.
- 15. Truth of Representations and Warranties.** There will be no material error or misstatement in, or omission from, any representation or warranty made by the Seller in the full underwriting package for the Forward Commitment or the Conversion Underwriting Package or by the Borrower in the Mortgage Documents.
- 16. Payment of Fees and Expenses.** All fees and expenses required by the Forward Commitment and the Guide will be paid in a timely manner and in accordance with the requirements of the Forward Commitment and the Guide.
- 17. Release of Construction Lien.** The release of the Mortgage and security interest of the construction lender must have been executed and recorded or delivered in escrow for recording under arrangements satisfactory to Freddie Mac.
- 18. Gap or Bridge Financing Repaid.** The Conversion Underwriting Package will contain assurances and evidence that any gap or bridge financing provided to the Borrower has been or will be, as of the date of Conversion, paid in full and all liens imposed on the Borrower or on the Property in connection with such financing have been or will be released as of the date of Conversion.
- 19. No Material Legal Action.** There must not have been any material litigation, investigation, proceeding, decree, judgment or settlement brought against or otherwise affecting the Property, the Borrower, any Borrower Principal, any partner or member (as applicable) of the Borrower, any managing officer of the Borrower, the Guarantor, or any affiliate of the foregoing, or the assets or properties thereof, from that which existed on the date of the Forward Commitment.
- 20. Insurance.** All insurance required by Freddie Mac will be in place on or before Conversion, in form and substance acceptable to Freddie Mac.

f. Other Conversion criteria (12/16/25)

Any special terms or additional Conditions to Conversion specified in the Forward Commitment must be satisfied. See Section 17A.10 below and the Conversion Underwriting



Package in [Section 1.31 of Exhibit 1](#) for additional information about the items that must be submitted as part of the Conversion Underwriting Package.

17A.11 Conversion (10/21/25)

a. Conversion Acceptance Letter (10/21/25)

After Freddie Mac completes its underwriting, Freddie Mac will notify the Seller of its approval or rejection of the Conversion. Freddie Mac's approval or rejection is subject to Freddie Mac's determination that each of the Conditions to Conversion have been and remain satisfied or have been duly waived by Freddie Mac, in its sole discretion. If Freddie Mac approves the Conversion, Freddie Mac will execute and deliver to the Seller a Conversion Acceptance Letter specifying the Actual Mortgage Amount (including any Additional Actual Mortgage Amount) and any other terms and conditions of Conversion or as required by the Commitment or Guide. The Exhibits of the Forward Commitment will also be amended and restated to conform to the then-current Exhibits of the Freddie Mac commitment form in standard use by Freddie Mac at the time of Conversion.

To the extent applicable, any reference to the Forward Commitment after execution of any amendments and the Conversion Acceptance Letter will be deemed to include such amendments and the Conversion Acceptance Letter.

After Freddie Mac has executed the Conversion Acceptance Letter, the Seller must accept it, countersign it, upload it to DMS and notify the Freddie Mac Underwriter of the expected Conversion date. Upon Conversion, the Seller must notify Freddie Mac that the Conversion has occurred by providing written confirmation of the Conversion via email and DMS.

b. Loan Documents to be used at Conversion (10/21/25)

Any references in the Guide or in the Forward Commitment regarding the Loan Agreement, Security Instrument or any other documents applicable to the Mortgage will mean the then-current documents either located at mf.freddiemac.com or in standard use by Freddie Mac at the time of Conversion. Any modifications to the Loan Documents attached to the Forward Commitment will be included in the Conversion Acceptance Letter (see 17A.10(d)) and, if applicable, updated to conform to the then-current Freddie Mac Loan Documents.

c. Release of Conversion Assurance Documents (10/21/25)

1. If the Seller requests that the Conversion Assurance Mortgage and Conversion Assurance Note be released at Conversion, then the Seller must send notification to Freddie Mac via email no later than 30 days prior to Conversion. The notification must contain the following information:
 - The name, address, telephone number and email address of the Title Company to be used for originating the Mortgage
 - A request for the cancellation and return of the Conversion Assurance Note, if applicable



- A request for the release of the Conversion Assurance Mortgage along with a draft of the termination or satisfaction of Conversion Assurance Mortgage enforceable in the Property's jurisdiction and supplied by Seller's counsel, if applicable
- 2. Freddie Mac will coordinate with the Seller the delivery of the following collateral documents to the Title Company:
 - Conversion Assurance Note marked paid and cancelled, if applicable
 - Release of Conversion Assurance Mortgage, if applicable
 - Any other escrow documents held by Freddie Mac
- 3. Freddie Mac will authorize the release of the documents delivered by Freddie Mac to the escrow agent upon
 - The Seller's delivery to the escrow agent for recordation of the assignment of the Mortgage, assigning the Seller's interest to Freddie Mac,
 - The escrow agent's confirmation that it has in its possession the lender's final policy of title insurance to be delivered to Freddie Mac with the Final Delivery Package, which title policy meets the requirements of the Guide and insures the first lien priority of the Mortgage, and
 - The Seller's certification that the Seller has all of the items required by the Guide for final delivery of the Mortgage

17A.12 Final delivery; funding (10/21/25)

The provisions of Chapter 32 apply with respect to final delivery and funding.

17A.13 Late delivery; nondelivery (10/21/25)

a. Late delivery (10/21/25)

The provisions of Section 27.26(a) apply.

b. Remedies for late delivery (10/21/25)

The provisions of Section 27.26(b) apply.

c. Nondelivery (10/21/25)

The provisions of Section 27.24(a) apply, except that for purposes of Section 27.24(a)(3), the determination will be made after the Forward Commitment becomes a Purchase Contract as described in the Forward Commitment.

d. Remedies for nondelivery (10/21/25)

Except as set forth in the Forward Commitment, the provisions of Section 27.24(c) apply. Additionally, Freddie Mac may charge any additional Breakage Fee as required by the



Forward Commitment and take whatever action is necessary to collect the Conversion Assurance Fee (as defined in the Forward Commitment).

Multifamily Seller/Servicer Guide

Chapter 19A

Originating a Targeted Affordable Housing Cash Mortgage under a Forward Commitment



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19A.1 Overview (02/27/25)

a. Availability of Forward Commitments (05/31/11)

This chapter provides the requirements for a Targeted Affordable Housing (TAH) Cash Mortgage originated under a Forward Commitment (as defined in Section 19A.2 below) utilizing the prior approval model. To be eligible to enter into a Forward Commitment, a Targeted Affordable Housing Seller/Servicer must meet the requirements specified in Section 3.13.

See [Exhibit 2, Origination Guidelines for Affordable Products](#), for additional information about the types of affordability components that are available to Targeted Affordable Housing Seller/Servicers.

b. Investment quality, types of Mortgages and Mortgage requirements (06/15/23)

Unless otherwise specified below, the requirements for investment quality, types of Mortgages and other Mortgage requirements are the same for all TAH Cash Mortgages, including those purchased by Freddie Mac pursuant to a Forward Commitment.

1. Mortgages eligible for purchase under a Forward Commitment

Under a Forward Commitment, Freddie Mac purchases (after Conversion):

- Fixed-rate Mortgages in which the interest rate is unchanged for the entire Mortgage term. Fixed-rate Mortgages may be partial term interest-only.
- Floating-Rate Mortgages in which the interest rate is adjusted for the entire Mortgage term. A Floating-Rate Mortgage may be partial term interest-only.

Freddie Mac will purchase a Mortgage under a Forward Commitment if the Property has a 4% LIHTC allocation or a 9% LIHTC allocation or meets the requirements for Non-LIHTC Forward Commitments provided in the [term sheet](#). Additionally, the Property must be owned by the Borrower or under contract with the purchase date scheduled to occur within 90 days of Rate Lock.

See the following sections in Chapter 19, Originating a Targeted Affordable Housing Cash Mortgage for additional information and requirements:

- Section 19.1(b): Investment quality
- Section 19.1(f): Minimum Origination Fee
- Section 19.1(g): Other requirements
- Section 19.2: Mortgage requirements

2. Mortgages ineligible for purchase under a Forward Commitment:

- Preservation Rehabilitation Mortgages



- TAH Bridge Loans

c. Freddie Mac's review of construction documentation (02/27/25)

The Seller must submit the following for Freddie Mac to review as part of the full underwriting package:

- A pre-construction analysis report, as described in Section 63.3(a).
- A narrative summary, including a property and site description and a summary analysis of the development team's qualifications, that is prepared by the Chief Architect/Engineer, as outlined in Section 63.3(c) and [Exhibit 1.30](#).

19A.2 Description and types of Forward Commitments (10/21/25)

a. Description of Forward Commitments (10/21/25)

A Forward Commitment provides a single source of construction, in the case of a Funded Forward Commitment, and/or permanent financing for new construction or Substantial Rehabilitation of a multifamily property that qualifies as a Targeted Affordable Housing Product, in the case of an Unfunded Forward Commitment. In this chapter, the term "construction" will include Substantial Rehabilitation.

A Forward Commitment is executed by the Seller and Freddie Mac. Freddie Mac commits to locking the interest rate or spread for the permanent Mortgage and the Seller commits to delivering a permanent Mortgage to Freddie Mac when the project is complete and has met each of the Conditions to Conversion (as defined in Section 19A.12). Freddie Mac locks the rate or spread for the permanent Mortgage when the Forward Commitment is accepted by the Seller. The Property must reach stabilization and meet the Conditions to Conversion before Freddie Mac purchases the Mortgage and, in the case of a Funded Forward Commitment, releases the Construction Phase Letter of Credit.

b. Types of Forward Commitments (05/31/11)

There are two types of Forward Commitments: Funded Forward Commitments and Unfunded Forward Commitments:

- In a Funded Forward Commitment, Freddie Mac advances funds to the construction lender during the construction period and, as security for the funds, requires the construction lender to provide Freddie Mac with the Construction Phase Letter of Credit.
- In an Unfunded Forward Commitment, Freddie Mac does not advance construction funds to the construction lender, and therefore does not require a Construction Phase Letter of Credit.

19A.3 Forward Commitment Property Inspection (03/03/1702/24/26)

~~Freddie Mac requires~~ For an Unfunded Forward Commitment, a complete property inspection must be conducted prior to Conversion, as discussed in Section 19A.11; however, a Forward Commitment Property Inspection for every Forward Commitment is not required prior to the

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issuance of the Unfunded Forward Commitment unless requested by Freddie Mac in its discretion. If Freddie Mac makes such a request, then see Section 8.16 for Freddie Mac's requirements.

For a Funded Forward Commitment, a Forward Commitment Property Inspection is required. See Section 8.16 for Freddie Mac's requirements ~~for the Forward Commitment Property Inspection~~. A complete property inspection must also be conducted prior to Conversion, as discussed in Section 19A.11.

19A.4 Construction lender (10/21/21)

The Seller must determine that the construction lender:

- Employs an experienced, fully-staffed construction lending department
- Demonstrates sufficient construction lending experience with successful construction lending on projects of similar size and complexity for the relevant type of property
- For a Funded Forward Commitment, has executed a Master Forward Financing Agreement with Freddie Mac

For each Funded Forward Commitment, the construction lender must execute an Addendum to the Master Forward Financing Agreement with Freddie Mac regarding the terms and conditions for the specific Forward Commitment. The Addendum must be delivered to *Multifamily Purchase* with the Construction Phase Letter of Credit.

19A.5 Loan Submission Template (LST), Quote, underwriting package, Commitment and Rate Lock; approval by TAH Underwriting Supervisor (08/18/22)

The applicable provisions of Chapter 27 apply regarding the LST, Quote, underwriting package, Commitment and Rate Lock. However, the following exceptions to the requirements of Chapter 27 apply to TAH Forward Commitments:

- The LST and full underwriting package, as applicable, must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.
- Under a Funded Forward Commitment, the construction lender has the option to choose that construction advances be made in either a single draw or in multiple draws. The requirements for both the single and multiple draw options are described in the construction lender's Master Forward Financing Agreement.

19A.6 Fees (06/13/24)

The provisions of this Section 19A.6 will apply to any Forward Commitment with a revision date between 8-18-2022 and 2-27-2024. For Fee Provisions for Forward Commitments with a revision date on or after 5-20-2024, see the Forward Commitment.

a. Application Fee (06/13/24)

The Seller must pay to Freddie Mac the Application Fee, as set forth in the Forward Commitment and in Section 27.6. If the Actual Mortgage Amount at Conversion exceeds the



Maximum Mortgage Amount in the Forward Commitment, then the Seller must pay to Freddie Mac the additional Application Fee described in the Conversion Acceptance Letter (as defined below) prior to the acceptance of the Conversion Acceptance Letter. The Application Fee is not refundable.

b. Commitment Fee (08/18/22)

The Seller is obligated to pay a refundable commitment fee (“**Commitment Fee**”) to Freddie Mac in the amount set forth in the Forward Commitment. The Commitment Fee must be delivered to Freddie Mac by 2:00 p.m. Eastern ~~Standard Time~~ time on the second Business Day following Rate Lock. At the option of the Seller, the Commitment Fee can be in the form of cash or a letter of credit. A letter of credit must satisfy the requirements set forth in Section 11.2. If the Mortgage is not delivered to Freddie Mac by the Mandatory Delivery Date in accordance with the Forward Commitment for any reason, the Commitment Fee, along with any interest accrued thereon, will be retained by Freddie Mac. If the Mortgage is delivered to Freddie Mac by the Mandatory Delivery Date and purchased by Freddie Mac, the Commitment Fee will be refunded in accordance with the Guide.

c. Delivery Assurance Fee – for 9% LIHTC Forward Commitments (06/13/24)

1. **Generally:** For 9% LIHTC Forward Commitments, in addition to the Application Fee and the Commitment Fee, and in order to ensure performance of the mandatory delivery obligation, the commitment to be executed by the Seller and the Borrower in respect to the Mortgage (“**Lender Permanent Loan Commitment**”), the terms of which are consistent with the terms of the Forward Commitment, will include: (a) a covenant by the Borrower to close the Mortgage with the Seller pursuant to the terms of the Lender Permanent Loan Commitment; and (b) a requirement for payment by the Borrower of the Delivery Assurance Fee, in the amount set forth in the Forward Commitment.
2. **Freddie Mac to hold Delivery Assurance Fee:** The Seller will deliver the Delivery Assurance Fee to Freddie Mac no later than the first Business Day immediately after the Construction Loan closing. The Delivery Assurance Fee will be held by Freddie Mac. The Delivery Assurance Fee will be retained by Freddie Mac if the Mortgage is not delivered to Freddie Mac. The Delivery Assurance Fee will be refunded to Borrower: (a) if the Mortgage is delivered to Freddie Mac on or before the Forward Commitment Maturity Date or (b) in accordance with the terms of the Forward Commitment.
3. **Form of Delivery Assurance Fee:** The Delivery Assurance Fee for the Forward Commitment may be in the form of cash, a letter of credit or a secured note. A letter of credit must satisfy the requirements set forth in Section 11.2. The Delivery Assurance Fee in cash or letter of credit must be delivered to *Multifamily Purchase* not less than one Business Day after the Construction Loan closing.

If a secured note is used for the Delivery Assurance Fee, then the Seller must provide a duly executed [Delivery Assurance Note](#) (in the form published on the Freddie Mac ~~web~~ website) secured by a [Delivery Assurance Mortgage](#) (in the form published on the Freddie Mac ~~web-site~~ website), and together with the Delivery Assurance Note, the “**Delivery Assurance Documents**”) to evidence and secure the obligation to deliver the permanent Mortgage to Freddie Mac. The Seller must promptly notify Freddie Mac if any part of the form of Delivery Assurance Note or Delivery Assurance Mortgage is not enforceable under the laws of the applicable jurisdiction and recommend such changes as



may be required to cause the Delivery Assurance Note or the Delivery Assurance Mortgage to be enforceable under applicable law. Freddie Mac agrees that the Delivery Assurance Mortgage will be subordinate to the security instrument securing the Construction Loan.

The Borrower must execute the Delivery Assurance Note and the Delivery Assurance Mortgage upon the Borrower's execution of the Lender Permanent Loan Commitment. If, however, the Borrower will not acquire the Property until the Construction Loan closing, then the Borrower may execute the Delivery Assurance Mortgage at the Construction Loan closing. The Delivery Assurance Mortgage must be recorded at the time of the Construction Loan closing. Both the Delivery Assurance Note, endorsed to Freddie Mac, and the Delivery Assurance Mortgage, assigned to Freddie Mac, must be delivered to *Multifamily Purchase* no later than five Business Days after the Construction Loan closing.

4. **Payment or Release of Delivery Assurance Note:** The Delivery Assurance Note will be due and payable by the Borrower on the earlier of: (a) the Forward Commitment Maturity Date or (b) the date on which the Commitment Fee and/or Breakage Fee (as defined in the Forward Commitment) are/is due. If the Delivery Assurance Fee is to be refunded pursuant to the provisions above, then the Seller will send notice to Freddie Mac pursuant to Section 19A.13 below. The release of the Delivery Assurance Fee will in no way limit or otherwise modify the Seller's obligations as set forth in the Forward Commitment nor will it limit or otherwise modify Freddie Mac's rights and remedies as set forth in the Forward Commitment.

d. Standby Fee – for Non-LIHTC Forward Commitments (08/18/22)

For Non-LIHTC Forward Commitments, in addition to the Application Fee and the Commitment Fee, the Seller must pay a standby fee (the "**Standby Fee**") to Freddie Mac in the amount set forth in the Forward Commitment, for each year (or partial year, prorated) prior to the date of Conversion. The Standby Fee must be delivered to Freddie Mac by 2:00 p.m. Eastern ~~Standard Time~~time on the second Business Day following Rate Lock.

The Seller is also obligated to pay an additional Standby Fee to Freddie Mac with respect to any extension of the Forward Commitment Maturity Date. The additional Standby Fee must be delivered to Freddie Mac concurrently with the fully executed originals of each amendment to the Forward Commitment to effectuate such extension(s).

The Standby Fee is not refundable.

19A.7 Construction period security (08/30/13)

With a Funded Forward Commitment, Freddie Mac must be secured during construction by a Construction Phase Letter of Credit, which must be:

- In a form acceptable to Freddie Mac and meeting all requirements set forth in Section 11.2
- In an amount equal to the maximum Mortgage amount plus 45 days of interest at the Mortgage rate; on transactions with multiple draws the 45 days of interest will be contained in the Construction Phase Letter of Credit issued for the first draw on the Mortgage



- With an expiration date no earlier than 60 days after the Forward Commitment Maturity Date, which is set forth in the Forward Commitment
- Accompanied by an opinion of the issuer's counsel with respect to the issuer of the letter of credit that meets the requirements of Section 11.2

19A.8 Construction Loan closing for Funded Forward Commitments (05/01/14)

Freddie Mac, the Seller, the construction lender and the escrow agent execute an escrow agreement. The escrow agreement must meet the requirements of the Master Forward Financing Agreement and must be in form acceptable to Freddie Mac and the other parties to the escrow agreement. Each party to the escrow agreement must deliver an executed escrow agreement, together with other applicable documents and/or collateral, to the escrow agent not later than two Business Days prior to the Project Loan closing.

Upon the escrow agent's receipt of the executed escrow agreement, the escrow agent will email it to Freddie Mac in PDF form and will overnight the original executed escrow agreement to Freddie Mac at the address provided in the escrow agreement.

No later than the first Business Day immediately after the Construction Loan closing for a Forward Commitment, the Seller must deliver a Forward Commitment Initial Delivery Package to *Multifamily Purchase*. The requirements for the Forward Commitment Initial Delivery Package are found in the Initial Delivery Instructions – Forward Commitments, which is available at mf.freddiemac.com/lenders/purchase.

19A.9 Construction monitoring (03/03/17)

The Seller must retain an Architectural Consultant meeting the requirements of Section 63.2(a) to prepare the construction reports and monitor the progress of the construction.

During the construction phase, the Architectural Consultant is responsible for ensuring that appropriate construction due diligence takes place, including the preparation of construction monitoring reports, which must be provided to the Seller on a regular basis. The Seller must monitor the progress of the construction and notify Freddie Mac of any material issues that could have an adverse effect on the project's scope or quality or could result in a request to extend the Forward Commitment. Freddie Mac expects the Seller to be familiar with the progress of the project. See Section 63.4 for the content of the construction monitoring reports and the duties and responsibilities of the Seller and the Architectural Consultant with respect to the construction monitoring reports.

If the Seller receives a request from a third party (such as an agency of the local governing body) for Freddie Mac's authorization or sign-off for items such as plat recordings or impact fees, the Seller must advise the third party to send any such documentation directly to the Seller. The Seller's counsel must review all documentation and provide Freddie Mac with a preliminary legal issues memorandum meeting the requirements of Section 6.4. Freddie Mac must receive a written recommendation from the Seller prior to executing or denying any requested authorization or sign-off. The Seller and its counsel must ensure that any such requests comply with all documents previously executed or approved for the transaction, including the approved plans and specifications.



19A.10 Extending the Forward Commitment (10/21/25)

a. General (10/21/25)

The Forward Commitment Maturity Date may be extended for one ~~6~~six-month period, upon full and timely satisfaction of each and all of the conditions to extension set forth herein and payment of the extension fee (as specified in the Forward Commitment with respect to the first extension and as required by Freddie Mac in connection with any additional extension). Any extension request beyond the first ~~6~~six months will be in Freddie Mac's sole discretion and approval may be based on the satisfaction of any conditions that Freddie Mac determines in its sole discretion.

In connection with any extension, the Seller must confirm to Freddie Mac that:

- The Seller has taken such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property;
- The Seller has received the prior written consent of the Construction Lender, or to the extent applicable, the Seller has provided to Freddie Mac evidence as to why such consent is not required; and
- The Seller has received the prior written consent of the LIHTC Investor, or to the extent applicable, the Seller has provided to Freddie Mac evidence as to why such consent is not required.

The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

If the Forward Commitment Maturity Date is extended, the term “**Forward Commitment Maturity Date**” as used in the Commitment, means the original Forward Commitment Maturity Date, as extended pursuant to the conditions to Extension.

b. Request for extension (08/18/22)

1. First extension

No later than 60 days prior to the Forward Commitment Maturity Date, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a first extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension, the amount of the stand-by fee and the amount of the extension fee as specified in the Forward Commitment via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS or email.



The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letters of credit for the Commitment Fee or the Delivery Assurance Fee, as applicable.

2. Subsequent extension

No later than 60 days prior to the Forward Commitment Maturity Date, as extended, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a subsequent extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension, any additional conditions to extension which Freddie Mac determines in its sole discretion and the amount of the extension fee via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS or email.

The terms of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments to or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date, as extended, and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letters of credit for the Commitment Fee or the Delivery Assurance Fee.

19A.11 Complete property inspection (08/18/22)

The Seller must conduct a complete property inspection of the Property before initiating Conversion pursuant to Section 19A.13. The Seller must be satisfied that the finished project has been completed as proposed in a workmanlike manner and that there have been no changes to the Property that would adversely affect its lease-up or ongoing operational costs as originally proposed. The Seller may make this determination by reviewing the final construction reports of the Architectural Consultant, the construction lender, the architect of record and government inspectors; however, the Seller must make its own determination of the Property and the market. For additional information on the complete property inspection see Section 8.15(b).

Once the architect of record has executed the certification of substantial completion, the Architectural Consultant must submit to the Seller the post-construction analysis report with a final narrative evaluation. The Seller must review this report and ensure that it meets the requirements of Section 63.5(a).



19A.12 Conditions to Conversion (12/16/25)

a. Underwriting criteria for Conversion (12/16/25)

By: (i) submission of a Conversion Underwriting Package and (ii) the Seller's execution of the Forward Commitment, the Seller represents and confirms to Freddie Mac that the Seller will underwrite the Mortgage described in the Forward Commitment and deliver the Mortgage in accordance with the standards set forth in the Guide, as modified by the Forward Commitment. The underwriting criteria set forth in the Guide, as made applicable to the Mortgage by the Forward Commitment and as in effect on the date of the Forward Commitment, will not be changed or modified by Freddie Mac prior to the Forward Commitment Maturity Date. Notwithstanding the foregoing, Freddie Mac reserves the right to effect changes in and modifications to its procedural requirements with respect to the delivery and Servicing of any Mortgage and the Seller agrees to adhere to any such changes and modifications.

b. Time limit for meeting Conditions to Conversion (08/18/22)

Freddie Mac's Forward Commitment and agreement to purchase the Mortgage will terminate and be of no force or effect in the event that the Seller is unable to fully satisfy each and all of the Conditions to Conversion on or before the Forward Commitment Maturity Date or extended Forward Commitment Maturity Date, as applicable.

c. Definitions applicable to Conditions to Conversion (08/18/22)

As used in this Section 19A.12, the following terms have the following meanings:

- “*Acceptable Leases*” means legally valid, binding and enforceable written lease agreements with bona fide residential tenants (excluding employees of the Borrower or any affiliate of the Borrower) providing for initial lease terms of not less than six months and complying with all applicable laws and with the Guide.
- “*Approved Plans*” means the plans, specifications, drawings, sketches, reports, budget and completion schedule and materials specified in the Seller's full underwriting package for the Forward Commitment submitted to and approved by Freddie Mac prior to the Rate Lock date, together with such changes as have been approved for the Improvements pursuant to the terms of the Forward Commitment.
- “*Conditions to Conversion*” means, collectively, each of the conditions precedent to Conversion set forth in the Forward Commitment, this Section 19A.12, and any other condition which may otherwise be required by Freddie Mac in connection with Conversion.
- “*Event of Insolvency*” means any of the following events with respect to the Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal: (a) any of the foregoing will: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or fail to vacate the appointment of a receiver or trustee for itself or for all or any part of its property or assets; (iii) file a petition seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; (iv) make a general assignment for the benefit of creditors; (v) admit in writing its insolvency, bankruptcy or inability to pay its debts as they come due; (vi) have all or any substantial portion of its assets attached,



seized, subjected to a writ or distress warrant, or otherwise levied upon; or (vii) be unable to or fail to pay its debts as they mature; (b) any Governmental Authority will enter an order, judgment or decree appointing a receiver or trustee for the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal for all or any part of its property or assets; (c) a petition is filed against the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; or (d) any Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal is put on probation or its activities are restricted in any manner by any Governmental Authority, or becomes subject to any order, judgment, decree, finding or regulatory action that would adversely affect such person's ability to comply in all respects with the terms and conditions of the Forward Commitment, the Lender Permanent Loan Commitment, the Mortgage, the Construction Loan documents, or any other document, instrument or certificate executed and delivered, or required to be executed and delivered, pursuant thereto.

- “*Governmental Authority*” means the United States of America, any State, district, territory, municipality, foreign state, or other foreign or domestic government, or department, agency, board, commission, or instrumentality of any of the foregoing.
- “*Improvements*” means the buildings, structures and improvements now constructed or at any time in the future constructed or placed upon the land, including any future alterations, replacements and additions.
- “*Units*” means, collectively, the residential rental housing in the Property.

d. Property requirements for Conversion (12/16/25)

By the Seller's acceptance of the Forward Commitment, the Seller has agreed to deliver to Freddie Mac a Mortgage in accordance with the standards set forth in the Purchase and Servicing Documents. In order for Freddie Mac to purchase the Mortgage, the following Conditions to Conversion must have been satisfied on the date of submission of the Conversion Underwriting Package (see checklist in [Section 1.31 of Exhibit 1](#)) by the Seller to Freddie Mac, and on the date of Conversion:

1. **Completion of Construction or Rehabilitation.** The Borrower will have completed the construction and/or rehabilitation of the Improvements on the Property (including all amenities, landscaping, signage, parking and the like, except for minor punch list and weather-sensitive items for which sufficient funds have been reserved in a repair escrow) (i) in a good and workmanlike manner and substantially in accordance with the Approved Plans, (ii) on a lien-free basis, (iii) in compliance in all material respects with all applicable treaties, conventions, statutes, laws, regulations, ordinances, permits, licenses, variances, certificates, consents, clearances, closures, exemptions, injunctions, judgments, orders, decrees, settlement agreements, decisions, actions or requirements of any Governmental Authority, subdivision requirements, fire and safety laws, the requirements of the Americans with Disabilities Act and, if applicable, the design and construction requirements established pursuant to the Fair Housing Act, as amended, and (iv) in compliance with the environmental requirements of the Guide and the Forward Commitment. The Conversion Underwriting Package will contain evidence of such completion as may be requested by Freddie Mac.



2. **Requirements for Borrower; Guarantor(s); Designated Entity for Transfers; Borrower Principal.** Except in accordance with the requirements set forth below, the identity of the Borrower and Guarantor(s) will remain as set forth in Exhibit B to the Forward Commitment. There will be no reduction in the direct or indirect ownership or control of the Borrower by any Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal. There will be no material adverse change in the condition, financial or otherwise, of the Borrower, any partner of the Borrower (if the Borrower is a partnership), any member of the Borrower (if the Borrower is a limited liability company), any Guarantor, Designated Entity for Transfers or Borrower Principal from that which was disclosed to Freddie Mac in the Seller's full underwriting package for the Forward Commitment. Notwithstanding the forgoing, Freddie Mac agrees that the Mortgage may be delivered by the Seller with a different tax credit fund (a "**Substitute Tax Credit Fund**"), subject to Freddie Mac's approval. As a condition to Freddie Mac's approval of a Substitute Tax Credit Fund, the Substitute Tax Credit Fund must be controlled by the same LIHTC Syndicator or LIHTC Investor as was disclosed in the Forward Commitment and must satisfy all other requirements of the Forward Commitment or the Guide, as applicable, for a qualifying tax credit fund.

3. **Minimum Occupancy Requirement.**

- For Properties with 100 percent of units subject to rent and income restrictions:
 - Have stabilized occupancy at 85 percent for one month prior to the submission of the underwriting package for Conversion
 - Confirm and maintain stabilized occupancy at 85 percent during underwriting at Conversion
- For Properties that do not have 100 percent of units subject to rent and income restrictions:
 - Have stabilized occupancy at 85 percent for three months prior to the submission of the underwriting package for Conversion
- For each month from and after the date construction and/or rehabilitation of the Improvements on the Property is completed, through and including the Conversion date, the Borrower will provide to the Seller a current rent roll for that month, each certified as true and correct by the Borrower and the property manager for the Property, and such other information as may be reasonably required by the Seller and/or Freddie Mac to determine the physical occupancy of the Property.

4. **Debt Coverage Ratio Requirement.** The Property must have a Debt Coverage Ratio (DCR) that is:

- Greater than or equal to the minimum DCR for the Mortgage product, and
- Greater than or equal to the priced DCR

5. **Actual Mortgage Amount.**



- a. At Conversion, Freddie Mac will have determined the amount of the Mortgage, in its sole discretion, using Freddie Mac's underwriting standards and criteria as of the date of the Conversion ("**Actual Mortgage Amount**"). Unless waived in writing by Freddie Mac, which waiver will be made by Freddie Mac in its sole discretion, the Actual Mortgage Amount will not exceed the Maximum Mortgage Amount and will not be less than the Minimum Mortgage Amount at Conversion, each as set forth in Exhibit A of the Forward Commitment.
- b. If the Actual Mortgage Amount is less than the Maximum Mortgage Amount but greater than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower must demonstrate to Freddie Mac's satisfaction, prior to the Conversion date, that the Borrower has secured a source of funds acceptable to Freddie Mac ("Additional Source of Funds") to cover the difference between the Maximum Mortgage Amount and the Actual Mortgage Amount ("Loan Differential"). If the Actual Mortgage Amount is less than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower and/or Breakage Obligor must pay the Modified Breakage Fee (as defined in Schedule I to the Forward Commitment) and the Borrower must show an Additional Source of Funds; provided that in the event there is a nondelivery, the Borrower and/or Breakage Obligor must pay the Breakage Fee described in Schedule I to the Forward Commitment.
- c. If the Borrower will incur additional debt to cover all or a portion of the Loan Differential and/or the Modified Breakage Fee, the additional debt must be subordinated to the Mortgage, and the terms, conditions and documentation of the additional debt must meet the requirements for Subordinate Financing as set forth in the Guide.
- d. **Additional Actual Mortgage Amount**
 1. Upon completion and lease up of the Property, and prior to the origination of the Mortgage, if the performance of the Property exceeds the pro-forma rents, occupancy and other criteria used by Freddie Mac to underwrite the Mortgage prior to the issuance of the Forward Commitment, the Seller may request the Actual Mortgage Amount be greater than the Maximum Mortgage Amount by an amount that does not exceed the Additional Actual Mortgage Amount Percentage listed in the Confirmation Sheet (or, if not listed in the Confirmation Sheet, then for those Forward Commitments with revision dates of 2-27-2024 or earlier, 10%) (the "**Additional Actual Mortgage Amount Percentage**") of the Maximum Mortgage Amount (any such increase referred to as the "**Additional Actual Mortgage Amount**").
 2. In connection with a request for Additional Actual Mortgage Amount, the Seller will include in the Conversion Underwriting Package (i) a calculation of the Actual Mortgage Amount supporting the requested Additional Actual Mortgage Amount and (ii) a new Appraisal which complies with the requirements of Chapter 60, and which Appraisal supports the requested Additional Actual Mortgage Amount.
 3. Freddie Mac's approval of any Additional Actual Mortgage Amount in excess of the Maximum Mortgage Amount will be made in Freddie Mac's own discretion based on its underwriting criteria at the time of such request.



4. To the extent the requested Additional Actual Mortgage Amount is approved by Freddie Mac, (i) the interest rate on such Additional Actual Mortgage Amount will be equal to the Mortgage interest rate determined at Rate Lock and specified in the executed and delivered Exhibit A and (ii) the Conversion Acceptance Letter delivered by Freddie Mac pursuant to Section 19A.13 (the “Conversion Acceptance Letter”) will also set forth: (a) the Additional Actual Mortgage Amount so approved, (b) any additional Application Fee that may be due as a result of the Additional Actual Mortgage Amount, and (c) any other updated terms and conditions related to the Additional Actual Mortgage Amount (including the deposit of a Breakage Fee related thereto) or otherwise with respect to the Mortgage.
6. **Equity Contributions; Other Funds.** The Conversion Underwriting Package will contain:
 - a. Assurances and evidence that the Borrower: (i) has received or will receive, fully and timely, all equity contributions as required by the Borrower’s operating documents to be made to the Borrower as of the date of Conversion, and has properly applied such equity contributions, proceeds, and other cash to the Property to the extent received, and (ii) has funded or will fund, fully and timely, all cash required to be invested in the Property; and
 - b. Assurances and evidence that: (i) either (A) all approved Subordinate Financing has been or will be received by the Borrower as of the date of Conversion; or (B), if and to the extent any approved Subordinate Financing has not or will not be received on or before the Conversion date (the “Approved Subordinate Financing Shortfall”), the Borrower has received or will receive, fully and timely, additional equity contributions from one or more of its partners in an amount equal to the Approved Subordinate Financing Shortfall as of the date of Conversion, and (ii) such amounts have been or will be applied to the Property.
7. **Low-Income Housing Tax Credits.** For LIHTC transactions only, the Conversion Underwriting Package will contain assurances and evidence that: (i) the Property is eligible for low-income housing tax credits; (ii) the Borrower has taken all steps necessary to obtain allocation of such low-income housing tax credits to the Property in the required amount; and (iii) the Property must: (A) meet the requirements of a “qualified low-income housing project” within the meaning of Section 42(g) of the Internal Revenue Code and of a “qualified residential rental project” within the meaning of Section 142(d) of the Internal Revenue Code and (B) at all times must have been in compliance with all: (1) federal, State and local low-income housing and other requirements applicable to the Property and (2) any applicable requirements of the Internal Revenue Code, and the final, proposed and temporary regulations issued under the Internal Revenue Code.
8. **Title and Survey.** The Conversion Underwriting Package will contain: (i) an update to the analysis of and recommendation as to the exceptions to title from the Seller and the Seller’s counsel and (ii) an ALTA “as-built” survey of the completed construction and/or rehabilitation of the Improvements on the Property, prepared by a licensed surveyor, certified to the Seller, Freddie Mac and the title insurance company and which will otherwise conform with Freddie Mac’s then-current survey requirements.
9. **Appraisal.** If required by the Guide, the Forward Commitment or the Conversion Acceptance Letter, the Seller will obtain, at the Borrower’s sole expense, a redocumentation of the value of the Property determined by the appraisal of the Property



prepared for the Seller and Freddie Mac prior to the date of the Forward Commitment. Such redocumentation of value must be in form and substance acceptable to the Seller and Freddie Mac and prepared for the Seller and Freddie Mac by a State-certified appraiser approved by the Seller or, if required by the Seller, a new Appraisal of the Property that complies with the requirements of Chapter 60.

10. **Updated Environmental Report and Post-Construction Analysis Report.** Freddie Mac will have received for review an updated Phase I environmental report, if required pursuant to the Forward Commitment and/or the Guide, and post-construction analysis report, which will include, among other things, an on-site inspection and identification of any Deferred Maintenance or Life Safety Hazards issues.
11. **Updated Legal Analyses.** The Seller's counsel will have prepared updated legal analyses on the then current forms acceptable to Freddie Mac and will have emailed those updated analyses to the Freddie Mac in-house counsel assigned to the specific transaction.
12. **Other Real Estate Due Diligence.** In addition to those items required by this Section 19A.12, review of any other agreements, documents, instruments, certificates, reports, papers and matters which are subject to Freddie Mac's review and approval under the terms of the Forward Commitment and the Guide.
13. **Absence of Change in Law.** There will be no: (i) change in federal or State law, (ii) pending or proposed legislation, (iii) decision or pending decision of any court or administrative body, (iv) ruling or regulation (including any final, temporary or proposed federal regulation), (v) official pronouncement, or (vi) other action or event that, in Freddie Mac's sole judgment, materially adversely affects or may materially adversely affect, directly or indirectly, the transactions to be effected pursuant to the Forward Commitment or Freddie Mac's ability to purchase the Mortgage.
14. **Compliance with Regulatory Agreement and Other Agreements.** The Conversion Underwriting Package will also contain all regulatory agreements and other agreements affecting the Property as well as evidence, satisfactory to Freddie Mac, of the Property's compliance with the terms of each. The Seller's counsel will provide Freddie Mac with an analysis for each regulatory agreement affecting the Property.
15. **Absence of Default.** There will be no uncured default, or the continuation of any event that may with the passage of time cause a default, under: (a) any of the Purchase and Servicing Documents, (b) the Mortgage Documents, (c) any approved Subordinate Financing or (d) any organizational document of the Borrower. Further, an Event of Insolvency will not have occurred at any time.
16. **Truth of Representations and Warranties.** There will be no material error or misstatement in, or omission from, any representation or warranty made by the Seller in the full underwriting package for the Forward Commitment or the Conversion Underwriting Package or by the Borrower in the Mortgage Documents.
17. **Payment of Fees.** All fees required by the Forward Commitment and the Guide will be paid in a timely manner and in accordance with the requirements of the Forward Commitment and the Guide.



18. **Execution and Recordation of Documents.** The release of the Mortgage and security interest of the construction lender must have been executed and recorded or delivered in escrow for recording under arrangements satisfactory to Freddie Mac.
19. **Gap or Bridge Financing Repaid.** The Conversion Underwriting Package will contain assurances and evidence that any gap or bridge financing provided to the Borrower has been or will be, as of the date of Conversion, paid in full and all liens imposed on the Borrower in connection with such financing have been or will be released as of the date of Conversion, including, but not limited to, the release from record of all related liens on the Property.
20. **Building Law Ordinance Insurance.** If required by Freddie Mac, building law ordinance insurance will be provided on or before the Conversion date, in form and substance acceptable to Freddie Mac.
21. **No Material Legal Action.** There must not have been any material litigation, investigation, proceeding, decree, judgment or settlement brought against or otherwise affecting the Property, the Borrower, any Borrower Principal, any partner or member (as applicable) of the Borrower, any managing officer of the Borrower, the Guarantor, or any affiliate of the foregoing, or the assets or properties thereof, from that which existed on the date of the Forward Commitment.

e. Other Conversion criteria (08/18/22)

Any special terms or additional Conditions to Conversion specified in the Forward Commitment must be satisfied. See Section 19A.13 below and the Conversion Underwriting Package in [Section 1.31 of Exhibit 1](#) for additional information about the items that must be submitted as part of the Conversion Underwriting Package.

19A.13 Loan Documents, Conversion Underwriting Package and notification of Conversion (12/16/25)

a. Loan Documents to be used at Conversion (12/15/22)

Any references in the Guide or in the Forward Commitment regarding the Loan Agreement, Security Instrument or any other documents applicable to the Mortgage will mean the then current documents either located at mf.freddiemac.com or in standard use by Freddie Mac at the time of Conversion. Any modifications to the Loan Documents attached to the Forward Commitment will be included in the Conversion Acceptance Letter (see [Section 19A.13\(d\)](#)) and, if applicable, updated to conform to the then current Freddie Mac Loan Documents. Any Subordination Agreement which has been modified and attached to the Forward Commitment, however, will not need to conform to the then current Freddie Mac Loan Documents at the time of Conversion, unless required by Freddie Mac.

b. Conversion Underwriting Package and Conversion schedule (12/16/25)

Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the Conversion Underwriting Package and submit it along with the proposed Conversion schedule to Freddie Mac no later than 60 days prior to the proposed date of the Conversion.



Freddie Mac uses the Conversion Underwriting Package to determine whether the Property has satisfied all Conditions to Conversion. Freddie Mac specifies the list of documents that the Seller must include in the Conversion Underwriting Package in [Section 1.31 of Exhibit 1](#). Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

The Conversion Underwriting Package must be approved by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.

c. Notification of release of Delivery Assurance Documents (06/13/24)

If the Seller requests that the Delivery Assurance Documents be released at Conversion, then the Seller must send notification to Freddie Mac via email no later than 30 days prior to Conversion. The notification must contain the following information:

- The name, address, telephone number, facsimile number and email address of the Title Company to be used for originating the Mortgage
- A request for the cancellation and return of the Delivery Assurance Note, if applicable
- A request for the release of the Delivery Assurance Mortgage along with a draft of the termination or satisfaction of Delivery Assurance Mortgage enforceable in the Property's jurisdiction and supplied by Seller's counsel, if applicable

d. Conversion Acceptance Letter (06/13/24)

After Freddie Mac completes its underwriting, Freddie Mac will notify the Seller of its approval or rejection of the Conversion. Freddie Mac's approval or rejection is subject to Freddie Mac's determination that each of the Conditions to Conversion have been and remain satisfied or have been duly waived by Freddie Mac in its sole discretion. If Freddie Mac approves the Conversion, Freddie Mac will execute and deliver to the Seller a Conversion Acceptance Letter specifying the Actual Mortgage Amount (including any Additional Actual Mortgage Amount) and any other terms and conditions of Conversion or as required by the Commitment or Guide. Exhibits A – G of the Forward Commitment will also be amended and restated to conform to the then current Exhibits A – G of the Freddie Mac commitment form in standard use by Freddie Mac at the time of Conversion.

To the extent applicable, any reference to the Forward Commitment after execution of any amendments and the Conversion Acceptance Letter will be deemed to include such amendments and the Conversion Acceptance Letter.

After Freddie Mac has executed the Conversion Acceptance Letter, the Seller must accept it, countersign it, upload it to DMS and notify the TAH Underwriter of the expected Conversion date. On the Conversion date, the Seller must notify Freddie Mac that the Conversion has occurred by providing written confirmation of the Conversion Date via email and DMS.



19A.14 Overall responsibilities of parties at Conversion (04/18/24)

a. Responsibilities of the Seller for Conversions of Funded Forward Commitments (08/18/22)

The Seller is responsible for the preparation and distribution of a Conversion escrow agreement that must satisfy the requirements of the construction lender's Master Forward Financing Agreement (in the case of a Funded Forward Commitment) and the Guide. The Seller is also responsible for the payoff of the Construction Loan.

b. Freddie Mac's responsibilities (04/18/24)

Freddie Mac will coordinate with the Seller the delivery of the following collateral documents to the Title Company:

- Delivery Assurance Note marked paid and ~~cancelled~~canceled, if applicable
- Release of Delivery Assurance Mortgage, if applicable
- Any other escrow documents held by Freddie Mac

19A.15 Release of documents from escrow (08/18/22)

Freddie Mac will authorize the release of the documents delivered by Freddie Mac to the escrow agent upon

- The Seller's delivery to the escrow agent for recordation of the assignment of the Mortgage, assigning the Seller's interest to Freddie Mac,
- The escrow agent's confirmation that it has in its possession the lender's final policy of title insurance to be delivered to Freddie Mac with the Final Delivery Package, which title policy meets the requirements of the Guide and insures the first lien priority of the Mortgage, and
- The Seller's certification that the Seller has all of the items required by the Guide for final delivery of the Mortgage

19A.16 Final delivery; funding (08/18/22)

The provisions of Chapter 32 apply with respect to final delivery and funding.

19A.17 Late delivery; nondelivery (06/13/24)

a. Late delivery (08/18/22)

For Mortgages delivered under a Forward Commitment, Freddie Mac may, in its discretion, treat either of the following situations as a late delivery of a Mortgage:

- The Seller fails to deliver the Final Delivery Package to Freddie Mac, including notifying *Multifamily Purchase* in accordance with Section 32.1(c), at or before noon Eastern time on the Mandatory Delivery Date.



- The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents.

b. Remedies for late delivery (08/18/22)

The provisions of Section 27.26(b) apply.

c. Nondelivery (04/13/23)

For Mortgages delivered under a Forward Commitment, Freddie Mac may, in its discretion, treat any of the following situations as a nondelivery of a Mortgage:

- The Seller fails to deliver the Final Delivery Package to Freddie Mac, including notifying *Multifamily Purchase* in accordance with Section 32.1(c), at or before noon Eastern time on the Mandatory Delivery Date
- The Mortgage, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents
- After issuance of the Forward Commitment, there has been a material adverse change from what was disclosed to Freddie Mac in the full underwriting package in either of the following:
 - The financial position of the Borrower, any Key Borrower Principal or the Guarantor
 - The condition of the Property
- The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents

d. Remedies for nondelivery (06/13/24)

If Freddie Mac determines that there has been a nondelivery of a Mortgage, Freddie Mac may take whatever action or actions it deems appropriate to protect its interests and enforce its rights, including

- Terminating the Purchase Contract (Freddie Mac will elect not to purchase the Mortgage)
- Taking any other action set forth in the Forward Commitment or in Chapter 4
- Charging the Seller a Breakage Fee (including any additional Breakage Fee as required by the Forward Commitment)
- Taking whatever action is necessary to collect the Delivery Assurance Fee

e. Calculation of the Breakage Fee (08/18/22)

As liquidated damages for the nondelivery of a Mortgage, Freddie Mac will charge the Seller a Breakage Fee, calculated in accordance with the formula set forth in the Forward Commitment.



19A.18 Assignment (08/18/22)

Freddie Mac will have the right to assign or otherwise transfer the Forward Commitment, or any mandatory Purchase Contract resulting from the Forward Commitment, to any affiliate or subsidiary of Freddie Mac without the consent of the Seller/Servicer (“Freddie Mac Assignment”). After a Freddie Mac Assignment, all references to Freddie Mac in the Forward Commitment, Purchase Contract, or in this Guide will be deemed to refer to the affiliate or subsidiary of Freddie Mac to which the Freddie Mac Assignment is made.

Multifamily Seller/Service Guide

Chapter 28A

Originating a Targeted Affordable Housing Bond Credit Enhancement Mortgage under a Forward Contract



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28A.15 [TAH Bond Conversion Underwriting Package and Notification of Conversion \(04/18/24\)](#)

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28A.16 [Overall responsibilities of parties at Conversion \(05/31/11\)](#)

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28A.1 Overview (10/21/25)

a. Availability of Forward Commitments (12/14/23)

This chapter provides the requirements for a Targeted Affordable Housing (TAH) Bond Credit Enhancement originated under a Forward Commitment. To be eligible to enter into a Forward Commitment, a Targeted Affordable Housing Seller/Servicer must meet the requirements specified in Section 3.13.

See [Exhibit 2, Origination Guidelines for Affordable Products](#), for additional information about the types of affordability components that are available to Targeted Affordable Housing Seller/Servicers.

Because Freddie Mac will provide bond credit enhancements only on a negotiated basis, the underwriting and bond structure requirements may vary from one transaction to another. Freddie Mac, in its sole discretion, sets credit parameters for any transaction based on its underwriting criteria at the time of such request.

b. Origination requirements and the Minimum Origination Fee (04/15/21)

Under the TAH Bond Credit Enhancement Program, the Mortgage must be originated using funds from bond proceeds that are used in the financing of targeted affordable housing. Pursuant to this chapter and the Forward Commitment, Freddie Mac will be obligated to pay directly to the bond trustee all principal and interest payments due on the bonds. From payments made by the Borrower, the Seller will be obligated to reimburse Freddie Mac for such payments, together with Freddie Mac's credit facility fee, liquidity fee and any swap credit enhancement fee, and to retain or disburse, as appropriate, the Servicing Spread and any recurring fees of other parties to the transaction that are payable from monthly collections under the reimbursement and security agreement.

c. Eligible Mortgages and Mortgage requirements (10/21/25)

A Mortgage is eligible if it is originated for the purpose of new construction or Substantial Rehabilitation. However, Preservation Rehabilitation Mortgages are not eligible for Forward Commitments.

The Property must be owned by the Borrower or under contract with the purchase date scheduled to occur within 90 days of interest rate lock.

See the following sections in Chapter 28, Originating a Targeted Affordable Housing Bond Credit Enhancement Mortgage for additional requirements:

- Section 28.1(c): Fixed-rate Mortgages
- Section 28.1(d): Variable-rate Mortgages
- Section 28.1(e): Combination financing
- Section 28.2: Mortgage Requirements



d. Underwriting and prescreen package requirements (02/28/13)

See the following for information regarding the content of the prescreen and full underwriting packages for Forward Commitments:

- Section 28A.6: Prescreen package
- Section 28A.8: Full underwriting package

Instructions for preparing the prescreen package and the full underwriting package and remitting any required fees to Freddie Mac are found in Chapter 55. Chapter 55 also contains a complete description of Freddie Mac's requirements for each document in an underwriting package, including a description of the required content and whether the document must be certified.

The Seller should plan for a reasonable period for Freddie Mac to process and review the prescreen package and full underwriting package before receipt of the Quote or the Forward Commitment, as appropriate.

e. Freddie Mac's review of construction documentation (02/27/25)

The Seller must submit the following for Freddie Mac to review as part of the full underwriting package:

- A preconstruction analysis report, as described in Section 63.3(a)
- A narrative summary, including a property and site description and a summary analysis of the development team's qualifications, that is prepared by the Chief Architect/Engineer, as outlined in Section 63.3(c) and [Exhibit 1.32](#).

28A.2 Description of a Forward Commitment (10/21/25)

A Forward Commitment provides a single source of construction and permanent financing for new construction or Substantial Rehabilitation of a multifamily Property that qualifies as a Targeted Affordable Housing Product. In this chapter, the term "construction" will include Substantial Rehabilitation.

A Forward Commitment is executed by the Seller and Freddie Mac. In it Freddie Mac commits to locking the bond credit enhancement fees, amount and terms; the Seller commits to originating the permanent Mortgage using funds from the bond proceeds when the project is complete and has met the conditions for Conversion. The Property must reach stabilization and meet the additional Conversion criteria set forth in Section 28A.14 before the permanent Mortgage can be originated.

a. Types of Forward Commitments (05/31/11)

There are two types of Forward Commitments: Funded Forward Commitments and Unfunded Forward Commitments:

- In a Funded Forward Commitment, Freddie Mac provides credit enhancement and liquidity support for the bonds, if applicable, during the construction period and, as



security for the funds, requires the construction lender to provide Freddie Mac with the Construction Phase Letter of Credit.

- In an Unfunded Forward Commitment, Freddie Mac does not provide credit enhancement or liquidity support for the bonds until construction has been completed and the permanent Mortgage is originated.

b. Defined terms for Forward Commitments (08/30/13)

The Seller should be familiar with the following terms applicable to Forward Commitments, which are defined in the Glossary:

- Construction Loan
- Construction Phase Financing Agreement
- Construction Phase Letter of Credit
- Conversion
- Forward Commitment Maturity Date

28A.3 Forward Commitment Property Inspection (03/03/1702/24/26)

~~Freddie Mac requires~~ For an Unfunded Forward Commitment, a complete property inspection must be conducted prior to Conversion, as discussed in 28A.13 below; however, a Forward Commitment Property Inspection ~~for every Forward Commitment~~ is not required prior to the issuance of the Unfunded Forward Commitment unless requested by Freddie Mac in its discretion. If Freddie Mac makes such a request, then see Section 8.16 for Freddie Mac's requirements.

For a Funded Forward Commitment, a Forward Commitment Property Inspection is required. See Section 8.16 for Freddie Mac's requirements ~~for the Forward Commitment Property Inspection~~. A complete property inspection must also be conducted prior to Conversion, as discussed in Section 28A.13.

28A.4 Construction lender (10/21/21)

The Seller must determine that the construction lender

- Employs an experienced, fully-staffed construction lending department
- Demonstrates sufficient construction lending experience with successful construction lending on projects of similar size and complexity for the relevant type of property
- Will execute a Construction Phase Financing Agreement with Freddie Mac

The construction lender must execute the Construction Phase Financing Agreement at the same time as the bond closing. In addition, for a Funded Forward Commitment, Freddie Mac must be secured during construction by the Construction Phase Letter of Credit. See Section 28A.11 for additional requirements for the Construction Phase Letter of Credit.



28A.5 Prescreen package (07/01/14)

To initiate a transaction with Freddie Mac, the Seller must send a quote request to *Multifamily TAH Production*. After receiving the quote request, Freddie Mac will provide an indication price to the Seller. To continue with the transaction after receiving the indication price, the Seller must prepare the prescreen package. Freddie Mac specifies the list of documents that the Seller must include in the prescreen package in [Section 1.25 of Exhibit 1](#).

Chapter 55 contains a complete description of Freddie Mac's requirements for each document in a prescreen package, including a description of the required content. Contact *Multifamily TAH Production* for instructions for delivering prescreen packages to Freddie Mac.

The prescreen package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.

28A.6 Quote (05/31/11)

a. Quote (05/31/11)

If the Mortgage presented in the prescreen package appears to meet the requirements of the TAH Bond Credit Enhancement Forward Commitment Program, Freddie Mac will issue a written Quote and will advise the Seller in writing that Freddie Mac is interested in receiving a full underwriting package. The written Quote will contain the proposed maximum Mortgage amount, indication spread, term, construction period, amortization period (if applicable) and prepayment terms as well as other Freddie Mac requirements in response to the information contained in the prescreen package.

b. Indication spread (05/31/11)

Freddie Mac bases the indication spread communicated to the Seller on preliminary information about the proposed transaction and, in its sole discretion, Freddie Mac may change the indication spread.

c. Obligations of the parties (05/31/11)

Issuance of a Quote will not obligate the Seller to submit a full underwriting package or obligate Freddie Mac to provide a bond credit enhancement for the proposed Mortgage.

28A.7 Full underwriting package (07/01/14)

After Freddie Mac issues a Quote, the Seller may deliver a full underwriting package to Freddie Mac. In conjunction with the delivery of the full underwriting package, the Seller must submit an application fee. Freddie Mac specifies the list of documents that the Seller must include in the full underwriting package sent to Freddie Mac in [Section 1.32 of Exhibit 1](#), which applies to Mortgages originated under the TAH Bond Credit Enhancement Forward Commitment Program.

Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.



The full underwriting package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.

28A.8 Forward Commitment (04/15/21)

The Forward Commitment represents Freddie Mac's offer to provide a bond credit enhancement agreement with respect to the proposed Mortgage.

a. Issuance of the Forward Commitment (04/15/21)

After the Seller submits a full underwriting package meeting the requirements of Section 28A.7, Freddie Mac will determine if the Mortgage is acceptable.

If the contemplated Mortgage is acceptable, Freddie Mac will issue a Forward Commitment, which will state

1. The maximum Mortgage amount
2. For a fixed-rate Mortgage, the maximum annual debt service (consisting of interest plus either scheduled principal payments or scheduled deposits to a principal reserve fund plus the sum of the Freddie Mac credit facility fee, the Servicing Spread and the other bond-related fees)
3. The loan term
4. The amortization period or the period used to determine scheduled deposits to a principal reserve fund (as applicable)
5. The Freddie Mac credit facility fee
6. The Freddie Mac liquidity facility fee, in the case of a variable-rate transaction
7. The Servicing Spread
8. The maximum Mortgage interest rate
9. All additional conditions that must be satisfied before Freddie Mac will be obligated to execute the bond credit enhancement agreement

The Forward Commitment is valid for the period of time stated in the Forward Commitment. If the Seller fails to accept the Forward Commitment offer within that stated time period, the Forward Commitment will automatically expire, and Freddie Mac will not be obligated to provide a bond credit enhancement agreement with respect to the Mortgage under any conditions. The Forward Commitment will automatically incorporate by reference the terms set forth in Section 27.29, as applicable.

b. Seller acceptance (05/31/11)

The Seller may accept the Forward Commitment by following the procedures set forth in the Forward Commitment.



The Forward Commitment may require that the Seller provide a specified Commitment Fee. If the Forward Commitment requires a Commitment Fee, the Seller also must ensure that the *Multifamily TAH Underwriter* receives the Commitment Fee by the close of business on the next Business Day. The Forward Commitment will indicate the conditions under which the Commitment Fee will be refunded to the Seller.

After the Seller executes the Forward Commitment, the Seller may not transfer, assign or otherwise modify the Forward Commitment without Freddie Mac's prior written approval.

28A.9 Freddie Mac's fees (05/31/11)

See Section 28.8 for a description of the applicable credit facility fee, liquidity facility fee, swap credit enhancement fee and legal fees and certification regarding payment of fees and expenses for Freddie Mac's outside counsel.

With respect to fees and expenses for Freddie Mac's outside counsel at Conversion, the Seller must pay, or must require the Borrower to pay, the legal fees and expenses (based on actual time and hourly rates) of Freddie Mac's outside counsel for representing Freddie Mac in connection with the Conversion of the Mortgage. Such fees and expenses must be paid on or before the Conversion date.

28A.10 Construction period security for a Funded Forward Commitment (05/01/14)

Freddie Mac must be secured during construction by a Construction Phase Letter of Credit, which must be:

- In a form acceptable to Freddie Mac and meeting all requirements set forth in Section 11.2
- In an amount equal to the original principal amount of the bonds plus 45 days' interest at the bond rate for a variable rate Mortgage or 210 days' interest at the bond rate for a fixed rate Mortgage
- With an expiration date no earlier than 60 days after the Forward Commitment Maturity Date set forth in the Forward Commitment
- Accompanied by an opinion of the issuer's counsel with respect to the issuer of the letter of credit that meets the requirements of Section 11.2

No later than the first Business Day immediately after the Bond and Construction Loan closing, the Seller must deliver a Forward Commitment Initial Delivery Package to *Multifamily Purchase*. The requirements for the Forward Commitment Initial Delivery Package are found in [Exhibit 1.32](#).

28A.11 Construction monitoring (08/18/22)

See Chapter 19A for Freddie Mac's requirements for construction monitoring.



28A.12 Extending the Forward Commitment (10/21/25)

a. General (05/31/11)

Each extension granted by Freddie Mac under the Forward Commitment may be for a period of no more than six months. The Forward Commitment may specify a stand-by fee to be assessed based on the length of the extension.

Freddie Mac may grant a second extension that may be no more than six months. Freddie Mac will charge a fee based on the length of the extension to hold the original interest rate or spread set forth in the Forward Commitment.

In connection with any extension, the Seller must confirm to Freddie Mac that

- The Seller has copies of the amendments extending the Construction Loan documents and any approved ~~subordinate financing~~ Subordinate Financing documentation, including evidence of recordation of all applicable documents, and
- The Seller has taken other such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property

The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

b. Request for extension (10/21/25)

1. First extension

No later than 30 days prior to the Forward Commitment Maturity Date, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a first extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Within seven Business Days following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension, the amount of the stand-by fee and the amount of the extension fee via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS.

The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letters of credit for the Commitment Fee.

2. Second or subsequent extension



No later than 30 days prior to the Forward Commitment Maturity Date, as extended, the Seller must notify Freddie Mac via email of its request for an extension. The email must specify that the request is for a second or subsequent extension, and must include the following:

- A synopsis of the deal
- A reason for the extension request
- Projected stabilization timeline

Within seven Business Days following Freddie Mac's receipt of the request, Freddie Mac will advise the Seller regarding its approval of the extension and the amount of the extension fee via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS.

The terms of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments to or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the Construction Phase Letter of Credit or any letter of credit for the Commitment Fee.

28A.13 Complete property inspection (08/18/22)

See Chapter 19A for Freddie Mac's requirements for the complete property inspection.

28A.14 Conversion criteria and documentation (12/16/25)

a. Time limit for meeting conditions for Conversion (05/31/11)

Freddie Mac's Forward Commitment and agreement to provide the bond credit enhancement agreement shall terminate and be of no force or effect in the event that the Seller is unable to fully and totally satisfy each and all of the conditions for Conversion on or before the Forward Commitment Maturity Date or extended Forward Commitment Maturity Date, as applicable.

b. Property requirements for Conversion (12/16/25)

In order for Freddie Mac to provide the bond credit enhancement agreement, the Property must:

- Be substantially complete in accordance with the final plans and specifications as certified by the architect of record, confirmed by the Architectural Consultant and reviewed by the Seller
- For Properties with 100 percent of units subject to rent and income restrictions:
 - Have stabilized occupancy at 85 percent for one month prior to the submission of the underwriting package for Conversion



- Confirm and maintain stabilized occupancy at 85 percent during underwriting at Conversion
- For Properties that do not have 100 percent of units subject to rent and income restrictions:
 - Have stabilized occupancy at 85 percent for three months prior to the submission of the underwriting package for Conversion
- Have a Debt Coverage Ratio (DCR) that is:
 - Greater than or equal to the minimum DCR for the Mortgage product, and
 - Greater than or equal to the original underwritten DCR

c. Other Conversion criteria (09/01/16)

Any special terms or conditions specified in the Forward Commitment and the Construction Phase Financing Agreement must be satisfied. See Section 28A.15(a) and the TAH Bond Conversion Underwriting Package in [Section 1.33 of Exhibit 1](#) for additional information about the items that must be submitted as part of the Conversion underwriting package.

d. Reserved (09/28/18)

e. Determination of the Mortgage amount (05/31/11)

The Seller must determine, and Freddie Mac must approve, the amount of the Mortgage using the requirements in the Construction Phase Financing Agreement for the Property.

f. Additional Mortgage proceeds (05/31/11)

Additional Mortgage proceeds may be available for a Property with a current net operating income (NOI) that exceeds the underwritten NOI. Any additional Mortgage proceeds must be approved by Freddie Mac after Freddie Mac's full re-underwriting. The additional proceeds will be re-priced as a first Mortgage, although Freddie Mac's security for such additional proceeds may be in the form of a subordinate Mortgage.

28A.15 TAH Bond Conversion Underwriting Package and Notification of Conversion (04/18/24)

a. TAH Bond Conversion Underwriting Package and Conversion schedule (07/01/14)

Once the Seller has completed all Conversion due diligence and analysis, the Seller must

- Prepare the TAH Bond Conversion Underwriting Package and submit it to Freddie Mac
- Submit the proposed Conversion schedule to Freddie Mac no later than 45 days prior to the proposed date of the Conversion

Freddie Mac uses the TAH Bond Conversion Underwriting Package to determine whether the Property has met the Conversion criteria specified in the Guide. Freddie Mac specifies the



list of documents that the Seller must include in the TAH Bond Conversion Underwriting Package in [Section 1.33 of Exhibit 1](#), which applies to a Mortgage originated under the TAH Bond Credit Enhancement Forward Commitment Program. Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

The TAH Bond Credit Enhancement Conversion Underwriting Package must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13. The TAH Bond Credit Enhancement Conversion Underwriting Package and the proposed Conversion schedule must be submitted to Freddie Mac no later than 45 days prior to the proposed Conversion date.

After Freddie Mac completes its underwriting and approves the Conversion, Freddie Mac will execute the Conversion Acceptance Letter.

b. Notification of Conversion (04/18/24)

After Freddie Mac has executed the Conversion Acceptance Letter and no later than 15 days prior to the Conversion date, the Seller must notify the following of the date of the Conversion:

- Freddie Mac
- The bond issuer
- The bond trustee
- The Construction Phase Letter of Credit provider, if applicable
- The construction lender
- The Borrower

This notification must contain the following information:

- The name, address, telephone number, facsimile number and email address of the Title Company to be used for originating the Mortgage
- A request for release of the Construction Phase Letter of Credit, if applicable

28A.16 Overall responsibilities of parties at Conversion (05/31/11)

a. Responsibilities of the Seller (05/31/11)

The Seller is responsible for the Conversion of the Mortgage in accordance with the terms and conditions of the Construction Phase Financing Agreement.

b. Freddie Mac's responsibilities (05/31/11)



Freddie Mac will coordinate with the Seller the delivery of the Construction Phase Letter of Credit, if applicable, and any other documents held by Freddie Mac and to be delivered or released at Conversion under the terms of the Construction Phase Financing Agreement.

28A.17 Bond documents (05/31/11)

See Section 28.10 for Freddie Mac's requirements regarding the bond documents.

For a Forward Commitment, the term of the bond credit enhancement agreement will begin:

- At bond closing, in the case of a Funded Forward Commitment, or
- At Conversion, in the case of an Unfunded Forward Commitment.

28A.18 Additional bond document requirements for fixed-rate bonds (05/31/11)

See Section 28.11 for Freddie Mac's requirements for fixed-rate bonds.

28A.19 Additional bond document requirements for variable-rate bonds (05/31/11)

a. Bond interest rate (05/31/11)

See Section 28.12(a).

b. Remarketing (05/31/11)

See Section 28.12(b).

c. Principal reserve fund (05/31/11)

See Section 28.12(c).

d. Information from bond trustee (05/31/11)

See Section 28.12(d).

e. Term of the bond credit enhancement agreement (05/31/11)

See Section 28.12(e).

f. Additional provisions in reimbursement and security agreement (05/31/11)

At issuance of the variable-rate bonds (for a Funded Forward Commitment), or at Conversion (for an Unfunded Forward Commitment), the Borrower must enter into a reimbursement and security agreement with Freddie Mac, which must, in addition to the provisions for fixed-rate bonds, provide for.

- Reimbursement of amounts paid by Freddie Mac under the bond credit enhancement agreement to enable tendered bonds to be purchased on behalf of the Borrower



- Replenishment of amounts withdrawn from the principal reserve fund at Freddie Mac's direction to enable tendered bonds to be purchased on behalf of the Borrower, and
- Payment of liquidity use fees to Freddie Mac

All of these payments must be due by the earliest of

- 90 days after the related payment or withdrawal was made
- The completion of remarketing or the redemption or cancellation of the purchased bonds
- The expiration of the bond credit enhancement agreement
- The replacement of the bond credit enhancement agreement with a substitute credit facility in accordance with the bond documents
- The maturity date of the Mortgage
- Acceleration of the Mortgage

g. Pledge agreement (05/31/11)

At issuance of the variable-rate bonds (for a Funded Forward Commitment) or at Conversion (for an Unfunded Forward Commitment), the Borrower must grant Freddie Mac a security interest in bonds purchased in whole or in part with amounts paid by Freddie Mac under the bond credit enhancement agreement or with withdrawals that Freddie Mac permits to be made from the principal reserve fund, to secure the Borrower's payment of the reimbursements, replenishments and liquidity use fees payable under the reimbursement and security agreement.

h. Mandatory redemption provisions (05/31/11)

See Section 28.12(h).

i. Substitute credit facility (05/31/11)

See Section 28.12(i).

j. Other provisions (05/31/11)

See Section 28.12(j).

k. Interest rate hedge agreement (05/31/11)

See Section 28.12(k).

l. Assignment of interest rate hedge agreement (05/31/11)

At bond closing (for a Funded Forward Commitment) or at Conversion (for an Unfunded Forward Commitment), the Borrower must grant Freddie Mac a security interest in its rights under the interest rate hedge agreement, by means of a security agreement acceptable to



Freddie Mac. The security agreement must permit Freddie Mac, at any time, to demand that the hedge provider make payments under the interest rate hedge agreement to the Seller or Freddie Mac instead of the Borrower.

m. Interest computation (05/31/11)

See Section 28.12(m).

n. Liquidity use fee (05/31/11)

In the case of a variable-rate Mortgage, beginning at bond closing (for a Funded Forward Commitment), or at Conversion (for an Unfunded Forward Commitment), a liquidity use fee will be payable to Freddie Mac with respect to any funds provided by Freddie Mac to enable tendered bonds to be purchased on behalf of the Borrower or any withdrawal from the principal reserve fund for that purpose.

The computation of the annual fee on the amount of payment or withdrawal will be converted to a daily fee by dividing by 365 days (366 days in a leap year) and multiplying by the actual number of days elapsed since the payment or withdrawal.

o. Monthly payment billing (05/31/11)

See Section 28.12(o).

p. Relationship of Mortgage payment and cap payment (05/31/11)

See Section 28.12(p).

q. Cap or swap provider (05/31/11)

See Section 28.12(q).

28A.20 Disclosure (05/31/11)

See Section 28.13.

28A.21 Freddie Mac's review and approvals (05/31/11)

a. Prior review of bond documents and structure (05/31/11)

See Section 28.14.

b. Bond rating and bond opinion (05/31/11)

Prior to executing the bond credit enhancement agreement, Freddie Mac must receive:

1. A rating letter or other evidence satisfactory to Freddie Mac indicating that the bonds, when issued, will be rated in the highest long-term and (in the case of variable-rate bonds) short-term rating category by Standard & Poor's Ratings Group, Moody's Investors Service



2. An unqualified opinion, satisfactory to Freddie Mac, from a nationally recognized bond counsel as to:
 - The authorization and valid issuance of the bonds
 - The validity of the lien of the indenture
 - The excludability from gross income, for federal income tax purposes, of the interest payable on the bonds
 - Freddie Mac's right to rely upon the opinion, or alternatively, a reliance letter addressed to Freddie Mac giving Freddie Mac the right to rely upon the opinion of the bond counsel

For an Unfunded Forward Commitment, Freddie Mac or its counsel may require either item 1 or item 2 to be submitted at bond closing and again at Conversion.

28A.22 Other requirements for bond transactions (05/31/11)

See Sections 28.15 through 28.24.

28A.23 Final delivery (05/31/11)

The Seller must deliver the final delivery package at the time and in accordance with the requirements set forth in Chapter 32.

Multifamily Seller/Servicer Guide

Chapter 30

Ground Lease Mortgages



- 30.1 [General requirements \(09/26/19\)](#)
- 30.2 [Underwriting requirements for ground lease Mortgages \(02/~~27/25~~24/26\)](#)
- 30.3 [Requirements for all ground lease Mortgages \(06/25/20\)](#)
- 30.4 [Additional requirements when Ground Lessor will not join in Mortgage \(Unsubordinated Ground Lease\) \(02/27/25\)](#)
- 30.5 [Amendment to Ground Lease \(09/26/19\)](#)
- 30.6 [Lessor's Estoppel Certificate \(09/26/19\)](#)
- 30.7 [Reserve for rents \(06/25/20\)](#)
- 30.8 [Title insurance for ground lease Mortgages \(04/22/25\)](#)
- 30.9 [Leases with Government Agencies \(including Industrial Development Agencies\) \(09/26/19\)](#)



30.1 General requirements (09/26/19)

In general, Freddie Mac will consider purchasing a multifamily Mortgage secured by a lien on a leasehold estate ("ground lease Mortgage") only if the lease ("ground lease") demising the leasehold estate ("leasehold interest") to the Borrower (including its successors and assigns, unless otherwise noted, the "Ground Lessee") meets the terms and conditions set forth in this chapter.

In addition to the specific terms and conditions set forth in this chapter, Freddie Mac's purchase of a ground lease Mortgage (other than an SBL Mortgage or a TEL secured by a ground lease) is conditioned upon approval by Freddie Mac after review by counsel for Freddie Mac of the Seller's Ground Lease Analysis. Freddie Mac's purchase of an SBL Mortgage or a TEL secured by a ground lease is conditioned upon Single Counsel's approval based on its analysis of the ground lease and determination that the ground lease complies with the requirements of this chapter.

30.2 Underwriting requirements for ground lease Mortgages (02/27/2524/26)

a. Copy of ground lease

At full underwriting (or at preliminary underwriting for an early rate-lock delivery), the Seller must deliver a copy of the executed ground lease and all existing amendments as follows:

- For a non-SBL ground lease Mortgage, to the *Applicable Freddie Mac Multifamily Regional Office* (with a copy to the applicable *Multifamily Attorney*).
- For an SBL ground lease Mortgage, to the *Small Balance Loan Team*.

b. Term of ground lease

The remaining term of the ground lease, together with any renewal options, must meet the following requirements:

- For a fully amortizing ground lease Mortgage, the remaining ground lease term must extend beyond the maturity date of the ground lease Mortgage by at least 10 years.
- For a partially amortizing ground lease Mortgage or for one with no amortization, the remaining ground lease term must be ~~the longer of (a) the amortization period of the ground lease Mortgage plus any interest-only period, and (b) 20 years beyond the maturity date of the ground lease Mortgage.~~
 - If the Ground Lessor will join in the Mortgage (subordinated ground lease), the longer of: (a) the amortization period of the ground lease Mortgage plus any interest-only period, or (b) 20 years beyond the maturity date of the ground lease Mortgage.
 - If the Ground Lessor will not join in the Mortgage (unsubordinated ground lease), no less than 30 years beyond the maturity date of the Mortgage.
- Renewal options that are at the sole discretion of the landlord under the ground lease ("Ground Lessor"), even if the Ground Lessor is controlled by or under common control with the Borrower, may not be considered part of the ground lease term for purposes of satisfying the ground lease term requirements set forth in this chapter.



c. **Base Rent**

1. The base rent payable under the ground lease must be a fixed ascertainable sum and the ground lease must not contain any provisions that permit increases, escalations or re-sets in the base rent, other than a sum certain increase at a specified date or time interval.
2. Increases, escalations or re-sets in the base rent based on a reappraisal of the Property are not acceptable.

d. **Analysis**

1. **For a non-SBL ground lease Mortgage:** Seller's legal counsel must confirm using the Ground Lease Analysis whether or not the ground lease satisfies all applicable requirements therein and in this chapter or will be amended prior to the Origination Date of the Mortgage to comply with all of the requirements.

If the ground lease fails to satisfy any of the applicable requirements and the ground lease will not be amended, then Seller's legal counsel must provide a legal analysis as part of the Ground Lease Analysis detailing which requirement(s) will not be satisfied and the counsel's recommendation as to why Freddie Mac should accept the ground lease without it being compliant with the applicable provisions of this chapter.

As part of such recommendation, Seller's legal counsel must determine that any deviation from the requirements of this chapter satisfies each of the following conditions:

- It does not adversely affect the marketability of the ground lease estate.
- It will not have a foreseeable adverse effect on the Borrower's intended use or operation of the Property.
- It could not adversely affect Freddie Mac's ability to enforce its rights or remedies under the ground lease Mortgage.
- It does not deprive Freddie Mac of industry standard leasehold mortgagee protections or, to the extent one or more industry standard leasehold mortgagee protections are not included in the ground lease, the Ground Lease Analysis must describe such deficiency and why such deficiency should be acceptable to a prudent commercial lender, including Freddie Mac, together with any recommendations for potential mitigating provisions to be added to the loan documents, including any additional representations, covenants or recourse provisions.

Submission of the ground lease document alone is not sufficient and does not relieve the Seller of its responsibility to submit the required Ground Lease Analysis (together with any recommendations for any non-compliant matters) prepared by its counsel.

2. **For an SBL ground lease Mortgage:** Single Counsel must confirm whether the ground lease satisfies all applicable requirements in this chapter. If the ground lease fails to satisfy any of the applicable requirements and the ground lease will not be amended prior to the Origination Date of the Mortgage to comply with all of the requirements, then Single

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Counsel must determine that any deviation from the requirements of this chapter satisfies each of the following conditions:

- It does not adversely affect the marketability of the ground lease estate.
- It will not have a foreseeable adverse effect on the Borrower's intended use or operation of the Property.
- It could not adversely affect Freddie Mac's ability to enforce its rights or remedies under the ground lease Mortgage.
- It does not deprive Freddie Mac of industry standard leasehold mortgagee protections.

30.3 Requirements for all ground lease Mortgages (06/25/20)

Except for a ground lease or other lease structure in place to obtain/maintain a tax benefit (discussed in Section 30.9), if the Ground Lessor will join in the Mortgage and mortgage its fee interest in the Property, then the ground lease will be considered a subordinated ground lease. If the Ground Lessor will not join in the Mortgage, then the ground lease will be considered an unsubordinated ground lease (see Section 30.4). Unsubordinated ground leases are not permitted for SBL Mortgages.

For any ground lease Mortgage to be eligible for purchase, the ground lease (whether subordinated or unsubordinated) must meet the following requirements:

a. Casualty

1. The ground lease must not contain a provision for termination in the event of damage or destruction, unless the ground lease Mortgage is paid in full.
2. The ground lease mortgagee must have the right to participate in adjustment of losses as to hazard insurance proceeds.
3. Hazard insurance proceeds must be paid to the ground lease mortgagee or an independent trustee acceptable to the ground lease mortgagee.
4. The Ground Lessor must not receive any hazard insurance proceeds until (i) the Property is fully restored or (ii) the ground lease Mortgage is paid in full.
5. If the Ground Lessee is obligated to rebuild after a casualty, then the Ground Lessee's obligation to rebuild must be limited to the amount of available insurance proceeds.
6. The ground lease must provide that no parties, other than the Ground Lessee and the ground lease mortgagee, will have any rights to (i) consent to or supervise the restoration of the Property (for example, the Ground Lessor may not have any right to participate in the adjustment of losses, approve budgets or approve plans and specifications) and/or (ii) control and/or supervise the administration and disbursement of the hazard insurance proceeds.



7. Either (i) the ground lease must provide that insurance proceeds may be applied to the ground lease Mortgage in accordance with the loan documents or (ii) the failure of the ground lease to provide as set forth in clause (i) must be disclosed to Freddie Mac in the Ground Lease Analysis and approved by Freddie Mac.

b. Condemnation

1. The ground lease must provide that a ground lease mortgagee receives notice of, and has a right to participate in, any condemnation proceedings and settlement discussions.
2. The ground lease must set forth the formula for allocating the condemnation award between the Ground Lessor, the Ground Lessee and the ground lease mortgagee (for both partial and total condemnation). The ground lease must provide that any payment to the ground lease mortgagee or an independent trustee acceptable to ground lease mortgagee, as applicable, must not be less than the total award minus the value of the land that was taken pursuant to the condemnation (considered as unimproved, but encumbered by the ground lease).
3. The ground lease must provide for payment to the ground lease mortgagee (or independent trustee acceptable to ground lease mortgagee for restoration in the case of partial taking) of any condemnation award to which the Ground Lessee is entitled under applicable law.
4. In the case of a partial taking, the ground lease must permit the Ground Lessee to rebuild and restore the improvements on the Property, unless the ground lease mortgagee requires or consents to distribution of the proceeds. In that event, the ground lease must permit proceeds to be applied first toward reduction of the ground lease Mortgage.
5. The ground lease must provide that no parties, other than the Ground Lessee and the ground lease mortgagee, will have any rights to (i) consent to or supervise the restoration of the Property (for example, the Ground Lessor will not have any right to approve budgets or plans and specifications) and/or (ii) control and/or supervise the administration and disbursement of the portion of the condemnation award to which Ground Lessee is entitled.
6. Either (i) the ground lease must provide that condemnation awards may be applied to the ground lease Mortgage in accordance with the loan documents or (ii) the failure of the ground lease to provide as set forth in clause (i) must be disclosed to Freddie Mac in the Ground Lease Analysis and approved by Freddie Mac.

c. Shared Appreciation Rights/Equity Participation

The ground lease may not grant the Ground Lessor (or any other party) shared appreciation rights or an equity participation in the Property (e.g., any right to share in the proceeds from a future financing/sale of the Property or the operating cash flow of the Property).



30.4 Additional requirements when Ground Lessor will not join in Mortgage (Unsubordinated Ground Lease) (02/27/25)

For any ground lease Mortgage to be eligible for purchase, an unsubordinated ground lease must meet the following requirements, in addition to those set forth elsewhere in this chapter.

a. General

1. Original lessee

If the Borrower is not the original lessee under the ground lease, then there must be evidence that the fee owner of the Property ("Ground Lessor") has specifically recognized the Borrower as lessee under the ground lease.

2. Recordation

The ground lease (including all amendments) or a memorandum of the ground lease and any assignments by the Ground Lessor or Ground Lessee of its interest in the ground lease must be recorded in the official land records of the jurisdiction where the Property is located.

3. Full Force and Effect

All conditions precedent to effectiveness of the ground lease term commencement must have been fully satisfied by the Origination Date of the ground lease Mortgage and the ground lease must be in full force and effect.

4. Use

If the ground lease does not permit "any lawful use", then at a minimum it must permit the Property to be used as it is currently being used on the Origination Date of the ground lease Mortgage and must not contain any unreasonable restriction on the use of the real property.

5. Ground lease mortgagee

The ground lease must not contain any conditions, restrictions or limitations on what type of lender (including such lender's successors and assigns) is qualified to be a "ground lease mortgagee".

6. Unaffiliated Ground Lessor

The Ground Lessor must not be an Affiliate of the Borrower.

b. Extension, Purchase, and Cancellation

1. Rights to extend or purchase



The ground lease must provide that the ground lease mortgagee may exercise any rights to extend the term of the ground lease or purchase the Property (if applicable) without the consent or joinder of the Ground Lessee.

2. Cancellation

The ground lease must provide that any termination, surrender or cancellation of the ground lease will not be effective without the prior written consent of the ground lease mortgagee.

c. Subletting and mortgaging the ground lease

1. Right to mortgage

The ground lease must expressly permit the Ground Lessee to mortgage the ground lease without any limitation or restriction.

2. Right to Sublet

The ground lease must provide that the Ground Lessee must have the right to sublet, subject only to objective criteria that would be acceptable to a prudent commercial lender. A provision in the ground lease that “Ground Lessor’s consent will not be unreasonably withheld” (or similar provision) is not sufficient.

3. Commercial space

If the Property contains commercial space, then the ground lease must contain reasonable, objective standards requiring the Ground Lessor to grant nondisturbance and attornment agreements to commercial tenants.

d. Ground lease mortgagee protections

The ground lease must contain the following provisions:

1. Notice

The ground lease must require the Ground Lessor to give written notice to the ground lease mortgagee of all Ground Lessee defaults as a condition precedent to the Ground Lessor’s exercise of any remedies for such default. The Ground Lessor must forward to the ground lease mortgagee copies of any notices it sends to the Ground Lessee, other than rent and other periodic billing notices.

2. Estoppel Certificates

The Ground Lessor must be obligated to deliver estoppel certificates to the ground lease mortgagee on request.

3. Modifications



The Ground Lessee must be prohibited from modifying the ground lease in any material manner or restating the ground lease without the prior written consent of the ground lease mortgagee.

4. Defaults and cure period

- **Right to cure.** The ground lease mortgagee must have the right to cure a monetary default or a non-monetary default that is capable of being cured by a ground lease mortgagee within the time permitted to the Ground Lessee, plus a reasonable additional time period (i.e., at least 10 days beyond any grace period granted to Ground Lessee for monetary defaults and at least 60 days beyond any grace period granted to Ground Lessee for non-monetary defaults).
- **Defaults not capable of being cured.** The ground lease mortgagee must have protection against a default that is not capable of being cured by a ground lease mortgagee, including the following provisions:
 - The ground lease must prohibit termination of the ground lease as a result of any defaults of the Ground Lessee that by their nature are not capable of being cured by a ground lease mortgagee, so long as monthly base rents are being paid. Alternatively, the ground lease may provide that the Ground Lessor must waive a non-monetary default that is incapable of being cured if the ground lease mortgagee has commenced and is diligently pursuing the exercise of its rights and remedies and has cured any curable defaults within the applicable cure period afforded a ground lease mortgagee.
 - The ground lease must allow the ground lease mortgagee additional time to obtain relief from any bankruptcy stay in the Ground Lessee's bankruptcy sufficient to enable the ground lease mortgagee to either foreclose the lien of the ground lease Mortgage or obtain the appointment of a receiver or secure other remedies necessary to enable the ground lease mortgagee to take control of the Property.

5. Foreclosure

The ground lease must allow a foreclosure or acceptance of a deed-in-lieu of foreclosure by the ground lease mortgagee, its nominee or its designee without the consent of the Ground Lessor and without any conditions, restrictions, approvals or limitations. The ground lease mortgagee must have the unrestricted and unconditional right to further assign the ground lease and leasehold interest, subject only to delivery of notice to the Ground Lessor and other routine documentation requirements.

6. New lease

If the ground lease terminates for any reason (including the rejection of the ground lease in a bankruptcy proceeding) other than expiration of the term, then the Ground Lessor must be obligated, without any conditions, restrictions, approvals or limitations, to enter into a new lease with the ground lease mortgagee, its nominee or its designee on the same terms and conditions as the original ground lease and with the same title priority.



7. Personal liability

The ground lease (or an estoppel certificate executed by the Ground Lessor) must provide that any liability of the ground lease mortgagee and its assigns must be limited to the value of its interest in the ground lease.

8. Release of liability

The ground lease must provide for an automatic release of the ground lease mortgagee and its assigns from any further liability to the Ground Lessor after the assignment of the ground lease.

9. No merger

The ground lease (or an estoppel certificate executed by the Ground Lessor) must contain a provision that there will not be a merger of the fee title with the leasehold interest if the Ground Lessee becomes the owner (through acquisition or otherwise) of the fee estate.

e. Encumbrances on the fee

- Existing mortgage on fee estate

Any existing mortgage on the fee estate of the Ground Lessor must be subordinated to the ground lease, any subleases and any new ground lease given to ground lease mortgagee after termination of the original ground lease.

- Future mortgage on fee estate

The ground lease must prohibit the Ground Lessor from mortgaging the fee estate unless there is an express subordination of the fee mortgage to the Ground Lessee's interest under the ground lease, the interest of any ground lease mortgagee, any subleases and any new ground lease given to a ground lease mortgagee after termination of the original lease.

f. Sublease

If the ground lease is a sublease, then Seller's legal counsel or Single Counsel, as applicable, must review each lease/sublease in accordance with this chapter, and Freddie Mac must be satisfied that it has received adequate additional security or other assurances to mitigate the legal risks inherent in a sublease structure.

30.5 Amendment to Ground Lease (09/26/19)

If the ground lease does not meet all the conditions in this chapter, as applicable, and any areas of non-compliance described in the Ground Lease Analysis are not acceptable to Freddie Mac, then Freddie Mac may require an amendment to the ground lease. Freddie Mac will not accept an amendment to the ground lease in an estoppel certificate (except for personal liability and merger,



as provided in Section 30.4(d)(7) and (9)) unless the estoppel certificate is recorded and provides that it amends the ground lease for the benefit of the Ground Lessee and any future ground lease mortgagee.

30.6 Lessor's Estoppel Certificate (09/26/19)

An estoppel certificate is not required if the ground lease will be executed simultaneously with the ground lease Mortgage.

For non-SBL Mortgages, the Seller must deliver a draft Ground Lessor's estoppel certificate to the Applicable Freddie Mac Multifamily Regional Office, with a copy to the applicable Multifamily Attorney for approval, at least 10 days before the Origination Date. At a minimum, the estoppel certificate must contain the provisions set forth in the Multifamily Ground Lessor's Estoppel Certificate found on FreddieMac.com. Freddie Mac may require that the Seller add additional provisions to the estoppel certificate, based upon Freddie Mac's review of the Ground Lease Analysis. The estoppel certificate must be dated within 30 days prior to the Origination Date.

The Seller must submit the approved and executed estoppel certificate to Freddie Mac at final delivery of the Mortgage.

30.7 Reserve for rents (06/25/20)

A Reserve for ground rents is not required if the security for the Mortgage includes a lien on the fee estate.

For all other ground lease Mortgages, the Seller must establish an appropriate Reserve, as determined by Freddie Mac, for rents due under the ground lease. At the time of final delivery of the ground lease Mortgage to Freddie Mac, the Seller must complete one of the following two forms, as applicable:

- [Form 1058, Letter Agreement for Servicer's Reserve Custodial Account](#), or
- [Form 1060, Letter Agreement for Reserve Custodial Account](#)

The form must be completed by the depository institution holding the Custodial Account and must acknowledge Freddie Mac's interest in the Custodial Account. The completed form must be delivered to Freddie Mac at the address provided on the form.

30.8 Title insurance for ground lease Mortgages (04/22/25)

In addition to meeting the requirements set forth in Chapter 29, the Title Policy must include the following:

1. Reference to the status of fee simple title to the Property and insurance that the Ground Lessee's interest under the ground lease and the Ground Lessee's option, if any, to purchase the fee interest in the related land,
2. Insurance that the ground lease is not subordinate to any lien or encumbrance (other than the ground lease Mortgage, if the fee owner is granting a mortgage on the fee estate); and



3. Insurance that the lender's interest encompasses both the fee estate and the leasehold estate for a subordinated ground lease.

Freddie Mac may require additional endorsements that it determines are appropriate.

30.9 Leases with Government Agencies (including Industrial Development Agencies) (09/26/19)

If the Borrower has entered into a ground lease with a government agency (including an Industrial Development Agency or Authority) for the purpose of obtaining a tax abatement, tax exemption or payment in lieu of taxes ("tax benefit"), then Seller's legal counsel or Single Counsel (as applicable) must analyze the ground lease as follows:

- If the tax benefit is used in the underwriting of the Mortgage, then the ground lease must be analyzed as an unsubordinated ground lease (even if the governmental agency granting the tax benefit will join in the Mortgage).
- If the tax benefit is not used in the underwriting of the Mortgage, then the ground lease must be analyzed as a subordinated ground lease.

Multifamily Seller/Servicer Guide

Chapter 39

Administration of Reserves; Monitoring Repairs



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39.1 General requirements for the administration of Reserves and monitoring repairs (02/29/16)

a. Delivery of documents and notices to Freddie Mac (02/29/16)

1. Electronic Delivery

When this chapter requires electronic delivery of backup documentation related to the completion or partial completion of repairs, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Property Reporting System (PRS).

When this chapter requires electronic delivery of documents related to post-origination transactions, 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 Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, *“Structured Transactions”*
- For all other Mortgages, *“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 Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, Freddie Mac *Multifamily Asset Management, Structured Transactions*
 - For all other Mortgages, Freddie Mac *Multifamily Asset Management, Borrower Transactions*

b. Reserve Custodial Accounts (05/01/14)

The Servicer must hold Reserves in Custodial Accounts in accordance with the requirements of the Loan Documents. If the Loan Documents do not contain specific requirements, then the Servicer must hold all Reserves in Custodial Accounts meeting the requirements of Chapter 52.

The Seller/Servicer must provide Freddie Mac all Custodial Account documentation required by Chapter 52.



The Servicer must service all Reserve Custodial Accounts required or permitted under this chapter in accordance with the Loan Documents, this chapter, Chapter 52 and other applicable sections of the Guide, and industry-accepted practices.

39.2 Reserve requirements; Reserves for taxes, ground rents, assessments and other charges (10/19/23)

a. Reserve requirements (04/30/19)

1. Unless Freddie Mac has deferred its right to require a Reserve for any item(s), the Servicer must collect Reserves for:
 - Taxes
 - Ground rents
 - Assessments and charges that may, if not paid on a timely basis, become prior liens on the Property
 - Premiums on all insurance policies (individual policies, Blanket Insurance ~~policies,~~ ~~master insurance policies~~ Policies, Master Insurance Policies, and liability insurance policies covering multiple properties) required by Chapter 31 and/or the Purchase and Servicing Documents. See Section 31.2(c) for additional information regarding Reserves for insurance premiums
 - Cap fee deposits for an ARM with an interest rate cap or swap agreement with a third-party provider that expires before the Mortgage maturity date
2. For taxes, ground rents, assessments, cap fee deposits and premiums for individual insurance policies, if the Servicer is collecting a Reserve when Freddie Mac purchases the Mortgage, the Servicer must continue to collect 1/12 of the yearly charge for each Reserve together with each monthly installment payable under the Note.
3. For Blanket Insurance ~~policies,~~ ~~master insurance policies~~ Policies, Master Insurance Policies, and liability insurance policies covering multiple properties, the Seller/Servicer must do one of the following:
 - Collect 1/12 of the premium allocation obtained from the insurance agent or broker, for each Property securing a Freddie Mac Mortgage that is insured under the applicable policy and serviced by the Servicer to ensure that the Servicer will have sufficient funds in the Reserve to pay the allocated premium due on the applicable policy or policies with each monthly installment payable under the Note
 - Collect 1/12 of an amount sufficient to purchase an individual insurance policy or policies with each monthly installment payable under the Note
 - Collect an amount sufficient to pay the annual premium for an individual insurance policy or ~~policies~~ policies for the Property



4. If a Borrower obtains a Supplemental Mortgage, then beginning on the Origination Date of the Supplemental Mortgage, the Servicer of the most senior Mortgage will begin to collect Reserve deposits for taxes, ground rents (if applicable), insurance, and Replacement Reserves, unless one of the following circumstances exists:
 - The Mortgaged Property is a Cooperative, and collection of those Reserves was deferred at origination of the most senior Mortgage
 - The Loan Documents for the most senior Mortgage explicitly provide for continued deferral of Reserve deposits following origination of a Supplemental Mortgage (for items other than insurance)
 - The Loan Documents for the most senior Mortgage explicitly provide for the continued deferral of Reserve deposits for insurance because the Mortgaged Property was covered under a Blanket Insurance ~~policy~~Policy or a ~~master insurance policy~~Master Insurance Policy and under the Supplemental Mortgage, the Mortgaged Property will continue to be covered under a Blanket Insurance ~~policy~~Policy or a ~~master insurance policy~~Master Insurance Policy
5. The Servicer must pay, at its own expense, any interest payable to the Borrower for Reserve funds or any other funds held by the Servicer, whether due to contractual agreement or operation of law. The Servicer must use funds deposited in a Reserve only for items related to the purpose for which the Reserve was established. The Servicer may not withdraw miscellaneous costs, including Uniform Commercial Code (UCC) filing fees, overnight delivery charges and/or late payment fees, from the Reserve.
6. The Servicer must obtain bills for and pay all Reserve items before the applicable penalty or termination date. The Servicer must maintain adequate records to prove payment of all Reserve items.
7. At least annually, the Servicer must compute the required Reserve installment amounts based on reasonable estimates of assessments and bills to determine that sufficient funds are being collected or have been collected to meet all Reserve payments. If the amount held in Reserve by the Servicer, together with the future monthly Reserve installments, exceeds the amount required to pay Reserve items as they fall due, the Servicer must either repay the excess promptly to the Borrower (if there is no default under the terms of the Loan Documents) or credit the excess to the Borrower by a reduction in monthly Reserve installments.
8. If the Servicer deems the amount held in Reserve insufficient to pay Reserve items when due, the Servicer must obtain the necessary additional funds from the Borrower before the latest date on which the charges may be paid prior to penalty, lapse of insurance policies, etc. If the Borrower fails to remit the deficient amount, or if there is insufficient time to obtain the amount, the Servicer must pay any Reserve items due and reflect a shortage in the Borrower's Reserve. However, during any period in which the Borrower is in bankruptcy, the Servicer may not make any advance in excess of Reserve funds for Reserve items without the prior consent of Freddie Mac.

For Mortgages originated under this Guide, the Servicer must advance the shortage in accordance with Section 52.15 and must notify Freddie Mac *Multifamily Asset*



Management, Asset Performance and Compliance if any advance is unresolved for 30 days.

For Delegated TAH Mortgages, the Servicer must advance the shortage to the extent permitted or described in its Delegated TAH Master Agreement.

9. To the extent permitted by the Loan Documents and applicable law, the Servicer may, without Freddie Mac's prior approval, start collecting Reserves not previously required, but may not discontinue collecting Reserves without Freddie Mac's prior written approval.

b. Annual certification (02/06/17)

Any Servicer that has a Multifamily Servicing-only approval, as described in Section 3.1(e), must certify to Freddie Mac in writing that all of the following have been paid during the preceding fiscal year and are not then delinquent, except as otherwise set forth in the certification:

1. Insurance premiums
2. Ground rents
3. Assessments
4. Taxes
5. Other charges that may, if not paid on a timely basis, become prior liens on the Property

If any such items are delinquent, the certification must describe the nature of the delinquency and the steps being taken to cure that delinquency.

The certification must be made using [Form 1110M, Multifamily Annual Certification Report – Servicer Only](#). Servicers must use the Multifamily Eligibility System, available on FreddieMac.com, to complete the Form and to submit it to Freddie Mac.

The Servicer must submit the completed [Form 1110M](#) within 90 days after the end of the Servicer's fiscal year following the instructions found on the form.

c. Requirements when Reserves are not collected (10/19/23)

If Freddie Mac has deferred its right to collect Reserves for any item, or if the Loan Documents or applicable law do not provide for the collection of Reserves or if Reserves were not being collected for some or all items when the Mortgage was sold to Freddie Mac, the Servicer must proceed as follows:

1. Verification of payment

At least annually, the Servicer must either require the Borrower to furnish proof of payment of all taxes, insurance premiums, ground rents, assessments and other charges or use other reliable means (such as tax services) commonly employed by private institutional mortgage investors to determine that these items have been paid.



2. Additional verification for Mortgages with a Risk Rating greater than six

On a semi-annual basis, for each Mortgage secured by a Property with a Risk Rating greater than six, or any Mortgage otherwise identified by Freddie Mac to the Servicer, the Servicer must:

- Require the Borrower to furnish proof of payment of water and sewer charges, or
- Require the Borrower to provide a certification that the water and sewer charges have been paid, or
- Use other reliable means commonly employed by private institutional mortgage investors to determine that water and sewage charges have been paid

Acceptable proof of payment includes copies of paid receipts and/or ~~cancelled~~canceled checks, and the corresponding water and sewer bills showing the previous amount paid.

3. Demand upon Borrower

If the Servicer discovers that any charge listed in item 1 or 2, above, has not been paid, the Servicer must immediately contact the Borrower in writing and require the Borrower to provide proof of payment within 10 days and provide Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* and Freddie Mac *Multifamily Asset Management, Asset Resolution* with a copy of such notice.

4. Advances by Servicer

For Delegated TAH Mortgages, advances by the Servicer are governed by its Delegated TAH Master Agreement.

For all other Mortgages, if the Borrower fails to pay any charge listed in item 1 or does not provide proof of that payment within the required 10 days, the Servicer must advance funds for the unpaid charge and any applicable penalty unless the Borrower is in bankruptcy.

If the Servicer fails to advance funds for the unpaid charge, Freddie Mac will hold the Servicer solely responsible for any penalties, interest or related charges resulting from the Servicer's failure to make the advance. If the Borrower is in bankruptcy, the Servicer may not make any advances in excess of Reserve funds for Reserve items without the prior consent of Freddie Mac.

The Servicer must attempt to work out an arrangement with the Borrower for repayment of any advance and, if allowed by law and the Loan Documents, must begin to collect Reserves for future charges.

If the Servicer cannot reach an agreement with the Borrower for the Borrower's repayment of the advanced amount or if the Borrower fails to comply with the terms of any such arrangement or refuses to set up a Reserve for future charges, the Servicer must promptly notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* and Freddie Mac *Multifamily Asset Management, Asset Resolution* of all



advances and must immediately recommend, in writing, a plan to protect Freddie Mac's interest.

39.3 Replacement Reserves, Repair Reserves, Rental Achievement and similar performance agreements – general requirements (10/12/17)

a. Reserve requirements (10/12/17)

For each Multifamily Mortgage, the Seller/Servicer must establish at the time of Mortgage closing a Repair Reserve, a Replacement Reserve, a Special Purpose Reserve, and a Rental Achievement Reserve to the extent required by Freddie Mac's Letter of Commitment or early rate-lock application. The Seller/Servicer must ensure that upon purchase of the Mortgage, Freddie Mac has a security interest in all amounts deposited in the Repair Reserve, Replacement Reserve, Special Purpose Reserve and Rental Achievement Reserve to further secure all of the Borrower's obligations under the Mortgage.

1. Repair Reserve

Funds deposited into the Repair Reserve may be used solely to defray the costs of required repairs to the Property, as set forth in Freddie Mac's Letter of Commitment or early rate-lock application.

Funds deposited into the Repair Reserve for the purpose of undertaking Green Improvements may be used solely to defray the costs of Green Improvements to the Property, as set forth in Freddie Mac's Letter of Commitment or early rate-lock application.

2. Replacement Reserve

For non-SBL Mortgages and for SBL Mortgages documented on Loan Agreement forms with a revision date of 11-02-2015 or earlier, funds deposited into the Replacement Reserve may be used solely to defray the costs of future replacements of items of real and personal property, as set forth in the Replacement Reserve Agreement or Loan Agreement.

For SBL Mortgages documented on Loan Agreement forms with a revision date after 11-02-2015, funds deposited into the Replacement Reserve may be used to defray the costs of future replacements of items of real and personal property specified in the Loan Agreement, including, if applicable, completion of Priority Repairs and PR-90 Repairs identified in the SBL Physical Risk Report, as set forth in the Loan Agreement.

For Supplemental Mortgages, no new replacement items should be permitted to be drawn from the Replacement Reserve that were not already permitted under the most senior Mortgage unless Replacement Reserve collection will increase accordingly. The Borrower and Seller/Servicer must request that the Loan Documents on the most senior Mortgage be modified to allow the increase to occur. The Borrower and Seller/Servicer must coordinate the request with the holder of the most senior Mortgage.

In all cases, this Section 39.3(a)(2) is subject to the provisions of Section 39.6(b).

3. Rental Achievement Reserve

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Funds deposited into the Rental Achievement Reserve, or letters of credit securing Borrower's obligations under a Rental Achievement Agreement or Loan Agreement must be held as continued security for Borrower's obligations under the agreement.

4. Special Purpose Reserve

Funds deposited into the Special Purpose Reserve pursuant to the Loan Agreement must be held as continued security for Borrower's obligations under the Loan Agreement.

b. Recordkeeping (10/14/16)

The Servicer must maintain accurate and complete books and records in connection with its administration of the Repair Reserve and Replacement Reserve, Special Purpose Reserve, and Rental Achievement Agreement Reserve, including maintaining in its files every disbursement request received, together with any invoices, lien waivers, budgets, engineer's certification or other documentation received in connection with any such disbursement request.

c. Investment of funds (10/14/16)

Unless the Commitment or early rate-lock application specifies otherwise, the Servicer may accept only cash or a check (subject to collection) from the Borrower for deposit into the Repair Reserve, Replacement Reserve, Special Purpose Reserve or Rental Achievement Reserve. Funds deposited into the Repair Reserve, Replacement Reserve, Special Purpose Reserve or Rental Achievement Reserve must be held and invested by the Servicer in accordance with the provisions of the Loan Documents. If the Loan Documents do not contain specific requirements, then the Servicer must hold and invest the funds in accordance with the provisions of Section 52.4.

d. Annual certification (02/06/17)

Any Servicer that has a Multifamily Servicer-only approval, as described in Section 3.1(e), must certify to Freddie Mac in writing within 90 days after the end of the Servicer's fiscal year that all Reserve collections and disbursements have been made in accordance with the applicable Reserve agreements. The Servicer must explain in writing any discrepancies from the agreements and provide a description of the steps being taken to resolve each matter.

The certification must be made using [Form 1110M, Multifamily Annual Certification Report – Servicer Only](#). Servicers must use the Multifamily Eligibility System, available at mf.freddie.mac.com/lenders/guide, to complete the form and to submit it to Freddie Mac.

The Servicer must submit the completed [Form 1110M](#) within 90 days after the end of the Servicer's fiscal year following the instructions found on the form.

39.4 Required repairs, Utility Efficiency Improvements, Green Improvements and Repair Reserve Servicing for non-SBL Mortgages, or for SBL Mortgages with Loan



Agreement forms dated 11-02-2015 or earlier or dated on or after 07-30-2024 (~~12/16/25~~02/24/26)

This Section 39.4 applies to all non-SBL Mortgages and to any SBL Mortgages with Loan Agreement forms with revision dates of 11-02-2015 or earlier or dated on or after 07-30-2024. See Section 39.5 for all SBL Mortgages with Loan Agreement forms with revision dates after 11-02-2015 or before 07-30-2024.

For the purposes of this chapter, any Repair Agreement, Repair Escrow Agreement, Repair Agreement with LOC, Repair and Escrow Agreement, Loan Agreement Rider relating to repairs or other agreement involving repairs or improvements to the Property will be referred to as a “Repair Agreement.”

a. Monitoring and timely completion of repairs (~~12/16/25~~02/24/26)

The Servicer must monitor the applicable completion date(s) under each Repair Agreement and work with the Borrower to ensure that all repairs are completed on a timely basis.

The Servicer must notify Freddie Mac via PRS within 30 calendar days of the completion date that the Borrower is on track to complete all repairs by the due date. The Servicer must include evidence in PRS of the Borrower's intention to complete repairs. Such evidence may include an executed repair contract, estimate for repair work, or itemized progress of repair work.

The Servicer must notify Freddie Mac within 10 Business Days following the Servicer's confirmation of the Borrower's completion of all repairs under a Repair Agreement.

- For repairs classified as Utility Efficiency Improvements or Green Improvements as applicable, this notification must be on the Utility Efficiency Improvement Verification Certification or the Green Improvements Verification Certification, which is an Exhibit to the Loan Agreement, which must be submitted to Freddie Mac via the Property Reporting System (PRS). The Servicer must collect the applicable Verification Certification within 30 days of completion of the applicable improvements. The Verification Certification must provide the following:
 - The date of completion of the improvements
 - The specifications of the completed improvements
 - Confirmation that the Benchmarking Data Consultant uploaded current energy and water usage (Benchmarking Data) into ENERGY STAR® Portfolio Manager®, or if Portfolio Manager, is no longer available, into another benchmarking tool identified by Freddie Mac
 - If Freddie Mac no longer owns the Mortgage, the Servicer must submit the applicable Verification Certification to Freddie Mac via DMS
- 1. Unless otherwise specified by Freddie Mac, the Servicer is responsible for documenting that all repairs are completed satisfactorily, including exercising the right of the lender under the Repair Agreement to hire an engineer to certify that the repairs have been completed in a good and workmanlike manner.

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2. The Servicer must cause a qualified engineer to certify that repairs have been completed in a good and workmanlike manner when any one of the following conditions is present:

- The repair, if improperly done, might contribute to material failure of any building component and/or the physical deterioration of the facility
- The repair is a structural repair
- The repair consists of repair to major building systems (for example, electrical, mechanical, fire protection, etc.)

The engineer must meet or exceed the qualification requirements in Section 62.8 or Section 62SBL.17, as applicable. If the Servicer does not have a qualified engineer on staff, the Servicer must retain a qualified third-party engineer. When the scope of work requires specialized knowledge to verify completion and quality, the Servicer must retain an engineer with appropriate expertise.

3. The Servicer must maintain supporting documentation in the Mortgage File for each completed repair, including:
 - A list of the items that have been completed,
 - Color photographs documenting the completed repairs,
 - The final completion date, and
 - The engineer's certification, when required, that repairs have been completed in a good and workmanlike manner.
4. If the Servicer receives an Energy Certification from the Borrower for Utility Efficiency Improvements or Green Improvements made at the Property, the Servicer must notify Freddie Mac of receipt of certification. If Freddie Mac no longer owns the Mortgage, the Servicer must submit the certification to Green_Advantage_Reporting@freddiemac.com.

If requested by Freddie Mac for Utility Efficiency Improvement or Green Improvement purposes, the Servicer must deliver to Freddie Mac any utility bills, reports or documentation supporting the usage of energy and water at the Property and if available, any calculations of any Borrower savings resulting from the applicable improvements. If Freddie Mac no longer owns the Mortgage, the Servicer must submit this information to Green_Advantage_Reporting@freddiemac.com.

b. Incomplete repairs, partially completed repairs and extension requests
(07/01/2502/24/26)

If it becomes apparent to the Servicer that all required repairs will not be completed by the applicable completion date, or the required repairs are not complete within 30 days of the applicable completion date, the Servicer must work with the Borrower to determine whether an extension is appropriate, and to document that extension as required in this section.



1. Submitting documentation for incomplete or partially completed repairs

- a. At least 30 days prior to the applicable completion date, the Servicer must notify Freddie Mac of partial completion of repairs on the [Borrower Certification – Partial Completion of Repairs](#) form, which must be submitted to PRS. In addition, the Servicer (or its permitted delegee) must submit an extension request, if appropriate, for incomplete repairs as described in Section 39.4(b)(3) or (4), as applicable. If processing an extension request, the Servicer must add an update comment to PRS that an extension request will be submitted. Upon approval of the extension request, the Servicer must update PRS with approval information, indicating that approval has been reflected in the Consent Request Tracker ~~– (“CRT”)~~.
- b. If the Servicer determines that repairs will not be completed by the applicable completion date and that an extension is not appropriate, then at least 30 days prior to the completion date the Servicer must provide Freddie Mac with a detailed update in PRS of the:
 - Status of the repairs.
 - Prospects for ultimate completion of those repairs.
 - Borrower's reasons for not completing the repairs in a timely manner.
 - Servicer's recommendation for resolving the matter, which must include evidence in PRS of Borrower intent to complete repairs. Such evidence may include an executed repair contract, estimate for repair work, or itemized progress of repair work.
 - Notwithstanding Section 39.4(b)(1)(a) or (b) above, at least 10 days prior to the applicable completion date, for any repairs that remain outstanding, the Servicer must evaluate whether an extension is appropriate. If appropriate, the Servicer (or its permitted delegee) must submit an extension request for incomplete repairs as described in Section 39.4(b)(3) or (4), as applicable. The Servicer must add an update comment to PRS that an extension request will be submitted. Upon approval of the extension request, the Servicer must update PRS with the approval information, indicating that approval has been reflected in the Consent Request Tracker.

2. Extension requests that the Servicer is permitted to approve

For purposes of this chapter, the following term is defined as follows:

Retained Authority. Notwithstanding satisfaction of a Servicer Delegation Requirement, Freddie Mac will retain approval authority over requests for a Mortgage:

- Originated under the:
 - Preservation Rehabilitation product,
 - Acquisition Rehabilitation product.



- Acquisition Upgrade product.
- Moderate Rehabilitation product, or ~~During any period~~
- REO purchase and stabilization product.
- Securing a bond or loan deposited in a Freddie Mac Multifamily M Certificates securitization (TEBS) prior to December 31, 2025.
- For which Freddie Mac ~~owns the Mortgage, the Servicer may~~ provides secondary market credit enhancement, and in any such case, stabilization as determined by Freddie Mac has not been achieved.

For a Repair Agreement with repairs that have a completion date of less than 365 days, the Servicer is delegated authority to approve an extension of the completion date of a Repair Agreement unless one of the following applies:
only if

- i. ~~The Mortgage was originated on a Note labeled “CME”~~
- ii. ~~The Mortgage was originated on a Note with a revision date on or after March 1, 2014~~
- iii. ~~The Servicer has received notification from Freddie Mac that the Mortgage~~ Delegation Requirement ~~has been designated for inclusion in a Securitization~~
- iv. ~~The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt or taxable Multifamily bond securitization~~
- ~~a. For an eligible Mortgage, the Servicer may approve an extension only if all~~ satisfied and each of the following conditions are ~~met~~ satisfied:
 - i. The required repairs pose no life, health or safety issues
 - ii. The remaining repairs represent no more than the lesser of \$500,000 or five percent of the UPB
 - iii. The Borrower is making progress on required repairs, as evidenced by a recent inspection or current, dated photos and paid invoices provided by the Borrower
 - iv. There is no material adverse impact from an extension, including detriment to occupancy or marketing efforts, asset preservation consequences or negative cash flow impact
 - v. The Property condition was ~~averaged~~ not less than “3” (Fair or better) as of the date of the last AIF, or if no AIF has been completed, as of the date of underwriting



- vi. The Borrower has a reasonable business justification (not including cash flow issues) for requesting the extension
- vii. The Servicer has not previously authorized an extension of the completion date
- viii. The Mortgage:

- Has a Risk Rating of six or less,
and, if in a Securitization and Freddie Mac is the master servicer, is not on the CREFC Watchlist,
- ~~Has a UPB of less than \$30 million,~~
- Is not in default,

~~Was not originated under the~~

- Is not subject to Retained Authority by Freddie Mac, and Acquisition Rehabilitation product, the Acquisition Upgrade product, the Moderate Rehabilitation product, or the REO purchase and stabilization product, and
- Has no additional investors who have provided credit enhancements other than those provided by a Seller/Servicer, Borrower or Affiliates of the Borrower

- ix. A supervisor or higher-level manager on the Servicer's staff approved the extension of the completion date using the [Repair/Rehab Agreement Extension/Modification Request](#) form

~~–b.~~ Notwithstanding the requirements of 39.4(b)(2)(a) ~~and (b)~~, if the Mortgage was originated as part of the SBL program and a Servicer Delegation Requirement has been satisfied, the Servicer may approve an extension only if all of the following conditions are met:

- i. The required repairs pose no life, health or safety issues
- ii. The remaining repairs represent no more than five percent of the UPB
- iii. The Borrower is making progress on required repairs, as evidenced by a recent inspection or current, dated photos and paid invoices provided by the Borrower
- iv. There is no material adverse impact from an extension, including detriment to occupancy or marketing efforts, asset preservation consequences or negative cash flow impact
- v. The Property condition was ~~averaged~~ not less than "3" (Fair or better) as of the date of the last AIF, or if no AIF has been completed, as of the date of underwriting
- vi. The Borrower has a reasonable business justification (not including cash flow issues) for requesting the extension



- vii. The Servicer has not previously authorized an extension of the completion date
- viii. The Mortgage:
 - Has a Risk Rating of six or less
 - Is not in default
- ix. A supervisor or higher-level manager on the Servicer's staff approved the extension of the completion date using the [Repair/Rehab Agreement Extension/Modification Request](#) form

~~d.c.~~ For a non-SBL Mortgage, provided that all of the requirements in Section 39.4(b)(2)(a) and (b) are met, the Servicer has delegated authority to extend the completion date of a Repair Agreement by up to the same amount of time initially granted in the Repair Agreement, but not more than a date that is 12 months after the Origination Date of ~~the non-SBL~~ such Mortgage. (For example, if the original completion date was 90 days following the Origination Date of the Mortgage, the Servicer may extend the completion date by no more than 90 days.)

For an SBL Mortgage, provided that all of the requirements in Section 39.4(b)(2)(c) are met, the Servicer has delegated authority to extend the completion date of a Repair Agreement up to a date that is 12 months after the Origination Date of ~~the SBL~~ such Mortgage.

d. For all Mortgages, the Servicer must notify Freddie Mac of any actions taken under this delegated approval within two days after the effective date of the approval by creating a record in CRT with the selection that Freddie Mac approval is not required due to the specified Servicer Delegation Requirement being satisfied.

~~The for Mortgages owned by Freddie Mac, electronically submitting to Freddie Mac via DMS and updating~~ Servicer must update the respective Loan Item Tracking in PRS, and electronically submit the following to Freddie Mac via DMS:

- The [Repair/Rehab Agreement Extension/Modification Request](#) form
- A copy of the approval letter that the Servicer provided to the Borrower
- Copies of any modified ~~loan documents~~ Loan Documents

3. Submitting extension requests requiring Freddie Mac approval

Freddie Mac approval is required for all modifications and extensions of the Repair Agreement with respect to any Mortgage not described in Section 39.4(b)(2)(a) and (c).

If a Borrower requests an extension or modification of a Repair Agreement, the Servicer must, within five Business Days of receiving such request, take the following actions:

- Enter the extension request into ~~Consent Request Tracker (CRT)~~. The CRT record should be created with the selection that Freddie Mac approval is required ~~for Mortgages owned by Freddie Mac~~.

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- Electronically deliver the [Repair/Rehab Agreement Extension/Modification Request](#) form, including any necessary supporting documentation via CRT or DMS.

The Servicer must charge the Borrower a nonrefundable extension/modification review fee as set forth in [Exhibit 10](#). If a fee is applicable, the Servicer must remit to Freddie Mac 50 percent of the fee and may retain the remaining 50 percent.

4. Documentation of approved extensions

Within the time specified in Freddie Mac's approval of a modification or extension of a Repair Agreement, the Servicer must deliver any required documents and fees to Freddie Mac in accordance with the delivery requirements of the approval letter.

5. Managing outstanding Repair items

The Servicer must manage notifications to the Borrower until the Servicer receives acceptable proof of completion for all items identified in the Repair Agreement. For Repairs not completed as or when required, Freddie Mac requires the Servicer to take the following actions:

- Within 30 calendar days following the repair due date, send a "reservation of rights" letter to the Borrower in conjunction with enforcing the Loan Documents. The Servicer must use either the [Notice of Default and Reservation of Rights \(Conventional\)](#) or the [Notice of Default and Reservation of Rights \(SBL\)](#) form, as applicable, and must work closely with Freddie Mac in handling such matters.
- Within 10 Business Days of sending the "reservation of rights" letter to the Borrower, the Servicer must provide Freddie Mac a copy of the letter via email at MF_Surveillance@freddiemac.com and upload a copy to the Document Management System (DMS). If collection of Reserve deposits for Replacement Reserves was deferred at the time of such Repair item noncompliance, the Servicer must begin collection of the Reserve deposits for Replacement Reserves. Collection of Reserve deposits for Replacement Reserves must commence not later than the second payment installment date immediately following the Repair item completion due date. The Servicer may include notice of the collection of Reserve deposits for Replacement Reserves in the "reservation of rights" letter to the Borrower or in a separate Borrower communication.

c. [Disbursement from Repair Reserve \(06/13/24\)](#)

The Servicer must review all estimates or contracts from contractors to determine that the bid amount for each repair is reasonable. The Servicer also must ensure that the bid price is reasonably sufficient to pay for all necessary labor and materials to be performed or supplied by that contractor. The Mortgage File retained by the Servicer must include all estimates and contracts.

Unless otherwise specified by Freddie Mac, the Servicer will be responsible for authorizing disbursements from the Repair Reserve and for documenting that all repairs are completed satisfactorily. If the Borrower has met all of the Repair Agreement conditions for



disbursement, then the Servicer may make the requested disbursement to

- The Borrower, if the Borrower has submitted evidence that the work for which disbursement is requested has been fully paid for by the Borrower. This evidence must be in the form of copies of canceled checks, receipts or invoices that are in the amount of the disbursement request and that are marked "paid," and if required by Seller/Servicer, valid lien waivers.
- The Borrower and the contractor or vendor jointly, if the Borrower has not submitted evidence that the work has been paid for in full.

d. Requiring a Borrower to fund an unfunded Repair Reserve upon default (06/25/20)

Even if a Repair Agreement did not require immediate funding of a Repair Reserve, the Repair Agreement may require the Borrower to fund the Repair Reserve upon the occurrence of an event of default under the Loan Documents. The Servicer must consult with Freddie Mac *Multifamily Asset Management, Asset Resolution* upon the occurrence of an event of default by the Borrower, and must require the Borrower to establish the Repair Reserve within the time and in the amount specified by Freddie Mac. Within 10 days following funding of the Repair Reserve, the Servicer must deliver to Freddie Mac, at the address found on the form, the original of one of the following forms, as applicable, executed on behalf of the institution that maintains the Repair Reserve Custodial Account:

- If the Custodial Account for the Repair Reserve is held by an institution other than the Servicer, [Form 1058, Letter Agreement for Servicer's Reserve Custodial Account](#)
- If the Custodial Account for the Repair Reserve is held by the Servicer, [Form 1060, Letter Agreement for Reserve Custodial Account](#)

e. Prohibited actions by the Servicer (09/18/14)

The Servicer may not take any of the following actions with respect to the Repair Agreement or Repair Reserve without Freddie Mac's prior written consent:

- i. Charge a one-time fee in excess of the amount set forth in [Exhibit 10](#) for establishing the Repair Reserve
- ii. Charge a fee in excess of the amount set forth in [Exhibit 10](#) (excluding travel and other reasonable expenses) for each inspection of the Property under the Repair Reserve Agreement
- iii. Make disbursements from the Repair Reserve to any party other than the Borrower, except as permitted by Section 39.4(c)
- iv. Require the Borrower to deposit funds into the Repair Reserve in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application
- v. Exercise the right of the lender under the Repair Reserve Agreement to perform any capital replacement



- vi. Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any repair
- vii. Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Repair Reserve upon the Borrower's default
- viii. Approve any modifications to the Repair Agreement except as permitted by Section 39.4(b)(2)

39.5 Priority Repairs and Replacement Reserve Servicing for SBL Mortgages with Loan Agreement forms dated after 11-02-2015 or before 07-30-2024 (08/15/24)

This Section 39.5 applies to all SBL Mortgages with Loan Agreement forms with revision dates after 11-02-2015 or before 07-30-~~24~~2024. See Section 39.4 for all SBL Mortgages with Loan Agreement forms with revision dates on or before 11-02-2015 or on or after 07-30-2024.

a. Monitoring and completion of Priority Repairs (08/15/24)

1. In conjunction with the first annual property inspection and all subsequent property inspections, the Servicer must determine whether the Borrower has completed the Priority Repairs (including PR-90 Repairs) listed on [Form 1104, SBL Physical Risk Report](#).

Freddie Mac will create Loan Item Tracking (LIT) entries in PRS that capture the Priority Repairs and PR-90 Repairs identified on [Form 1104](#). Within 30 calendar days of deeming any Priority Repair or PR-90 Repair item to be complete, the Servicer must update the respective PRS LIT accordingly.

2. If the Servicer determines that any Priority Repair (including PR-90 Repairs) has not been completed, the Servicer must issue a notification to the Borrower documenting the outstanding Priority Repair and refer the Borrower to its obligation under the Loan Agreement to complete the identified Priority Repair. If the Borrower does not respond within 30 calendar days following such Servicer notification or if the Borrower timely responds but does not provide a satisfactory Priority Repair action plan, Freddie Mac requires the Servicer to issue a "reservation of rights" letter as soon as possible, and no later than 10 Business Days following such Borrower inaction. The Servicer must use the [Notice of Default and Reservation of Rights \(SBL\)](#) form. Within five Business Days of sending the "reservation of rights" letter to the Borrower, the Servicer must provide Freddie Mac a copy of the letter via email at MF_Surveillance@freddiemac.com and upload a copy to the Document Management System (DMS).

The Servicer must follow up and work closely with the Borrower on any outstanding Priority Repair items and any other Life Safety Hazards until they are remediated or resolved.

3. The Servicer must cause a qualified engineer to certify that repairs have been completed in a good and workmanlike manner when any one of the following conditions is present:



- The repair, if improperly done, might contribute to material failure of any building component and/or the physical deterioration of the facility
- The repair is a structural repair
- The repair consists of a repair to a major building system (for example, electrical, mechanical, fire protection, etc.)

The engineer must meet or exceed the qualification requirements in Section 62SBL.17. If the Servicer does not have a qualified engineer on staff, the Servicer must retain a qualified third-party engineer. When the scope of work requires specialized knowledge to verify completion and quality, the Servicer must retain an engineer with appropriate expertise.

4. The Servicer must maintain supporting documentation in the Mortgage File for each completed repair, including:
 - A list of the items that have been completed,
 - Color photographs documenting the completed repairs,
 - The final completion date, and
 - The engineer's certification, when required, that repairs have been completed in a good and workmanlike manner

b. Reserved (10/14/16)

c. Disbursement from Replacement Reserve Fund for Priority Repairs (10/14/16)

1. The Servicer must review all estimates or contracts from contractors to determine that the bid amount for each repair is reasonable. The Servicer also must ensure that the bid price is reasonably sufficient to pay for all necessary labor and materials to be performed or supplied by that contractor. The Mortgage File retained by the Servicer must include all estimates and contracts.
2. Unless otherwise specified by Freddie Mac, the Servicer will be responsible for authorizing disbursements from the Replacement Reserve and for documenting that all repairs are completed satisfactorily. If the Borrower has met all of the conditions for disbursement, then the Servicer may make the requested disbursement to
 - The Borrower, if the Borrower has submitted evidence that the work for which disbursement is requested has been fully paid for by the Borrower. This evidence must be in the form of lien waivers, copies of canceled checks, receipts or invoices that are in the amount of the disbursement request and that are marked "paid."
 - The Borrower and the contractor or vendor jointly, if the Borrower has not submitted evidence that the work has been paid for in full.



d. Reserved (10/14/16)

e. Prohibited actions by the Servicer (10/14/16)

The Servicer may not take any of the following actions with respect to the Replacement Reserve Fund without Freddie Mac's prior written consent:

- i. Charge a fee for establishing the Replacement Reserve Fund
- ii. Charge a fee in excess of the amount set forth in [Exhibit 10](#) (excluding travel and other reasonable expenses) for each inspection of the Property under the Loan Agreement
- iii. Make disbursements from the Replacement Reserve Fund to any party other than the Borrower, except as permitted by Section 39.5(c)
- iv. Require the Borrower to deposit funds into the Replacement Reserve Fund in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application
- v. Exercise the right of the lender under the Loan Agreement to perform any capital replacement
- vi. Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any Capital Replacement or repair
- vii. Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Replacement Reserve Fund upon the Borrower's default

39.6 Replacement Reserve Servicing (~~06/13~~02/24/26)

For the purposes of this chapter, the term "Replacement Reserve Agreement" means any Replacement Reserve Agreement, Replacement Reserve Rider to Loan Agreement, or other Loan Document establishing a Replacement Reserve, including the Loan Agreement.

a. Funded Replacement Reserves (06/13/24)

The Servicer is responsible for authorizing releases from the Replacement Reserve and for obtaining from the Borrower copies of canceled checks, bills, receipts or invoices that are in the amount of the disbursement request and that are marked "paid" and if required by Seller/Servicer, valid lien waivers. The Seller/Servicer must also document that all capital replacements are completed satisfactorily, including exercising the right of the lender under the Replacement Reserve Agreement to hire an engineer to certify that the capital replacements have been completed in a good and workmanlike manner.

b. Disbursements for additional capital replacement items (07/01/14)

1. Mortgages for which the Servicer is permitted to approve additional disbursements



During any period in which Freddie Mac owns the Mortgage, the Servicer may approve a disbursement for certain capital replacement items not specifically listed in the Replacement Reserve Agreement unless one of the following applies:

- The Mortgage was originated on a Note labeled “CME”
- The Mortgage was originated on a Note with a revision date on or after March 1, 2014
- The Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization
- The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt or taxable Multifamily bond securitization

2. Types of additional disbursements the Servicer may approve

Subject to the limitations in Section 39.6(b), the Servicer may authorize a disbursement for certain capital replacement items not specifically listed in the Replacement Reserve Agreement. The only permissible additional items are as follows:

- a. A capital replacement item which was identified and made part of the projected expenditures in the property condition report
- b. A capital replacement item that the Servicer reasonably determines is critical to the continued operation of the Property (“critical replacement”), if each of the following conditions is satisfied:
 - i. The Servicer has determined that the Property’s cash flow is insufficient to cover the cost of the critical replacement, and has taken one of the following actions:
 - Confirmed that Replacement Reserve balances and projections are reasonably adequate to cover future disbursements for capital replacements listed in the Replacement Reserve Agreement, or
 - Required the Borrower to amend the Replacement Reserve Agreement to increase the amount of future monthly deposits to cover the original capital replacements as well as the critical replacement, if the Servicer has determined that the disbursement for the critical replacement will cause the amount of the Replacement Reserve to fall below an adequate level. The Servicer must prepare the applicable amendment and submit it to Freddie Mac for its review, approval and signature.
 - ii. The Servicer must retain supporting documentation and copies of its approvals in the Mortgage File for all disbursements made pursuant to Section 39.6(b)(2).
- c. The Servicer may only authorize a disbursement for a critical replacement described in Section 39.6(b)(2) when all of the following additional conditions are met:



- i. The Property secures a Mortgage that has a Risk Rating of six or less and is not in default.
- ii. The disbursement is for capital replacement items that are upgrades which add value to and prevent an adverse condition at the Property.
- iii. A supervisor or higher-level manager on the Servicer's staff has approved the disbursement for the additional capital replacement items.
- iv. No credit enhancement has been provided by any person or entity that is not a party to the Mortgage.

If any one or more of the conditions described in this Section 39.6(b)(1) or (2) is not met, the Servicer must seek Freddie Mac's approval, as described in Section 39.6(b)(2)(d) below.

- d. Freddie Mac approval is required for any Replacement Reserve disbursement request for any capital replacement item that is not specifically listed in the Replacement Reserve Agreement nor permitted under Section 39.6(b)(1) or (2) (a) – (c). For all such disbursement requests, the Servicer must electronically deliver to Freddie Mac a written request for such modification using the [General Servicing Request](#) form, attaching any necessary supporting documentation.

c. Requiring a Borrower to fund an unfunded Replacement Reserve (05/01/14)

If the Replacement Reserve Agreement did not require immediate monthly funding of the Replacement Reserve, the Agreement may nonetheless require the Borrower to begin to make deposits to the Replacement Reserve upon the occurrence of certain conditions specified in the agreement. The Servicer must consult with Freddie Mac upon the occurrence of any of the specified conditions and must require the Borrower to commence funding of the Replacement Reserve when specified by Freddie Mac. Within 10 days following funding of the Replacement Reserve, the Servicer must deliver to Freddie Mac an original of one of the following forms, as applicable, executed on behalf of the institution that maintains the Replacement Reserve Custodial Account:

- If the Custodial Account for the Replacement Reserve is held by an institution other than the Servicer, [Form 1058, Letter Agreement for Servicer's Reserve Custodial Account](#)
- If the Custodial Account for the Replacement Reserve is held by the Servicer, [Form 1060, Letter Agreement for Reserve Custodial Account](#)

d. Unfunded Replacement Reserves with required capital expenditures (04/30/19)

1. If the Borrower is required to spend a minimum or specified amount on capital expenditures annually, or an average amount per year over a specified period of time, and a Replacement Reserve Custodial Account is not in place, the Servicer must monitor compliance with the expenditure requirements in accordance with the Replacement Reserve Agreement and may accept either of the following items as evidence of compliance:



- An operating statement for the reporting period, certified by the Borrower, that includes sufficient details to confirm the capital expenditures were made, or
 - An itemized list, certified by the Borrower, of capital expenditures for the reporting period identifying the item, cost for the item, and total paid for capital expenditures for the period.
2. The Servicer must monitor the capital expenditures in accordance with the Replacement Reserve Agreement. If the Servicer determines the Borrower is not in compliance with the capital expenditure requirements, the Servicer must work with the Borrower to resolve the noncompliance. The Servicer must notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* if any of the following conditions is present:
- a. The Property secures a Mortgage that has a Risk Rating greater than six or is in default
 - b. The Property condition had a rating of
 - Less than Average on the Freddie Mac rating scale, if the last inspection took place before 2012, or
 - Four or five if the last inspection took place in 2012 or later
 - c. There are significant outstanding Deferred Maintenance issues, or the Borrower is out of compliance in an amount that exceeds 20% of the required expenditures
 - d. There are additional investors who have provided credit enhancements (other than those provided by a Seller/Servicer, Borrower, or Affiliates of the Borrower)
 - e. The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt (or taxable) Multifamily bond securitization

e. Prohibited actions by the Servicer (09/18/14)

The Servicer may not take any of the following actions with respect to the Replacement Reserve without Freddie Mac's prior written consent:

- 1. Charge a one-time fee in excess of the amount set forth in [Exhibit 10](#) for establishing the Replacement Reserve
- 2. Charge a fee in excess of the amount set forth in [Exhibit 10](#) (excluding travel and other reasonable expenses) for each inspection of the Property under the Replacement Reserve Agreement
- 3. Make disbursements from the Replacement Reserve to any party other than the Borrower



4. Require the Borrower to deposit funds into the Replacement Reserve in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application, except as authorized under Section 39.6(b)
5. Exercise the right of the lender under the Replacement Reserve Agreement to perform any capital replacement
6. Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any capital replacement
7. Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Replacement Reserve upon the Borrower's default

f. Mortgages with terms longer than 10 years (~~12/12/44~~02/24/26)

1. For a Mortgage with a loan term longer than 10 years, the Replacement Reserve requirements in the Loan Documents may provide that the lender may adjust the Replacement Reserve amount following receipt of an updated property condition report. If the Loan Documents provide for such an adjustment, then on the 10th anniversary of the Origination Date of the Mortgage, the Servicer must conduct a re-evaluation of the adequacy of the Replacement Reserve.
2. If the Loan Documents permit the lender to adjust the Replacement Reserve amount, then the Servicer must take one of the following actions:
 - If the Loan Documents provide that the lender may obtain a property condition report and either charge the cost to the Borrower or deduct the cost from the Replacement Reserve Fund, then the Servicer must obtain an updated property condition report conducted in accordance with the requirements of Chapter 62.
 - If the Loan Documents do not contain a provision authorizing the lender to obtain a property condition report at the Borrower's expense, then the Servicer must conduct a property inspection in accordance with the requirements of Chapter 40 for annual inspections; however, third-party fee inspectors are not permitted.
3. Within 15 days following receipt of the updated property condition report or property inspection, as applicable, the Servicer must electronically submit a recommendation on the General Servicing Request to Freddie Mac regarding the need for adjustments to the Replacement Reserve amount.

4. Replacement Reserve reviews

a. Replacement Reserve reviews that the Servicer is permitted to approve

The Servicer is delegated authority to approve modifications to the Replacement Reserve requirements only if a Servicer Delegation Requirement has been satisfied; provided, however, the Servicer will not have delegated authority under this paragraph if the subject Mortgage:



- is in a Securitization where Freddie Mac is the named master servicer, but the Directing Certificateholder (or Directing Party) is not Freddie Mac, or
- is subject to Retained Authority by Freddie Mac.

Subject to the foregoing paragraph, if a Servicer Delegation Requirement has been satisfied, the Servicer is delegated authority to approve modifications to the Replacement Reserve requirements without submitting a consent request to Freddie Mac, provided all of the following conditions are met:

- The Mortgage has a Risk Rating of six or less (and if securitized, is not on the watchlist), has a UPB of less than \$30 million, and is not in default.
- The Property Condition Report (PCR) (or SBL Physical Risk Report (PRR), for SBL Mortgages) must have been completed within six (6) months of the modification request date and within six (6) months of the required review date.
- The PCR must analyze capital needs for the correct number of years (i.e., lesser of remaining loan term plus 2 years or 10-years plus 2-years); this requirement does not apply to SBL Mortgages.
- The PCR (or PRR, as applicable) must identify the overall Property condition as “Good” or better.
- No Critical or PR-90 (including Life Safety) repairs may be identified in the PCR (or PRR, as applicable).

The Servicer’s recommendation regarding Replacement Reserve modifications must align with the findings of the PCR (or PRR, as applicable). The Servicer may not recommend a reduction in Replacement Reserve deposits when the PCR (or PRR, as applicable) and existing escrow indicate that deposits should remain the same, nor recommend that deposits remain the same when the PCR (or PRR, as applicable) and escrow analysis indicate an increase is warranted.

b. Notification and documentation requirements

For all Mortgages, the Servicer must notify Freddie Mac of any actions taken under this delegated approval within two days after the effective date of the approval by creating a record in CRT with the selection that Freddie Mac approval is not required due to the specified Servicer Delegation Requirement being satisfied and electronically submitting to Freddie Mac via DMS the following:

- The General Servicing Request form and all supporting documentation.
- A copy of the approval letter that the Servicer sent to the Borrower
- Copies of any modified loan documents.

If any of the above conditions are not met—including, but not limited to, cases where the overall Property condition is “Fair” or worse, or the Servicer’s recommendation does not align with the PCR and escrow analysis—the Servicer must submit a formal request for Freddie Mac’s consent prior to approving any modifications to the Replacement Reserve requirements as outlined in Section 39.6(f)(4)(c) below.



c. Submitting modification requests requiring Freddie Mac approval

Freddie Mac approval is required for all modifications of Replacement Reserves with respect to any Mortgage not described in Section 39.6(f)(4)(a). If the Servicer is submitting a modification request for Freddie Mac approval, the Servicer must take the following actions:

- i. Enter the modification request into CRT. For Consent Request Category, select Escrow Extensions / Modifications. For Consent Request Type, select Replacement Reserve Modification. The CRT record should be created with the selection that Freddie Mac approval is required.
- ii. Electronically deliver the General Servicing Request form, including any necessary supporting documentation including but not limited to updated property condition report and analysis of Replacement Reserves.

- ~~4.~~5. Unless the Loan Documents provide otherwise, the Servicer must deduct from the Replacement Reserve Fund an amount sufficient to pay all reasonable fees and expenses charged by the property condition consultant or Servicer.

39.7 Rental achievement Reserve Servicing (09/18/14)

For the purposes of this section, any Property performance achievement agreement, such as a rental achievement guaranty, a Rental Achievement Escrow Agreement – Cash or Rental Achievement Agreement – Letter of Credit, or Rental Achievement Rider to Loan Agreement which a Borrower or Guarantor has executed with respect to a Mortgage, will be referred to as a “rental achievement agreement.”

If a rental achievement agreement exists with respect to the Property, the Servicer must require the Borrower to establish any required Reserve or post any required letter of credit within the time and in the amount specified by Freddie Mac. A rental achievement guaranty executed in connection with the Mortgage may include rental achievement provisions tied to a reduction in the amount of the base guaranty or other provisions. See Section 11.2 for the Seller/Servicer’s obligations with respect to the approval and monitoring of Letters of Credit.

a. Monitoring of Property performance; requests for release or reduction of Reserve funds (09/18/14)

The Servicer must monitor the performance of the Property under the terms of the rental achievement agreement. If the Borrower or Guarantor submits a request for release of the Reserve or letter of credit, or a reduction in the base guaranty, the Servicer must:

- Collect all data required to analyze the request under the terms of the applicable document
- Review and analyze the data
- Submit the data and the Servicer's written recommendation with respect to the request to Freddie Mac electronically, using the [Release/Extension of Monetary Collateral Request](#) form, and attaching any necessary supporting documentation



If the rental achievement agreement includes an earn-out expiration date, the Servicer must monitor the earn-out expiration date, and must contact Freddie Mac, via email at least 30 days prior to the earn-out expiration date, providing the Servicer's discussion of the Property's performance in relation to the performance standard. In the email, the Servicer must advise Freddie Mac whether:

- The Servicer expects the Property to meet the performance standard prior to the earn-out expiration date,
- The Borrower or Guarantor is likely to request an extension of the earn-out expiration date, and
- The Servicer recommends any action by Freddie Mac.

b. Extension of earn-out expiration date (09/18/14)

If the Borrower or Guarantor requests an extension of the earn-out expiration date, the Servicer must advise the Borrower or Guarantor in writing that Freddie Mac is under no obligation to consider or agree to such a request. If Freddie Mac does agree to an extension, it may charge a fee as set forth in [Exhibit 10](#).

The Servicer must submit any request for an extension of the earn-out expiration date to Freddie Mac electronically. The request must include all of the following:

- A determination of the performance of the Property with respect to the applicable performance standard
- The Servicer's assessment of the likelihood that the Property will meet the performance standard within the extended time requested
- An explanation from the Borrower or Guarantor of the reasons that the Property will not meet the performance standard by the earn-out expiration date
- The Servicer's recommendation regarding the extension request

c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/31/12)

If Freddie Mac approves the addition, release or reduction of the Reserve or letter of credit, or a substitution of collateral, then the Servicer must notify Freddie Mac by email within one Business Day after the completion of the addition, release, reduction or substitution. The Servicer must electronically deliver to Freddie Mac any background documentation regarding the addition, release, reduction or substitution.

d. Failure of Property to meet performance standard; application of collateral (10/31/12)

If the earn-out expiration date passes and the Borrower or Guarantor, as applicable, has not demonstrated that the Property has met the performance standard specified in the rental achievement agreement, then



- Freddie Mac may elect to apply the Reserve or the proceeds of the letter of credit to reduce the outstanding principal balance due under the Note, or to make a claim against the Guarantor, as applicable. If Freddie Mac determines to take such action, it will advise the Servicer in writing and direct the Servicer to take the action necessary to implement Freddie Mac's decision.
- Unless and until Freddie Mac elects to take any action described above, the Servicer must maintain the Reserve or letter of credit, as applicable, and any guaranty will remain in place.

e. Prohibited actions by the Servicer (10/31/12)

Without Freddie Mac's written approval, the Servicer may not:

- Take any action to reduce the amount of or release the Rental Achievement Reserve or letter of credit
- Extend any earn-out expiration date specified in the applicable agreement
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply any Reserve or letter of credit proceeds
- Otherwise amend the terms of the applicable agreement

39.8 Special Purpose Reserve Servicing (10/14/16)

If the Loan Agreement for a Mortgage requires a Special Purpose Reserve, the Servicer must require the Borrower to establish the Reserve within the time and in the amount specified by Freddie Mac.

a. Monitoring of Property performance; requests for release or reduction of Reserve funds (10/14/16)

The Servicer must monitor the performance of the Property under the terms of the Loan Agreement relative to the Special Purpose Reserve. If the Borrower submits a request for release of the Reserve, the Servicer must

- Collect all data required to analyze the request under the terms of the Loan Agreement
- Review and analyze the data
- Submit the data and the Servicer's written recommendation with respect to the request to Freddie Mac electronically, using the [Release/Extension of Monetary Collateral Request](#) form, and attaching any necessary supporting documentation

b. Extension of termination date (10/14/16)

If the Borrower requests an extension of the termination date for the Special Purpose Reserve, the Servicer must advise the Borrower in writing that Freddie Mac is under no obligation to consider or agree to such a request.



The Servicer must submit any request for an extension of the termination date to Freddie Mac electronically. The request must include all of the following:

- A determination of the performance of the Property with respect to the applicable performance standard
- The Servicer's assessment of the likelihood that the Property will meet the performance standard within the extended time requested
- An explanation from the Borrower of the reasons that the Property will not meet the performance standard by the termination date
- The Servicer's recommendation regarding the extension request

c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/14/16)

If Freddie Mac approves the addition, release or reduction of the Reserve, then the Servicer must notify Freddie Mac by email within one Business Day after the completion of the addition, release, or reduction. The Servicer must electronically deliver to Freddie Mac any background documentation regarding the addition, release, or reduction.

d. Failure of Property to meet performance standard; application of collateral (10/14/16)

If the termination date passes and the Borrower has not demonstrated that the Property has met the performance standard specified in the Loan Agreement for the release of the Special Purpose Reserve, then

- Unless prohibited by the Loan Agreement, Freddie Mac may elect to apply the Reserve to reduce the outstanding principal balance due under the Note. If Freddie Mac determines to take such action, it will advise the Servicer in writing and direct the Servicer to take the action necessary to implement Freddie Mac's decision.
- Unless and until Freddie Mac elects to take the action described above, the Servicer must maintain the Reserve.

e. Prohibited actions by the Servicer (10/14/16)

Without Freddie Mac's written approval, the Servicer may not:

- Take any action to reduce the amount of or release the Special Purpose Reserve
- Extend any termination date specified in the applicable agreement
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply any Reserve
- Otherwise amend the terms of the applicable agreement



39.9 Servicing Moderate Rehabilitation (Mod Rehab) Mortgages (12/15/22)

Capitalized terms used but not defined in this section have the meanings given to them in Section 17.4(a).

During the Interim Phase of a Mod Rehab Mortgage the Servicer disburses funds periodically at the request of the Borrower to reimburse renovation expenses; this disbursement is subject to holdbacks as identified in the Disbursement Agreement. The Servicer must disburse draws only upon receipt of documentation sufficient to indicate that the renovation work has been properly completed. A general overview of the draw process is as follows:

- To initiate the disbursement of funds, the Borrower submits a Disbursement Request to the Servicer.
- The Servicer requests that the Architectural Consultant inspect the Property.
- Based on the Architectural Consultant's inspection, the Servicer's review of the Borrower's Disbursement Request, and confirmation that the Mortgage meets the performance metrics as identified in the Disbursement Agreement, the Servicer sends a Disbursement Certification to Freddie Mac.
- Upon receipt of the funds from Freddie Mac, the Servicer forwards the funds to the Borrower.
- The Servicer submits the completed draw package described below to Freddie Mac within five Business Days after the Servicer submits the Disbursement Certification.

The Servicer may not submit a subsequent Disbursement Certificate or draw package to Freddie Mac unless Freddie Mac has approved the previous draw package.

The Borrower's responsibilities are found in the Disbursement Agreement and the Servicer's responsibilities are found in the Disbursement Servicing Agreement, each of which is executed at loan origination.

a. Servicer responsibilities (12/15/22)

As more fully detailed in the Disbursement Servicing Agreement, the Servicer must:

1. Evaluate each Disbursement Request from the Borrower (which consists of fully executed AIA Forms G702 and G703, or their equivalent) to confirm that work was adequately completed and properly represented by the request
2. Review construction monitoring reports for accuracy, completeness and compliance with Section 63.4
3. Review all change orders to ensure that revisions do not impact the scope or quality of renovations and to ensure that sufficient funds remain to complete the project
4. Confirm that the Property has met any performance metric requirement set forth in the Disbursement Servicing Agreement, typically related to net rental income



5. Submit a Disbursement Certification (the form of which is attached as an exhibit to the Disbursement Servicing Agreement) to mfla@freddiemac.com and MF_PhysicalRisk@freddiemac.com upon verification of the request
6. Within five Business Days after submitting the Disbursement Certification, submit the completed draw package to MF_PhysicalRisk@freddiemac.com. The draw package must include the following:
 - A cover letter that summarizes
 - Disbursement Request (including AIA Forms G702/G703 or their equivalent)
 - Budget status
 - Renovation progress
 - Construction monitoring report
 - Status of the performance metric(s)
 - Copy of the Disbursement Certification
 - Title update
 - Construction monitoring report meeting the requirements of Section 63.4
 - Current rent roll
7. Promptly upon receipt of the disbursement funds from Freddie Mac, and no more than 10 Business Days after receipt of the Disbursement Request, make the requested disbursement to the Borrower

b. Draw calculation (05/05/17)

Projects are generally subject to a funding source split between Freddie Mac and Borrower equity. Additionally, the full portion of each draw funded by Freddie Mac is subject to a retainage. The amounts of the Freddie Mac/Borrower equity split, and retainage are detailed in the Disbursement Agreement. The amount shown in the Disbursement Certification must reflect the amount owed to the Borrower, net of the equity portion and the retainage.

Sample Draw Calculation

- The Borrower submits a Disbursement Request in the amount of \$1,300,000
- The Servicer confirms that the amount requested is appropriate and submits the Disbursement Certification to Freddie Mac. The amount submitted to Freddie Mac is the amount requested in the Disbursement Request less the Borrower's equity share of 20 percent and the retainage amount of five percent:



- Borrower equity is subtracted first: $\$1,300,000 \text{ less } (1,300,000 * 0.20) = 1,040,000$
- Retainage of five percent is then subtracted: $\$1,040,000 \text{ less } (1,040,000 * 0.05) = \$988,000$
- The Servicer's Disbursement Certification requests the net amount of \$988,000 for funding by Freddie Mac

c. Release of retainage and holdback amounts (05/05/17)

Upon substantial completion of the renovation project and Borrower submission to the Servicer of the documentation outlined in the Disbursement Agreement, Freddie Mac will release to the Servicer the retainage amount, less a \$250,000 holdback.

Upon final completion of the renovation project, including completion of all remaining punch list items, and Borrower submission to the Servicer of final documentation outlined in the Disbursement Agreement, Freddie Mac will release to the Servicer the final \$250,000 holdback balance.

39.10 Servicing a Mortgage with a Utility Efficiency Loan or Green Up® loan option (12/16/25)

Capitalized terms used but not defined in this section have the meanings given to them in the Glossary.

Utility Efficiency Improvements or Green Improvements are treated as repairs. Funds earmarked for Utility Efficiency Improvements or Green Improvements are included in the Repair Reserve, and the requirements of Sections 39.1 and 39.3 apply. The Servicer must monitor and report on Utility Efficiency Improvements or Green Improvements in accordance with the requirements of Section 39.4.

a. Benchmarking Metrics (12/16/25)

1. As a requirement for a Utility Efficiency Loan or Green Up® loan option, the Benchmarking Data Consultant must collect, input and monitor the energy and water usage for the Property in Portfolio Manager®, the online tool located on the ENERGY STAR® website of the EPA, to provide Benchmarking Metrics to Freddie Mac.
2. The Borrower, through the Benchmarking Data Consultant, will be required under the Loan Documents to provide Benchmarking Metrics generated through Portfolio Manager for the Property. The Benchmarking Metrics include:
 - ENERGY STAR® Score
 - Energy Use Intensity
 - EPA 1-100 Water Score
 - Water Use Intensity



3. Freddie Mac will monitor submission of the Benchmarking Metrics through Portfolio Manager and will notify the Servicer of any metrics not received by the date specified in the Loan Agreement. The Servicer must then contact the Borrower and request that the Borrower, through the Benchmarking Data Consultant, submit the required Benchmarking Metrics.
4. The benchmarking process is as follows:
 - The Borrower sets up an account in Portfolio Manager
 - The Servicer assists the Borrower in gaining access to the information to be inputted for the Property by the Utility Efficiency Consultant or Green Consultant in Portfolio Manager
 - The Benchmarking Data Consultant inputs on-going Property consumption data into Portfolio Manager
 - The Borrower, through the Benchmarking Data Consultant, submits the annual Benchmarking Metrics to Freddie Mac via Portfolio Manager

~~0-5.~~ The responsibilities of the Borrower, Benchmarking Data Consultant and the Servicer, with respect to the on-going benchmarking process, are found in the Utility Efficiency Improvements Rider or Green Improvements Rider attached to the Loan Agreement.

b. Borrower, Utility Efficiency Consultant, Green Consultant and Benchmarking Data Consultant Access to Portfolio Manager (12/16/25)

1. The Utility Efficiency Consultant or Green Consultant must input historical Property energy and water consumption information into Portfolio Manager. To enable the Borrower to gain access to the Property information in ENERGY STAR® Portfolio Manager®, the Servicer must:

- Ensure the Borrower has a Portfolio Manager account
- Provide the Borrower's Portfolio Manager user name, email and the name of the Property to the Utility Efficiency Consultant or Green Consultant

The Utility Efficiency Consultant or Green Consultant must send a connection request to the Borrower through Portfolio Manager. Once the Borrower accepts the connection request, the Utility Efficiency Consultant or Green Consultant will share the Property information with the Borrower.

2. The Borrower will be responsible for ensuring the Benchmarking Data Consultant has access to the Property information in Portfolio Manager to begin inputting energy and water consumption usage in accordance with the time frames provided in the Loan Agreement.
3. Prior to the Origination Date, the Seller/Servicer must follow up with:



- The Borrower and the Utility Efficiency Consultant or Green Consultant to ensure that the Borrower has access to the Property information which has been inputted by the Utility Efficiency Consultant or Green Consultant in Portfolio Manager and
- The Borrower to confirm that the Benchmarking Data Consultant has been given access to the Property information in Portfolio Manager and is able to input energy and water consumption usage

Multifamily Seller/Servicer Guide

Chapter 41SBL

SBL Transfers of Ownership



- 41SBL.1 [Transfers of Ownership in the Property or in the Borrower \(08/26/25\)](#)
- a. [Applicability; use of the Consent Request Tracker \(08/26/25\)](#)
 - b. [Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership \(06/30/16\)](#)
 - c. [Delivery of documents and notices to Freddie Mac following a Transfer of Ownership \(06/29/18\)](#)
 - d. [Seller/Servicer obligation to screen existing and new Borrowers and Borrower Principals, and Non-U.S. Equity Holders \(09/01/16\)](#)
- 41SBL.2 [Loan Document provisions regarding Transfers of Ownership \(04/1802/24/26\)](#)
- a. [Mortgages that permit transfers without the consent of the Lender \(04/1802/24/26\)](#)
 - b. [Mortgages that conditionally permit Transfers of Ownership \(06/29/18\)](#)
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- 41SBL.3 [Conditionally Permitted Transfers of Ownership \(06/13/24\)](#)
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- 41SBL.4 [Transfer of Ownership requiring Freddie Mac consent \(12/12/24\)](#)
- a. [Conditions for Freddie Mac consent \(08/15/24\)](#)
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- 41SBL.5 [Prohibited Transfer of Ownership requiring Freddie Mac consent -- review of the application \(06/29/18\)](#)
- 41SBL.6 [Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application \(04/22/25\)](#)
- a. [Approval \(06/30/16\)](#)
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 - g. [Delivery of documents to Freddie Mac following closing of Transfer of Ownership \(04/22/24\)](#)
 - h. [Servicer's responsibilities following the Transfer of Ownership \(06/30/16\)](#)



- i. [Servicer's warranties in connection with a Transfer of Ownership \(09/28/18\)](#)

41SBL.7 [Prohibited Transfers of Ownership - Declination of the application for Lender consent \(06/29/18\)](#)

41SBL.8 [Prohibited Transfers of Ownership \(04/18/24\)](#)

- a. [Information to be provided to Freddie Mac \(06/29/18\)](#)
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41SBL.9 [Fees \(04/30/19\)](#)

- a. [Review/processing fee \(12/14/18\)](#)
- b. [Counsel fee \(06/30/16\)](#)
- c. [Transfer fee \(12/14/18\)](#)
- d. [Remittance of fees \(04/30/19\)](#)



41SBL.1 Transfers of Ownership in the Property or in the Borrower (08/26/25)

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 (08/26/25)

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. CRT can also be used to upload any applicable documentation for the consent request instead of separately opening Document Management System (DMS) to upload the documents.

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 (04/1802/24/26)

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 (04/18~~02/24/26~~)**

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 take the following actions:

1. Enter the permitted transfer into the Consent Request Tracker within five Business days after learning of it, and must, at that time, include the name of the transferee, the date of the Transfer of Ownership, and the terms of the transfer, if known. The Consent Request Tracker record should be created with the selection that Freddie Mac approval is not required for Mortgages owned by Freddie Mac.
2. Electronically deliver supporting documentation such as an organizational chart and organizational documents to Freddie Mac.
3. Ensure that all insurance policies reflect the new ownership.

A confirmation email will be sent by Freddie Mac if Freddie Mac concurs that the transfer is permitted under the terms of the Loan Documents.

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 (06/13/24)**a. Notice to Freddie Mac (04/18/24)**

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 enter the applicable 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 (06/13/24)

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, Borrower and Key Borrower Principal Certificate](#), as detailed in Section 55SBL.2, for each transferee and new Key Borrower Principal, as applicable
5. Preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6SBL.7, if not previously provided to Freddie Mac
6. If applicable, a certified copy of any recorded documents such as a Memorandum of Loan Assumption Agreement or a UCC Financing Statement
7. Transfer of Interest Reaffirmation Agreement; if the Reaffirmation Agreement, if applicable
8. Guaranty Assumption and Loan Modification Agreement, if applicable
9. Assignment of Management Agreement, if applicable
10. Freddie Mac Acknowledgment of Conditionally Permitted Transfer, acknowledged by the Servicer (if required by the Acknowledgment), if not previously uploaded to DMS
11. Opinions, if applicable
12. Any other documents required by the terms of the Loan Documents or the Freddie Mac Acknowledgment of Conditionally Permitted Transfer

d. Post-transfer documentation – delivery of originals (04/18/24)

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, 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 (12/12/24)

a. Conditions for Freddie Mac consent (08/15/24)

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 the Guide
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 (or Guaranty Assumption and Loan Modification Agreement, as applicable) 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 (or Guaranty Assumption and Loan Modification Agreement, as applicable) 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 (or Guaranty Assumption and Loan Modification Agreement, as applicable) 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 (08/26/21)

If an Equity Conflict of Interest exists as defined in Section 2.25, then the Servicer must provide to [Multifamily Asset Management, Borrower Transactions](#) 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 (12/12/24)

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 Key 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, together with a [Purchase Agreement Analysis](#) form (as described in Section 55SBL.2)
 4. Current financial statements of the proposed transferee and the proposed new Key Borrower Principals, as described in Section 55SBL.2
 5. An executed [Form 1115, Borrower and Key Borrower Principal Certificate](#), for the proposed transferee and each proposed new Key Borrower Principal, as detailed in Section 55SBL.2
 6. An executed [Form 1116, Real Estate Schedule](#), for each proposed new Key Borrower Principal, as detailed in Section 55SBL.2
 7. 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 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](#).
 - 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 Guarantor 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. The Public Records Searches as required by Section 2.28
18. 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 (06/17/21)

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 [Organizational Chart Interactive Guidance](#) at <https://mf.freddiemac.com/lenders/asset/> under Asset Management References.

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 (04/22/25)

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 (04/18/24)

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 five 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 (04/22/25)

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 Company 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 Memorandum of Loan Modification and 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 Loan Modification and Assumption Agreement SBL and evidencing that the effective date of the policy is the date of recordation of the Loan Modification and Assumption Agreement SBL 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 in Chapter 29 and in the [Title Policy and Endorsement Requirements](#). 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 Memorandum of Loan 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 Guaranty Assumption and Modification Agreement, if applicable (original)
 5. Signed Transfer of Interest Reaffirmation Agreement, if applicable (original if Note or Guaranty is modified; otherwise, a copy)
 6. Signed Loan Assumption and Modification Agreement, if applicable (original)
 7. Fully-executed property management agreement (copy)
 8. 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 at mf.freddiemac.com/lenders/purchase (certified copy)
 9. 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 at mf.freddiemac.com/lenders/legal, 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.
10. UCC along with indications of where filed (certified copy)
 11. Servicer's OFAC/SCP certificate as required by 41SBL.1(d) (copy)



12. 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 (04/18/24)

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 [Multifamily Asset Management, Borrower Transactions](#).

The email notification specified above should be sent to *Multifamily Asset Management, Borrower Transactions*.

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 (04/30/19)

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.

Multifamily Seller/Service Guide

Chapter 43

Specific Servicing Responsibilities



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43.1 Specific Servicing responsibilities; delivery of documents (04/18/24)

This chapter sets forth the Servicer's responsibilities for transaction-related requirements in Servicing the Mortgage.

- **Delivery of documents and notices to Freddie Mac: 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 Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, *"Structured Transactions"*
- For all other Mortgages, *"Borrower Transactions"*

CRT can also be used to upload any applicable documentation for the consent request rather than uploading the document directly into DMS.

- **Delivery of original documents to Freddie Mac.** Unless otherwise stated, when this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

- Upload the document into DMS, and
- Deliver a hard copy to:
 - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, *Freddie Mac Multifamily Asset Management, Structured Transactions*
 - For all other Mortgages, *Freddie Mac Multifamily Asset Management, Borrower Transactions*

- **Servicing responsibilities – insurance**

For non-SBL Mortgages, the following sections of Chapter 31 state the Servicer's ongoing responsibilities with regard to insurance:

Section 31.8	Flood insurance requirements
Section 31.12	Ordinance and Law coverage
Section 31.22	Verification of required and continuing property and liability insurance coverage
Section 31.24	Ensuring continuous coverage and forced placed insurance

For SBL Mortgages, throughout the term of the SBL Mortgage, the Servicer must evaluate the insurance coverage and limits for each SBL Mortgage and determine, to its satisfaction, that

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adequate property and liability insurance coverage is in place. Servicers must follow the requirements of Chapter 31 to ensure that they comply with their ongoing responsibilities with regard to evaluating and documenting adequate insurance coverage.

43.2 IRS Form 1098, Mortgage Interest Statement (09/28/12)

a. Completing IRS Form 1098 (05/06/05)

The Servicer must provide IRS Form 1098, Mortgage Interest Statement, to the IRS and the Borrower as required under section 6050H of the Internal Revenue Code. This reporting must be done for each Mortgage owned in whole or in part by Freddie Mac. The Servicer's name, address and federal identification number must be reported for "Recipient." The Borrower's name, address and Social Security number must be reported for "Payer."

b. Retention of IRS Form 1098 (05/06/05)

The Servicer must maintain copies of all statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with section 6050H of the Internal Revenue Code and make such copies available for examination by Freddie Mac upon request.

c. Penalties (09/28/12)

The Servicer is responsible for any penalty levied by the IRS for not reporting timely, nonreporting or reporting of inaccurate information, as applicable, with respect to those statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS.

43.3 IRS Form 1099-A and 1099-C requirements (10/21/21)

Whenever Freddie Mac or a third party acquires an interest in a Property in full or partial satisfaction of Freddie Mac's Mortgage or when Freddie Mac or the Servicer knows or has reason to know that a Property has been abandoned, the Servicer must provide Internal Revenue Service (IRS) Form 1099-A, Acquisition or Abandonment of Secured Property. For all cancellations of mortgage debt on or after January 1, 2005 with respect to a Mortgage owned or guaranteed in whole or in part by Freddie Mac, the Servicer must report the cancellation of the Borrower's mortgage debt to the IRS on IRS Form 1099-C, Cancellation of Debt.

The Servicer must file Forms 1099-A and 1099-C with the IRS, the Borrowers and the States (as required). The Servicer must also notify Freddie Mac of its filings with the IRS on Freddie Mac [Form 1065M, Report of IRS Form 1099-A and Form 1099-C Filings](#).

a. General instructions for filing IRS Forms 1099-A and 1099-C with IRS (10/21/21)

The Servicer must file all IRS Forms 1099-A and 1099-C with the IRS electronically. Paper filing is not an option as the number of forms that will be filed under Freddie Mac's tax identification number will exceed the maximum allowed for paper filing.

The Servicer must file its forms with the IRS no later than March 31 of the year following the calendar year that the Property is abandoned (Form 1099-A) or the debt is canceled (Form



1099-C). The Servicer must furnish the Borrower with a copy of any Forms 1099-A and 1099-C filed with the IRS on or before January 31 of the calendar year the form is filed with the IRS.

IRS requirements for filing electronically are set forth in IRS Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498 and W2-G. A Servicer may obtain this publication by downloading it from the IRS website at www.irs.gov or by calling the IRS at 1-800-TAX-FORM (1-800-829-3676). Instructions for completing IRS Forms 1099-A and 1099-C are set forth in Freddie Mac [Form 1065M](#).

The Servicer must insert appropriate header information on the electronic report it files with the IRS in accordance with the record descriptions in the following table:

Field Name	Data Description
Payer "A" Record	
Payer's TIN	For non-securitized loans, use 520904874 and for securitized loans, use the trust's TIN
First Payer Name Line	Federal Home Loan Mortgage Corporation
Payer Shipping Address	8200 Jones Branch Drive
Payer City	McLean
Payer State	VA
Payer ZIP Code	22102
Payer's Telephone Number & Extension	Servicer's telephone number
"B" Record	
Payee's TIN	Borrower's TIN
Payer's Account Number for Payee	The nine-digit Freddie Mac loan number followed by one space and the six-digit Seller/Servicer number
First Payee Name Line	First Borrower's name
Second Payee Name Line	Second Borrower's Name, if appropriate
Payee Mailing Address	Most recent address for Borrower
Payee City	Most recent address for Borrower
Payee State	Most recent address for Borrower
Payee Zip Code	Most recent address for Borrower

The Borrower's TIN is required to complete Forms 1099-A and 1099-C. If the Servicer does not have the Borrower's TIN, the Servicer must make a reasonable effort to obtain the TIN. Such request must clearly notify the Borrower that the IRS requires the Borrower to provide its TIN and that failure to do so subjects the Borrower to a \$50 penalty imposed by the IRS. To request the TIN, the Servicer must use IRS Form W-9, Request for Taxpayer Identification Number and Certification. However, the Borrower is not required to certify the TIN under penalties of perjury.



To correct or void previously submitted IRS Forms 1099-A or 1099-C, the Servicer must refer to IRS requirements to determine how to report either for electronic corrections or voids. To avoid or minimize penalties that may be imposed by the IRS, the Servicer must report corrections or voids to the IRS when an error is discovered.

The Servicer is responsible for completing the IRS Forms 1099-A and 1099-C and for providing the information to the IRS and to the Borrower in a timely and accurate manner. If the IRS penalizes Freddie Mac or assesses any fee for failure to produce such information or because a Servicer failed to file a report, or filed an untimely, incorrect or incomplete report, the Servicer must reimburse Freddie Mac for all costs incurred by Freddie Mac as a result of such penalty or assessment.

The Servicer must maintain copies of all statements and filings that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with the Internal Revenue Code. The Servicer must make such copies available for examination by Freddie Mac upon request until Freddie Mac agrees, in writing, that such records may be destroyed.

The Servicer must comply with the IRS's and the various States' requirements, as amended from time to time, for filing IRS Forms 1099-A and 1099-C. The Servicer is also responsible for providing a copy of any forms filed with the IRS to those States that have filing requirements. The Servicer should consult with its tax advisors, the States or the IRS concerning questions on such requirements.

b. Instructions for filing IRS Form 1099-A, Acquisition or Abandonment of Secured Property (06/29/17)

The Servicer must provide Form 1099-A to the IRS and the Borrower as required under Section 6050J of the Internal Revenue Code. This reporting must be done whenever Freddie Mac or a third party acquires an interest in a Property in full or partial satisfaction of Freddie Mac's secured debt or when Freddie Mac or the Servicer knows or has reason to know that a Property has been abandoned.

For the purposes of filing this report, the following instructions apply:

- Freddie Mac acquires an interest in the Property either:
 1. On the date of the foreclosure sale or the date the Borrower's right of redemption, if any, expires, whichever occurs later, or
 2. At the time a deed-in-lieu of foreclosure is recorded.
- A third party acquires an interest at the time of the foreclosure sale.
- Abandonment has occurred when Freddie Mac or the Servicer has reason to know from all the facts and circumstances concerning the status of the Property that the Borrower intended to and has permanently discarded the Property from use. If a Servicer determines that an abandonment has occurred and expects to commence foreclosure proceedings within three months, the reporting obligation generally arises at the end of the three-month period.

The following events trigger the reporting requirement:

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- **Freddie Mac acquisition** – Freddie Mac acquires the Property at a foreclosure sale or by deed-in-lieu of foreclosure
- **Third party sale** – a third party acquires the Property at a foreclosure sale
- **HUD, RHS or VA acquisition** – the Property was acquired by HUD, RHS, or the VA
- **Abandonment** – the Property has been abandoned, three months have passed and foreclosure proceedings have not begun

A completed IRS Form 1099-A must be filed electronically with the IRS on or before March 31 of the year following the calendar year in which the reportable event occurred. A copy of the Form 1099-A must be mailed to each Borrower on or before January 31 of the same calendar year as the Form 1099-A was filed with the IRS.

See Section 43.3(c) in the event that both IRS Forms 1099-A and 1099-C may be filed as the result of a cancellation of debt in connection with a foreclosure or similar action in the same year for the same Borrower.

c. **Instructions for filing IRS Form 1099-C, Cancellation of Debt (06/29/17)**

The Servicer must report cancellations of Borrower's Mortgage debt on Internal Revenue Service (IRS) Form 1099-C as required under Section 6050P of the Internal Revenue Code for all cancellations of mortgage debt of \$600 or more occurring on or after January 1, 2005, with respect to Mortgages owned or guaranteed in whole or in part by Freddie Mac. Form 1099-C must be filed regardless of whether the Borrower must report the cancellation of debt as income.

If in the same calendar year, the Servicer cancels a debt in connection with a foreclosure or abandonment of the Property, it is not necessary to file both Forms 1099-A and 1099-C for the same Borrower. The Servicer will meet the filing requirement for Form 1099-A by completing boxes 4, 5, and 7 on Form 1099-C. However, the Servicer may complete both Forms 1099-A and 1099-C separately; in that case, the Servicer should not complete boxes 4, 5, and 7 on Form 1099-C. See [Form 1065M](#) for filing instructions for IRS Forms 1099-A and 1099-C.

Servicers are not required to report the following on IRS Form 1099-C:

- **Interest** - Servicers do not need to include interest as part of the canceled debt in box 2. However, if interest is reported as part of the canceled debt in box 2, show the interest separately in box 3.
- **Nonprincipal amounts** - Nonprincipal amounts include penalties, fines, fees and administrative costs.
- **Release of a Borrower** - IRS Form 1099-C does not need to be filed if one of the Borrowers on a Mortgage is released, as long as the remaining Borrowers remain liable for the full amount of the unpaid Mortgage.
- **Guarantor or surety** - A guarantor is not a debtor for purposes of Form 1099-C, even if demand for payment is made to the guarantor.



For Mortgages originated after 1994 that involve Borrowers who are jointly and severally liable for the Mortgage, the Servicer must report the entire amount of the canceled debt on each Borrower's Form 1099-C. Multiple Borrowers are jointly and severally liable for a debt if there is no clear and convincing evidence to the contrary. If the Servicer can show that joint and several liability does not exist, the Servicer must file Form 1099-C for each Borrower for whom the Servicer canceled a debt of \$600 or more.

For Mortgages originated before 1995, the Servicer must file Form 1099-C only for the primary (or first-named) Borrower. If the Servicer knows or has reason to know that the multiple Borrowers were husband and wife who were living at the same address when the debt was incurred, and the Servicer has no information that these circumstances have changed, the Servicer may file only one Form 1099-C.

For purposes of Form 1099-C, the following instructions apply:

- A debt may include all amounts owed, including stated principal, stated interest, fees, penalties, administrative costs and fines. However, only stated principal is required to be reported. If accrued interest is included in the amount of the stated debt in box 2, then it must be reported in box 3.
- A debt is canceled on the date an identifiable event occurs. An identifiable event is:
 1. Discharge in bankruptcy under Title 11 of the U.S. Code. The Servicer must report the debt canceled in bankruptcy for the later of the year in which the amount of canceled debt first can be determined, or the year in which the debt is canceled in bankruptcy.
 2. A cancellation or extinguishment making the debt unenforceable in a receivership, foreclosure or similar proceeding.
 3. A cancellation or extinguishment when the statute of limitations for collecting the debt expires, or when the statutory period for filing a claim or beginning a deficiency judgment proceeding expires. Expiration of the statute of limitations is an identifiable event only when the Borrower's affirmative statute of limitations defense is upheld in a final judgment or decision of a court and the appeal period has expired.
 4. A cancellation or extinguishment when deficiency rights were not preserved during the foreclosure process.
 5. A cancellation or extinguishment when Freddie Mac makes the determination not to pursue a deficiency action post-foreclosure and notifies the Servicer of such determination.
 6. A cancellation or extinguishment when Freddie Mac elects foreclosure remedies that by law end or bar the creditor's right to collect the debt. This event applies if collection is barred by local law after a "power of sale" in the Mortgage or deed of trust is exercised.
 7. A cancellation or extinguishment due to a probate or similar proceeding.
 8. A discharge of indebtedness under an agreement with the debtor to cancel the debt at less than full consideration (e.g., a short payoff). Freddie Mac will advise the Servicer if

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such an agreement is reached with a Borrower.

9. A discharge of indebtedness because of a decision or a defined policy of the creditor to discontinue collection activity and cancel the debt. A creditor's defined policy can be in writing or an established business practice. A practice to stop collection activity and abandon a debt when a particular nonpayment period expires is a defined policy.

Facts and circumstances indicating that a debt was not canceled include the existence of a lien relating to the debt (up to the value of the security) or the sale or packaging for sale of the debt by the creditor.

In the event of a foreclosure sale where deficiency rights were preserved, the Servicer must not initially file a Form 1099-C. Freddie Mac will determine whether to pursue collection of the deficiency of that Mortgage. If Freddie Mac makes a determination not to pursue collection of the deficiency, Freddie Mac will notify the Servicer and the Servicer must then file the IRS Form 1099-C.

Each Servicer must file its reports with the IRS not later than March 31 of the year following the calendar year in which the cancellation of debt occurs.

d. Instructions for filing Freddie Mac Form 1065M, Report of IRS Form 1099-A and Form 1099-C Filings (04/15/21)

The Servicer must notify Freddie Mac that the Servicer reported to the IRS electronically. When the Form 1099-A or Form 1099-C is sent to the IRS, the Servicer must submit [Form 1065M](#) to Freddie Mac. The Servicer should not send Freddie Mac copies of the Form 1099-A or Form 1099-C that it filed with the IRS.

When corrections or voids are submitted to the IRS, a copy of [Form 1065M](#) must be submitted to Freddie Mac. [Form 1065M](#) should indicate the number of corrected or voided IRS Forms 1099-A and 1099-C that were submitted to the IRS.

[Form 1065M](#) should be mailed to Freddie Mac at the address shown on the form.

43.4 IRS Form 1099-MISC, Miscellaneous Income, and IRS Form 1099-NEC, Nonemployee Compensation (08/18/22)

Servicers must not prepare or file IRS Form 1099-MISC, Miscellaneous Income, or IRS Form 1099-NEC, Nonemployee Compensation, using Freddie Mac's name or Taxpayer Identification Number (TIN). The Servicer should consult with its tax advisor to review its reporting obligations with regard to the filing of Forms 1099-MISC and 1099-NEC.

43.5 Continuation of Uniform Commercial Code (UCC) financing statements; termination (06/27/19)

a. UCC continuation statements (12/14/18)

During the term of the Mortgage, the Servicer must maintain the continuity of Freddie Mac's perfected security interest in personal property relating to the Property (including chattel and fixtures). The Servicer must monitor the expiration dates of financing statements filed and



recorded with respect to such personal property, and must ensure that all necessary continuation statements (including so-called "in-lieu" filings, if applicable) are filed in a timely manner and recorded with the proper office(s) in accordance with applicable law, prior to the expiration date. Promptly after filing or recordation, the Servicer must electronically deliver evidence of such continuation statements to Freddie Mac.

b. Termination statements (05/06/05)

Following payment in full of a Mortgage, the Servicer must promptly file and record termination statements evidencing the release of Freddie Mac's security interest in the personal property located on the Property. The Servicer must file such termination statements, at the Servicer's expense, in each office in which a financing statement has been filed or recorded.

c. Freddie Mac signature (05/31/12)

In instances where the Servicer determines that Freddie Mac's signature is required by local law in order for a continuation or termination statement to be accepted for filing or recordation, or to be effective, the Servicer must forward the completed continuation or termination statements to Freddie Mac *Multifamily Asset Management, Borrower Transactions* for signature by Freddie Mac. Freddie Mac will return the signed forms to the Servicer, and the Servicer must then file and record them at its own expense. If Freddie Mac has provided written authorization to the Servicer to execute continuation or termination statements on behalf of Freddie Mac, it is unnecessary for the Servicer to send the statements to Freddie Mac for signature.

d. Copies to Freddie Mac (09/28/12)

Promptly following recording or filing, the Servicer must electronically deliver to Freddie Mac a copy of the continuation or termination statement showing all recording or filing information (recorder's stamp, book and page numbers, or instrument number).

e. Limited power of attorney (06/27/19)

A Servicer may elect to request a limited power of attorney from Freddie Mac that enables the Servicer to execute continuation and termination statements on behalf of Freddie Mac. The Servicer must request this limited power of attorney in writing from Freddie Mac *Multifamily Asset Management, Borrower Transactions*.

This limited power of attorney is not available to a Servicer that is not a member of the Optigo Lender network.

43.6 Unauthorized transfers (04/18/24)

The Servicer must be alert to unauthorized Transfers of Ownership. Section 41.8 or Section 41SBL.8, if applicable, describes what the Servicer must do if it learns of an unauthorized Transfer of Ownership. In order to determine whether and under what circumstances a Borrower may carry out a Transfer of Ownership, the Servicer must first determine what actions the Loan Documents permit. Chapter 41 fully describes the requirements with regard to Transfers of Ownership.



43.7 Late charges; default interest (~~04/18~~02/26/24)

a. Mortgages originated on or after July 8, 1992 (06/30/16)

For Mortgages originated on or after July 8, 1992, the Servicer must remit collected late charges and default interest to Freddie Mac as described below:

- For fixed-rate Mortgages, other than TAH bond credit enhancement Mortgages, the Servicer may retain all late charges collected by the Servicer within 30 days after the Due Date of the related installment. The Servicer must remit to Freddie Mac *Multifamily Loan Accounting* 50 percent of any late charges collected by the Servicer more than 30 days after the Due Date of the related installment. Freddie Mac reserves the right to waive any late charge, in its discretion.
- For ARMs, the Servicer must remit to Freddie Mac *Multifamily Loan Accounting* 50 percent of all late charges collected by the Servicer. Freddie Mac reserves the right to waive any late charge, in its discretion.
- For SBL Hybrid ARM Mortgages:
 - During the period in which the fixed interest rate is in effect, the Servicer may retain all late charges collected by the Servicer within 30 days after the Due Date of the related installment. The Servicer must remit to Freddie Mac *Multifamily Loan Accounting* 50 percent of any late charges collected by the Servicer more than 30 days after the Due Date of the related installment.
 - During the period in which the adjustable interest rate is in effect, the Servicer must remit to Freddie Mac *Multifamily Loan Accounting* 50 percent of all late charges collected by the Servicer.
 - Freddie Mac reserves the right to waive any late charge, in its discretion.
- The Servicer must remit all collected default interest to Freddie Mac *Multifamily Loan Accounting*.

b. Mortgages originated prior to July 8, 1992 (08/30/13)

For Mortgages, other than TAH bond credit enhancement Mortgages, originated prior to July 8, 1992, the Servicer may retain late charges and default interest as additional Servicing compensation. In imposing late charges and/or default interest, the Servicer:

- May collect increased interest (default interest) during Delinquencies or other defaults only to the extent expressly provided for in the Note
- May not impose any late charge for any monthly installment received within 10 days after the payment is due (If the grace period ends on a weekend or holiday, it is extended to the next Business Day.)
- May not impose a late charge in an amount more than five percent of the monthly principal and interest installment that is late (or any lesser amount specified in the Note)



c. Collection of late charges and default interest (04/30/13)

To the extent permitted by applicable law, the Servicer must use its best efforts to collect unpaid late charges and default interest. For example, if allowable under local law, the Servicer must require the Borrower to pay such amounts prior to release of the Mortgage.

For all Mortgages, regardless of the date of origination or any provision to the contrary in the Loan Documents, the Servicer may not use any of the following methods to collect due and unpaid late charges or default interest:

- Charging the Borrower's Reserves
- Deducting from a regular payment of the monthly installment
- Deducting from a payment made to partially or fully cure a Delinquency
- Adding to the outstanding principal balance of the Mortgage
- Bringing a legal collection action against the Borrower, unless:
 - The Servicer projects that the expected recovery will exceed the cost of the action, and
 - The Servicer obtains the prior written consent of Freddie Mac for such action

d. Waiver of the collection of a late charge (04/1802/24/26)

For all fixed-rate Mortgages, subject to satisfaction of a Servicer Delegation Requirement, the Servicer ~~has~~ is delegated the authority to waive, without the consent of Freddie Mac, the collection of a late charge (separate from default interest), if applicable, for a payment received less than 30 days after the scheduled payment date. For purposes of this paragraph, the Servicer Delegation Requirement will be deemed satisfied even if the Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization, so long as the Mortgage otherwise satisfies the Servicer Delegation Requirement (i.e., the Mortgage is: (i) owned by Freddie Mac, (ii) in a 55-Day Multi PC, or (iii) in a Securitization where Freddie Mac is the master servicer). The Servicer may grant this waiver up to three times during the life of a Mortgage, provided ~~that~~ that in connection with any such waiver:

- The Servicer determines that the Borrower has a justifiable reason for the request,
- The late payment is not due to cash flow problems, and
- The Mortgage:
 - Has not been late within the last 12 months,
 - Has a Risk Rating of six or less,



- ~~Is not in default,~~
- ~~Has not been securitized,~~ and
- Is not credit-enhanced by a third party.

If the late payment is due to cash flow problems, the Seller/Servicer may not waive the late charge and must contact Freddie Mac *Multifamily Asset Management, Borrower Transactions* or, for Structured Transactions, *Multifamily Asset Management, Structured Transactions*, to approve this request.

The Servicer may only agree to a third waiver request if the Borrower agrees to, or in the case of a fixed-rate SBL Mortgage, is already required to, auto-debit the required payment for a minimum of the next 12 months.

The waiver must be approved by a supervisor or a higher-level manager of the Servicer and the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by ~~electronically~~ taking the following actions:

1. Creating a record in CRT indicating the specific Servicer Delegation Requirement that has been satisfied.
- ~~1.2.~~ Electronically delivering to Freddie Mac ~~the~~ via DMS a completed General Servicing Request, along with any supporting documentation.

The Servicer must document the waiver and retain evidence of the waiver in the Mortgage File. The Servicer may not waive collection of any late charge payable under the Note for an ARM, or an SBL Hybrid ARM, ~~or a TAH bond credit enhancement Mortgage.~~

e. Request for waiver (04/1802/24/26)

After a Servicer has granted three waivers of the collection of late charges per Section 43.7(d), or if Section 43.7(d) otherwise does not permit the Servicer to approve a waiver request, if the Servicer determines that a waiver is necessary or desirable, the Servicer must take the following actions:

1. Enter the waiver request into CRT. The CRT record should be created with the selection that Freddie Mac approval is required ~~for Mortgages owned by Freddie Mac.~~
2. Electronically deliver ~~the~~ to Freddie Mac via DMS a completed General Servicing Request form, including any necessary supporting documentation.

43.8 Casualty losses and natural disaster losses (09/14/23)

a. Form 1140, Hazard Loss Notification (09/14/23)

1. Form 1140, Part I – Notification

The provisions of Section 43.8(a)(1) apply to a Mortgage secured by a Property that suffers a loss or damage and meets any of the following conditions:



- There has been an event of default under the Loan Documents
- Death or serious injury has resulted from the event
- The Mortgage is an SBL Mortgage and the estimated loss is greater than \$25,000
- The Mortgage is a non-SBL Mortgage and the estimated loss is greater than \$50,000

As soon as possible, but in no event more than 14 calendar days after a Servicer learns that a loss or damage has occurred with respect to a Property, regardless of whether the Borrower plans to submit an insurance claim, the Servicer must:

- Complete [Form 1140](#), Part I - Notification
- Upload the completed form to the Document Management System (DMS), using the “File Submission” link to “Submit to Hazard Loss”

If the restoration is already 100 percent complete, the Servicer must upload a fully completed [Form 1140](#), Part I – Notification and either a fully completed Part I – Follow Up or Part II – Restoration Plan for Approval (depending on whether Freddie Mac approval is required under Section 43.8(a)(3)) to DMS and use the “File Submission” link to “Submit to Hazard Loss.”

2. Form 1140, Part I – Follow Up

If none of the Freddie Mac approval conditions listed in Section 43.8(a)(3) exist, then within 90 calendar days after the Servicer submitted Part I – Notification, or earlier upon Freddie Mac request, the Servicer must upload a fully completed Part I – Follow Up to the corresponding Property Reporting System (“PRS”) entry.

3. Form 1140, Part II – Restoration Plan for Approval:

If none of the Freddie Mac approval conditions listed below exist, then the Servicer is not required to complete Part II of [Form 1140](#).

If one or more of the following conditions exists, Freddie Mac approval of the Borrower’s restoration plans is required:

- There has been an event of default under the Loan Documents
- Death or serious injury has resulted from the event
- The percentage of units that sustained any damage is 10 percent or more of the Property’s total units
- The estimated loss amount is greater than \$500,000 or 10 percent of the outstanding UPB
- For non-SBL Mortgages, the estimated loss exceeds the Borrower Proof of Loss Maximum (as defined in the Loan Agreement)



- The Mortgage has not been securitized, has a Risk Rating greater than six and the estimated loss is greater than \$50,000
- The Borrower's insurance coverage is insufficient to cover the loss to the Property or loss of rents/business income and the estimated loss amount is greater than \$50,000

If Freddie Mac approval is required for the Borrower's restoration plans, the Servicer must complete [Form 1140](#), Part II – Restoration Plan for Approval within 90 calendar days after the Servicer submitted Part I – Notification, and provide it to Freddie Mac as follows:

- If the Servicer has not previously submitted [Form 1140](#), Part I – Notification, the Servicer must upload the completed Part I – Notification and Part II to DMS and use the "File Submission" link to "Submit to Hazard Loss"
- If the Servicer has previously submitted [Form 1140](#), Part I – Notification, the Servicer must upload Part II – Restoration Plan for Approval directly to the corresponding PRS entry

Freddie Mac will review the Servicer's recommendations and provide its approval or directions for alternate action. Under most circumstances, Freddie Mac will delegate responsibility for managing and approving disbursement requests to the Servicer. If delegation of disbursement requests is not approved, the Servicer must submit [Form 1140-DR](#) to the corresponding PRS entry.

If the Servicer is requesting approval to permit the Borrower to pay down the Mortgage in lieu of restoring all or a portion of the damaged Property, the Servicer must make a Consent Request Tracker (CRT) entry and submit corresponding consent request approval documentation to Freddie Mac.

b. Reserved (03/30/12)

c. Use of insurance proceeds (06/30/16)

1. The Servicer must require the Borrower to obtain either a "repair or replacement" settlement to use the insurance proceeds to rebuild/repair the damaged Property or to obtain an "actual cash value" settlement to pay down the principal balance of the Mortgage; the type of settlement required for the Mortgage will be determined in Freddie Mac's discretion in accordance with the applicable terms of the Loan Documents, and additionally for SBL Mortgages, in accordance with Sections 43.8(c)(3) and 43.8(c)(4). If, in its discretion, Freddie Mac requires that the Borrower obtain an actual cash value settlement to use the proceeds to pay down the principal balance of the Mortgage, the Borrower may request that the Servicer and Freddie Mac review current income and expense information to assess the economic viability of the Property and reconsider the decision regarding the use of the proceeds.
2. Unless the Loan Documents provide otherwise, if the Borrower uses the proceeds to pay down the principal balance of the Mortgage, no prepayment premium will be assessed with respect to that payment. If 20 percent or more of a building or Property is damaged or destroyed and Freddie Mac agrees to allow the use of the proceeds to repair or rebuild the



Property, Freddie Mac may, in its discretion, require that the Servicer hold the proceeds in escrow and disburse them as work is completed in a workmanlike manner, bills are presented and the work is inspected.

3. For SBL Mortgages, if none of the conditions set forth in Section 43.8(c)(4) exist, then following a casualty that results in damage to the Property for which the cost of repairs will be less than \$100,000, the Servicer may authorize the Borrower to make proof of loss and adjust and compromise the claim without the prior consent of Freddie Mac, and the Servicer must hold the applicable insurance proceeds to be used to reimburse the Borrower for the cost of restoration of the Property and will not apply such proceeds to the payment of the principal amount of the SBL Mortgage.
4. For SBL Mortgages, Freddie Mac may require the Servicer to apply insurance proceeds to pay down the principal balance of the SBL Mortgage if Freddie Mac determines, in Freddie Mac's discretion, that any of the following conditions exist:
 - An event of default (or any event, which, with the giving of notice or the passage of time, or both, would constitute an event of default) has occurred and is continuing.
 - There will not be sufficient funds from insurance proceeds, anticipated contributions of the Borrower of its own funds or other sources acceptable to Freddie Mac to complete the restoration.
 - The rental income from the Property after completion of the restoration will not be sufficient to meet all operating costs and other expenses, deposits to reserve funds required by the Loan Agreement and loan repayment obligations relating to the Property.
 - The restoration will be completed less than (i) six months prior to the maturity date of the loan if re-leasing will be completed prior to the maturity date, or (ii) 12 months prior to the maturity date if re-leasing will not be completed prior to the maturity date.
 - The restoration will not be completed within one year after the date of the loss or casualty.
 - The casualty involved an actual or constructive loss of more than 30 percent of the fair market value of the Property, and rendered untenable more than 30 percent of the residential units of the Property.
 - After completion of the restoration the fair market value of the Property is expected to be less than the fair market value of the Property immediately prior to such casualty (assuming the affected portion of the Property is re-let within a reasonable period after the date of such casualty).
 - Leases covering less than 35 percent of the residential units of the Property will remain in full force and effect during and after the completion of restoration.

d. Servicer responsibilities following a casualty loss (09/14/23)

Upon learning of loss or damage to the Property, the Servicer must:



1. Verify the extent of the loss or damage to the Property, including any impact on the habitability of units, health and safety of residents, condition of common areas, and the expected effect on the occupancy and financial strength of the Property.
2. Complete and submit Parts I and II of the [Form 1140, Hazard Notification and Plan](#), in accordance with Sections 43.8(a) and (b) above.
3. Ensure that the Borrower has taken all necessary and timely steps to:
 - a. Secure the Property
 - b. Give adequate notice of the loss to the insurance carriers
 - c. Process the claim
 - d. If applicable, file for any disaster relief aid and notify Freddie Mac of the filing
4. Ensure that all insurance proceeds are delivered to the Servicer in the form of checks or drafts made jointly payable to Freddie Mac in care of the Servicer and to the Borrower. Freddie Mac hereby grants the Servicer authority to endorse such checks or drafts on Freddie Mac's behalf.
5. Ensure the judicious disbursements of insurance proceeds. The Servicer may only disburse insurance proceeds to a Borrower or release the proceeds from escrow upon the Servicer's verification that the work the funds will pay for has been satisfactorily completed.

If Freddie Mac approval of the Servicer's recommendation is required, the Servicer may not make any disbursements of insurance proceeds to the Borrower until Freddie Mac has given its written approval to the Servicer regarding the handling of the loss or damage.

- Under most circumstances, the Servicer will be responsible for managing and approving disbursement requests. However, if Freddie Mac approval of disbursement requests is required, the Servicer must complete and submit to Freddie Mac [Form 1140-DR, Hazard Loss Disbursement Request](#), for each draw request. The Servicer may not make any disbursements of insurance proceeds to the Borrower until Freddie Mac has received this form and has provided Freddie Mac's written approval to the Servicer of the Servicer's recommendations regarding the disbursement of insurance proceeds. For an SBL Mortgage, the Servicer's recommendation must include a confirmation that none of the conditions set forth in Section 43.8(c)(4) exist. The first [Form 1140-DR, Hazard Loss Disbursement Request](#), may be submitted with Part II – Restoration Plan for Approval of the [Form 1140, Hazard Loss Notification and Plan](#), if the situation requires simultaneous review of the hazard loss recommendations and the first Disbursement Request.
- If Freddie Mac approval of disbursements is not required, the Servicer is not required to complete or submit the [Form 1140-DR](#).
- The Servicer is responsible for monitoring the repair or restoration of the Property, including, when appropriate or in Freddie Mac's discretion, the employment of a qualified inspector or physical engineer to inspect the repairs or restoration.



6. Protect the priority of the Mortgage by obtaining, when the Servicer deems it necessary in the exercise of its prudent judgment or when required by Freddie Mac, waivers or releases of liens from all contractors and suppliers supplying labor or materials for the repairs and restorations.
7. Record in the servicing loss file details of the loss or damage, the repairs or restoration to the Property, and disposition of insurance proceeds. Include any inspection reports (with photographs) completed by Servicer or third parties of the initial damage, progress inspections and completion inspection.

e. Freddie Mac Annual Inspection Form (AIF) (06/28/13)

In any subsequent AIF the Servicer must report on the status of the loss until it is fully resolved.

f. Notice of completion of restoration of the Property (09/14/23)

The Servicer must use its prudent judgment in determining whether all loss or damage has been resolved or repaired, as applicable. The Servicer may take the following actions, as appropriate, to ensure full remediation has taken place:

- Employing a qualified inspector or physical engineer to inspect the repairs or restoration
- Obtaining waivers or releases of liens from all contractors and suppliers supplying labor or materials for the repairs and restorations
- Requiring the Borrower to submit the Freddie Mac Multifamily [Completion of Restoration Certificate](#) when Freddie Mac restoration plan for approval is required

Within 30 days after the Servicer determines and documents that full remediation has occurred, the Servicer must provide written notification to Freddie Mac *Multifamily Asset Management, Surveillance Compliance* via email at MF_Loan_Compliance@freddiemac.com or upload to the corresponding Loan Item Tracking (“LIT”) in the Property Reporting System (“PRS”). If the Servicer reports closure of the item in any other report to *Multifamily Asset Management*, the Servicer is held to the same standard regarding ensuring full remediation of the loss or damage.

g. Servicer responsibility following a natural disaster loss (09/14/23)

When a Servicer learns of a natural disaster (hurricane, earthquake, flood, tornado, etc.) via media or otherwise, the Servicer must take the following steps:

- Review its Freddie Mac Servicing portfolio and identify Properties potentially impacted by a Federal Emergency Management Agency (FEMA) Major Disaster declaration authorizing Individual Assistance
- Contact the Borrower for each potentially impacted Property to determine if the Property suffered any damage due to a natural disaster and if so, the extent of such damage

Note that FEMA Major Disaster areas authorized for Individual Assistance are designated by county and a Property may not be specifically located within the area of the county actually impacted by a disaster (wildfires for example).



Therefore, the Servicer should:

- Perform additional due diligence and assess and monitor local information available to determine if damage could have occurred at a Property; and
- Contact a Borrower in instances where the Servicer is unable to determine if a Property lies within an area of a FEMA designated county actually impacted by a natural disaster
- Promptly send an email to *Multifamily Asset Management, Surveillance Compliance* via email at MF_Loan_Compliance@freddiemac.com listing the potentially impacted Properties and initial details as to whether damage occurred

If the natural disaster has resulted in losses or damage to a Property the Servicer must:

1. Verify the extent of the losses or damages
2. Secure any abandoned Property
3. Assist the affected Borrower in filing for any disaster relief aid available
4. Notify Freddie Mac *Multifamily Asset Management, Surveillance Compliance* via email at MF_Loan_Compliance@freddiemac.com to determine appropriate follow-up actions and instructions regarding repairs

43.9 Reserved (06/30/16)

43.10 Easements (04/1802/24/26)

This Section 43.10 does not apply to Infrastructure Agreement Servicing Requests, as described in Section 43.32.

a. Easements the Servicer is permitted to approve (04/1802/24/26)

1. ~~During any period in which Freddie Mac owns the Mortgage, the~~ If a Servicer ~~may~~ Delegation Requirement has been satisfied, the Servicer is delegated authority to approve the types of easements described in Section 43.10(a)(3) ~~if~~ , provided all the following conditions are satisfied:
 - If the Mortgage is in a Securitization where Freddie Mac is the named master servicer, Freddie Mac must also be the Directing Certificateholder (or Directing Party).
 - The Mortgage does not secure tax-exempt debt.
 - The Servicer determines, in its discretion, that the easement will not materially affect the operation or value of the Property or Freddie Mac's interest in the Property.



- ~~The~~If the Borrower is not requesting ~~that Freddie Mac subordinate~~subordination of the lien of its Mortgage to the easement. For any such Borrower request, see Section 43.10(e).
 - ~~The Servicer has not received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization.~~
 - ~~The Mortgage does not back a Freddie Mac Multifamily Participation Certificate, a Freddie Mac Bond Credit Enhancement transaction or a Freddie Mac tax-exempt or taxable Multifamily bond securitization.~~
 - There are no investors who have provided credit enhancements for the Mortgage other than a Seller/Servicer, the Borrower or an Affiliate of the Borrower.
2. The Servicer must enter the Borrower request into ~~the Consent Request Tracker~~CRT as required by Section 36.25. ~~The Consent Request Tracker record should be created with the selection indicating the specific Servicer Delegation Requirement that Freddie Mac approval is not required for Mortgages owned by Freddie Mac.~~was satisfied.
 3. For any Mortgage which meets the requirements of Section 43.10(a)(1), the Servicer may approve the following types of easements:
 - A. Easements for local residential distribution of gas, water, electricity or other public utilities that do not have any adverse effect on the value of the Property.
 - B. Infrastructure Agreements constituting easements that Servicer is permitted to approve under Section 43.32.
 - C. Easements for the benefit of a third party (other than for local residential distribution of gas, water, electricity or other public utility) if all the following conditions are satisfied:
 - i. The Servicer has determined that there is no material adverse impact on the Property's value, operation, access, marketability, or on the income production of units or other income-producing improvements.
 - ii. The Property secures a Mortgage having a UPB of \$30 million or less as of the date of the Borrower's easement application with the Servicer.
 - iii. The Property secures a Mortgage with a Risk Rating of six or less.
 - iv. The Mortgage is current, with no evidence of default.
 - v. Compensation for the easement is less than the lesser of 0.5 percent of the UPB or \$100,000.
 - vi. The proposed easement is compatible with the use of the Property and would be generally acceptable to prudent lenders.
 - vii. A supervisor or higher-level manager on the Servicer's staff has approved the easement using the [Easement Request](#).

**b. Documentation for an easement not requiring Freddie Mac approval (04/18/24)**

Within 30 days after the grant of an easement not requiring Freddie Mac approval, the Servicer must:

- Notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by electronically delivering the Easement Request.
- Electronically deliver to Freddie Mac a copy of the Borrower request and the executed, recorded easement agreement. If a recorder or clerk delay makes it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded original." The Servicer must electronically deliver a copy showing the required information as soon as such information is available.

For any easement that does not require Freddie Mac approval, the Servicer may charge the Borrower a nonrefundable review fee for an application in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in [Exhibit 10](#). The Servicer may retain the entire fee, if any.

c. Recordation of an easement not requiring Freddie Mac approval (09/22/17)

For an easement not requiring Freddie Mac approval, Freddie Mac will provide each Servicer with a written limited power of attorney. The limited power of attorney will delegate to each Servicer the authority to sign certain documents on behalf of Freddie Mac for the limited purpose of approving an easement of one of the types set forth in Section 43.10(a). Any documents necessary to evidence the approval of such an easement must be executed by the Servicer as "[Name of Servicer], as Attorney-in-Fact for Freddie Mac."

The Servicer must maintain a record of each jurisdiction in which the limited power of attorney is recorded. Freddie Mac may require that the Servicer identify to Freddie Mac all jurisdictions where Freddie Mac's limited power of attorney has been recorded. The Servicer must comply with all local recording requirements and is solely responsible for paying any recording fee assessed by the applicable authority.

d. File retention requirements for an easement not requiring Freddie Mac approval (09/22/17)

The Servicer must maintain a file that contains the following information for a delegated easement approval:

- Borrower's original request for approval and required information
- Evidence of the Servicer's analysis and approval of the request
- Copies of the Servicer's notification of the approval to the Borrower and Freddie Mac
- Copies of the executed easement agreement and any other document signed on Freddie Mac's behalf



The Servicer must maintain the file in accordance with the requirements set forth in Section 34.4.

e. Procedure for an easement requiring Freddie Mac approval (04/18/24)

For any Mortgage for which the Servicer is not delegated approval authority under Section 43.10(a), the Servicer must take the following actions:

- Enter the Borrower request into the Consent Request Tracker as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1 - 8 below, electronically deliver those items to Freddie Mac, together with the Borrower's request and the Servicer's recommendation

For all easements that require Freddie Mac approval, the Servicer must charge the Borrower a nonrefundable review fee in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in [Exhibit 10](#). The Servicer must remit to Freddie Mac 50 percent of the review fee, if any, and may retain the remaining 50 percent. The Servicer may not charge the Borrower any additional fees for processing an application for approval of an easement.

At the time of delivery of the request to Freddie Mac, the Servicer must remit to Freddie Mac the Freddie Mac portion of any review fee. The Servicer must:

- Obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or *Multifamily Asset Management, Structured Transactions*, as applicable
- Send the wire transfer to the attention of *Multifamily Cash Management*
- Reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number

The Servicer must deliver each of the following documents:

1. A completed [Easement Request](#), available via mf.freddiemac.com/lenders/asset, which must include the Servicer's analysis along with the Servicer's recommendation for action
2. [Form 1125, Borrower Application for Partial Release or Easement](#), completed and signed by the Borrower and any Guarantor(s)
3. Copy of the proposed easement agreement (including a complete legal description of the land that will be subject to the easement) and any proposed agreement to subordinate the Mortgage to the easement
4. Survey that shows the land subject to the easement (including a complete legal description) and any affected improvements and clearly delineates the location of the easement (If the easement is a blanket easement, a survey is not required. If the easement can be shown on a copy of the survey delivered to Freddie Mac at final delivery of the Mortgage, the Seller may use that copy to delineate the easement.)



5. Title update report, if requested by Freddie Mac
6. If the Servicer determines that there may be legal issues raised by the easement, a preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 or Section 6SBL.7, if applicable. If the Servicer does not submit a PLIM, and Freddie Mac determines that the transaction raises legal issues, Freddie Mac reserves the right to request that the Servicer deliver a PLIM
7. After the Servicer receives notification from Freddie Mac that a Mortgage has been designated for inclusion in a Securitization, if requested by Freddie Mac, the Servicer must deliver an opinion of counsel addressed to Freddie Mac and obtained at no expense to Freddie Mac which meets each of the following requirements:
 - The counsel providing the opinion is acceptable to Freddie Mac
 - The opinion is in form and substance satisfactory to Freddie Mac in its sole and absolute discretion
 - The opinion confirms each of the following:
 - The grant of such easement has been effected in accordance with the requirements of Treasury Regulation Section 1.860G-2. (a)(8) (as such regulation may be modified, amended or replaced from time to time)
 - If the grant of easement occurs following the Securitization, then the qualification and status of the REMIC trust as a REMIC will not be adversely affected or impaired as a result of such grant
 - If the grant of easement occurs following the Securitization, then the REMIC trust will not incur a tax under Section 860G(d) of the Tax Code as a result of such grant
8. Any other information requested by Freddie Mac

Freddie Mac will determine whether to approve the proposed easement and subordination, if applicable, and will advise the Servicer, in writing, of that decision. The approval letter will set forth any further requirements, including payment of counsel fees.

If Freddie Mac approves the request, the Servicer must submit to Freddie Mac an execution-ready easement agreement, the subordination agreement (if applicable) and any other document that must be executed by the lender. Before submitting documents to Freddie Mac for signature, the Servicer and its counsel must review the documents to ensure that they:

- Are in the proper form
- Contain the proper signature lines and acknowledgments
- Correctly describe the easement, lease or subordination approved by Freddie Mac, including the legal description supported by the survey



f. Recordation of an easement requiring Freddie Mac approval (09/22/17)

The Servicer must comply with all local recording requirements and arrange for recordation of the easement agreement, the subordination agreement (if applicable), and any other applicable document at no cost to Freddie Mac.

g. Required documentation for an easement requiring Freddie Mac approval (04/18/24)

Within the time specified in the Freddie Mac approval letter, the Servicer must electronically deliver to Freddie Mac a copy of:

- The easement agreement and subordination agreement (if applicable), showing signatures and recording information. If a recorder or clerk delay makes it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded original." The Servicer must deliver a copy showing the required information as soon as such information is available.
- Any other document required by the Freddie Mac approval letter

43.11 Request for partial release of Property (04/1802/24/26)

a. Partial releases the Servicer is permitted to approve (06/30/1602/24/26)

1. During any period in which Freddie Mac owns the Mortgage, the Servicer may approve certain partial releases unless one of the following applies:
 - ~~The Mortgage was originated on a Note labeled "CME"~~
 - ~~The Mortgage was originated on a Note with a revision date on or after March 1, 2014~~
 - The Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization
 - The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt or taxable Multifamily bond securitization
2. For any Mortgage which meets the requirements of Section 43.11(a)(1), the Servicer may approve only partial releases that meet the following criteria:
 - a. The request for the partial release is not for improved collateral.
 - b. The request for the partial release does not relate to a ~~TAH Bond credit enhancement transaction~~ Mortgage securing tax-exempt debt with compensation for the partial release.
 - c. The partial release is in favor of a municipality or government agency.
 - d. The partial release will have no adverse impact on the Property value. (The LTV Ratio after the partial release is not greater than before the partial release.)



- e. The Property secures a Mortgage that has a Risk Rating of six or less, is not in default, is not credit-enhanced by a third party and is not a credit-enhanced bond.
- f. Compensation for the partial release is less than the lesser of 0.5 percent of the UPB or \$100,000.
- g. The Servicer has received and reviewed either:
 - A zoning report, or
 - A Preliminary Legal Issues Memorandum meeting the requirements of Section 6.4 or Section 6SBL.7, as applicable, confirming that the Property will remain in compliance with all zoning regulations after the partial release.
- h. If the Servicer determines that legal issues may be raised by the partial release, the Servicer has received and reviewed a preliminary legal issues memorandum meeting the requirements of Section 6.4 or Section 6SBL.7, as applicable.
- i. A supervisor or higher-level manager on the Servicer's staff approved the partial release using the [Property Partial Release Request](#).
- j. There are no additional investors who have provided credit enhancements (other than those provided by a Seller/Servicer, Borrower or Affiliates of the Borrower).

For any partial release that does not require Freddie Mac approval, it must be approved by a supervisor or a higher-level manager of the Servicer and the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by creating a record in CRT with the selection that Freddie Mac approval is not required.

For any partial release that does not require Freddie Mac approval, the Servicer may charge the Borrower a nonrefundable review/processing fee in the amount specified in the Loan Documents, or, if not specified, in the amount set forth in [Exhibit 10](#). The Servicer may retain the entire fee.

b. Documentation required following Servicer's delegated approval of a partial release (09/18/14)

Following a delegated approval of a partial release, the Servicer must electronically deliver to Freddie Mac, using the Property Partial Release Request, each of the following:

- A copy of the Servicer's approval
- Survey that shows both the land to be released and the land remaining under the lien of the Mortgage, including a complete legal description of both the land to be subject to the partial release and the land remaining under the lien of the Mortgage, (If the land to be released and the land remaining can be shown on a copy of the survey delivered to Freddie Mac at final delivery of the Mortgage, the Servicer may use that copy to delineate the land to be released. The Servicer must be able to delineate clearly on the survey the location of the



land to be released and the land remaining under the lien of the Mortgage.),

- Copy of the proposed partial release (including a complete legal description of the land to be released)

The Servicer must also deliver original documents to be executed by Freddie Mac to complete and record the partial release.

c. Information required with a request for Freddie Mac approval of a partial release
(~~04/30/19~~02/24/26)

For any Mortgage for which the Servicer is not delegated approval authority under Sections 43.11(a) and (b), the Servicer must take the following actions:

- Enter the Borrower request into ~~the Consent Request Tracker~~CRT as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1-13 below, the Servicer must electronically deliver those materials to Freddie Mac, together with the Borrower's request and the Servicer's recommendation

For all partial releases that require Freddie Mac approval, the Servicer must charge the Borrower a nonrefundable review/processing fee for an application in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in [Exhibit 10](#). The Servicer must remit to Freddie Mac 50 percent of the review/processing fee, if applicable, and may retain the remaining 50 percent. The Servicer may not charge the Borrower any additional fees for processing an application for approval of a partial release.

At the time of delivery of the partial release request to Freddie Mac, the Servicer must remit to Freddie Mac by wire transfer the Freddie Mac portion of the review/processing fee. The Servicer must:

- Obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions or Structured Transactions*, as applicable
- Send the wire transfer to the attention of *Multifamily Cash Management*
- Reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number

The Servicer must deliver each of the following documents:

1. A completed [Property Partial Release Request](#), which must include the Servicer's analysis along with the Servicer's recommendation for action
2. [Form 1125](#), Borrower Application for Partial Release or Easement, completed and signed by the Borrower and any Guarantor(s)
3. Survey that shows both the land to be released and the land remaining under the lien of the Mortgage, including a complete legal description of both the land to be subject to the partial



release and the land remaining under the lien of the Mortgage (If the land to be released and the land remaining can be shown on a copy of the survey delivered to Freddie Mac at final delivery of the Mortgage, the Seller may use that copy to delineate the land to be released. The Servicer must be able to clearly delineate the location of the land to be released and the land remaining under the lien of the Mortgage on the survey.)

4. Copy of the proposed partial release (including a complete legal description of the land to be released)
5. Title update report dated not earlier than 45 days before the date of [Form 1125, Borrower Application for Partial Release or Easement](#)
6. Written explanation of the process to be followed in separating the tax lots, if applicable
7. Payment history of the Freddie Mac Mortgage for the previous 12 months
8. Color photographs of the land to be released, if requested by Freddie Mac
9. A Freddie Mac Annual Inspection Form (AIF), if requested by Freddie Mac
10. A zoning report or preliminary legal issues memorandum confirming that the Property will remain in compliance with all zoning regulations after the partial release
11. If the Servicer determines that there are possible legal issues raised by the partial release, a preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 or Section 6SBL.7, if applicable. If the Servicer does not submit a PLIM, and Freddie Mac determines that the transaction raises legal issues, Freddie Mac reserves the right to request that the Servicer deliver a PLIM.
12. The Servicer's DCR and LTV analysis, addressing any changes resulting from the release and mitigating any negative changes (Note that an appraisal may be required to establish value for the proposed release parcel)
13. Any other information requested by Freddie Mac

d. Freddie Mac approval (04/30/19)

Freddie Mac will determine whether to approve the proposed partial release and will advise the Servicer, in writing, of that decision. Freddie Mac may require that any consideration being paid to the Borrower for the released land be applied to the UPB of the Mortgage to obtain an LTV Ratio no higher than the LTV Ratio of the Mortgage immediately before the partial release or to reduce the LTV Ratio (if Freddie Mac determines that the intended use of the released land would adversely affect the value of the remaining Property).

The approval letter will set forth any further requirements and will require the Servicer to collect a counsel fee to reimburse Freddie Mac for the fees, expenses and costs of Freddie Mac's legal counsel, including its in-house counsel. The Servicer must remit the counsel fee by wire transfer to Freddie Mac at the same time it submits the approval letter that the Servicer executes and returns to evidence its acceptance of the terms, or as otherwise instructed in the approval letter. The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions or Structured Transactions*, as applicable. 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.

If Freddie Mac approves the proposed partial release, the Servicer must submit to Freddie Mac an execution-ready partial release and, if applicable, any other documents that must be executed by the lender. Before submitting the proposed partial release and any other applicable documents to Freddie Mac for signature, the Servicer and its counsel must review the documents to assure that they:

- Are in the proper form
- Contain the proper signature lines and acknowledgments
- Correctly describe the partial release approved by Freddie Mac, including a legal description supported by the survey

e. Recordation (05/07/07)

The Servicer must comply with all local recording requirements and arrange for recordation of the partial release and any other applicable documents at no cost to Freddie Mac.

f. Documents required after partial release (04/18/24)

Within the time specified in the Freddie Mac approval letter, the Servicer must deliver the following documents to Freddie Mac:

- By electronic delivery, the partial release, showing signatures and recording information (If a recorder or clerk delay makes it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded original." The Servicer must deliver a copy showing the required information as soon as such information is available.)
- The original title endorsement updating the Property legal description and reflecting recording of the partial release
- Any other document required by the Freddie Mac approval letter

43.12 Condemnation/eminent domain (06/30/16)

a. Requirements applicable to both non-SBL and SBL Mortgages (06/30/16)

For any full or partial taking of the Property by condemnation or eminent domain, the Servicer must take the following actions after receiving notice of the initiation of such action:

- Enter the Borrower request into the Consent Request Tracker, as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1-13 of Section 43.11(c), electronically deliver those materials to Freddie Mac, together with the Borrower's request and the



Servicer's recommendation; for an SBL Mortgage, the Servicer's recommendation must include an analysis of the requirements set forth in Section 43.12(b)

- Charge the Borrower a nonrefundable review fee in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in [Exhibit 10](#), and submit the review fee, if applicable, by wire transfer in the manner described in Section 43.11(c)
- Advise Freddie Mac whether either of the following circumstances exists:
 - The Property will be taken in whole and the consideration to be paid to the Borrower will be insufficient to satisfy the UPB of the Mortgage
 - The Property will be taken in part and the ratio of the UPB of the Mortgage to the current appraised value of the remaining Property is higher than the LTV Ratio of the Mortgage immediately before the taking, even after applying any consideration to reduce the UPB of the Mortgage.

b. Additional requirements applicable to SBL Mortgages (06/30/16)

Subject to the terms of the Loan Agreement (including Section 6.11(c) of the Loan Agreement), in the event of a partial condemnation of the Property, if the Servicer has determined that no event of default, or any event which, with the giving of notice or the passage of time, or both, would constitute an event of default, has occurred and is continuing, then in the event of a partial condemnation resulting in proceeds or awards in the amount of less than \$100,000, the Servicer may authorize the Borrower to make proof of loss, adjust and compromise the claim and collect and receive any proceeds directly without the approval or prior consent of Freddie Mac so long as the proceeds or awards are used solely for the restoration of the Property.

In the event of a partial condemnation of the Property resulting in proceeds or awards in the amount of \$100,000 or more and subject to the terms of the Loan Agreement, Freddie Mac may require the Servicer to apply condemnation proceeds to the principal balance of the Mortgage if Freddie Mac, in Freddie Mac's discretion, determines that any of the following conditions is met:

- An event of default (or any event, which, with the giving of notice or the passage of time, or both, would constitute an event of default) has occurred and is continuing.
- There will not be sufficient funds from condemnation proceeds, anticipated contributions of Borrower of its own funds or other sources acceptable to Freddie Mac to complete the restoration.
- The rental income from the Property after completion of the restoration will not be sufficient to meet all operating costs and other expenses, deposits to Reserve funds and Mortgage repayment obligations relating to the Property.
- The restoration will not be completed at least one year before the maturity date of the Mortgage (or six months before the maturity date if re-leasing of the Property will be completed within such six-month period).
- The restoration will not be completed within one year after the date of the condemnation.



- The condemnation involved an actual or constructive loss of more than 15 percent of the fair market value of the Property, and rendered untenable more than 25 percent of the residential units of the Property.
- After restoration the fair market value of the Property is expected to be less than the fair market value of the Property immediately prior to the condemnation (assuming the affected portion of the Property is re-let within a reasonable period after the date of the condemnation).
- Leases covering less than 35 percent of residential units of the Property will remain in full force and effect during and after the completion of restoration.

43.13 Maturing Mortgages (04/18/24)

As a Mortgage approaches its maturity date, the Servicer must maintain contact with the Borrower and must keep Freddie Mac informed about the Borrower's plans regarding payoff of the Mortgage. Approximately six months prior to the maturity date of the Mortgage, *Multifamily Special Servicing* may request the Servicer to complete a [Form 1101, Legal Referral Form](#), and provide certain other information. The Servicer must return the completed [Form 1101](#) and any other requested information to Freddie Mac within 10 days of the request.

a. Refinance candidates (06/27/19)

The Servicer must evaluate each maturing Mortgage to determine whether the Mortgage may qualify for refinancing under a Freddie Mac purchase program or product and whether the Borrower is interested in pursuing such a refinance. The Servicer must advise Freddie Mac of the results of its analysis. Additional action to be taken depends upon whether the Servicer is a member of the Optigo Lender network.

1. If the Servicer is a member of the Optigo Lender network

If the Mortgage appears to qualify for a refinancing under a Freddie Mac purchase program or product and the Borrower is interested, the Seller/Servicer must contact the Applicable Freddie Mac *Multifamily Regional Office* to initiate a transaction.

2. If the Servicer is not a member of the Optigo Lender network

Freddie Mac may, in its sole discretion, elect to provide the Borrower with a list of Optigo Lenders for the geographic region in which the Property is located.

b. Monitoring of payoff plans (04/18/24)

The Servicer must keep Freddie Mac informed of the Borrower's efforts to secure alternate refinancing or to market and sell the Property to pay off the maturing Mortgage.

1. Letters to Borrower

The Servicer must send letters to the Borrower at the following times, requesting information about the Borrower's plans to pay off the Mortgage at maturity:



- Nine months prior to maturity
- Six months prior to maturity, if the Borrower has not responded to the previous letter
- Three months prior to maturity, if the Borrower has not responded to any prior letters

The Servicer may send each letter by certified mail, return receipt requested or via email. A copy of the Servicer's letter and any Borrower response must be sent to the assigned *Multifamily Asset Resolution Analyst* upon request.

Each letter listed above must emphasize that Freddie Mac expects that the Mortgage will be paid in full in accordance with its terms on or before the maturity date and that a failure to do so will constitute a default under the terms of the Mortgage.

2. Additional contacts with Borrower

If the Servicer has received no response from the Borrower within 30 days following its letter sent six months prior to the maturity date, the Servicer must attempt to contact the Borrower by telephone or in person to request the information regarding the Borrower's plans to pay off the Mortgage at maturity.

If the Servicer has not received a request for a payoff statement by the 30th day prior to the maturity date of the Mortgage, the Servicer must attempt to contact:

- The Borrower by telephone to confirm Borrower's source of funds to pay off the Mortgage at maturity, or
- The new lender directly for confirmation of its commitment to the Borrower, in the case of a third-party refinance.

3. Extensions

On a case-by-case basis, Freddie Mac may consider extension of a Mortgage to enable a Borrower to obtain funds to pay off a maturing Mortgage. Any extension will be on conditions specified by Freddie Mac. Those terms may include payment of an extension fee, an increase in the Mortgage interest rate, revised amortization, a paydown of the loan amount, and payment of all administrative costs in connection with the extension.

c. Transfer of Servicing of a matured Mortgage (10/07/08)

If a Mortgage has not been paid in full by its maturity date, Freddie Mac may, in its sole discretion, transfer Servicing of that Mortgage to another Servicer. If Freddie Mac elects to transfer Servicing of the matured Mortgage, the existing Servicer will not be compensated and must cooperate fully with Freddie Mac and the transferee Servicer.



43.14 Modification; release; waivers (12/16/25)

a. Limits on Servicer (12/16/25)

The Servicer must not modify, waive or release any term of any Note, Security Instrument or other Loan Document, accept any prepayment, or consent to any postponement of performance by any Borrower of any obligation under a Note, Security Instrument or other Loan Document except as authorized by the Purchase and Servicing Documents.

If a Mortgage is included in a REMIC Securitization, the Servicer will not knowingly or intentionally take any action or fail to take (or fail to cause to be taken) any action with respect to such mortgage, that (i) adversely affects or impairs the status of the REMIC trust as a REMIC or (ii) results in the REMIC trust incurring a tax under Section 860F(a) or Section 860G(d) of the Internal Revenue Code and related U.S. Treasury regulations. With respect to any such actions, unless waived by Freddie Mac, the Servicer must deliver an opinion of counsel addressed to Freddie Mac and obtained at no expense to Freddie Mac which meets each of the following requirements:

- The counsel providing the opinion is acceptable to Freddie Mac
- The opinion is in form and substance satisfactory to Freddie Mac in its sole and absolute discretion
- The opinion confirms each of the following:
 - The qualification and status of the REMIC trust as a REMIC will not be adversely affected or impaired as a result of such proposed action
 - The REMIC trust will not incur a tax under Section 860F(a) or Section 860G(d) of the Internal Revenue Code and related U.S. Treasury regulations as a result of such proposed action

b. Collateral release (06/17/21)

For the requests listed below, the Servicer must complete and electronically deliver to Freddie Mac a written request and recommendation using the [Release/Extension of Monetary Collateral Request](#), attaching any necessary supporting documentation to include:

1. Release or reduction of Guaranty
2. Release of Rental Achievement Agreement
3. Release of Letter of Credit
4. Release of other Reserve

c. Waivers (06/17/21)

The Servicer must complete and submit a waiver request via the Freddie Mac Insurance Compliance Tool (ICT), which must include the Servicer's analysis along with the Servicer's recommendation for action, to request any waiver of the insurance requirements if the right to

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grant such a waiver has not been delegated to the Servicer. A certificate executed by a Chief Servicing Officer will not be required for any such request.

For any other type of waiver or requested adjustment to the Loan Documents, the Servicer must complete and submit a [General Servicing Request](#) and a certificate executed by a Chief Servicing Officer, both of which are available at <https://mf.freddiemac.com/lenders/guide/> under Forms for Asset Management.

43.15 Rate Reset Mortgages (04/30/19)

a. Submission of information to Freddie Mac (04/30/19)

Within 10 days following receipt of notice that the Borrower wishes to exercise its option to extend the term of a Rate Reset Mortgage and reset the interest rate, the Servicer must notify Freddie Mac *Multifamily Asset Management, Structured Transactions*. The Borrower must notify the Servicer of its intent to exercise the Rate Reset option no earlier than 180 days, and no later than 110 days prior to the maturity date of the original term. The Servicer must deliver the following items to Freddie Mac *Multifamily Asset Management, Structured Transactions*:

1. A copy of the Borrower's notice to the Seller
2. A certificate in a form acceptable to Freddie Mac, stating the following for each Borrower and Borrower Principal:
 - Bankruptcy or insolvency experience during the original Mortgage term
 - Default experience with respect to any Mortgage made by the same Borrower and held by Freddie Mac during the original Mortgage term
3. An AIF, dated within 60 days prior to submission
4. The Servicer's written analysis of whether the Borrower meets all requirements specified in the applicable Loan Documents for approval of the request to extend the Mortgage term and to reset the interest rate

The Servicer must remit the Rate Reset fee received from the Borrower by wire transfer. Unless otherwise specified in the Loan Documents, the fee must be equal to the amount set forth in [Exhibit 10](#). The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Structured 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.

b. Conditions for approval of extension/reset request (05/06/05)

Freddie Mac will review the materials submitted by the Servicer and will make its determination whether the Borrower meets the applicable requirements for extension of the Mortgage term and resetting of the interest rate.



c. Notification and determination of eligibility for Rate Reset and extension (05/06/05)

Within 30 days after receipt of all documents from the Servicer as specified in Section 43.15(a), Freddie Mac will make a determination on whether the Borrower is eligible to extend the Mortgage term and reset the interest rate, and will deliver written notice of its determination to the Servicer.

1. Adverse determination

If Freddie Mac determines that the Borrower has not met all conditions for exercise of the option, Freddie Mac will return the Borrower's Rate Reset fee to the Servicer.

2. Approval determination

If Freddie Mac determines that the Borrower has met all conditions for exercise of the option, the Borrower's Rate Reset fee will be nonrefundable, and the notice will specify:

- The period that is not more than 70 days or less than 60 days prior to the original maturity date of the Mortgage during which the Servicer must lock the interest rate for the extended term, and
- The procedure that the Servicer must use to lock the reset interest rate

d. Execution of extension documentation (05/06/05)

After the Servicer locks the rate for the extended term, Freddie Mac will deliver to the Servicer the documentation (with instructions for completion) to be executed by the Borrower to evidence the reset interest rate effective during the extended term, the new monthly payment amount and the new maturity date of the Mortgage. The Servicer must arrange for the prompt execution and recording of the required documents.

e. Delivery of extension documentation to Freddie Mac (05/31/12)

The Servicer must deliver the following to Freddie Mac *Multifamily Asset Management, Structured Transactions* at least 30 days prior to the maturity date of the original term of the Mortgage:

- If required by Freddie Mac, copies of all recorded extension documents, each showing the recorder's stamp, book and page numbers, or instrument number
- Originals of any other documents required by Freddie Mac, and
- If required by Freddie Mac, an endorsement to the title insurance policy in a form acceptable to Freddie Mac and at no expense to Freddie Mac, insuring the continuing First Lien priority of the Mortgage following the extension of the Mortgage term and resetting of the interest rate

If required by Freddie Mac, the Servicer must deliver the original recorded documents to Freddie Mac *Multifamily Asset Management, Structured Transactions* as soon as the Servicer receives them from the recorder or clerk.



f. Reimbursement of Servicer's costs (05/06/05)

The Servicer may obtain from the Borrower reimbursement of the Servicer's actual costs incurred in connection with the execution and recording of the documents evidencing the terms of the extended Mortgage, including attorneys' fees, recording costs and other out-of-pocket expenses.

g. Borrower's failure to complete extension process (05/06/05)

If the Borrower fails to complete the extension and Rate Reset process following a determination by Freddie Mac that the Borrower satisfies all conditions for exercise of the extension option, then Freddie Mac will retain the Borrower's Rate Reset fee, and the Mortgage will be due and payable in full on its original maturity date.

43.16 Risk detection and notification; Risk Ratings and monitoring responsibilities (06/29/17)

a. Loan compliance and risk detection responsibilities (05/01/14)

1. Risk detection

The Servicer must identify increased risk associated with a Property or Mortgage by:

- a. Inspecting the Property (including physical findings, market review and management evaluation)
- b. Reviewing the Mortgage during the assessment process
- c. Monitoring Mortgage compliance (for example, Mortgage payments and Reserves)
- d. Applying market knowledge
- e. Interacting with the Borrower
- f. Determining whether a disaster in the Property's location has caused any damage to the Property

2. Assessing Mortgage Document compliance by the Borrower

The Servicer must monitor the Borrower's compliance with the terms and conditions of the Loan Documents, including:

- a. Monitoring insurance to ensure compliance with coverage requirements
- b. Ensuring completion of all required repairs
- c. Ensuring compliance with other Mortgage conditions (for example, obtaining or maintaining a tax abatement or tax exemption, clearing code violations, complying with regulatory requirements, or complying with any financial covenants)



- d. Monitoring letters of credit to ensure compliance with the requirements set forth in Section 11.2

If the Borrower has failed to comply with the terms and conditions of the Loan Documents, other than monetary defaults (which are addressed in Chapter 44), the Servicer must attempt to resolve the noncompliance as authorized in the Guide and the Purchase and Servicing Documents. If the Servicer is unable to resolve the Borrower's noncompliance, the Servicer must notify Freddie Mac *Multifamily Asset Management, Surveillance* within 30 days of the Servicer's identification of the Borrower's noncompliance and provide the Servicer's recommended action or actions.

b. Risk outlook, notification and recommendation (09/28/12)

The Servicer must notify Freddie Mac *Multifamily Asset Management, Surveillance* of any change in the Servicer's risk outlook of the Mortgage within five Business Days and discuss its findings with its Freddie Mac *Multifamily Asset Management, Surveillance* representative.

The Servicer must provide its recommendations regarding its view of the loan's risk and detail any further action needed.

c. Risk Ratings and monitoring (05/31/12)

If Freddie Mac determines that the Mortgage meets its criteria for a Risk Rating greater than six, Freddie Mac will notify the Servicer that it has assigned that Mortgage a Risk Rating greater than six. With the notification, Freddie Mac will include any additional steps that the Servicer must take to monitor the risk. The Servicer must comply with all elements of the Freddie Mac request and continue to monitor the risk factors associated with the Property and the Mortgage.

d. Quarterly reporting based on Risk Rating (06/29/17)

The Servicer must report quarterly on the performance of each Property that secures a Mortgage with a Risk Rating greater than six. The Servicer must submit each report by the due date specified by Freddie Mac and must use the quarterly report format provided by Freddie Mac. The Servicer must notify Freddie Mac *Multifamily Asset Management, Surveillance* of any changes in the risk factors. See Chapter 40 for additional information on the Quarterly Financial assessment (QIE).

43.17 Mortgages paid in full (12/14/18)

a. Mortgage paid in full at maturity (04/30/15)

The Servicer is responsible for the review of a Borrower's request to pay a Mortgage in full. Before responding to any inquiry regarding the full satisfaction of a Mortgage, the Servicer must carefully review the terms of the Note to determine the full amount due.

The Servicer must notify Freddie Mac *Multifamily Loan Accounting* of the Borrower's request to pay in full any Mortgage serviced for Freddie Mac. The Servicer must submit a completed [Loan Payoff Notice](#), available via mf.freddiemac.com/lenders/reporting, (which must include the Servicer's analysis along with the Servicer's recommendation for action) and must forward the following information to Freddie Mac *Multifamily Loan Accounting* within five Business Days after receipt by the Servicer of the Borrower's request to pay in full:

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1. Copy of any Consolidation, Modification and Extension Agreement (if applicable)
2. Copy of the Borrower's payoff request

b. Mortgage paid in full prior to the maturity date (05/06/05)

Additional requirements for any Mortgage being paid in full prior to the actual maturity date are located in Section 51.1.

c. Requests for Freddie Mac execution of documents (12/07/07)

The Servicer must submit to Freddie Mac *Multifamily Loan Accounting* all requests for Freddie Mac execution of documents necessary to complete the release, discharge or satisfaction of debt. The Servicer or its attorney must forward the original satisfaction documents to Freddie Mac *Multifamily Loan Accounting* for signature by Freddie Mac. For documents that require Freddie Mac execution, the Servicer must include a letter explaining:

1. The nature of the request (release of Note or execution of documents)
2. The reason for the request (maturity, full prepayment, repurchase approved by Freddie Mac, repurchase demanded by Freddie Mac or repurchase in compliance with a recourse agreement)
3. Any special endorsement to the Note required by Freddie Mac or by applicable law
4. The date applicable funds were remitted to Freddie Mac
5. The address and identity of the official of the Servicer to whom Freddie Mac should return the executed documents

d. Documentation delivered after payment-in-full (12/14/18)

After Freddie Mac receives payment in full, whether at maturity or by prepayment, Freddie Mac will return to the Servicer the original Note stamped "Paid and Canceled." It is the Servicer's responsibility to return the original Note to the Borrower and to record or file any satisfaction documents.

43.18 Noncompliance fees (06/12/23)

Freddie Mac separately monitors Servicing reporting, accounting reporting and Delinquency reporting and separately assesses noncompliance fees. Freddie Mac will send the Servicer a written notification of each violation. Fees are due to Freddie Mac no later than the fifth Business Day after the first accounting cutoff date following the missed reporting due date. The Servicer must remit the fee using the myOptigo® Servicer Remittance system described in Section 53.7. The cash statement for the accounting cycle in which the fee is due will reflect the fee. Freddie Mac reserves the right to change all fees and other remedies at any time and at its sole discretion.



43.19 Property management (10/17/24)

a. General property management requirements (10/17/24)

For non-SBL Mortgages, the Servicer must ensure that the property management company and proposed property management agreement comply with all requirements of the Loan Documents, and if the Loan Documents are silent, with all requirements of Section 8.13.

For SBL Mortgages, the Servicer must ensure that the property management company and proposed property management agreement comply with all requirements of the SBL Loan Documents.

For all Mortgages, with respect to each proposed property management company and/or proposed sub-management company, the Servicer must certify that it has performed the applicable searches with respect to such entity that are required under Sections 2.18, 2.23, 2.24 and 9.3, including Freddie Mac Exclusionary List, FHFA SCP List and OFAC screening, and Web Searches to identify adverse information related to Financial Crimes, litigation, negative credit events and adverse actions that may pose reputational risk.

b. When full Freddie Mac review of a property management change (including delegation to a sub-manager) is not required (10/17/24)

Freddie Mac full review of a property management change is not required if the new property management company is on the [Freddie Mac Property Management Company List](#) Freddie Mac will be deemed to have approved the change in property management, if each of the following conditions is satisfied:

1. The Servicer delivers to Freddie Mac *Multifamily Asset Management, Borrower Transactions* or, for Structured Transactions, *Multifamily Asset Management, Structured Transactions*, each of the following:
 - A summary of the new property manager's qualifications and experience
 - A [Property Management Change Certification](#), executed by the Borrower, the new property manager, and the Servicer, with no changes other than blanks filled in, required boxes checked, and signature blocks completed (a Chief Servicing Officer Certification is not required)
 - A copy of the fully-executed Management Agreement
 - A copy of the fully-executed Sub-Management Agreement (if applicable)

If any provision of the form requires revision to correctly reflect the proposed transaction, the Property Management Change Certification is inapplicable, and the Servicer must follow the review process detailed in Section 43.19(c).

- For non-SBL Mortgages, each of the following, as applicable:
 - Assignment of Management Agreement and Subordination of Fees (New Property Manager), executed by the Borrower and the new property manager



- Assignment of Management Agreement and Sub-Management Agreement and Subordination of Management Fees and Sub-Management Fees executed by the Borrower, the new property manager and new property sub-manager
 - If the new property manager is affiliated with the Borrower, and the Borrower was required to provide a nonconsolidation opinion at the origination of the Mortgage, an updated nonconsolidation opinion
2. The Servicer has entered the Borrower request into the Consent Request Tracker, as required by Section 36.25. The Consent Request Tracker record should be created with the selection that Freddie Mac approval is required for Mortgages owned by Freddie Mac.

Freddie Mac will execute the Property Management Change Certification and the Assignment of Management Agreement and Subordination of Fees (New Property Manager), and will upload the fully-executed document to DMS.

c. When Freddie Mac review of a property management change (including delegation to a sub-manager) is required; review process (10/17/24)

If any of the conditions set forth in Section 43.19(b) are not satisfied, Freddie Mac must review and approve the request for a property management company change, and the provisions of Sections 43.19(c), (d) and (e) will apply.

Upon receiving a request for approval of or notice of a property management change, the Servicer must take the following actions:

- Enter the Borrower request into the Consent Request Tracker, as required by Section 36.25
- Promptly upon receipt of all applicable items listed below, electronically deliver those materials to Freddie Mac
 1. Completed [Property Management Change Request](#), including the Servicer's analysis and the Servicer's recommendation for action
 2. Copy of the Borrower's request explaining the reason for the property management change
 3. Certification from the Borrower of each of the following:
 - The management agreement does not include any terms that are not customary in the market area in which the Property is located.
 - The Mortgage is current and the Borrower is not aware of any event of default which has occurred and is continuing with respect to the loan
 - The Borrower has obtained the consent of any other party required to consent to a change of the property management company for the Property
 4. Copy of the proposed new property management agreement
 5. Copy of the proposed Sub-Management Agreement (if applicable)



6. Resume, brochure and/or the web address for the proposed management company

d. Freddie Mac's review of the property management change request (including delegation to a sub-manager) (10/17/24)

In conducting its review of the property management change request, Freddie Mac may consider the following factors:

1. The Property's Risk Rating
2. Whether the Mortgage is current with no continuing event of default
3. Whether the proposed property manager is a third-party property management company with at least five years of experience managing properties similar to the subject Property in size and type and in the same market as the subject Property
4. Whether the proposed property management company is a for-profit or a non-profit entity
5. Whether the proposed compensation for the property management company exceeds:
 - For non-SBL Mortgages, the percentage of overall gross monthly rents provided for in the previously approved contract with the prior property management company
 - For SBL Mortgages, the greater of seven percent of the overall gross monthly rents or the percentage of overall gross monthly rents provided for in the previously approved contract with the prior property management company
6. If the Borrower will not assign its interests under the property management agreement to Freddie Mac (such as for an SBL Mortgage), whether the contract is terminable upon not more than 30 days' notice without the necessity of establishing cause and without payment by Borrower or its successors of a penalty or termination fee
7. The extent of any planned or started rehabilitation at the Property
8. The extent of any Deferred Maintenance shown on the latest annual risk assessment and the Property rating

e. Documentation required following approved property management change (including delegation to a sub-manager) (10/17/24)

If Freddie Mac has approved a property management change, then within the time specified in the Freddie Mac approval letter, the Servicer must electronically deliver to *Freddie Mac Multifamily Asset Management Borrower Transactions* each of the following items, as applicable:

- For non-SBL Mortgages:
 - Property management agreement in the form approved by Freddie Mac



- For a change of property management company, a copy of the fully executed Assignment of Management Agreement
- For changes involving only a modification of the property management agreement (and not involving a change of property management company), an amendment to the applicable Assignment of Management Agreement replacing the form of property management attached thereto as an exhibit
- A copy of the fully executed Assignment of Management Agreement and Sub-Management Agreement and Subordination of Management Fees and Sub-Management Fees, if applicable
- An updated non-consolidation opinion (if required)
- Any other documents specified in the approval letter
- For SBL Mortgages:
 - Each of the documents specified in the approval letter
 - An Assignment of Management Agreement and Subordination of Management Fees is not required or applicable

43.20 Advance written notice to the Borrower for ARM payments (06/30/16)

The Servicer must provide the Borrower with advance written notice of each interest rate adjustment and each new monthly payment due under the Note for an ARM or an SBL Hybrid ARM. The Servicer must give each such notice in the manner specified in the Loan Documents for the giving of notices, and the Servicer must give each such notice at least 15 calendar days prior to the due date of the new monthly payment.

43.21 Third-party cap agreement (07/01/14)

a. Payments by cap provider (07/01/14)

As long as there is not an event of default, if the Borrower has paid in full the applicable monthly payment of principal and interest or interest only due under the Note, the Servicer must remit to the Borrower any payment received under a third-party interest rate cap agreement ("cap agreement") from the provider of the cap agreement ("cap provider").

b. Collection of cap agreement payments for conventional Mortgages (02/07/08)

The Servicer, on behalf of Freddie Mac, must diligently attempt to collect all payments under the cap agreement or interest rate cap guaranty at the times they are due and payable.

43.22 Subsequent cap agreements for cash Mortgages (06/24/25)

See Sections 28.12 and 28.18 for interest rate cap requirements for Bond Credit Enhancement Mortgages. See Sections 25.12 and 25.18 for interest rate cap requirements for TEL Mortgages.



a. Deposits to cap fee Reserves (02/28/18)

The Borrower must deposit ("cap fee Reserve") an amount sufficient to accumulate funds equal to 125 percent of the amount estimated by the Servicer to be sufficient to purchase, immediately prior to termination of the then-existing cap agreement, a subsequent cap agreement ("subsequent cap agreement") with (1) a term expiring on the earlier of the date that is two years after the termination of the then existing cap agreement or the maturity date of the Mortgage, (2) a notional amount equal to the outstanding principal balance due under the Note on the commencement date of the subsequent cap agreement and (3) a strike rate equal to the original strike rate.

On the Origination Date, the Servicer must calculate the initial monthly cap fee Reserve based on the purchase price of the cap agreement and inform the Borrower of that amount. The process for adjusting the monthly cap fee Reserve amount is as follows:

1. Within 30 days after the Origination Date, the Servicer must complete the information on the first page of the [Kensington Cap Escrow Adjustment Form](#) and submit the form to Kensington Capital Advisors LLC ("Kensington") at capinfo@kensington-advisors.com, together with a copy of the Rate Cap Rider from the Loan Agreement.
2. 30 days prior to the due date of each cap fee Reserve adjustment, Kensington will provide each Servicer with a list of Mortgages requiring review of the cap fee Reserves. Upon receipt of the list of Mortgages, the Servicer must provide Kensington with the anticipated unpaid principal balance at the time of cap renewal and the current cap fee Reserve balance for each of the Mortgages on the list.
3. Kensington will determine the new monthly deposit to the cap fee Reserve and return the completed Kensington Cap Escrow Adjustment Form to the Servicer.
4. The Servicer must review and sign the completed Kensington Cap Escrow Adjustment Form indicating its approval.
5. The Servicer must notify the Borrower of the amount of the new monthly deposit for the cap fee Reserve.
6. With respect to each subsequent cap fee Reserve adjustment, the Servicer must provide to Kensington not less than 15 days prior to the date on which the cap fee Reserve will be adjusted, (1) the anticipated unpaid principal balance at the time of cap renewal and (2) the then current cap fee Reserve balance.
7. Thereafter, the Servicer must review and approve all subsequent adjustments to monthly cap fee Reserve payments required under the loan agreement in the manner set forth in this section and in accordance with the terms of the Loan Documents.

Freddie Mac reserves the right, after notice to the Servicer, to require the Servicer to obtain Freddie Mac's approval for all cap deposits Reserve adjustments for a Mortgage. This notification may be in the form of an email from Freddie Mac's *Multifamily Asset Management* representative.

**b. Interest on cap deposits (09/25/15)**

Unless applicable law requires, or the Loan Documents provide otherwise, Freddie Mac will not require the Servicer to pay the Borrower any interest, earnings or profits on the cap deposits related to Mortgages.

c. Excess cap deposits (06/24/25)

If the Borrower delivers a subsequent cap agreement and there are excess cap deposits, the Servicer must continue to hold such excess cap deposits and apply the accumulated deposits to purchase a subsequent cap agreement. When the Borrower has paid the indebtedness in full, or has purchased a cap agreement with a termination date no earlier than the maturity date of the Mortgage, Freddie Mac will authorize the Servicer to return any cap deposits to the Borrower.

d. Terms of subsequent cap agreements (07/01/14)

Any subsequent cap agreement must have:

- A term not earlier than one year from its effective date,
- A strike rate that does not exceed the original strike rate set forth in the Loan Documents, and
- A notional amount equal to the outstanding indebtedness on the effective date of the subsequent cap agreement.

e. Cap deposits Reserve Custodial Account (09/25/15)

Unless otherwise stated in the Loan Documents, cap deposits Reserve Custodial Accounts must meet the requirements of Chapter 52.

f. Cap agreement and cap provider requirements (02/07/08)

See Section 11.3 for the requirements regarding the cap agreement and cap provider.

43.23 Property Improvement Alterations for non-SBL Mortgages (06/16/22)

For non-SBL Mortgages, in accordance with the Loan Agreement, the Borrower must notify the lender when it intends to begin Property Improvement Alterations. After receipt of the Property Improvement Alterations Notice from the Borrower, the Servicer must notify Freddie Mac of the planned Property Improvement Alterations and monitor the Borrower's compliance with the terms of the Loan Agreement.

For purposes of this Section 43.23, the term "Borrower's certificate" means either of the following:

- A certificate from the Borrower in substantially the form attached to the Loan Agreement for documenting Property Improvement Alteration matters, if applicable, or



- If no form of certificate is attached to the Loan Agreement, then a certificate from the Borrower which includes the information specified in Section 43.23(b) or 43.23(c), as applicable.

Note that the provisions of Section 43.23 do not apply to repairs, capital replacements, restoration and other work required to be performed at the Property pursuant to the terms of the Loan Documents.

a. Notifying Freddie Mac of Property Improvement Alterations (02/27/15)

Within five Business Days after receiving a Property Improvement Alterations Notice from a Borrower, the Servicer must:

- Electronically deliver to Freddie Mac [Form 1126, Acknowledgement of Property Improvement Alterations](#), along with a copy of the Property Improvement Alterations Notice received from the Borrower, and
- Provide the Borrower with a copy of [Form 1126, Acknowledgement of Property Improvement Alterations](#), submitted to Freddie Mac.

For a Mortgage that has been designated for inclusion in a Securitization, if any Property Improvement Alterations described in a Property Improvement Alterations Notice received by the Servicer have commenced but have not yet been completed, then prior to the Securitization, but no later than 15 days following a request by Freddie Mac, the Servicer must deliver to Freddie Mac a Borrower's certificate detailing the status of the Property Improvement Alterations.

b. Monitoring ongoing Property Improvement Alterations (04/30/19)

While Property Improvement Alterations are taking place, the Servicer must obtain and review the rent roll on a quarterly basis. If the rent roll shows that the occupancy of the Property has decreased to less than the Minimum Occupancy set forth in the Loan Agreement, the Servicer must:

- Inform Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* via email, and
- Obtain a Borrower's certificate which includes the following:
 - A list of all of the Property Improvement Alterations described in the Property Improvement Alterations Notice that the Borrower has commenced but not yet completed and anticipated completion dates for all such Property Improvement Alterations
 - A list of all of the Property Improvement Alterations described in the Property Improvement Alterations Notice that the Borrower has completed
 - If required by the Loan Agreement, a statement that any commenced or planned Property Improvement Alterations that would cause dwelling units to be unavailable for rental have been suspended until the Minimum Occupancy threshold is satisfied
 - Any other information required by Freddie Mac



The Servicer is responsible for monitoring any undertaken Property Improvement Alterations, including, when appropriate, employing a qualified inspector or physical engineer to inspect the Property Improvement Alterations.

c. Completion of Property Improvement Alterations (06/16/22)

When all Property Improvement Alterations described by the Property Improvement Alterations Notice have been completed, the Servicer must obtain a Borrower's certificate specifying that the completed Property Improvement Alterations were completed in a good and workmanlike manner and in compliance with all laws (including life safety laws, environmental laws, building codes, zoning ordinances and laws for the disabled).

43.24 Commercial/non-residential leases (04/18/24/26)

This Section 43.24 does not apply to Infrastructure Agreement Servicing Requests, as described in Section 43.32.

a. When Freddie Mac approval is required (04/18/24)

Freddie Mac approval is required for:

- Any new or modified non-residential (commercial) lease, including an extension or termination of such lease (a "Nonresidential Lease"), except (i) an Infrastructure Agreement Servicing Request for a lease satisfying the requirements under Section 43.32(b), (ii) any lease expressly permitted by the Loan Documents, or (iii) for an SBL Mortgage, a lease satisfying the requirements of Section 43.24(e)
- Any new lease related to drilling, oil or gas exploration at the Property

b. Servicer's request for Freddie Mac approval (05/05/17/24/26)

Upon receiving a request for approval of any new or modified commercial lease or oil and gas lease, the Servicer must take the following actions:

- Enter the Borrower request into the Consent Request Tracker as required by Section 36.25
- Electronically deliver to Freddie Mac the [General Servicing Request](#), and any necessary supporting documentation including a PLIM if a SNDA is required per Section 8.11(e).
- For an SBL Mortgage, the Servicer must include with the General Servicing Request a [Commercial Lease Analysis and Estoppel – SBL](#) summarizing the terms of the commercial lease; a PLIM is only required for an oil and gas lease, or if otherwise requested by Freddie Mac

c. Freddie Mac's review of lease approval request (05/05/17)

In conducting its review of the requested commercial or drilling, oil, or gas lease, Freddie Mac may consider factors including the following:



1. For a non-SBL Mortgage, whether income from the lease is less than five percent of total gross potential rent for the Property
2. Whether approval of the lease will cause a decline in gross potential income for the Property
3. Whether the new tenant is equal to or better in quality than the exiting tenant
4. Whether the new lease and tenant present any negative environmental impact
5. The Risk Rating of the Mortgage
6. Whether the Mortgage is in default

d. Required documentation following Freddie Mac approval (05/05/17)

Within the time specified in Freddie Mac's approval letter, the Servicer must electronically deliver to Freddie Mac the following documents:

- Copy of the signed lease agreement
- For a Non-SBL Mortgage, a copy of Lessor's Estoppel Certificate
- For an SBL Mortgage, a copy of the Commercial Lease Analysis and Estoppel – SBL, executed by the tenant
- Any additional documentation required by the approval letter

e. Non-residential leases the Servicer is permitted to approve for an SBL Mortgage (06/15/23 02/24/26)

~~During any period in which Freddie Mac owns an SBL Mortgage until the~~ If a Servicer receives notification from Freddie Mac that the SBL Mortgage Delegation Requirement has been designated for inclusion in a Securitization satisfied, the Servicer ~~may~~ is delegated authority to approve a non-residential lease, provided ~~that the non-residential lease satisfies each~~ all of the following ~~requirements~~ conditions are satisfied:

- If the SBL Mortgage is in a Securitization where Freddie Mac is the named master servicer, Freddie Mac must also be the Directing Certificateholder (or Directing Party).
- The tenant under the non-residential lease is not an Affiliate of the Borrower or an affiliate of any Guarantor
- The terms of the non-residential lease are at least as favorable to the Borrower as those customary in the applicable market at the time the Borrower enters into the non-residential lease
- The rents paid to the Borrower pursuant to the non-residential lease are not less than 90 percent of the rents paid to the Borrower pursuant to the non-residential lease, if any, for that portion of the Property that was in effect prior to the non-residential lease



- The term of the non-residential lease, including any option to extend, is 10 years or less
- The intended use of the space that is the subject of the non-residential lease may not allow the leased premises to be used or operated, in whole or in part, for any illegal activity or any Restricted Non-Residential Use
- The aggregate of the income derived from the space leased pursuant to the Nonresidential Lease accounts for less than 20 percent of the gross income of the Property on the date that the Borrower enters into the Nonresidential Lease

For any non-residential lease that does not require Freddie Mac approval, the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by taking the following actions:

1. Creating a record in CRT indicating the specific Servicer Delegation Requirement that has been satisfied.
2. Electronically delivering to Freddie Mac via DMS a completed General Servicing Request, along with any supporting documentation.

43.25 Product-specific general Servicing requirements (09/18/14)

For additional general Servicing requirements for the Freddie Mac Multifamily Seniors Housing Product, see Section 21.19.

For additional general Servicing requirements for Multifamily Housing Bond Credit Enhancements, see Sections 28.8, 28.9, 28.12 and 28.18.

43.26 Radon and what to report to Freddie Mac (05/22/25)

A Property secured by an SBL Mortgage is not required to be tested for the presence of radon.

For a Property securing a non-SBL Mortgage for which the environmental consultant determined that radon testing was warranted, the following table lists the appropriate and timely steps required to notify Freddie Mac for any follow-up radon testing described in Section 61.14.

The Servicer must follow this protocol. The Borrower's certificate is not sufficient evidence to satisfy radon requirements set forth in the loan documents.

Radon Follow-Up Test Results - Environmental Consultant Determination	Required Action
If the environmental consultant determines based on the follow-up test results that no	Servicer must upload the follow-up test results to PRS, naming the file as Radon Test Results Follow-Up, by the Completion Date for Follow-Up Radon Testing (as defined in the Loan Documents).



further action is necessary	
If the environmental consultant determines based on the follow-up test results that remediation is necessary	Remediation will be required along with the following steps: Step 1. Servicer uploads test results to PRS, naming the file as Radon Test Results Follow-Up, by the Completion Date for Follow-Up Radon Testing. Step 2. Servicer must provide Borrower with a Radon Remediation Notice (as defined in the Loan Documents) within two Business Days. Step 3. Servicer must upload copy of the Radon Remediation Notice to PRS, naming the file as Radon Remediation Notice. Note: Borrower will have 30 days after the date of the Radon Remediation Notice to provide Servicer with a signed, binding fixed price radon remediation contract with a qualified service provider. Borrower will have 90 days to complete remediation after the date of the Radon Remediation Notice. Step 4. After completion of radon remediation, Servicer must upload to PRS written certification from a qualified environmental consultant stating the remediation methods that were used, that remediation has been satisfactorily completed, that post-remediation testing has been conducted and that the units with completed radon remediation now demonstrate radon levels below 4 pCi/L. Servicer must name the file as Post-Mitigation Test Results.

43.27 Delivery of written notice of incomplete application or confirmation of withdrawn application (11/30/12)

If an application for a modification to the Mortgage that would result in a change in the collateral or a change in a Borrower Principal or Guarantor, or any other credit extension is incomplete, the Servicer must provide the Borrower with a written request on behalf of Freddie Mac for any missing items in compliance with the Equal Credit Opportunity Act.

If the Borrower withdraws the application either orally or in writing, the Servicer must send on behalf of Freddie Mac written confirmation to the Borrower (letter or email) confirming the Borrower's withdrawal of the application for a modification. The Servicer must maintain a copy of the Borrower's written notice of withdrawal or its confirmation of the oral withdrawal.

The Servicer must maintain a record of all written notices sent on behalf of Freddie Mac and maintain copies of each such notice in the Mortgage file in accordance with the requirements of Chapter 34.



43.28 Ongoing Screening of Restricted Party Lists (08/26/25)

The Servicer must periodically and at least monthly screen Borrowers, Borrower Principals, Guarantors, Non-U.S. Equity Holders, and any applicable property management company related to Mortgages that the Servicer services for Freddie Mac against the Restricted Party Lists (as defined in Section 7.1).

A Servicer that identifies a valid match against any Restricted Party List must notify Freddie Mac via an email to the [Multifamily Fraud Investigation Unit](#) within one Business Day of a valid Borrower, Borrower Principal, Guarantor, Non-U.S. Equity Holder, or property management company match. Such email notification must also provide the following information:

- Freddie Mac loan number
- Borrower, Borrower Principal, Guarantor, any Non-U.S. Equity Holder, and any property management company identifying information
- Name, title, email address, and telephone number for the point of contact at the Servicer who will be able to discuss the Restricted Party List match

If a Servicer identifies a valid match in a screening conducted in connection with a Borrower request for lender consent to a transaction, then in addition to following the procedure to notify Freddie Mac set forth above, the Servicer must not approve, or request approval from Freddie Mac for, such transaction until it receives further instruction from Freddie Mac.

Upon receipt of the email notification, a representative from Freddie Mac will contact the Servicer to discuss the Restricted Party List match and any potential next steps. Freddie Mac may also require the Servicer to provide documentation or additional information regarding the Restricted Party List match.

With respect to any confirmed match against the OFAC SDN List or Consolidated Sanctions List, notifying Freddie Mac does not absolve the Servicer from its responsibility to file any reports with OFAC, as required by OFAC Regulations.

See also Sections 2.18, 41.1(d), and 41SBL.1(d) for screening requirements for new Borrowers, Borrower Principals and Non-U.S. Equity Holders.

See Section 7.3(b) for ongoing screening requirements applicable to Freddie Mac Matters Employees and Freddie Mac Matters Contractors.

43.29 Subordinate Financing for non-SBL Mortgages (04/18/24)

a. Conditions for Freddie Mac approval of Subordinate Financing for a non-SBL Mortgage (06/30/16)

For any Mortgage purchased for Securitization, Freddie Mac does not permit Subordinate Financing other than Subordinate Financing pursuant to the Freddie Mac Multifamily Supplemental Mortgage Product.



For any other Mortgage, Freddie Mac may, in its sole discretion, consider allowing Subordinate Financing if Freddie Mac determines that the Property would benefit from the Subordinate Financing. If the Loan Documents either require the noteholder's consent to place any Subordinate Financing on the Property or prohibit Subordinate Financing (but Freddie Mac has agreed to consider the Borrower's request), then the Servicer must electronically deliver to Freddie Mac a written request and recommendation for such modification using the [General Servicing Request](#), attaching documentation addressing each item required in Section 43.29(b).

Freddie Mac may reject a request for Subordinate Financing at its discretion. Freddie Mac will consider consenting to Subordinate Financing only if the request meets the following conditions (However, the fact that the Subordinate Financing meets these requirements does not mean that Freddie Mac is obligated to consider or approve the Subordinate Financing.):

1. The subordinate lender must enter into the standard Freddie Mac Subordination Agreement, which provides, among other things, that the subordinate lender will:
 - Provide notice of default to Freddie Mac,
 - Give Freddie Mac the right (but not the obligation) to cure defaults, and
 - Not exercise its remedies under the Subordination Agreement for the period specified in the Subordination Agreement after notice to Freddie Mac in which it sets forth the specific remedy that the subordinate lender intends to exercise.
2. The Subordination Agreement must be recorded in the land records of the jurisdiction in which the Property is located.
3. The combined debt may not result in a Loan-to-Value (LTV) Ratio that exceeds 85 percent and the combined debt service may not result in a Debt Coverage Ratio (DCR) that is below 1.20x.
4. The Subordinate Financing must be based on a fixed interest rate for the entire term or an adjustable interest rate with a rate cap for the entire term.
5. If the Subordinate Financing is not fully amortizing, the maturity of the Subordinate Financing must be at least equal to the maturity of the Freddie Mac Mortgage.
6. The Servicer must perform a refinance test acceptable to Freddie Mac on the combined debt.
7. All tax and insurance Reserves must be in place, or the Borrower must agree to establish such Reserves.
8. The Servicer must analyze any Replacement Reserve based on the current condition of the Property. If the Property is not being properly maintained, Freddie Mac will reject the Subordinate Financing request unless at least one of the following conditions is met:
 - The Borrower's monthly Replacement Reserve deposit is increased to a sufficient level to adequately maintain the Property, or



- A Replacement Reserve is established with ongoing funding requirements, and/or
 - The Borrower makes identified repairs prior to incurring the Subordinate Financing.
9. The Subordinate Financing must not provide for recourse against the Borrower or a third-party guarantee by a Borrower Principal.
 10. The Borrower must be a single asset entity. If the Loan Documents for the Freddie Mac Mortgage do not require the Borrower to be a single asset entity, then Freddie Mac will require the Borrower to amend the Loan Documents to include such a requirement.
 11. The Property must have an acceptable operating history and the Borrower must have an acceptable Mortgage payment history during the period the Borrower has owned the Property. No event of monetary or nonmonetary default may have occurred during the term of the Mortgage.
 12. The Servicer's counsel must have provided a preliminary legal issues memorandum meeting the requirements of Section 6.4.

b. Information required with a request for Freddie Mac approval of Subordinate Financing (04/13/23)

If a Borrower requests Freddie Mac's approval of Subordinate Financing, the Servicer's package must include:

1. A nonrefundable review/processing fee in the amount specified in the Loan Documents, or, if no amount is specified, 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 when submitting the application for the Subordinate Financing. The Servicer must remit the fee by wire transfer and obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or Freddie Mac *Multifamily Asset Management, Structured Transactions*, as applicable. 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. The Servicer may not charge the Borrower any additional fees for processing a request for Subordinate Financing.)
2. The Servicer's charge to the Borrower of a nonrefundable counsel fee of \$500 (The counsel fee is for the legal fees, expenses and costs of Freddie Mac's legal counsel, including its in-house counsel, and may exceed \$500 for complex transactions. Freddie Mac will collect the remainder of the fee, if applicable, after Freddie Mac issues the approval letter, and the Servicer must remit its payment by wire transfer. The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or Freddie Mac *Multifamily Asset Management, Structured Transactions*, as applicable. 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.)
3. A copy of a completed General Servicing Request. The Request must include the Servicer's analysis of the Subordinate Financing along with the Servicer's recommendation for action.



4. A copy of the signed commitment from the proposed subordinate lender, containing the Subordinate Financing amount, interest rate (including the factors relating to a floating rate), term to maturity and anticipated amount of annual debt service
5. Copies of the proposed Subordinate Financing loan documents that have been completed with the applicable loan amount, interest rate, payment schedules and all other transaction-related information (All Subordinate Financing loan documents must be approved by Freddie Mac prior to execution.)
6. Payment histories for any existing Subordinate Financing on the Property, including the amount of annual debt service
7. A description of the proposed use of the Subordinate Financing proceeds
8. Information about the proposed subordinate lender and its financial strength
9. A Freddie Mac Annual Inspection Form (AIF) dated within 180 days. (If the most recent AIF was not conducted within the previous 180 days, the Servicer must complete and submit an AIF.) The AIF can be found at <https://mf.freddiemac.com/lenders/asset/> under PRS Assessment.
10. An assessment by the Servicer of the Property condition, whether the funds held in the Replacement Reserve are adequate, and whether an increase in Replacement Reserve deposits and/or establishment of a Repair Reserve is required, based on the condition of the Property
11. Current credit report on any Borrower or Guarantor that is an individual. Credit reports must comply with the requirements set forth in Chapter 55.
12. Financial statements for the Borrower and each Key Borrower Principal. Financial statements must comply with the requirements set forth in Chapter 55.
13. Current property financial statements meeting the requirements set forth in Chapter 55, along with Servicer's DCR and LTV analysis
14. Current rent roll meeting the requirements set forth in Chapter 55
15. Title update report dated no earlier than 45 days before the date of the Subordinate Financing request
16. For all transactions in which the Borrower is a Cooperative (Co-op), an analysis of the potential impact of Subordinate Financing on the cash flow associated with any non-owner-occupied units (The Servicer must also analyze increased maintenance fees to owner-occupied units.)

c. **Freddie Mac approval (04/30/19)**

Freddie Mac will determine whether to approve the proposed Subordinate Financing and will advise the Servicer, in writing, of that decision. The approval letter will set forth any further requirements and will notify the Servicer if any additional counsel fee is due. The Servicer must remit any additional counsel fee by wire transfer at the same time the Servicer executes and



returns the approval letter to Freddie Mac to evidence its acceptance of the terms. The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions or Structured Transactions* as applicable. 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.

If Freddie Mac approves the Subordinate Financing, the Servicer must deliver any document that must be signed by Freddie Mac, including the Subordination Agreement, in accordance with the approval letter issued by Freddie Mac.

d. Documents required after settlement of Subordinate Financing (04/18/24)

Within the time specified in the Freddie Mac approval letter, the Servicer must electronically deliver to Freddie Mac a copy, a certified copy or an original (as noted) of the following executed Subordinate Financing documents listed below.

If the provisions of this subsection 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 Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The Servicer must then deliver to Freddie Mac a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

1. Recorded Subordination Agreement (certified copy)
2. Subordinate note (copy)
3. Recorded Subordinate Financing security instrument (certified copy)
4. Any third-party guaranties executed in connection with the Subordinate Financing (copy)
5. Recorded or filed subordinate UCC financing statements (certified copy)
6. Settlement statement (copy)
7. Any new Replacement Reserve Agreement or Repair Reserve Agreement (original)
8. Modifications to any existing Freddie Mac Loan Documents, if required (original of any unrecorded modifications and certified copies of any recorded modifications)
9. A satisfactory endorsement to the title insurance policy covering the Freddie Mac Mortgage, effective as of the date of recordation of the security instrument for the Subordinate Financing, that insures that the lien of the Freddie Mac Mortgage is superior to the lien of the Subordinate Financing (The endorsement must also reflect the recordation of the security instrument for the Subordinate Financing and the Subordination Agreement.)



e. Warranties (09/28/18)

When a Servicer delivers the final Subordinate Financing documentation, the Servicer will be deemed to have made the warranties in Section 5.2, 5.4 and 5.5 as of the date of delivery to Freddie Mac of the documentation for the Subordinate Financing.

f. Unauthorized Subordinate Financing (08/30/13)

The Servicer must carry out Freddie Mac's instructions in dealing with proposed Subordinate Financing and must be alert to the unauthorized placement of Subordinate Financing on the Property. If the Servicer learns that unauthorized Subordinate Financing has been, or is about to be, placed on the Property, it must immediately notify Freddie Mac in writing.

43.30 Subordinate Financing for SBL Mortgages (04/18/24)

a. Conditions for Freddie Mac approval of Subordinate Financing for an SBL Mortgage (06/30/16)

For any SBL Mortgage securitized in an SBL Securitization, Subordinate Financing is permitted provided that each of the following conditions set forth below is met:

1. The subordinate lender is a Freddie Mac-approved Seller/Servicer at the time of origination of the Subordinate Financing.
2. The subordinate lender has not accepted applications from the Borrower for Subordinate Financing until after the settlement of the SBL Securitization that includes the SBL Mortgage.
3. If the Directing Certificateholder of the applicable SBL Securitization has the right to consent to the Subordinate Financing, the Directing Certificateholder has provided such consent within the time periods and under the conditions specified in the applicable Pooling and Servicing Agreement.
4. The Borrower pays all fees and other expenses of the Servicer of the SBL Mortgage required by such Servicer in connection with the Subordinate Financing.
5. The SBL Mortgage is not in default and is in good standing with satisfactory payment history.
6. The SBL Mortgage has three years or more remaining in its loan term.
7. The Subordinate Financing is not less than \$750,000.
8. The Subordinate Financing has a loan term equal to or longer than the remaining loan term of the SBL Mortgage but cannot exceed 30 years.
9. The start of any open or par period for the Subordinate Financing begins on or after the date of any open or par period for the SBL Mortgage.
10. The combined loan amount after the making of the Subordinate Financing does not result in a Loan-to-Value (LTV) Ratio that exceeds 80 percent and the combined debt service after

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the making of the Subordinate Financing does not result in a Debt Coverage Ratio (DCR) that is below 1.25x, using the following to calculate the LTV and DCR:

- The combined loan amount used to calculate the LTV must be the aggregate outstanding principal balances of all of the following:
 - The SBL Mortgage
 - Any other previously originated subordinate financing
 - The proposed loan amount of the Subordinate Financing
- The value used to calculate the LTV is the value for the Property determined by using the as-is market value conclusion for the Property set forth in a third party current Appraisal that meets the requirements of Section 60.12.
- When calculating the DCR and determining whether the DCR requirement has been met, the combined debt service must be the aggregate of the annual principal and interest payable on all of the following:
 - The SBL Mortgage
 - Any other previously originated subordinate financing
 - The proposed loan amount of the Subordinate Financing
- Amortization Period: An interest only debt service calculation can only be used if the applicable loan term is full term interest only. In the case of partial interest only, the applicable amortization debt service is used even if the Mortgage is in an interest only period. For a fully amortizing Mortgage, the applicable amortization debt service must be used.
- Interest Rate: For any Mortgage that has a fixed interest rate for its entire loan term, the debt service is calculated using the fixed interest rate then in effect. For any Mortgage that has an adjustable interest rate for any portion of its loan term and has entered into an adjustable interest rate period, debt service is calculated using the interest rate then in effect plus 100 basis points.
- Net Operating Income (NOI) for DCR Calculation

The NOI is calculated using the year one pro forma net operating income at the Property using the direct capitalization approach concluded in a third party current Appraisal that meets the requirements of Section 60.12.

11. If the Borrower is required to be an SPE under the terms of the SBL Mortgage, then the Borrower's organizational documents have been amended to permit the Borrower to incur additional debt in the form of the Subordinate Financing.



12. The Subordinate Financing loan documents contain a cross-default provision requiring a default under the SBL Mortgage to constitute an event of default under the Subordinate Financing.
13. The Subordinate Financing does not provide for recourse against the Borrower or the Guarantor.
14. The subordinate lender has entered into Freddie Mac's Intercreditor Agreement.
15. The Intercreditor Agreement will be recorded in the land records of the jurisdiction in which the Property is located.
16. If the subordinate lender requires the Borrower to fund Reserves for taxes, insurance premiums or ground rents under the Subordinate Financing, the Servicer of the SBL Mortgage may require the collection of any such Reserves that are currently deferred under the SBL Mortgage. The collection of such Reserves under the SBL Mortgage will commence on the date that the Subordinate Financing is originated and continue for so long as the Subordinate Financing is outstanding.

If all of the conditions above are met, a subordinate lender may place one or more Subordinate Financings against the Property.

The requirements of this Section 43.30 are not to be construed to require the Servicer of the SBL Mortgage to agree to any changes to the SBL Mortgage other than to permit the Subordinate Financing to be placed against the Property and to meet the requirements of Section 43.30(a)(12).

b. Information required with a request for Subordinate Financing (06/30/16)

If a Borrower requests Subordinate Financing, the subordinate lender's package to the Servicer must include at a minimum:

1. A copy of the signed commitment from the proposed subordinate lender, containing the Subordinate Financing amount, interest rate (including the factors relating to a floating rate), term to maturity and amount of annual debt service.
2. A certification to the Servicer of the SBL Mortgage that the combined LTV/DCR requirements set forth in Section 43.30(a) have been satisfied.
3. Copies of the proposed Subordinate Financing loan documents that have been completed with the applicable loan amount, interest rate, payment schedules and all other transaction-related information.
4. The Intercreditor Agreement required by Section 43.30(a) executed by the subordinate lender.

c. Approval of the Subordinate Financing (06/30/16)

The Servicer of the SBL Mortgage must verify that the requirements of Section 43.30(a) have been met, then countersign the Intercreditor Agreement and return it to the subordinate lender within five days of such verification.

**d. Documents required after settlement of Subordinate Financing (04/18/24)**

The subordinate lender must electronically deliver to the Servicer of the SBL Mortgage a copy, a certified copy or an original (as noted) of the executed Subordinate Financing documents listed below.

If the provisions of this subsection 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 subordinate lender may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The subordinate lender must then deliver to the servicer of the SBL Mortgage a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

1. Recorded Intercreditor Agreement (certified copy)
2. Subordinate Financing note (copy)
3. Recorded Subordinate Financing security instrument (certified copy)
4. Loan Agreement, if applicable (copy)
5. Any third-party guaranties executed in connection with the Subordinate Financing (copy)
6. Recorded or filed subordinate UCC financing statements (certified copy)
7. Settlement statement (copy)
8. Any new replacement reserve agreement or repair reserve agreement (copy)
9. Modifications to any existing SBL Mortgage Loan Documents, if required (original of any unrecorded modifications and certified copies of any recorded modifications)
10. A satisfactory endorsement to the title insurance policy covering the SBL Mortgage, effective as of the date of recordation of the security instrument for the Subordinate Financing, that insures that the lien of the SBL Mortgage is superior to the lien of the Subordinate Financing (The endorsement must also reflect the recordation of the security instrument for the Subordinate Financing and the Intercreditor Agreement.)
11. A copy of third party Appraisal
12. Copies of environmental analysis, if applicable

e. Unauthorized Subordinate Financing (06/30/16)

The Servicer of the SBL Mortgage must be alert to the unauthorized placement of Subordinate Financing on the Property. If the Servicer of the SBL Mortgage learns that unauthorized Subordinate Financing has been, or is about to be, placed on the Property, it must immediately notify Freddie Mac in writing.



43.31 General Servicing requirements for Credit Facilities (revolving lines of credit) (06/29/17)

NOTE: This section is not applicable to a Credit Facility with a Servicing Agreement.

If there is a conflict in terms between the Guide and the applicable Credit Agreement, then the terms used in the Credit Agreement will govern. Whenever used in this Section 43.31, the following words and phrases will have the meanings found in Section 43.31(a), below, unless the context requires otherwise.

a. Defined terms (06/29/17)

1. **Accounting Cutoff Date.** The Accounting Cutoff Date is defined in Section 50.8.
2. **Borrower.** Individually or collectively, as the context may require, each person or entity identified as “Borrower” in any Credit Agreement.
3. **Credit Agreement.** Individually or collectively, the applicable Credit Agreement or Credit Agreements, which has/have been assigned to Freddie Mac, and/or any subsequent Credit Agreement entered into by an affiliate of the Sponsor (as defined in the Credit Agreement) and Freddie Mac (or the Servicer, to be assigned to Freddie Mac). Parties to the Credit Agreement include the Borrower and the Servicer (as “Lender”).
4. **Credit Facility.** A revolving credit loan in a specified amount issued to the Borrower by a Servicer (as “Lender”) pursuant to the Credit Agreement.
5. **Credit Facility Documents.** The Loan Documents, as defined in the Credit Agreement, and all other documents evidencing, securing, perfecting and governing, whether delivered now or in the future, in connection with the Credit Facility, all of which have been assigned to Freddie Mac.
6. **Mortgaged Property.** Individually or collectively, as the context may require, the land, improvements and fixtures defined in the Credit Agreement as the Collateral Pool Property.
7. **Seller.** Servicer, in its capacity as Seller under the Commitment.
8. **Servicing Spread.** The fee set forth in the Commitment, calculated monthly on the aggregate principal balance of the Credit Facility outstanding during the previous month.

b. Undertaking to Service (06/29/17)

The Servicer will service the Credit Facility and the Credit Facility Documents in accordance with the Guide. Except as set forth in Sections 43.31(c)-(q), all references in the Guide to “Mortgage” or “Mortgages” will include the Credit Facility and all references in the Guide to “Loan Documents” will mean the Credit Facility Documents.

c. Additional collateral (06/29/17)

If any Borrower or any Proposed Borrower proposes to add additional Mortgaged Property to the Collateral Pool, then the Servicer must provide Freddie Mac with all applicable fees and



materials required under the Addition of a Collateral Pool Property section of the Credit Agreement, and all documents and reports required to underwrite such additional collateral pursuant to Chapter 17.

No such addition of collateral will be effective unless and until Freddie Mac has reviewed, approved and executed the final forms of all documents to be delivered in connection with any such addition. The Servicer must collect from the Borrower all costs and expenses of Freddie Mac in connection with the addition of any such collateral, and remit those funds to Freddie Mac.

Upon delivery of the documents and fees to Freddie Mac as required under the Credit Agreement, the Servicer will have been deemed to have made to Freddie Mac all of the representations and warranties required under the Guide pertaining to a newly originated Mortgage as if the Servicer were assigning such documents to Freddie Mac pursuant to a sale of a Mortgage under the Guide, as modified by the terms of the Credit Agreement.

d. Release (06/29/17)

If a Borrower requests a release of a Collateral Pool Property that it is entitled to have released pursuant to the Release of a Collateral Pool Property section of the Credit Agreement, then the Servicer must provide Freddie Mac with a certification (“Servicer’s Release Certification”) at least five Business Days prior to the date on which Freddie Mac is required to effect the release, confirming each of the following to the best of the Servicer’s knowledge:

1. At the time of the request for such release, no Event of Default or Potential Default exists under the Credit Facility,
2. After giving effect to such release, no Event of Default or Potential Default exists, and
3. The Borrower is in compliance with the Sublimits.

If the Borrower will not be in compliance with the Sublimits absent a prepayment of the Loan, a release of a Collateral Pool Property or an addition of collateral prior to or simultaneously with the proposed release, then the Servicer’s Release Certification must:

1. Set forth the method by which the Borrower will cause itself to be in compliance with the Sublimits, and
2. Be supplemented prior to such release with a separate certification of the Servicer that the Borrower has taken all necessary action to cause itself to be in compliance with the Sublimits subsequent to the release.

Within five Business Days after any Borrower’s request for a release of a Collateral Pool Property, the Servicer must provide notice of such request to Freddie Mac. If Freddie Mac approves the Borrower’s request, then the Servicer must provide a “payoff letter” to the Borrower with respect to the to-be-released Collateral Pool Property pursuant to the terms of the Credit Agreement. In connection with the release of a Collateral Pool Property, the Servicer must collect from the Borrower all amounts and reasonable fees and expenses of Freddie Mac in connection with the release and deliver Freddie Mac’s portion of such amounts, fees and expenses to Freddie Mac.



e. Release of a Collateral Pool Property followed by a Securitized Loan (06/29/17)

If the Borrower requests a release of Lender's lien on a Collateral Pool Property and a conversion to a Securitized Loan pursuant to the Credit Agreement, then the Servicer must deliver to Freddie Mac each of the following within five Business Days following the Servicer's receipt of such fees and documents:

1. A copy of the Borrower's request
2. Any fees required to be paid by the Borrower under the Credit Agreement or the Guide
3. The appropriate underwriting package and completed application required under the Guide
4. All the documents and reports required to underwrite each Collateral Pool Property proposed by the Borrower to be subject to the Securitized Loan, pursuant to Chapter 17 of the Guide (defined in the Credit Agreement as the "Underwriting Materials")

Freddie Mac will only release the lien of the Security Instrument with respect to the Collateral Pool Property in connection with a conversion upon the receipt of the Servicer's Release Certification required under above Section 43.31(c). For such a conversion to a Securitized Loan, the Servicer may collect from the Borrower and retain all fees and expenses set forth in the Credit Agreement.

f. Annual Property valuations (06/29/17)

Pursuant to the Valuations section of the Credit Agreement, the Servicer must, within 30 days after its receipt of the rent rolls and operating statements for the Mortgaged Properties, provide to Freddie Mac all assessments for each of the Mortgaged Properties. Freddie Mac will perform the valuation for each Collateral Pool Property, and will provide the Servicer with written notice of the results of the Valuation. If the Valuation for the Collateral Pool Properties discloses that the Market Value or Net Operating Income of any Collateral Pool Property has decreased below the previously established Market Value or Net Operating Income of such Mortgaged Property, and such reduction will cause the Borrower to be in non-compliance with the Sublimits set forth in the Credit Agreement, then within one Business Day after receipt of the Valuation from Freddie Mac, the Servicer must notify the Borrower to cure such non-compliance pursuant to the Credit Agreement.

g. Annual Borrower and Guarantor evaluation (06/29/17)

Annually, as prescribed in the Credit Agreement, the Servicer must notify the Borrower to deliver the items set forth in the Credit Agreement. The Servicer must deliver all such items to Freddie Mac within 30 days following receipt from the Borrower.

h. Material Adverse Change to Borrower or Mortgaged Property (06/29/17)

If the Servicer receives notification from any Borrower or Freddie Mac of a Material Adverse Change affecting a Collateral Pool Property, then the Servicer must deliver to Freddie Mac a current rent roll (dated no more than 30 days prior to delivery to Freddie Mac) and a trailing 12-month operating statement for each of the Collateral Pool Properties. Following receipt of the required financial information, Freddie Mac will conduct a Valuation in accordance with the valuation requirements set forth in the Credit Agreement. If the Valuation discloses that the



Market Value or Net Operating Income of the Mortgaged Property has decreased so that the Borrower fails to comply with the Sublimits of the Credit Agreement, then, within one Business Day, the Servicer must notify the Borrower to cure such non-compliance pursuant to the Credit Agreement.

If the Servicer receives notification from the Borrower or Freddie Mac or otherwise becomes aware of a Material Adverse Change affecting the Borrower or any Guarantor, then the Servicer must promptly notify Freddie Mac and must (i) collect and deliver to Freddie Mac all documents required to be provided pursuant to the Credit Agreement and (ii) in the instance of a Material Adverse Change affecting the enforceability of any Credit Agreement or any other Credit Facility Documents, collect and/or prepare, as may be appropriate, all appropriate replacement documents and opinions required pursuant to the Credit Agreement, each in form and substance acceptable to Freddie Mac, naming Freddie Mac as lender and executed by all appropriate parties.

i. Debt Service Coverage Ratio (06/29/17)

The Servicer must determine and re-determine the Property/Facility DSCR when required under the Credit Agreement and change the Margin as necessary in accordance with the terms of the Credit Agreement, if applicable. If the Property/Facility DSCR determination results in a ratio below the Sublimit requirement, then the Servicer must collect from the Borrower and remit to Freddie Mac any additional payment obligations set forth in the Non-Compliance with Sublimits section of the Credit Agreement.

j. Loan-to-Value Ratio (06/29/17)

The Servicer must determine and re-determine the Property/Facility LTV Ratio when required under the terms of the Credit Agreement. If the Property/Facility LTV Ratio determinations result in a ratio above the Sublimit requirement, then the Servicer must collect from the Borrower and remit to Freddie Mac any additional payment obligations set forth in the Non-Compliance with Sublimits section of the Credit Agreement.

k. Transfers (06/29/17)

If the Borrower requests lender's consent to a Transfer, as defined in the Loan Documents, and Freddie Mac approves the Transfer, then the Servicer must collect from the Borrower and remit to Freddie Mac each of the following:

1. A Transfer Processing Fee in the amount set forth in the Loan Documents
2. The amount of Freddie Mac's out-of-pocket costs and attorney's fees incurred in reviewing the Transfer request
3. Any Transfer Fee prescribed in the Loan Documents

l. Monitoring of Borrower Covenants (06/29/17)

The Servicer must monitor each Borrower's obligations set forth in the Covenants section of the Credit Agreement, collect and review any required documentation, and immediately report to Freddie Mac any violations of those Covenants.

**m. Expansions (06/29/17)**

If the Borrower elects to increase the amount of the Loan pursuant to the terms of the Credit Agreement, then the Servicer must do each of the following:

1. Collect from the Borrower the Expansion Fee in the amount set forth in the Credit Agreement,
2. Retain the portion of the Expansion Fee due to the Servicer and remit to Freddie Mac the portion of the Expansion Fee due to Freddie Mac under the terms of the Credit Agreement,
3. Collect from the Borrower and remit to Freddie Mac the amount of Freddie Mac's costs and expenses (including attorney's fees) incurred in connection with such increase, and
4. Collect and review any required documentation evidencing the increase.

n. Contractions (06/29/17)

If the Borrower elects to contract the Loan pursuant to the Credit Agreement, then the Servicer must (i) collect from the Borrower and remit to Freddie Mac the amount of Freddie Mac's costs and expenses (including attorney's fees) incurred in connection with such contraction, and (ii) collect and review any required documentation evidencing such contraction.

o. Commitment fees (06/29/17)

The Servicer will be entitled to retain its portion of each of the Addition Fees and the Expansion Fees as set forth in the Credit Agreement.

p. Servicing requests (06/29/17)

For all Servicing-related Borrower requests, including Releases, Transfers, Expansions and Contractions, the Servicer must electronically deliver to Freddie Mac a written request for Freddie Mac's approval, using the [General Servicing Request Form](#) available via mf.freddiemac.com/lenders/asset, attaching all applicable supporting documentation.

q. Credit Agreements (06/29/17)

The Servicer must perform all other obligations required to be performed by the Servicer under the Credit Agreements and the Credit Facility Documents.

43.32 Infrastructure Agreement Servicing Requests (04/22/25)

This section applies only to Borrower consent requests with respect to Infrastructure Agreements, as defined in Section 8.22, and Solar Agreements, as defined in Section 8.21 ("Infrastructure Agreement Servicing Requests"), which may be comprised of any combination of the following:

- Leases or licenses
- Any other possessory interest in or right to occupy or control the Property
- Any option to purchase the Property or an interest in the Property



- Easements, restrictive covenants or other encumbrances
- Other covenants, conditions, restrictions, rights, profits or interests running with the land and binding upon subsequent transferees of the Property

a. Permitted Infrastructure Agreements not requiring consent (04/18/24)

Infrastructure Agreements only involving licenses, personal agreements or other interests binding solely on the parties (and non-binding upon future transferees of the Property) do not fall within the meaning of Infrastructure Agreement Servicing Requests and are permitted without Freddie Mac or Servicer approval (“Permitted Infrastructure Agreements”). For example, a marketing support agreement or revocable license agreement that is a personal agreement between the Borrower and the service provider and that does not bind a subsequent transferee of the Property will not require Freddie Mac consent even if the definition of “Lease” in the Loan Agreement includes “any license.”

The Servicer must determine, in consultation with its counsel, as appropriate, whether the proposed instrument will require (Freddie Mac and/or Servicer) consent because it falls within the meaning of an Infrastructure Agreement Servicing Request, but a PLIM is not necessarily required for this preliminary determination. For example, an agreement captioned as a “license” (for which consent is not typically required) may also contain other legal terms that instead render the instrument a covenant or easement that will attach to the Property and bind subsequent owners (for which Freddie Mac and/or Servicer consent is always required). Examples include “license agreements” that (i) include express granting language, (ii) include language indicating that the instrument “runs with the land” or (iii) require substantial investment by licensee in reliance on the license.

Without preparing a PLIM, Servicer’s counsel may review the document and send an email to Servicer (with a copy to Freddie Mac at the mailbox specified below) confirming that the proposed Infrastructure Agreement constitutes a Permitted Infrastructure Agreement under this Section 43.32 (“Permitted Infrastructure Agreement Determination”). Upon receipt (and electronic delivery to Freddie Mac at the mailbox specified below) by Servicer of a Permitted Infrastructure Agreement Determination, no further action is required:

- For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted Affordable Housing Mortgages or credit facilities, to mf_structured_transactions@freddiemac.com
- For all other Mortgages, to mf_borrower_transactions@freddiemac.com

b. Infrastructure Agreement Servicing Requests the Servicer is permitted to approve (04/18/24)

During any period in which Freddie Mac owns the Mortgage, the Servicer may approve an Infrastructure Agreement Servicing Request only if the proposed Infrastructure Agreement meets each of the following requirements:

- It satisfies all applicable Loan Document requirements relating to the approval of easements, non-residential leases and other encumbrances



- It will not be recorded against the Property
- It will be subordinate to the lien of the Mortgage
- The Infrastructure Agreement Servicing Request does not include a request to subordinate the lien of the Mortgage or a request for the lender to enter into a non-disturbance agreement
- It is not a Solar Agreement
- The “lender” is not named as a party to, nor is it being requested to sign, the agreement or any related document
- It is compatible with the use of the Property
- It contains terms and provisions, including compensation, that are customary for the market in which the Property is located
- It does not impose on the Property owner any financial obligations equal to or greater than \$100,000
- It will not have any material adverse impact on the Property value, operations, access, income, or marketability
- If the Infrastructure Agreement Servicing Request involves a lease, the tenant is not an Affiliate of Borrower, any Borrower Principal or any Guarantor
- It does not reduce the income from any residential units or other income-producing improvements
- It does not impose any financial obligations on any mortgagee, and/or subsequent owner by foreclosure, deed in lieu of foreclosure or other conveyance (including reimbursement of any up-front fee paid by the provider to the Property owner upon termination of the agreement)
- The Servicer has not received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization
- The Mortgage does not back a Freddie Mac Multifamily Participation Certificate, a Freddie Mac Bond Credit Enhancement transaction or a Freddie Mac tax-exempt or taxable Multifamily bond securitization
- There are no investors who have provided credit enhancements for the Mortgage other than a Seller/Servicer, the Borrower or an Affiliate of the Borrower

Generally, Freddie Mac will not require delivery of a preliminary legal issues memorandum (PLIM) for an Infrastructure Agreement Servicing Request that satisfies the above requirements; however, the Servicer may request that its counsel prepare a PLIM to confirm the requirements set forth above in this Section 43.32(b) or to address a material legal issue that Servicer has identified.



The Servicer may require the Borrower to pay or reimburse the Servicer upon demand for all costs and expenses, including all attorneys' fees and costs, incurred by the Servicer in connection with the review of the Telecommunications Agreement Servicing Request.

c. Documentation for an Infrastructure Agreement Servicing Request not requiring Freddie Mac approval (04/18/24)

Upon receiving an Infrastructure Agreement Servicing Request, the Servicer must take the following actions:

- Enter the Borrower request into the Consent Request Tracker as required by Section 36.25. The Consent Request Tracker record should be created with the selection that Freddie Mac approval is not required for Mortgages owned by Freddie Mac.
- Within 30 days after the Servicer's approval of an Infrastructure Agreement Servicing Request, the Servicer must notify Freddie Mac of any actions taken under the delegated approval by electronically delivering the Borrower's request, along with a copy of the fully executed Infrastructure Agreement.

d. File retention requirements for an Infrastructure Agreement Servicing Request not requiring Freddie Mac approval (04/18/24)

The Servicer must maintain a file that contains the following information relating to a delegated Infrastructure Agreement Servicing Request approval:

- Borrower's original request for approval and required information
- Evidence of the Servicer's analysis and approval of the request
- Copies of the Servicer's notification of the approval to the Borrower and Freddie Mac
- Copies of the executed Infrastructure Agreement

The Servicer must maintain the file in accordance with the requirements set forth in Section 34.4.

e. Infrastructure Agreement Servicing Request requiring Freddie Mac approval (04/22/25)

For any Infrastructure Agreement Servicing Request for which the Servicer is not delegated approval authority under Section 43.32(b), the Servicer must take the following actions:

- Enter the Infrastructure Agreement Servicing Request into the Consent Request Tracker as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1 - 4 below, electronically deliver those items to Freddie Mac, together with the Borrower's request and the Servicer's recommendation

The Servicer must deliver each of the following documents:



1. A completed [General Servicing Request](#) or [Easement Request](#), as applicable, which must include the Servicer's analysis and recommendation for action
2. A copy of the proposed Infrastructure Agreement and any additional documents or instruments associated with the Borrower Request
3. A PLIM addressing each issue under 43.32(b) raised by the Infrastructure Agreement Servicing Request (e.g., Borrower fails to satisfy one of the applicable Loan Document requirements) and any other legal issue that Servicer determines is raised by the Infrastructure Agreement Servicing Request. In addition, if the proposed Infrastructure Agreement will not be subordinate to the lien of the Mortgage or if the Infrastructure Agreement Servicing Request includes a request for non-disturbance protection, the PLIM must also analyze the proposed instrument under Section 8.22 (Infrastructure Agreements), Chapter 29 (title policy and endorsement requirements), and if applicable, Section 8.21 (Solar Agreements), Section 43.10 (Easements), Section 43.24 (Non-Residential Leases), Section 43.12 (Easement in lieu of condemnation), or other applicable Guide provisions. If Freddie Mac determines that the transaction raises legal issues (or inadequately addresses any of the Section 43.32(b) items), Freddie Mac may request a supplementary PLIM. Unless instructed otherwise, the appropriate PLIM form is the [Short Form PLIM \(Infrastructure Agreements\)](#) available via mf.freddiemac.com/lenders/legal.
4. Any other information requested by Freddie Mac

If Freddie Mac approves the Borrower request, Servicer must submit to Freddie Mac an execution-ready form of any document or instrument that must be executed by the lender. Before submitting documents to Freddie Mac for signature, the Servicer and its counsel must review the documents to ensure that they:

- Are in the proper form
- Contain the proper signature lines and acknowledgments
- Correctly describe the Infrastructure Agreement or related instrument approved by Freddie Mac, including the legal description (if applicable)

For all Infrastructure Agreement Servicing Requests that require Freddie Mac approval, the Servicer must charge the Borrower a nonrefundable review fee in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in [Exhibit 10](#). The Servicer must remit to Freddie Mac 50 percent of the review fee, if any, and may retain the remaining 50 percent. The Servicer may not charge the Borrower any additional fees for processing an application for approval of an Infrastructure Agreement Servicing Request.

At the time of delivery of the Borrower request to Freddie Mac, the Servicer must remit to Freddie Mac the Freddie Mac portion of any review fee. The Servicer must:

- Obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions or Multifamily Asset Management, Structured Transactions*, as applicable



- Send the wire transfer to the attention of *Multifamily Cash Management*
- Reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number.

NOTE: Review fees for Infrastructure Agreement Servicing Request are only payable under rare circumstances (such as an easement request for a Loan originated prior to July 1, 2014).

f. Recordation of an Infrastructure Agreement requiring Freddie Mac approval (04/18/24)

If applicable, Servicer must comply with all local recording requirements and arrange for recordation of the Infrastructure Agreement and any other applicable document at no cost to Freddie Mac.

g. Required documentation for an Infrastructure Agreement Servicing Request requiring Freddie Mac approval (04/18/24)

Within the time specified in the Freddie Mac approval letter, the Servicer must electronically deliver to Freddie Mac a copy of:

- The final, executed Infrastructure Agreement and any related document or instrument executed in connection with the Infrastructure Agreement Servicing Request
- Any other document required by the Freddie Mac approval letter.

43.33 Deadlines in Article I (Key Loan Terms) and Exhibits and Riders to the Loan Agreement (10/20/22)

Article I and Exhibits and Riders to the Loan Agreements may contain deadlines for various loan requirements that the Borrower must address. Servicers must notify Borrowers of these deadlines. Freddie Mac's Property Reporting System (PRS) is a tool for Servicers to identify such loan requirements and deadlines. If a deadline extension is needed, then 10 Business Days prior to the deadline, Servicers must submit an extension request to Freddie Mac via Document Management System (DMS) and Consent Request Tracker (CRT), and update PRS Loan Item Tracking (LIT) regarding submitted extension requests.

43.34 Reporting of Property and Borrower news and events (06/24/25)

If the Seller/Servicer becomes aware of any news articles or recent events within the last 12 months that could reflect adversely upon the Borrower, any Borrower Principal or the Property, the Seller/Servicer must report such information within five Business Days to Freddie Mac via email at MF_Loan_Compliance@freddiemac.com. The Seller/Servicer must have written procedures for notifying Freddie Mac of applicable news articles or recent events as required by this section.



43.35 Nonstandard processing fees payable by borrower in Loan Documents (02/27/25)

For other types of Lender review and/or processing fees identified as “Nonstandard Processing Fees” on [Exhibit 10](#), the Servicer must charge the Borrower the fee in the amount specified in the Loan Documents to cover such review and/or processing.

The Servicer must remit to Freddie Mac 50 percent of such fee and may retain the remaining 50 percent.

The Servicer must remit the fee by wire transfer and obtain wiring instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or Freddie Mac *Multifamily Asset Management, Structured Transactions*, as applicable. The Servicer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number in its fee remittance.

The Servicer may not charge the Borrower any additional fees in connection with the related request.

Multifamily Seller/Service Guide

Chapter 55

Documentation and Deliveries



55.1 [Use of Chapter 55 \(10/21/25\)](#)

- a. [Preparing an underwriting package \(12/14/23\)](#)
- b. [Resubmission of an underwriting package \(05/11/10\)](#)
- c. [Preparing documentation required for a Transfer of Ownership \(06/29/17\)](#)
- d. [Notification requirements regarding updates to the underwriting package \(02/16/23\)](#)
- e. [Ability to request additional information \(04/13/23\)](#)
- f. [Irrevocable license to use documentation delivered \(10/21/25\)](#)

55.2 [Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership \(~~12/16/25~~02/24/26\)](#)

55.3 [Requirements for documents contained in the prescreen package \(08/26/25\)](#)



55.1 Use of Chapter 55 (10/21/25)

Chapter 55 is to be used in the preparation of an underwriting package for cash and bond credit enhancement Mortgages, and in the preparation of documentation to be submitted to Freddie Mac in connection with a Transfer of Ownership, as indicated in Chapter 41.

a. Preparing an underwriting package (12/14/23)

1. Due Diligence – Chain of Custody.

- A. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and the Borrower Principal(s) to be submitted as part of the underwriting package as set forth in this chapter (other than Freddie Mac required third-party reports), must be delivered directly to the Seller/Servicer by the Borrower and/or the Borrower Principal or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal.
- B. By submission of the underwriting package to Freddie Mac, Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with this chain of custody requirement.

2. Documentation Delivery. At the Seller's expense, the Seller must deliver the documents to Freddie Mac and remit any required fees to Freddie Mac by wire transfer, subject to Freddie Mac's approval.

- A. The Seller must obtain wire transfer instructions from
 - *Multifamily TAH Production* or the *Multifamily TAH Underwriter*, for TAH Seller/Servicers, or
 - The *Applicable Freddie Mac Multifamily Regional Office*, for all other Seller/Servicers.
- B. The Seller 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 in Production or Underwriting, and the Freddie Mac loan number.
- C. With respect to each delivery
 - The Seller must deliver the documents simultaneously.
 - The Seller may not make any changes to forms prescribed by Freddie Mac without prior written authorization from Freddie Mac.

If the delivery is incomplete, if the documents have not been properly prepared, or if the documents do not, or the delivery does not, otherwise conform to Freddie Mac requirements, Freddie Mac cannot process the package.

**b. Resubmission of an underwriting package (05/11/10)**

The Seller may not resubmit an application package for a Mortgage for at least six months after the date of:

- Freddie Mac's notice of rejection, if Freddie Mac declined to issue a Letter of Commitment for the Mortgage or failed to accept an early rate-lock application following review of the full application package, or
- Freddie Mac's Letter of Commitment, if the Seller failed to accept the Letter of Commitment within the time period specified, or
- Freddie Mac's acceptance of the early rate-lock application, if the Seller failed to sign and return Exhibit A of the early rate-lock application within the time required.

c. Preparing documentation required for a Transfer of Ownership (06/29/17)

Instructions for the preparation of documentation for a Transfer of Ownership can be found in Chapter 41.

d. Notification requirements regarding updates to the underwriting package (02/16/23)

The Seller/Servicer must notify the Freddie Mac personnel primarily responsible for the underwriting of a Mortgage if there is new or revised documentation following Rate Lock or issuance of an Acceptance Letter for an early rate lock application. The mere delivery of documentation to Freddie Mac or inaction by Freddie Mac after receipt of documents will not constitute an approval of such documents or for any change or modification to, or waiver of, any requirements of the Letter of Commitment or the Guide.

e. Ability to request additional information (04/13/23)

Notwithstanding the documentation requirements in Section 55.2 and Section 55.3, Freddie Mac reserves the right to request any document identified in Section 55.2 and Section 55.3 from any Borrower Principal.

f. Irrevocable license to use documentation delivered (10/21/25)

Seller/Servicer hereby grants to Freddie Mac a nonexclusive, perpetual, irrevocable, transferable, assignable, fully paid, royalty-free worldwide license (including the right to grant sublicenses to its affiliates, contractors, successors, and assigns) to use, copy, modify, distribute, display, perform, disclose, create derivative works from, and otherwise exploit all source documentation, due diligence and other underwriting documentation and records of whatever kind or description (whether prepared, originated or maintained by the Seller/Servicer, Borrower or others acting for or on behalf of the Seller/Servicer or Borrower, as applicable) delivered to Freddie Mac in connection with a prescreen package or underwriting package in whole or in part, for any purpose and in any media or format now known or hereafter developed, without limitation.



55.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~12/16/25~~02/24/26)

[a](#) [b](#) [c](#) [d](#) [e](#) [f](#) [g](#) [h](#) [i](#) [j](#) [k](#) [l](#) [m](#) [n](#) [o](#) [p](#) [q](#) [r](#) [s](#) [t](#) [u](#) [v](#) [w](#) [x](#) [y](#) [z](#)

Document	Requirements
501(c)(3) Due Diligence Checklist	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac with a 501(c)(3) Due Diligence Checklist if the bonds for which Freddie Mac is providing the bond credit enhancement are 501(c)(3) bonds.
Access easement and Essential Facilities and/or Recreational Facilities easement documentation	The Seller must provide Freddie Mac with the following documentation: • If the Property shares primary ingress and/or egress with adjacent or neighboring properties (including another phase of a phased development) via an easement or private road, documentation in accordance with Sections 8.6 and 8.8, as well as a (i) preliminary legal issues memorandum (PLIM) that either (x) confirms the access complies with the requirements set forth in Section 8.8, or (z) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability, (ii) a copy of the survey if required for the Mortgage and photographs showing the location of the access easement and signage, if applicable, and (iii) an opinion from a land use attorney if applicable, or • If the Essential Facilities and/or Recreational Facilities are located off-site (including another phase of a phased development) and are not under the exclusive control of the owner, documentation in accordance with Sections 8.6 and 8.9, a PLIM that either (i) confirms the Borrower's access to and use of the Essential Facilities and/or Recreational Facilities and amenities comply with the requirements set forth in Section 8.9; or (ii) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability. • See also "confirmation of or a request for approval of shared facilities or access."
Aged Receivables Report	The Seller must review and submit to Freddie Mac a report, if applicable, which displays tenant outstanding balances (including any subsidies) and duration (typically reflected as 30, 60, and 90+ day periods), including a cumulative total. The report must accompany all operating statements prepared on an accrual basis. The report should be dated as of the ending T-12 period for the current property financial statement submitted.



Document	Requirements
	Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time. The document(s) must be certified using the Borrower and Key Borrower Principal Blanket Certification, Form 1112.
Application fee (for Bond Credit Enhancement Mortgages)	For Bond Credit Enhancement Mortgages, the Seller must remit the applicable application fee by wire transfer. The Seller must obtain wire transfer instructions from <i>Multifamily TAH Production</i> or the <i>Multifamily TAH Underwriter</i>, for TAH Seller/Servicers. The Seller must send the wire transfer to the attention of <i>Multifamily Cash Management</i>. The wire transfer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number. The application fee amount is found in the Commitment.
Appraisal	The Seller/Servicer must provide Freddie Mac with a full Appraisal of the Property that meets the requirements of Chapter 60, including all conditions specified in the Additional Appraisal Requirements Memorandum. The Property value determined in the Appraisal must be no less than the Property value determined by Freddie Mac and the report must meet all Freddie Mac requirements and underwriting conditions. <u>Seniors Housing Mortgages</u> For a Seniors Housing Mortgage, the Appraisal must meet the requirements of Chapter 60 and Section 21.16. <u>Forward Commitments</u> The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.30 for requirements specific to Forward Commitments. <u>Mod Rehab</u> The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Mod Rehab Mortgages. <u>Preservation Rehabilitation</u> The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Preservation Rehabilitation Mortgages. <u>Mortgage with Utility Efficiency Loan option</u>



Document	Requirements
	The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.29 for requirements specific to Mortgages with the Utility Efficiency Loan option.
Appraisal Revision Summary	For a Mortgage taken under application on or after June 2, 2025, the Seller/Servicer must provide an Appraisal Revision Summary as required by Section 60.10. The Seller/Servicer may use the Freddie Mac template or another format as long as it includes the information required in Section 60.10.
Bond distribution list	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac <i>Multifamily TAH Production</i> and the <i>Multifamily TAH Underwriter</i> with a list of participants in the bond transaction, including their telephone numbers and e-mail addresses.
Borrower and Key Borrower Principal Blanket Certification, Form 1112	Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation: • Property Financial Statements (Historical and Budgeted) • Rent Roll • Real Estate Schedule • Financial Statement • Other documentation, as applicable (i.e., Aged Receivable Report, Seniors Housing agreements and contracts, Seniors Housing list of FF&E and motor vehicles, Liquidity verification documentation, etc.) Form 1112 must be completely populated, including an indicator for the document(s) being certified as well as the applicable date(s) of the document(s). The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.
Borrower and Key Borrower Principal Certificate, Form 1115	If any Borrower or Key Borrower Principal is organized as of the date of submission of the applicable package, the Seller must provide Freddie Mac with the Form 1115, Borrower and Key Borrower Principal Certificate , executed by each Borrower or Key Borrower Principal.



Document	Requirements
	Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals: 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings Form 1115 must not be dated more than 60 days prior to the date of submission of the applicable underwriting package. For entities where the TIN is not yet available as of the date of this certification, an IRS Form W-9 is permitted as an alternative to resubmitting the Form 1115. The W-9 must be submitted as soon as it is available (ideally with submission of the full underwriting package) but no later than the Origination Date. LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1115 unless specifically requested by Freddie Mac.
Borrower's budgeted property financial statements	See " property financial statements ."
Breakdown of construction costs	For a Property that was built by the Borrower less than one year before the submission of the underwriting package, the Seller must submit to Freddie Mac a breakdown of construction costs. For current or planned construction, see "capital improvement documentation." The document(s) must be certified using Borrower and Key Borrower Principal Blanket Certification, Form 1112.
Building code violation documentation	The Seller must provide building code violation documentation in one of two ways: • In the form of a letter or other documentation from the local building code enforcement office which must verify that: ○ Any prior building code violations have been corrected ○ The Property is currently in compliance with all applicable building codes



Document	Requirements
	• Verification of the above as part of the zoning report or Form 1108, Physical Risk Report, for a Mortgage that meets all of the following conditions: ○ The Mortgage has an initial principal balance of \$20 million or less, or 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 \$25 million or less in the aggregate ○ The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage If the local building code enforcement office will not provide such a letter, Freddie Mac will accept a certified verification from the Borrower.
Calculation of prepayment premium	For a Mortgage being used to refinance an existing Freddie Mac Mortgage, the Seller must provide to Freddie Mac a calculation of the prepayment premium payable with respect to the Mortgage being refinanced.
Capital improvement documentation	When required by Freddie Mac, the Seller must submit: • For current or planned construction on the Property, a summary of all current or planned construction and the projected costs of the construction. • For any major past renovations, a summary of these renovations and documentation concerning the costs. • For a Mortgage whose original principal balance is greater than \$100 million without any construction or major renovation planned for the Property, a statement that no construction or major renovation is planned during the term of the Mortgage. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Certification — Organizational Chart, Form 1114	A certification that the Organizational Chart is accurate and all owners with a 25 percent or more interest and all Non-U.S. Equity Owners and Control are shown on the organizational chart. If prior to the loan origination or Transfer of Interests the Organizational Chart becomes inaccurate, the Seller must submit a revised



Document	Requirements
	Organizational Chart along with a new Form 1114, Certification — Organizational Chart .
Certificate of Good Standing from the Construction Lender	A letter or other documentation certifying that the Borrower is in good standing under the terms of the Construction Loan.
Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Counsel	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a copy of the Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Legal Counsel , available via FreddieMac.com, in accordance with Section 28.8(d).
Certified cost accounting	The Seller must provide to Freddie Mac a certified cost accounting of total project costs, including hard and soft costs. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification .
Certified Organizational Chart	An Organizational Chart that is certified using <i>Certification – Organizational Chart</i> , Form 1114 .
Commercial lease documentation	The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property. To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the residential and commercial lease portions of the Property's income. If income from a single commercial lease is five percent or more of the gross potential rent of the Property, or if otherwise requested by Freddie Mac in connection with a certain commercial lease, the Seller must provide a completed Commercial Lease Analysis for such lease. The Commercial Lease Analysis form is available at mf.freddiemac.com. See Section 8.11 for requirements regarding commercial lease SNDAs, subordinations, and estoppels; see Section 8.2(b) for commercial use requirements.
Complete Borrower/Key Borrower Principal Due Diligence Package	A Complete Borrower/Key Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Key Borrower Principal Certificate ; Form 1116, Real Estate Schedule ; certified current financial statements for the Borrower and Key Borrower Principals; a credit report for Guarantors that are individuals; Form 1112, Borrower and Key Borrower Principal Blanket Certification ;



Document	Requirements
	and Liquidity verification documentation, if applicable. It is submitted as part of the underwriting package and/or prescreen package to Freddie Mac. LIHTC Investors that are U.S. publicly traded entities are not required to submit Complete Borrower/Key Borrower Principal Due Diligence Packages unless specifically requested by Freddie Mac.
Condominium Analysis	If the Property is subject to a condominium regime, the Seller must submit the following information to Freddie Mac: • The total number of units subject to the Condominium regime • The number of Condominium Units the Borrower owns • The percentage of Borrower's undivided interest in the common elements of the Condominium • If the Borrower does not own 100 percent of the real property that is subject to the Condominium regime, whether the Property is: ○ A "Partial Condo", where the Property consists of all of the residential units in the Condominium but there are commercial, office, parking or other Condominium Units that will not be part of the collateral for the Mortgage ○ A "Fractured Condo", where the Property does not consist of all of the residential units in the Condominium and some of the residential Condominium Units have been sold to third party purchasers • The number of members that comprise the board of directors of the Condominium association ("Condominium Association") and the number of members of the board of directors of the Condominium Association that the Borrower controls This information may be included in the Mortgage Transaction Narrative Analysis.
Confirmation of compliance or a request for approval of shared facilities or access	If any on-site or off-site facilities or access are shared, the Seller must submit in a preliminary legal issues memorandum (PLIM) either (i) a confirmation that any such sharing arrangement meets the requirements of Sections 8.6, 8.8 and 8.9, or (ii) a request for Freddie Mac approval of the requirements set forth in Section 8.8 or 8.9 that are not satisfied, including the Seller's counsel's recommendations for acceptability.



Document	Requirements
Construction completion documents	The Seller must include the following documents in the Forward Commitment underwriting package for Conversion: • Post-construction analysis report ○ Architect's certificate of substantial completion ○ Final punch list from the architect of record ○ Final payment certification ○ Final lien waiver from the general contractor ○ Release of payment and performance bonds ○ Release of bonds required by any governmental authority ○ Final certificate(s) of occupancy ○ Reserve analysis, if not completed previously or if revisions to the previously completed analysis are recommended ○ A summary of all change orders and an analysis of all material changes, as defined in Section 63.4(c) • A summary analysis, prepared by the Seller/Service's Chief Architect/Engineer, indicating that the finished project has been completed, lien-free and in accordance with all other applicable requirements, substantially in accordance with the plans and specifications reviewed at the issuance of the Forward Commitment • Environmental assessment report • A certified cost accounting of total project costs, including hard and soft costs See Section 63.5 for additional information.
Construction documentation for Forward Commitments	For a review by Freddie Mac, the Seller must provide: • The final pre-construction analysis report described in Section 63.3(a) • A narrative summary, prepared by the Seller's Chief Architect/Engineer, as outlined in Section 63.3(c)



Document	Requirements
Cooperative analysis	If the Property is owned by a cooperative housing corporation, the Seller must submit to Freddie Mac a cooperative analysis that includes 1. The following information as it pertains to the sellout of the cooperative: • Date property converted to cooperative • Percentage of units sold to owner-occupants (including sublets) • Percentage of units sold to owner-occupants that are sublet • Percentage of units sold to non-sponsor owned investors • Percentage of units held by sponsor or sponsor-related entities 2. Current financial statements for any one owner that holds 20 percent or more of the Cooperative's shares. If an owner of 20 percent or more is a corporation, partnership or other legal entity, the Seller must deliver financial statements for each officer, general partner or trust beneficiary, including sponsors and beneficiaries that hold unsold shares. All such financial statements must be certified or audited. 3. Maintenance fee delinquency report for the previous 12 months showing the number of units delinquent for each month and the corresponding dollar value 4. Analysis of the sponsor's current cash flow from unsold units (rent roll detailing rent, maintenance for each unit, and debt service, if applicable) 5. Analysis of the sponsor's ability to support negative cash flow from unsold units, if applicable 6. Analysis of pro forma Income and Expense Statements showing the economic results if the Property was operated as a rental and as a cooperative 7. Analysis of the estimated value of the Property as a cooperative (co-op) and as a rental project



Document	Requirements
	8. Information on unit sales over the last 12 months including date of sale, unit number, unit type and sale price. If sales over the last 12 months do not include all unit types, provide information on earlier sales so that all unit types are represented 9. Analysis of maintenance costs compared to market rents for each unit type
Credit reports	The Seller must provide to Freddie Mac a current credit report on each Guarantor that is an individual. A credit report is not required for entities or foreign sponsors with no Social Security number. The subject of each report must have authorized the Seller to obtain the report and the report must: 1. Be reviewed by the Seller 2. Be issued by an independent credit reporting agency acceptable to Freddie Mac 3. Be dated within 60 days before delivery to Freddie Mac 4. Verify debts listed on the financial statement submitted with the full underwriting package, including terms, balances and ratings 5. List any other debts 6. List all legal actions that involve the Borrower or Guarantor and are disclosed by a search of public records
Current property financial statements	See “ property financial statements .”
Delegated property inspection letter	See “ property inspection documentation .”
Document analysis by Seller’s counsel	The Seller must provide an analysis by Seller’s counsel of certain legal documents affecting the Property, as described in Section 6.7.
Effective annual rental rate	For a Mortgage whose original principal balance is greater than \$100 million, the Seller must provide the effective annual rental rate per unit, as determined by gross potential rent less concessions, for each of the most recent three years, or for each year since the completion of construction, whichever is less.
Employer Enabled Permanent Supportive	Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification , must be used to certify that the Borrower has



Document	Requirements
Housing (EPSH) Borrower Certification, Form 1134	a discounted employee unit/units at the Property that is/are subject to the EPSH Partnership Agreement (included as an exhibit to Form 1134). The Form 1134 will include the number of EPSH units at the Property as well as the total annualized discounted rent for those units. The Form 1134 must be executed by the Borrower and provided with the full underwriting package for a loan to qualify for the benefits described in the EPSH Fact Sheet.
Employer Enabled Permanent Supportive Housing (EPSH) Partnership Agreement	A fully executed agreement between the Sponsor and a Nonprofit Entity to offer discounted units to employees sourced via the Nonprofit Entity's job matching network for those at risk of homelessness without subsidy or financial incentive to the Sponsor. The agreement should quantify the discount to be offered if a candidate is hired and must be provided as an exhibit to Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification, for a loan to qualify for the benefits described in the EPSH Fact Sheet.
Environmental report and alternatives	The Seller must provide to Freddie Mac an environmental report meeting the requirements of Chapter 61. <u>Supplemental Mortgages</u> An environmental report is required under this product when • The proposed Mortgage is a split Mortgage, or • An acceptable environmental report was not completed upon origination of the first Mortgage, or • An environmental issue was identified subsequent to the origination of the first Mortgage, or • Freddie Mac, in its sole discretion, determines that an environmental report is needed. <u>For each Supplemental Mortgage for which Freddie Mac does not require an environmental report, the Seller must:</u> • Retain a qualified environmental consultant in accordance with Section 61.17 to perform a neighborhood hazardous waste activity review in compliance with Section 61.9, and submit the environmental consultant's analysis and conclusions, and



Document	Requirements
	Confirm that the Borrower has complied with any conditions or requirements in the first Mortgage regarding an identified environmental hazard or Mold and has completed any required work. For Mortgages under a Forward Commitment, see Section 61.1(b)(1) for the requirements applicable to an environmental report prepared by a consultant retained or directed by the Borrower.
EPA Energy Star Score	A score obtained using the U.S. Environmental Protection Agency's (EPA's) Portfolio Manager®, used by Borrowers seeking a Utility Efficiency Loan.
Equity Conflict of Interest statement	If an Equity Conflict of Interest exists, as defined in Section 2.25, the Seller/Servicer must disclose the nature and extent of the conflict in writing to Freddie Mac as follows: - With 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), or - For Transfers of Ownership, including Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage, to <i>Multifamily Asset Management, Borrower Transactions</i>
Evidence of Insurance	The Seller must submit the following to Freddie Mac to verify that the Property has, or will have as of the Freddie Mac Funding Date, adequate property damage and liability insurance as required by the Purchase and Servicing Documents: - Fully completed Form 1133, Seller/Servicer Certification of Insurance Coverage, via the Insurance Compliance Tool (ICT) - The documents listed in Sections 31.20(a) and 31.20(b), as applicable For an underwriting package pertaining to the refinance of an existing mortgage not owned by Freddie Mac, prior to the Origination Date of the Mortgage, the mortgagee or mortgage holders clause and additional insured clause must be changed to reflect the requirements of the Guide. If the Borrower's insurance will not meet the Freddie Mac insurance requirements, the Seller/Servicer must request a waiver prior to the



Document	Requirements
	Origination Date from the • <i>Multifamily TAH Underwriter</i>, for Targeted Affordable Housing Mortgages • <i>Applicable Freddie Mac Multifamily Regional Office</i>, for all other Mortgages.
Evidence of Tax Abatement	For Properties benefiting from real estate tax abatements, including payment in lieu of taxes (PILOT), the Seller must provide documentation from the taxing authority or the governing body confirming: • That the Property or the Borrower, as applicable, has qualified for the Tax Abatement • The amount of annual tax to be paid, if any • The term of the Tax Abatement • Any other requirements of the Tax Abatement See the Tax Abatement/Exemption/PILOT Questionnaire for additional details concerning the documentation to be provided in the underwriting package for all tax abatements. The Tax Abatement/Exemption/PILOT Questionnaire is found on the legal document pages of mf.freddiemac.com.
Exclusionary List	See Section 2.18.
Financial statements of Borrower and Key Borrower Principals – certified	The Seller is required to submit to Freddie Mac financial statements from the Borrower and any Key Borrower Principal that is not a newly formed entity. Each financial statement must include the following: • Current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and each Key Borrower Principal • Federal income tax returns for the Borrower for the most recent taxable year, if requested NOTE: Freddie Mac may require additional financial statements or federal income tax returns for the three most recent taxable years



Document	Requirements
	from the Borrower and each Key Borrower Principal in Freddie Mac's sole discretion. If the financial statements are audited, the financial statements must include a statement of changes in financial position and all notes. If audited financial statements are not available, the party whose finances are summarized by the statement must certify that the statements are complete and accurate. In addition, the Seller must provide a list of: • All other non-real estate assets, including the market value of each asset, the basis for calculating the value and any note receivables from related entities • All liabilities and contingent liabilities, including debts under lines or letters of credit, personal guaranties, obligations to limited partnerships and other obligations payable in the future, including the amount and duration of the obligation • Any factors that may materially affect the Borrower's or Key Borrower Principal's financial position immediately or during the term of the Mortgage The Seller must review the financial statements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. LIHTC Investors that are U.S. publicly traded entities are not required to submit financial statements unless specifically requested by Freddie Mac. If the Borrower or Key Borrower Principal is a non-profit, the Seller must identify whether the non-profit Borrower's or Key Borrower Principal's primary funding sources are from fees on development projects or from competitive sources such as public funding, grants, gifts, or donations that may be subject to budget constraints.
Financial statements – property	See “ property financial statements .”
Flood zone determination (FZD)	The Seller must provide to Freddie Mac a flood zone determination (FZD) meeting the requirements of Section 31.8(a)



Document	Requirements
Ground lease documentation	For a Property subject to a ground lease, the Seller must provide to Freddie Mac all of the following, with a copy of each to the applicable <i>Multifamily Attorney</i>. See Chapter 30. • A copy of the ground lease and all existing amendments • An analysis of the ground lease by Seller's counsel using the Ground Lease Analysis form available on FreddieMac.com • Any other items required by Chapter 30
Historical property financial statements	See " property financial statements ."
Land Use Restriction Agreement (LURA)/ regulatory agreement	A copy of the applicable regulatory agreement imposing tenancy, occupancy and other operating and use restrictions on the Property (for tax-exempt bonds, if applicable, and LIHTC). See also "rent, income and use restriction documentation."
Legal Issues Analysis (LIA) form	The LIA is the form used to prepare the preliminary legal issues memorandum (PLIM) at loan origination. The LIA (and any required updates as described in the LIA instructions) must meet the requirements of Section 6.4. The LIA is available at mf.freddiemac.com/lenders/legal. See the entry for preliminary legal issues memorandum (PLIM), below, for the analysis required for Servicing transactions.
Liquidity verification documentation	Each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of (i) a First-Time Sponsor, (ii) Limited Multifamily Experience Sponsor, or (iii) Rapid Growth Sponsor must provide bank or brokerage statements either (i) reflecting an average balance for the preceding 12-month period or (ii) from each of the preceding three consecutive months. The bank or brokerage statement(s) must be dated within 60 days of delivery of the full underwriting package (when providing statements for each of the preceding three consecutive months, the most recent statement must be dated within 60 days of delivery of the full underwriting package and the average of the three months will be used). The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.



Document	Requirements
	For Key Borrower Principals noted above, the Liquidity reported in the bank or brokerage statements will be the basis of any Liquidity determination, including as it relates to certain Liquidity thresholds required by the Guide. Additionally, the bank or brokerage statements provided must support the Liquidity represented in the Key Borrower Principal's certified financial statement. With the delivery of the full underwriting package, the Seller must submit a summary of their analysis of the bank or brokerage statements ("Liquidity Verification Worksheet"), including a listing of each account verified, date of the statement, verified liquidity amount, and comparison to the certified financial statement. The Seller may use their own format, provided it contains the required information, but a sample Liquidity Verification Worksheet template can be found on mf.freddiemac.com/lenders/uw. The Liquidity Verification Worksheet must also identify material deviations from the certified financial statement. These deviations require an explanation, acceptable to Freddie Mac, which must be included in the Mortgage Transaction Narrative Analysis or the Liquidity Verification Worksheet. Liquidity verification for a Private Investment Fund that is also a First-Time Sponsor, Limited Multifamily Experience Sponsor, or Rapid Growth Sponsor may also include additional documentation acceptable to Freddie Mac to support unfunded capital commitments, such as investor subscription agreements or similar documentation. Such documentation may not rely solely upon a certification from the Borrower or Key Borrower Principal and must be certified using Form 1112. U.S. Public Companies and Governmental Entities that are First-Time Sponsors, Limited Multifamily Experience Sponsors, or Rapid Growth Sponsors are not required to submit Liquidity verification documentation.
Low-Income Housing Tax Credit (LIHTC) Compliance/Monitoring for Income Averaging documentation	For a LIHTC Property where the Income Averaging Set-Aside has been applied, documentation providing details of the LIHTC Investor's compliance and monitoring strategy.



Document	Requirements
Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation	The Seller must provide a copy of: • The allocation letter • The IRS Form 8609, <i>Low-Income Housing Credit Allocation and Certification</i>, used to obtain a housing credit allocation from the housing credit agency when a Property is placed into service • The IRS Form 8823, <i>Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition</i>, if any, that was used to notify the Internal Revenue Service of noncompliance with the requirements of Internal Revenue Code (IRC) §42 from both the property manager and the Borrower Principal In addition, the Seller must obtain from the property manager and the Borrower a report of any unresolved issues with State allocating agencies on existing LIHTC properties. See also “rent, income and use restriction documentation.”
Management plan or management agreement	• The Seller/Service must obtain the total amount of the management fee as a percentage of effective gross income (EGI), which Freddie Mac will evaluate during the underwriting of the Mortgage • If the Property is managed by the Borrower or the Borrower Principal, the Seller must deliver the Borrower’s management plan • If a management firm is managing the Property, the Seller must include a copy of the management agreement for the Property • If the management agreement will not be assigned to the lender, then the agreement must be terminable by the property owner upon not more than 30 days’ notice to the manager without the necessity of establishing cause for termination and without payment of a penalty or fee
Manufactured Housing Community (MHC) (unless MHROC, government-owned, or non-profit-owned)	For an MHC Mortgage with MHC Tenant Protections, including all MHC Mortgages quoted on or after September 1, 2021 (unless MHROC, government-owned, or non-profit owned), the Seller must submit the documentation noted in either a. or b. below: a. Form of Agreement with MHC Tenant Protections that will be executed or acknowledged by the Applicable MHC Residents.



Document	Requirements
	Seller's counsel must confirm that the Form of Agreement includes all MHC Tenant Protections (including the conflicts of law provision) and requires a written signature of the Applicable MHC Residents. See the MHC Tenant Protections section in the LIA to understand the Borrower's final selection. If the above Form of Agreement (e.g. Rules and Regulations) will not be signed by the Applicable MHC Residents, then a sample form of acknowledgment from the Applicable MHC Residents of the above Form of Agreement is required. See the MHC Tenant Protections section in the LIA. b. For Mortgages originated on or after August 2, 2021 where the Borrower has elected to incorporate the MHC Tenant Protections in the MHC rules and regulations and deliver to each Applicable MHC Resident an MHC Tenant Protections Notification: (1) a copy of the MHC rules and regulations that include the MHC Tenant Protections, and (2) the form of MHC Tenant Protections Notification. Seller's counsel must confirm that the MHC rules and regulations and form of MHC Tenant Protections Notification include all the MHC Tenant Protections, including the conflicts of law provision.
Manufactured Housing Resident-Owned Community (MHROC) Analysis	For a Manufactured Housing Resident-Owned Community (MHROC) Mortgage, a copy of the Manufactured Housing Resident-Owned Community Analysis , available on FreddieMac.com, with a copy to the applicable <i>Multifamily Attorney</i> .
Market study	The Seller must provide an independent, third-party market study including the following information: 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis by unit type 8. Recommendation



Document	Requirements
	Freddie Mac will also accept a market study incorporated into the Appraisal, per the requirements of Section 60.20. For a Forward Commitment, the market study must support the underwriting assumptions.
Master lease documentation	For a Property subject to a master lease, the Seller must provide: • A copy of the master lease and all existing amendments • An analysis of the master lease by Seller's counsel in accordance with Section 6.7
Mortgage transaction narrative analysis	The Seller must provide to Freddie Mac a mortgage transaction narrative analysis, which (at the Seller's option) may be based on the Mortgage Transaction Narrative Analysis – Best Practices. <u>The mortgage transaction narrative analysis must contain the following:</u> 1. Characteristics of the proposed Mortgage that make it an investment quality Mortgage, risk factors and the reasons the Seller recommends the Mortgage 2. Property's physical description, including full address with zip code (including amenities, unit features and general competitive advantages and disadvantages) 3. Property's financial analysis (profile and trend) 4. Evaluation of balloon risk that includes the Borrower's ability to pay the unpaid principal balance (UPB) of the new Mortgage at maturity 5. Surrounding property uses and physical condition, public facilities, shopping facilities and sources of employment 6. Market analysis (occupancy, supply and concessions) 7. History of the Borrower's equity investment in the Property and the Borrower's proposed use of Mortgage proceeds 8. Description of the Borrower, including a description of the borrowing entity, the Borrower's organizational chart and a summary of the qualifications of the Borrower and all Key Borrower Principals, including:

Document	Requirements
	• An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor, a Limited Multifamily Experience Sponsor, or a Rapid Growth Sponsor, as provided in Section 9.2(d), • An estimate of the financial capacity of the Borrower and each Key Borrower Principal (that is, estimated net worth, Liquidity and contingent liabilities), and • For TAH Mortgages, a summary of the qualifications of any Borrower Principal whose experience is significant to the success of the deal. 9. Description of property manager, including a summary of the qualifications of the proposed property manager, the number of units managed, how long it has managed the Property and the amount of the management fee. 10. Review of third-party reports, including the Seller/Servicer's reviews of and comments on the Appraisal, environmental and property condition reports (with full underwriting packages only) 11. For refinance transactions, a description of the existing mortgage on the Property, including the current unpaid principal balance, current lender, and any other information that could be material to Freddie Mac in its underwriting or approval of the transaction. A refinance of an existing Freddie Mac Mortgage must be clearly identified. 12. Proposed sources and uses of funds 13. Cash equity at risk <u>14. ~~Any~~ Documentation of Real Estate Schedule – Form 1116 verification, including if unable to verify the ownership information for the sample, if any discrepancies are found, or if alternative method of verification approved by Freddie Mac, if verification applicable per Section 11.6.</u> <u>~~14.~~15. Documentation of historical financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages, including the statements reviewed and any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7</u>



Document	Requirements
	~~45.~~<u>16.</u> Documentation of Sponsor Meeting, if applicable, per Section 11.8 ~~46.~~<u>17.</u> Any exception requests The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8.15(a). <u>In addition to items a. 1 – 16 above, as applicable, for Seniors Housing Mortgages include:</u> 1. Property type (Independent Living Property, Assisted Living Property, Alzheimers/Dementia Care Property or Continuing Care Retirement Community (CCRC)) 2. Number of units and beds 3. Average monthly rent 4. Percentage of skilled nursing beds, if applicable 5. Percentage of net income derived from skilled nursing beds, if applicable 6. An evaluation of the Borrower's and Third-party Operator's (if any) experience at the Property and its other properties 7. The discussion of surrounding property uses must also include hospitals, seniors centers, libraries, restaurants and hotels 8. A market analysis, in the description of market supply, must include a list of all comparable properties, including address with zip code, number of units and beds, their service type, and approximate distance from the Property. The Seller must submit at least three comparables. 9. The State and/or regional location of all properties under management 10. The type and number of acuity of the units managed or owned 11. For Seniors Housing Mortgages that do not require a Seniors Housing Liability Assessment, a description of the depth and level of experience of all key personnel on the onsite, corporate, and regional leadership team of the property manager or Operator



Document	Requirements
	<u>c. In addition to items a. 1 – 16 above, for a Supplemental Mortgage behind a Securitized First Mortgage, include:</u> 1. Confirmation of original UPB, current UPB, amortization (identifying any interest-only period), Annual Debt Service (interest-only and amortizing, as appropriate), and maturity date 2. Identification of Securitization pool 3. Delinquency report 4. Most recent inspection report <u>d. In addition to items a. 1 – 16 above, for a Mortgage securing a Property subject to a condominium regime:</u> See “Condominium Analysis.” <u>e. In addition to items a. 1-16 above, for a Mod Rehab Mortgage:</u> 1. Summary of renovation scope, budget, and renovation and lease-up schedule. 2. Tax analysis for both the as-is value and the hypothetical as-if renovated and stabilized today value with support tailored to the Property’s jurisdiction. 3. Sponsor’s experience and success with other moderate rehabilitation or value-add projects in recent history with detailed explanation of the extent of the renovations and rent appreciation post renovations. 4. Analysis of any anticipated rent increases or expense savings as a result of the planned renovations at the subject property.
Occupancy history	For a Mortgage whose original principal balance is greater than \$100 million, the Seller must provide the annual percentage of physically occupied dwelling units for each of the most recent five years, or for each year since the completion of construction, whichever is less. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.



Document	Requirements
Optigo Lender's Fee Certification – Conventional and Targeted Affordable Housing form	Required for all loans where a broker and/or correspondent is involved in the transaction. This form requests certain information about broker and other fees and requires the Seller/Servicer to disclose whether the servicing fee and/or Freddie Mac securitization compensation applicable to a loan will be a factor in determining the broker/correspondent compensation.
Organizational Charts – Borrower, Guarantor (not in Borrower's organizational structure), Master Tenant, Operator, or Pre-Approved Transferee (not in Borrower's organizational structure)	For any entity that is a Borrower, a Guarantor not in the Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant of a Shariah compliant loan, DST loan or other master lease structure or Operator of a Seniors Housing Property, the Seller must submit to Freddie Mac an organizational chart showing the direct and indirect ownership for that entity identifying any individual or entity: • With 25 percent or greater aggregate direct or indirect interest in Borrower, Guarantor not in Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant or Operator including beneficial interests in a Delaware Statutory Trust or Illinois Land Trust • That is a Non-U.S. Equity Holder • For Pre-Approved Transferees, all individuals and entities with direct or indirect Control of the Pre-Approved Transferee, and all individuals and entities with direct and indirect Control of the Borrower after the proposed transfer • That directly or indirectly Controls Borrower, Guarantor, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant or Operator including any general partner, managing member, non-managing member, member of a board of managers, settlor/trustee of a living trust or revocable trust or trustee of an irrevocable trust 100 percent of the ownership interest in Borrower must be shown. The Seller/Servicer's counsel must review the Organizational Chart. See Guidance – Organizational Charts at mf.freddiemac.com/lenders/uw.
Payroll schedule	The Seller must provide a current schedule of payroll expenses associated with the operation of the on-site leadership team at the Property, including salary, wages, bonuses, net pay and deductions.



Document	Requirements
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification .
Photographs	The Seller must submit to Freddie Mac photographs clearly illustrating all aspects of the Property, including exterior, interior and street scenes.
Physical Risk Report – Form 1108	The Seller/Servicer has the option to provide to Freddie Mac a completed Form 1108, Physical Risk Report, meeting the requirements of Chapter 66 in lieu of an environmental report and a property condition report for a Mortgage that meets all of the following conditions: • The Mortgage has an initial principal balance of \$20 million or less, or 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 \$25 million or less in the aggregate • The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
Post-construction analysis report	A post-construction analysis report meeting the requirements of Section 63.5 is required. This report is required for Forward Commitments and for Mod Rehab Mortgages at completion of renovation. See Section 39.9 for submission of a post-construction analysis report for a Mod Rehab Mortgage.
Pre-construction analysis report	A pre-construction analysis report meeting the requirements of Section 63.3(a) is required. For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.



Document	Requirements
Preliminary legal issues memorandum (PLIM)	The Legal Issues Analysis form is used to prepare the preliminary legal issues memorandum (PLIM) prior to loan origination. The Preliminary Legal Issues Memorandum Form – Servicing is the form used to prepare a PLIM meeting the requirements of Section 6.4 for Servicing transactions.
Property condition report	The Seller must provide to Freddie Mac a property condition report meeting the requirements of Chapter 62. For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.
Property financial statements	The Seller must provide to Freddie Mac financial statements as specified below. Each operating statement must be dated and expressly identify within the document itself the time period to which it relates. Historical property financial statements The Seller must provide historical property financial statements for the most recent three years, or since the completion of construction of the Property, whichever is less, and including the net rental income, concessions and gross potential rent. Additionally, Seller must provide a statement for the twelve-month period prior to the month in which the Borrower has made the financing request (current property financial statement in a T-12 format). If available, this statement must reflect monthly operations for each of the preceding 12 months. If a monthly summary statement is not available, the Seller must provide a current fiscal year-to-date Property financial statement and a monthly statement for each of the three months prior to the month in which the Borrower has made the financing request. In the event year-end and T-12 property financial statements are both provided in a monthly format the Seller must advise Freddie Mac of any inconsistencies observed in overlapping months between T-12 and the prior year property financial statement. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.



Document	Requirements
	Borrower's budgeted property financial statements The Borrower's budget for the following 12-month period The document(s) must be certified using Form 1112. The Seller must review the property financial statements, which must include income and expense statements. If the financial statements are audited, they must include a statement of changes in financial position and all notes. For a refinance of an MHC with Manufactured Home(s) owned by the Borrower or an Affiliate of the Borrower, the Seller must provide income and expense statements of the Manufactured Home(s) which must be certified using Form 1112. For (i) a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or (ii) a Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage, the Seller must also provide the Servicing Statements used to reconcile the historical property financial statements as required in Section 11.7(b) if such Servicing Statements are not already present in DMS for the existing Mortgage.
Property inspection documentation	- Prior to early rate-lock, the Seller must complete and document the inspection described in Section 8.15(a) - At full underwriting, the Seller must complete and document the property inspection described in Section 8.15(b) <u>Prior to commitment issuance under ~~a~~an Unfunded Forward Commitment, ~~the Seller must conduct~~ a Forward Commitment Property Inspection is not required unless requested by Freddie Mac in its discretion. If requested, it must meet the requirements as described in Section 8.16</u> For a Funded Forward Commitment, a Forward Commitment Property Inspection is required as described in Section 8.16 - Prior to conversion under a Forward Commitment, the Seller must conduct a complete property inspection as described in Section 8.15(b)



Document	Requirements
	The inspection requirements must be completed within 90 days of Freddie Mac's receipt of the applicable underwriting package. If Freddie Mac has delegated the property inspection to the Seller, the Seller must acknowledge this delegation on the Property Inspection and Lease Audit form. If the Seller inspection was not completed on the same day as the inspection for either the Appraisal and/or the physical condition report, the Seller must compare the observations from all other inspections to ensure all information is consistent. See Section 8.15 for additional information regarding property inspection requirements. For (i) a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or (ii) a Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage, the Seller must also provide the most recent annual servicing inspection report if such inspection report is not already present in DMS for the existing Mortgage.
Proposed transaction schedule	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a proposed transaction schedule that sets forth the schedule and timing for the bond transaction, including the scheduled conference calls, timing for the delivery of documents and the closing date.
Purchase agreement documentation	For acquisition loans, the Seller must submit to Freddie Mac: • A copy of the purchase agreement and all amendments • An analysis of the purchase agreement and all amendments by Seller's counsel using the Purchase Agreement Analysis form Freddie Mac will not be deemed to have knowledge of any hazardous conditions, zoning issues or property condition issues merely by its possession of the purchase agreement.
Quote	The Seller must provide a copy of any written Quote issued by Freddie Mac, or a statement indicating the date and terms of the verbal Quote the Borrower has selected.



Document	Requirements
Real Estate Schedule, Form 1116	The Seller must provide to Freddie Mac a Form 1116, Real Estate Schedule, for all real estate in which any Key Borrower Principal that is not newly formed currently has ownership and/or Control. An Excel version of the Real Estate Schedule is required. If alternative documentation to Form 1116 is submitted, this documentation must be materially similar, include all key data points necessary to properly assess risk, and be acceptable to Freddie Mac. NOTE: A Real Estate Schedule is not required for the Seller/Servicer or its affiliate when the Seller/Servicer or its affiliate has an equity interest in the Borrower in the form of a Preferred Equity investment and is a Pre-Approved Transferee under the Mortgage. The Real Estate Schedule must be dated within 180 days from the date of submission of the underwriting package and certified by the Key Borrower Principal as complete and accurate. The Key Borrower Principal must: • Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: ○ The full recourse obligation to the lender, including the entire amount of joint and several guarantees ○ For loans on properties under construction, the loan amount drawn to date and the as-is value • Provide a written explanation of any non-performing assets in its portfolio LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1116 unless specifically requested by Freddie Mac. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. If the Property is a Cooperative or MHROC, the Form 1116 may be waived.
Real Estate Schedule Addendum – Seniors Housing	See “Seniors Housing Real Estate Schedule Addendum.”



Document	Requirements
Real estate tax bill	If the Borrower is acquiring the Property, the Seller must provide to Freddie Mac a copy of the most recent real estate tax bill from the Property's local taxing authority. If the Mortgage is being originated for the purpose of new construction, a real estate tax bill is not required.
Registration of rental units (rent control/stabilization)	~~The~~ <u>Properties in New York</u> <u>For Properties in New York, the</u> Seller must provide to Freddie Mac: <u>(i) proof of compliance with applicable State or local requirement for the registration of rents in New York, including evidence of the current registered rent for each unit in the Property</u>—, <u>(ii) a current certified Division of Housing & Community Renewal (DHCR) rent roll or equivalent, and (iii) any information necessary to justify underwritten rents above legal rents, which is acceptable to Freddie Mac at its discretion. An example is the annual Rent Guideline Board's (RGB) rent increase allowances.</u> <u>Properties in other States</u> Freddie Mac may require similar proof of compliance with such requirements for prior years and may require other evidence of compliance with State or local rent control or stabilization laws in other States.
Renovation documentation – Mod Rehab Mortgages and Preservation Rehabilitation Mortgages	For all Mod Rehab Mortgages, the Seller/Servicer must provide the documentation listed below. For a Preservation Rehabilitation Mortgage, Freddie Mac may request the Seller/Servicer to include the following documentation in the underwriting package. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. • Construction budget – hard costs and material quantities • Development budget – total project costs, including soft costs, financing costs, land acquisition expenses and hard costs • Construction schedule – the timeline for major construction activities • Lease-up schedule – the timeline for the lease-up • Final plans and specifications – a clear picture of the Property's appearance and new features post-renovation. Plans and specifications are considered to be final when they are stamped and sealed by the associated professional



Document	Requirements
	• Construction contract – the contract between the Borrower and the general contractor for the completion of all planned renovations • Development team’s qualifications – key staff resumes, a summary of experience with similar projects and years in business. Members of the development team include the sponsor, the architect, the general contractor and the management company • Servicing team’s qualifications – staff resumes and summary of experience with similar projects. Members of the Servicing team include individuals responsible for administration and those responsible for physical inspections Work in Progress: If renovation work commenced before underwriting, additional information is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. • Sponsor certification regarding all work completed and costs expended • All executed change orders to date • All construction monitoring reports to date. For any new construction (i.e., new residential or amenity building), a more detailed breakout within the budget, schedule, and plans/specs is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. See Chapter 63 for additional information about renovation documentation.
Rent, income and use restriction documentation	The Seller must provide copies of any existing regulatory agreements (including any amendments) creating tenant income, rent or other operating or use restrictions for the Property. If applicable, see also: • Land Use Restriction Agreement (LURA)/Regulatory Agreement (for tax-exempt bonds, if applicable, and LIHTC) • Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation



Document	Requirements
	• Rental Assistance Contract (including Long Term and Short Term Rental Assistance Contracts) • Registration of rental units (rent control/stabilization)
Rent roll	The Seller must review and provide to Freddie Mac a rent roll that meets the following requirements. An optional Rent Roll Template can be found at https://mf.freddiemac.com/docs/rent_roll_template.xls. • Is dated within 30 days of the underwriting package submission. • Is complete with respect to the required information below for each unit: <u>For a Property that is not secured by a Seniors Housing Mortgage:</u> 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Square footage of each unit 6. Occupancy status by unit and by bed, if applicable 7. Identification of any employee units, model units, corporate units and units used as rental offices 8. Monthly contract rent 9. Concessions, rebates or discounts given to tenant, if applicable 10. Arrearages owed by tenant, if any 11. Subsidies, if applicable (specify type) 12. Rent controlled or rent stabilized, if applicable 13. Original occupancy date, per tenant 14. Lease commencement date



Document	Requirements
	15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held 18. Furnished or unfurnished status The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. <u>For a Property secured by a Seniors Housing Mortgage:</u> 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Occupancy status 6. Identification of any employee units, model units, corporate units and units used as rental offices 7. Monthly rent and concessions, if applicable, without regard to any applicable additional resident fees, subsidies, or concessions, rebates or discounts given to tenant. If Property or resident receives any Medicaid income, Medicaid subsidy/ reimbursement must be listed separately from the rent the resident pays. 8. Entrance fees, community fees or other upfront fees held or charged (refundable or nonrefundable) 9. Additional fees for second residents, if applicable. If the unit has two unrelated occupants, rents for each resident should be combined. 10. Fees for resident care associated with Activities of Daily Living (ADLs) 11. Miscellaneous ancillary fees, such as furniture rental, beautician, unscheduled transportation or interest income 12. Arrearages owed by tenant, if any



Document	Requirements
	13. Lease commencement date 14. Original occupancy date, per tenant 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. <u>For Mortgages originated under a Forward Commitment:</u> A rent roll is not required in the full underwriting package for a Mortgage originated for new construction For a TAH Cash or TAH Bond Credit Enhancement Conversion Underwriting Package, the rent roll must cover the preceding 90 days and must be dated within 45 days of the Conversion In addition to the rent roll, for an LIHTC Property where the Income Averaging Set-Aside has been applied, the Seller must provide a rent roll analysis confirming that rents on the Origination Date will meet the average AMI requirements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Rental Assistance Contract (including Long Term and Short Term Rental Assistance Contracts)	The Seller must provide, if applicable: - Copies of the original Rental Assistance Contract along with all amendments and renewals, including evidence of the currently applicable unit rents approved by the US Department of Housing and Urban Development (HUD) and/or the Rental Assistance contract administrator - Rental Assistance Contract Analysis (available at https://mf.freddiemac.com/docs/rental_assistance_contract_analysis.docx), completed by both Seller and Seller's counsel - Evidence of HUD form 2530 clearance for Borrower, Borrower Principals and Management Agent (or other comparable



Document	Requirements
	evidence in the case of a non-HUD Rental Assistance Contract) • HUD Management and Occupancy Review MOR Form (or other comparable deliverable in the case of a non-HUD Rental Assistance Contract) • Current HUD REAC or NSPIRE Score (or other comparable score in the case of a non-HUD Rental Assistance Contract) • The most recent HUD Inspection Report, if the current REAC or NSPIRE Score is less than 80 and the Property is required to undergo an annual HUD inspection (or other comparable deliverable in the case of a non-HUD Rental Assistance) See “rent, income and use restriction documentation.”
Residential lease sample	Freddie Mac requires the property inspector to upload, to DMS as part of the required Property inspection documentation, a sample or unexecuted residential lease or an executed residential lease.
Seismic risk documentation	If a Property is located in an Elevated Seismic Hazard Region, the Seller must provide to Freddie Mac a Seismic Risk Assessment (SRA) and a copy of the Peak Ground Acceleration (PGA) calculation obtained from the United States Geological Survey (USGS) website, as required by Section 64.2. If a Level 1 SRA is required the Seller must also provide to Freddie Mac Form 1102, Seismic Risk Assessment Summary .
Seller’s certification and disclosure of any HUD-2530 issues relating to the Borrower Principal and Property Manager	Freddie Mac requires the Seller to certify and disclose any issues with the Borrower Principal and Property manager that may have been identified on a Form HUD-2530, <i>Previous Participation Certificate</i> . This form is HUD’s centralized review of the past/present performance of those principals applying for participation in HUD’s multifamily housing programs. Principals are reviewed to see if they have carried out their past financial, legal, and administrative obligations in a satisfactory and timely manner.
Seller’s certification regarding compliance with representations and warranties	The Seller must provide to Freddie Mac the following certification in a letter on the Seller's stationery: “Seller certifies that it is familiar with and in compliance with the warranties and representations that, pursuant to Chapter 5 of the Freddie Mac <i>Multifamily Seller/Service Guide</i>, it is deemed



Document	Requirements
	to make with respect to each Mortgage and related information delivered to Freddie Mac.”
Seller's mortgage loan application with Borrower	For all Mortgages, the Seller must provide to Freddie Mac a copy of the mortgage loan application executed by the Borrower and submitted to the Seller. The application must evidence all material terms of the proposed mortgage financing. In addition, for Mortgages submitted under the early rate-lock delivery option, the Seller's application must evidence the Borrower's obligation to pay the Borrower Breakage Fee (see Section 27.2). For any Mortgage, the mortgage loan application must include the following authorization by the Borrower: “The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the "Mortgage") to Freddie Mac. If Freddie Mac purchases the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage.” For any cash execution Mortgage, the mortgage loan application must also include the following acknowledgments by the Borrower: • “The Borrower understands that subsequent to the closing of the Mortgage, Freddie Mac may require regular financial statements from the Borrower outlining the Property's financial performance.” • “The Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac may sell this Mortgage into a commercial mortgage-backed securitization or similar type execution and may not hold this Mortgage in Freddie Mac's portfolio.” For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement program, the mortgage loan application must include the following authorization by the Borrower:



Document	Requirements
	“The Borrower understands that Freddie Mac intends to credit enhance the mortgage loan for which Borrower is applying (the “Mortgage”). If Freddie Mac credit enhances the Mortgage, the Borrower’s signature below constitutes the Borrower’s authorization for Freddie Mac to publicly use, at Freddie Mac’s discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage.”
Seller's pro forma property financial statements	The Seller must prepare the Seller's pro forma property financial statements for the next 12 months. The statements must include historical and year-to-date annualized income and expense information for comparison purposes.
Seniors Housing agreements and contracts	The Seller must provide to Freddie Mac a copy of all potentially material contracts and agreements by the Borrower, manager or operator of the Property related to the ownership and operations of the Seniors Housing Property, acceptable to Freddie Mac, including, but not limited to contracts: • For preparing and serving food (not including food supply contracts) • For medical services or healthcare provider agreements, regardless of annual consideration or term, or • Of which the average annual consideration, directly or indirectly, is at least \$50,000 Generally, copies of contracts for routine maintenance such as landscaping, snow removal or general office equipment are not required. The Seller must also provide a certification from the Borrower listing the contracts that fall into the foregoing categories, and who among the Borrower, operator, and property manager is a party to each contract. If there are no contracts that fall into the foregoing categories, the Seller must provide a certification from the Borrower to that effect. The Legal Issues Analysis must specify (i) any contracts that should be considered material for purposes of the Loan Agreement, and (ii)



Document	Requirements
	recommendations regarding assignments of contracts that are not in the Borrower's name.
Seniors Housing Liability Assessment	If the Property includes assisted living, Alzheimer's care or skilled nursing units, the Seller must provide to Freddie Mac a Seniors Housing Liability Assessment for each property manager or Operator to evaluate its risk management practices with respect to employees, residents and incident reporting. The Seniors Housing Liability Assessment must be performed by a professional meeting the requirements of Section 21.2(i) and the Seller/Service must document the suitability of the professional in the Liability Assessment. The Seniors Housing Liability Assessment must address the following topics: 1. Professional Qualifications a. Experience Minimum of five years' experience in geriatrics/long-term-care clinical practices. b. Education Minimum of five years as a Licensed Administrator, licensed practical nurse (LPN) registered nurse (RN), or Physician Extender (PA, RNP) c. References, which address: 1. Scope of work 2. Quality of recommendations given 3. Quality of resources provided 4. Timeliness of work product d. Sample work product: 1. Copy of typical assessment report 2. Sample recommendations based on industry exposures 3. Sample resources provided to clients to assist in reducing risk to claims 4. Training programs offered 5. Monitoring programs offered 2. Employee Practices



Document	Requirements
	a. Risk Management policies and procedures identifying background checks, reference checks and analyzing the background of individuals employed at the Property (e.g., appropriate credentials and certifications) b. Hiring and screening practices and personnel policies (e.g., employee handbook, orientation materials, initial and in-service training materials, available resources, etc.) c. Identification of the use of electronic systems including Billing, Medical Administration Record (MAR), Patient care management, and Marketing d. Compliance with State property staffing requirements including staff to resident ratios per shift and temporary staff and shift change procedure as applicable by State regulations 3. Management Practices a. Key Topics 1. Evidence of written employee policies and procedures manual 2. Staff orientation, screening and discipline regarding resident care issues b. List of key Property level staff including: 1. A list of the key Property level positions 2. The tenure of individuals in their positions at the facility 3. The amount of experience the individuals have in the seniors housing industry 4. Resumes should be attached to the report c. Identification of the availability and usage of home health services including: 1. Identify whether home health services are being used at the Property 2. Identify who is providing or contracting with the home health services – for example is it the Borrower, a Borrower Affiliate, the Operator, an Operator Affiliate, or a third party 3. If home health services are provided or contracted by the Borrower or Operator verify the provider's certification or licensing, as required by State as well as a copy of the referenced contract



Document	Requirements
	4. Identify whether the home health provider leases space or not at the Property 5. Type of services offered by home health agency d. Risk management policies and procedures, including identifying and analyzing the background/experience of individuals employed by the Borrower or the Operator to handle insurance and risk management matters. e. Corporate / Regional Support and Quality Assurance: 1. Discussion of the corporate / regional oversight or 3rd-party contract of the facility including identification of the corporate / regional staff that visit the Property including their title and frequency of visits 2. Copy of any risk management tools and summary reports/ audits, if available 3. Implementation of a quality assurance program addressing the regulatory compliance and whether internal results are tracked, trended, analyzed or benchmarked against other properties operated 4. Resident Practices: a. The following must be provided, documented, and analyzed regarding resident practices: 1. Copy of written admission agreement(s) and fees that identify scope of services to be provided 2. Copy of resident assessment forms and qualifications of staff responsible for assessing residents prior to admission, as well as how often residents are assessed going forward b. Confirmation that specific policies and procedures are in place to address the following conditions: 1. Resident service plan established and updated with changes in condition 2. Resident evacuation in case of emergency 3. Fall management 4. Elopement/Wandering 5. Skin Care 6. Elder Abuse 7. Dehydration/Malnutrition 8. Neglect 9. Mental health behavior plan



Document	Requirements
	10. Physical notification for change in resident condition 11. Medication management 12. Smoking 13. Transfer/Discharge 14. Infectious Control c. Collection of Resident Turnover data by care type to calculate the turnover ratio for the most current year available 5. Regulatory Compliance: a. Identity of governmental authorities with jurisdiction over the Property, as well as each governmental authority's definition of the level of care permitted at the Property. b. Copies and a summary of all governmental surveys for last three-years or three certification periods including a summary and analysis of any deficiencies or enforcement actions cited in the surveys. The severity, repeated deficiencies and type of enforcement action (such as probation or ban on admissions) must be part of the analysis, categorized by the following topics: 1. State Health Inspections 2. Fire / Life Safety Inspections 3. Food Safety Inspections c. Copies of the Plan of Corrections (POCs) submitted by the owner or Operator and the date of acceptance of the government authority, if applicable. If the POC has not been accepted by the government authority, then the process required to resubmit plan of correction of deficiencies must be provided including any steps already taken or remaining to complete. If the correction requires re-inspection, this should be noted and whether it will occur at the next standard licensure inspection or earlier date. d. Discussion of whether the Property is in substantial compliance from most recent inspection and is permitted to continue operations until re-inspection. e. List and copies of all licenses and permits needed to operate the Property, the expiration date of such licenses, and if the license is transferable to include, but not limited to: 1. State health licenses 2. Business licenses



Document	Requirements
	3. Food permits f. If a change in licensure is necessary, the report must detail the summary of licensing procedures required to affect a change in Property ownership, any service provider, authority to operate, or management, including the timeline for licensure change, the identification of the State or local governmental authority that needs to receive notice or provide approval, and the content of the notice. g. If the Property receives any sort of subsidy program (for example Medicaid/ Medicare), then the report must include the following: 1. Assessment of the status of any federal, state, or local proposed regulations or amendments to existing regulations that could affect the Property 2. Identification and analysis of any special insurance requirements required by any government authority. Recommendation / Summary: a. Onsite inspection of the Property b. An overall assessment of employee, management and resident practices as well as regulatory compliances affecting the Property, including the identification and analysis of shortcomings with recommendations on matters to the ownership, operation or management of the Property c. List of sources and references used to complete the report
Seniors Housing licenses and certificates	The Seller must provide the following to Freddie Mac: • A list of any and all licenses, certificates and permits required for the operation of the Property • A copy of each existing license, certificate or permit issued by any governmental or regulatory authority, whether issued to the Borrower, the manager or the operator of the Property, and the renewal date of each such license, certificate or permit • Documentation pertaining to any pending or outstanding violations, findings, investigations or corrective actions by such governmental or regulatory authority with respect to the Property and the status of any corrective actions pending or resolved within the previous three years See Section 21.3(e) for additional license requirements.



Document	Requirements
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Seniors Housing list of furniture, fixtures, equipment and motor vehicles	The Seller must submit to Freddie Mac a list of items or classes of items of all furniture, fixtures, equipment and motor vehicles located on or used in connection with the Property (“FF&E”) that are not owned by the Borrower, including the name of the owner of each item. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. If all FF&E is owned by the Borrower, the Seller must provide a certification from the Borrower to that effect. The Legal Issues Analysis must include the Seller’s counsel’s recommendation with respect to the Lender’s security interest in FF&E and motor vehicles not in the Borrower’s name.
Seniors Housing Management Assessment	A Seniors Housing Management Assessment is required for any Seniors Housing Mortgage with a UPB greater than or equal to \$50 million, or for any Seniors Housing Mortgage that is part of a crossed pool, if the pool has a UPB greater than or equal to \$100 million. The Seniors Housing Management Assessment is a narrative report that describes and assesses the experience and capabilities of the Manager or Operator of the Property regarding the daily use and operation of the Property. It is required, whether the Manager or Operator of the Property is or is not an affiliate of the Borrower. The Seller may prepare the Seniors Housing Management Assessment or may contract for its preparation by a third-party. The Seniors Housing Management Assessment must address each of the categories outlined below: 1. Management structure and experience a. Organizational charts that identify all reporting relationships at the corporate, regional, and Property levels b. Description of the depth and level of experience of all key personnel at the corporate, regional, and Property levels



Document	Requirements
	2. Employee / Management Practices a. Corporate, regional, and Property level hiring and retention practices b. Interaction between corporate / regional staff with Property level staff c. Corporate training practices 3. Healthcare IT Review of the corporate and property level healthcare information technology including accounting, resident management, marketing, resident assessments, resident service plans, activities, medication administration records, and electronic health records. 4. Risk Management Program a. Corporate policies and procedures for reviewing, investigating, and reporting incidents and accidents b. Corporate level assessment of operations and clinical issues c. Corporate GL/PL insurance overview 5. Regulatory Compliance Corporate quality assurance program practices. 6. Summary and Conclusion Overall conclusion on the competency of Manager or Operator experience and capabilities and whether they meet, exceed, or fall short of industry standards.
Seniors Housing operating lease	For any operating lease at the Property that will be in place on the Origination Date, the Seller must provide: • A copy of the complete operating lease; and • An Operating Lease Analysis completed by the Seller's counsel, using the form available at mf.freddie.mac.com/lenders/legal



Document	Requirements
Seniors Housing Real Estate Schedule Addendum	In addition to the Form 1116, Real Estate Schedule, or other form, for a Borrower who leases the Property to a third-party operator, the Seller must provide Freddie Mac with the following information for each of the other such properties run by the operator: 1. Name, address and location 2. Term of the contract 3. Property owner's name, address and telephone number 4. Type of resident care, if any, provided (for example, independent living, assisted living, dementia care or skilled nursing care) 5. A list of any required licenses and certifications that are not current and in good standing The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Sources and Uses	The Seller must provide details about a transaction's cash inflows (sources) and outflows (uses) at the time the Mortgage is funded, to enable an underwriter to understand the cash sources of the transaction and how the proceeds from the Mortgage will be used to finance the transaction. For acquisitions, the following will be assessed against the funds needed to close (purchase price plus closing costs): • The verified Liquidity for Key Borrower Principals in the case of a: (i) First-Time Sponsor, (ii) Limited Multifamily Experience Sponsor, or (iii) Rapid Growth Sponsor; or • Certified Liquidity for all other Key Borrower Principals In the event this Liquidity is determined to be insufficient, Freddie Mac may consider the Liquidity reported in the certified financial statements for other Key Borrower Principals in the assessment against the funds needed to close. Seller may be required to provide a detailed explanation of the source of funds necessary to close (including party names and respective equity contribution), certified by the Borrower, along with any supporting documentation as required by Freddie Mac. U.S. Public Companies and Governmental Entities are exempt from this additional verification analysis.



Document	Requirements
	Sources and uses may be included in the mortgage transaction narrative analysis.
Student Housing Questionnaire, Form 1120	The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire , for each Student Housing Property.
Subordinate debt documentation	The Seller must provide documentation for any subordinate debt, such as the note, mortgage, loan agreement and regulatory agreement or, if the subordinate loan has not yet been originated, the forms of such documents and the commitment for the subordinate loan.
Summary of interest rate hedge terms	The Seller must provide to Freddie Mac a summary of interest rate hedge terms.
Survey	A current survey of the Property meeting the requirements of Section 29.4. If the Mortgage is being originated for the purpose of new construction, an as-built survey is not required.
Utility Efficiency Certificate	Any industry-standard building performance rating or certification, when required for Utility Efficiency Certified buildings. Acceptable building performance ratings or certifications include: 1. EarthCraft, South Face 2. ENERGY STAR for Multifamily Existing Buildings, High Rise, New Construction, EPA 3. Green Communities, Enterprise Community Partners 4. Green Globes, Green Building Initiative 5. GreenPoint Rated, Build It Green 6. Leadership in Energy and Environmental Design (LEED), US Green Building Council 7. National Green Building Standard, Home Innovation Research Labs 8. Passive House Institute US (PHIUS) Certified



Document	Requirements
	9. Passive House Institute (PHI) Certified and/or 10. Any other approved certification provided by the applicable authority
Verification of Collections, Form 1144	For a Targeted Affordable Housing Mortgage, the Seller must provide to Freddie Mac Form 1144, Verification of Collections, completed and certified by the Borrower or Key Borrower Principal. The last full month of verified collections must be dated within 30 days of package submission, unless otherwise specified by Freddie Mac. In lieu of a Form 1144, the Borrower may provide certified operating statements for the most recent three months.
Wood-damaging insect inspection documentation	A wood-damaging insect inspection report is not required if the Property has no wood framing or structural members (i.e., significant components that could be subject to damage by wood-damaging insects, such as termites, powderpost beetles, carpenter ants, etc.) as determined by either the Property Condition Report or the Physical Risk Report. For any Property with wood framing or structural members as described above, the Seller must provide the following documentation to Freddie Mac: • A wood-damaging insect inspection report stating that there is no evidence of wood-damaging insect infestation, or • Certification from the Property's current pest control provider stating that there is no evidence of wood-damaging insect infestation and the Property is regularly inspected and/or treated to prevent wood-damaging insect infestation. The wood-damaging insect inspection report or the certification from the Property's current pest control provider must be dated within six months prior to the date of the submission of the full underwriting package to Freddie Mac. Notwithstanding the above, the documentation listed above is not required if the following three conditions are satisfied: • The Borrower provides documentation confirming that there is a wood-damaging insect contract in place for the Property; • A wood-damaging insect contract will remain in place for the term of the Mortgage, and



Document	Requirements
	There is no evidence of wood damage per the Property Condition Report (if applicable); See also Sections 62.5(a), Property grounds and buildings, 62.5(e) Wood-damaging insects and 8.2(e) Wood-damaging insect inspection reports.
Zoning documentation	The Seller must provide a zoning report by a third-party reporting company. See Section 8.5 for additional documentation and analysis requirements if: - The Property does not conform to current zoning regulations - A zoning report is not available in the jurisdiction where the Property is located - Not all certificates of occupancy required for the use, operation and occupancy of the Property are available Regardless of whether a zoning report is required, for all full underwriting packages, the Seller must include all available certificates of occupancy as part of the zoning documentation. The zoning report may also include documentation of building code violations. A zoning report is not required if the Appraisal includes the zoning analysis required by Section 60.12(f)(2) and all of the following conditions are met: - The Mortgage has an initial principal balance of \$20 million or less, or 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 \$25 million or less in the aggregate - The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage See Section 8.5 for complete requirements.

55.3 Requirements for documents contained in the prescreen package (08/26/25)

Cell phone tower lease	The Seller must provide an analysis of cell phone tower leases, if any.



TAH Conflicts Check – Transaction Parties and Details	The Seller must include a completed copy of the TAH Conflicts Check – Transaction Parties and Details for all Tax-Exempt Loans, Tax Exempt Bond Credit Enhancement Mortgages, and, upon request, for other TAH Mortgages.
Draft Appraisal	The Seller may provide a summary of a draft Appraisal for the Property, if available.
Environmental report and alternatives	The Seller must, to the extent available, provide an environmental report analysis meeting the requirements of Chapter 61.
Financial statements of Borrower and Key Borrower Principals	The Seller must provide, to the extent available, current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and any Key Borrower Principal that is not a newly formed entity. If current certified financial statements are unavailable, the Seller must provide an informed analysis, developed based on discussions and other due diligence, of the financial capacity of the Borrower(s) and Key Borrower Principal(s).
Information on similar projects completed	The Seller must provide information on, and analysis of, targeted affordable housing projects that the Borrower has completed, for new construction or rehabilitation, that are similar in size and scope and/or are in the same market or sub-market.
TAH Request for Initial Cash Quote or Initial Bond Quote	The Seller must provide, as applicable, a completed copy of the TAH Request for Initial Cash Quote or the TAH Request for Initial Bond Quote , available at mf.freddiemac.com/lenders/uw .
Loan Submission Template for Targeted Affordable Housing	The Seller must include a completed copy of the Loan Submission Template for Targeted Affordable Housing that is provided to the Seller by Freddie Mac. The latest version of the Template can be found at mf.freddiemac.com/lenders/uw/loan_submission_template.html .



Market study	The Seller must provide an independent, third-party market study including the following information: 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis 8. Recommendation
Prescreening Executive Summary	The Seller must include a completed copy of the Prescreening Executive Summary form provided to the Seller by Freddie Mac.
Property condition report	The Seller must, to the extent available, provide an analysis of the property condition report meeting the requirements of Chapter 62.
Real Estate Schedule, Form 1116	The Seller must provide a Form 1116, Real Estate Schedule , or other form that contains comparable information, for all real estate in which any Key Borrower Principal that is not newly formed currently has a ownership and/or Control.
Rent comparables summary	The Seller must provide a list of comparable properties in the market/submarket, detailing rents, unit size, unit mix, etc.
Resumes of Borrower and Key Borrower Principals	The Seller must provide a description of the Borrower's and Key Borrower Principals' (and Borrower Principals on TAH Mortgages where the qualifications of the Borrower Principal is significant to the success of the deal) experience with projects that are comparable in size and scope to the proposed transaction.

Multifamily Seller/Service Guide

Chapter 55SBL

SBL Documentation and Deliveries



55SBL.1 [Use of Chapter 55SBL \(10/21/25\)](#)

- a. [Preparing an underwriting package \(12/14/23\)](#)
- b. [Preparing documentation required for a Transfer of Ownership \(06/29/17\)](#)
- c. [Notification requirements regarding updates to the underwriting package \(02/16/23\)](#)
- d. [Ability to request additional information \(04/13/23\)](#)
- e. [Irrevocable license to use documentation delivered \(10/21/25\)](#)

55SBL.2 [Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership \(~~12/16/25~~02/24/26\)](#)



55SBL.1 Use of Chapter 55SBL (10/21/25)

This Chapter 55SBL applies to SBL Mortgages originated under Chapter 18SBL. In this Chapter 55SBL, SBL Seller/Servicers are referred to as “Seller,” and SBL Mortgages are referred to as “Mortgages.”

Chapter 55SBL is to be used in the preparation of an underwriting package for an SBL Mortgage, and in the preparation of documentation to be submitted to Freddie Mac in connection with a Transfer of Ownership, as indicated in Chapter 41SBL.

a. Preparing an underwriting package (12/14/23)

1. Due Diligence – Chain of Custody.

- A. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and the Borrower Principal(s) to be submitted as part of the underwriting package as set forth in this chapter (other than Freddie Mac required third-party reports) must be delivered directly to the Seller/Servicer by the Borrower and/or the Borrower Principal or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal.
- B. By submission of the underwriting package to Freddie Mac, Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with the due diligence and underwriting documentation chain of custody requirement.

2. Documentation Delivery. At the Seller's expense, the Seller must deliver the documents to Freddie Mac and remit any required fees to Freddie Mac by wire transfer, subject to Freddie Mac's approval.

- A. The Seller must obtain wire transfer instructions from the *Applicable Freddie Mac Multifamily Regional Office*.
- B. The Seller 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 in Production or Underwriting, and the Freddie Mac loan number.
- C. With respect to each delivery:
 - The Seller must deliver the documents simultaneously.
 - The Seller may not make any changes to forms prescribed by Freddie Mac without prior written authorization from Freddie Mac.

If the delivery is incomplete, if the documents have not been properly prepared, or if the documents do not, or the delivery does not, otherwise conform to Freddie Mac requirements, Freddie Mac cannot process the package.



b. Preparing documentation required for a Transfer of Ownership (06/29/17)

Instructions for the preparation of documentation for a Transfer of Ownership can be found in Chapter 41SBL.

c. Notification requirements regarding updates to the underwriting package (02/16/23)

The Seller/Servicer must notify the Freddie Mac personnel primarily responsible for the underwriting of a Mortgage if there is new or revised documentation following Rate Lock. The mere delivery of documentation to Freddie Mac or inaction by Freddie Mac after receipt of documents will not constitute an approval of such documents or for any change or modification to, or waiver of, any requirements of the Letter of Commitment or the Guide.

d. Ability to request additional information (04/13/23)

Notwithstanding the documentation requirements in Section 55SBL.2, Freddie Mac reserves the right to request any document identified in Section 55SBL.2 from any Borrower Principal.

e. Irrevocable license to use documentation delivered (10/21/25)

Seller/Servicer hereby grants to Freddie Mac a nonexclusive, perpetual, irrevocable, transferable, assignable, fully paid, royalty-free worldwide license (including the right to grant sublicenses to its affiliates, contractors, successors, and assigns) to use, copy, modify, distribute, display, perform, disclose, create derivative works from, and otherwise exploit all source documentation, due diligence and other underwriting documentation and records of whatever kind or description (whether prepared, originated or maintained by the Seller/Servicer, Borrower or others acting for or on behalf of the Seller/Servicer or Borrower, as applicable) delivered to Freddie Mac in connection with a prescreen package or underwriting package in whole or in part, for any purpose and in any media or format now known or hereafter developed, without limitation.

55SBL.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (12/16/2502/24/26)

[a](#) [b](#) [c](#) [d](#) [e](#) [f](#) [g](#) [h](#) [i](#) [j](#) [k](#) [l](#) [m](#) [n](#) [o](#) [p](#) [q](#) [r](#) [s](#) [t](#) [u](#) [v](#) [w](#) [x](#) [y](#) [z](#)

Document	Requirements
Access easement and Essential Facilities and/or Recreational Facilities easement documentation	The Seller must provide Freddie Mac with the following documentation: - If the Property shares primary ingress and/or egress with adjacent or neighboring properties - Documentation in accordance with Section 8SBL.6



Document	Requirements
	○ A PLIM, if required by Freddie Mac ○ A copy of the survey if required for the Mortgage and photographs showing the location of the access easement and signage, if applicable ○ An opinion from a land use attorney acceptable to Freddie Mac, if requested by Freddie Mac • If the Essential Facilities and/or Recreational Facilities are located off-site (including another phase of a phased development) and are not under the exclusive control of the owner ○ Documentation in accordance with Section 8SBL.6 ○ A PLIM, if required by Freddie Mac • See also “confirmation of or a request for approval of shared facilities or access.”
Aged Receivables Report	The Seller must review and submit to Freddie Mac a report which displays tenant outstanding balances (including any subsidies) and duration (typically reflected as 30, 60, and 90+ day periods), including a cumulative total. The report should be dated as of the ending T-12 period for the current property financial statement submitted. Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Appraisal	The Seller/Servicer must provide Freddie Mac with a full Appraisal of the Property that meets the requirements of Chapter 60, including all conditions specified in the Additional Appraisal Requirements Memorandum. The Property value determined in the Appraisal must be no less than the Property value determined by Freddie Mac and the report must meet all Freddie Mac requirements and underwriting conditions.



Document	Requirements
Appraisal Revision Summary	For a Mortgage taken under application on or after June 2, 2025, the Seller/Service must provide an Appraisal Revision Summary as required by Section 60.10. The Seller/Service may use the Freddie Mac template or another format as long as it includes the information required in Section 60.10.
Borrower and Key Borrower Principal Blanket Certification, Form 1112	Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation: • Property Financial Statements (Historical and Budgeted) • Rent Roll • Real Estate Schedule • Financial Statement • Monthly collections, if not submitted and certified by Form 1144, Verification of Collections • Other documentation, as applicable (i.e., Aged Receivable Report, Liquidity verification documentation etc.) Form 1112 must be completely populated, including an indicator for the document(s) being certified as well as the applicable date(s) of the document(s). The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.
Borrower and Key Borrower Principal Certificate, Form 1115	If any Borrower or Key Borrower Principal is organized as of the date of submission of the applicable package, the Seller must provide Freddie Mac with a Form 1115, Borrower and Key Borrower Principal Certificate, executed by each individual Borrower or Key Borrower Principal, as applicable. Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals: 1. Past mortgage payment and default experience



Document	Requirements
	2. History of criminal, administrative, and/or litigation proceedings Each Certificate must be dated not more than 60 days prior to the date the Seller submits the underwriting package to Freddie Mac ("Submission Date"). For entities where the TIN is not yet available as of the date of this certification, an IRS Form W-9 is permitted as an alternative to resubmitting the Form 1115. The W-9 must be submitted as soon as it is available (ideally with submission of the full underwriting package) but no later than the Origination Date.
Borrower's budgeted property financial statements	See " property financial statements ."
Breakdown of construction costs	For a Property that was built by the Borrower less than one year before the submission of the underwriting package, the Seller must submit to Freddie Mac a breakdown of construction costs. For current or planned construction, see "capital improvement documentation." The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Calculation of prepayment premium	For a Mortgage being used to refinance an existing Freddie Mac Mortgage, the Seller must provide to Freddie Mac a calculation of the prepayment premium payable with respect to the Mortgage being refinanced.
Capital improvement documentation	When required by Freddie Mac, the Seller must submit: - For current or planned construction on the Property, a summary of all current or planned construction and the projected costs of the construction - For any major past renovations, a summary of these renovations and documentation concerning the costs The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.



Document	Requirements
Certification — Organizational Chart, Form 1114	A certification that the Organizational Chart is accurate and all owners with a 25 percent or more interest and all Non-U.S. Equity Owners and Control are shown on the organizational chart. If prior to the loan origination or Transfer of Interests the Organizational Chart becomes inaccurate, the Seller must submit a revised Organizational Chart along with a new Form 1114, Certification – Organizational Chart .
Certified Organizational Chart	An Organizational Chart that is certified using Certification – Organizational Chart, Form 1114 .
Commercial lease documentation	The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property. To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the residential and commercial lease portions of the Property's income. The Seller must provide a completed Commercial Lease Analysis and Estoppel – SBL for each lease. If the income from a single commercial lease is five percent or more of the gross potential rent of the Property, or if otherwise requested by Freddie Mac, Seller must have the tenant execute the estoppel portion of the Commercial Lease Analysis and Estoppel – SBL. The Commercial Leases Analysis and Estoppel – SBL form is available at mf.freddiemac.com. See Section 8SBL.11 for commercial lease SNDAs and subordinations; see Section 8SBL.2(b) for commercial use requirements.
Complete Borrower/Key Borrower Principal Due Diligence Package	A Complete Borrower/Key Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Key Borrower Principal Certificate ; Form 1116, Real Estate Schedule ; certified current financial statements for the Borrower and Key Borrower Principals and a credit report for Guarantors that are individuals; Form 1112, Borrower and Key Borrower Principal Blanket Certification ; and Liquidity verification documentation, if applicable. It is submitted as part of the underwriting package to Freddie Mac.



Document	Requirements
Condominium Analysis	If the Property is subject to a condominium regime, the Seller must confirm in the Mortgage Transaction Narrative Analysis that the Borrower owns 100 percent of the real property that is subject to the Condominium regime.
Confirmation of compliance or a request for approval of shared facilities or access	If any on-site or off-site facilities or access are shared and if Freddie Mac requests a PLIM, the Seller must submit in a PLIM a confirmation that any such sharing arrangement meets the requirements of Section 8SBL.6.
Credit reports	The Seller must provide to Freddie Mac a current credit report on each Guarantor that is an individual. A credit report is not required for entities or foreign sponsors with no Social Security number. The subject of each report must have authorized the Seller to obtain the report and the report must 1. Be reviewed by the Seller 2. Be issued by an independent credit reporting agency acceptable to Freddie Mac 3. Be dated within 60 days before delivery to Freddie Mac 4. Verify debts listed on the financial statement submitted with the full underwriting package, including terms, balances and ratings 5. List any other debts 6. List all legal actions that involve the Borrower or Guarantor and are disclosed by a search of public records 7. Include FICO scores for Borrowers and Guarantors
Current property financial statements	See “ property financial statements .”
Delegated property inspection letter	See “ property inspection documentation .”
Document analysis by Single Counsel	The Seller must provide an analysis by Single Counsel of certain legal documents affecting the Property, as described in Section 6SBL.10.



Document	Requirements
Equity Conflict of Interest statement	If an Equity Conflict of Interest exists, as defined in Section 2.25, the Seller/Servicer must disclose the nature and extent of the conflict in writing to Freddie Mac as follows: • With the full underwriting package, or • For Transfers of Ownership, including Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage, to <i>Multifamily Asset Management, Borrower Transactions</i>
Evidence of Insurance	The Seller must submit the following to Freddie Mac to verify that the Property has, or will have as of the Freddie Mac Funding Date, adequate property damage and liability insurance as required by the Purchase and Servicing Documents: • Fully completed Form 1133, Seller/Servicer Certification of Insurance Coverage, via the Insurance Compliance Tool (ICT) • The documents listed in Sections 31.20(a) and 31.20(b), as applicable For an underwriting package pertaining to the refinance of an existing mortgage not owned by Freddie Mac, prior to the Origination Date of the Mortgage, the mortgagee or mortgage holders clause and additional insured clause must be changed to reflect the requirements of the Guide.
Evidence of Tax Abatement	For Properties benefiting from real estate tax abatements, the Seller must provide a completed Tax Abatement/Exemption Analysis – SBL and documentation from the taxing authority or the governing body confirming: • That the Property or the Borrower, as applicable, has qualified for the Tax Abatement • The amount of annual tax to be paid, if any • The term of the Tax Abatement • Any other requirements of the Tax Abatement



Document	Requirements
	See Section I of the Tax Abatement/Exemption Analysis - SBL for additional details concerning the documentation to be provided in the underwriting package for all tax abatements. The Tax Abatement/Exemption Analysis - SBL is found on the legal document pages of mf.freddiemac.com.
Financial statements of Borrower and Key Borrower Principals – certified	The Seller is required to submit to Freddie Mac financial statements from the Borrower and any Key Borrower Principal that is not a newly formed entity. Each financial statement must include the following: • Current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and each Key Borrower Principal • Federal income tax returns for the Borrower for the most recent taxable year, if requested NOTE: Freddie Mac may require additional financial statements or federal income tax returns for the three most recent taxable years from the Borrower and each Key Borrower Principal in Freddie Mac's sole discretion. If the financial statements are audited, the financial statements must include a statement of changes in financial position and all notes. If audited financial statements are not available, the party whose finances are summarized by the statement must certify that the statements are complete and accurate. In addition, the Seller must provide a list of: • All other non-real estate assets, including the market value of each asset, the basis for calculating the value and any note receivables from related entities • All liabilities and contingent liabilities, including debts under lines or letters of credit, personal guaranties, obligations to limited partnerships and other obligations payable in the future, including the amount and duration of the obligation



Document	Requirements
	Any factors that may materially affect the Borrower's or Key Borrower Principal's financial position immediately or during the term of the Mortgage The Seller must review the Borrower financial statements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. <u>Non-profit Borrower or Key Borrower Principal</u> If the Borrower or Key Borrower Principal is a non-profit, the Seller must identify whether the non-profit Borrower's or Key Borrower Principal's primary funding sources are from fees on development projects or from competitive sources such as public funding, grants, gifts, or donations that may be subject to budget constraints.
Financial statements – property	See “ property financial statements .”
Flood zone determination (FZD)	The Seller must provide to Freddie Mac a flood zone determination (FZD) meeting the requirements of Section 31.8(a)
Ground lease documentation	For a Property subject to a ground lease, the Seller must provide to Freddie Mac all the following, with a copy of each to the applicable Single Counsel (see Chapter 30). - A copy of the ground lease and all existing amendments - A summary by Single Counsel of any items from the Ground Lease Analysis form (available at mf.freddiemac.com/lenders/legal) that are not satisfied and the risks associated with each non-compliant item - Written confirmation that the fee owner is willing to execute the Security Instrument to encumber its interest - Any other items required by Chapter 30
Historical property financial statements	See “ property financial statements .”



Document	Requirements
Land Use Restriction Agreement (LURA)/ regulatory agreement	A copy of the applicable regulatory agreement imposing tenancy, occupancy and other operating and use restrictions on the Property, along with a Regulatory Agreement Questionnaire – SBL (available at mf.freddiemac.com/lenders/legal). See also “rent, income and use restriction documentation.”
Liquidity verification documentation	Each Key Borrower Principal with Ultimate Control and each Guarantor who (i) is a First-Time Sponsor, (ii) does not meet the requirements of Section 9SBL.2(c)(2), or (iii) is a Rapid Growth Sponsor, must provide bank or brokerage statements either (i) reflecting an average balance for the preceding 12-month period or (ii) from each of the preceding three consecutive months. The bank or brokerage statement(s) must be dated within 60 days of delivery of the full underwriting package (when providing statements for each of the preceding three consecutive months, the most recent statement must be dated within 60 days of delivery of the full underwriting package and the average of the three months will be used). The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. For the Key Borrower Principals noted above, the Liquidity reported in the bank or brokerage statements will be the basis of any Liquidity determination, including as it relates to certain Liquidity thresholds required by the Guide. Additionally, the bank or brokerage statements provided must support the Liquidity represented in the Key Borrower Principal's certified financial statement. With the delivery of the full underwriting package, the Seller must submit a summary of their analysis of the bank or brokerage statements (“Liquidity Verification Worksheet”), including a listing of each account verified, date of the statement, verified liquidity amount, and comparison to the certified financial statement. The Seller may use their own format, provided it contains the required information, but a sample Liquidity Verification Worksheet template can be found on mf.freddiemac.com/lenders/uw. The Liquidity Verification Worksheet must also identify material deviations from the certified financial statement. These deviations require an explanation, acceptable to Freddie Mac,



Document	Requirements
	which must be included in the Mortgage Transaction Narrative Analysis or the Liquidity Verification Worksheet. Liquidity verification for a Private Investment Fund that is also a First-Time Sponsor, Limited Multifamily Experience Sponsor, or Rapid Growth Sponsor may also include additional documentation acceptable to Freddie Mac to support unfunded capital commitments, such as investor subscription agreements or similar documentation. Such documentation may not rely solely upon a certification from the Borrower or Key Borrower Principal and must be certified using Form 1112. U.S. Public Companies and Governmental Entities that are First-Time Sponsors, Limited Multifamily Experience Sponsors, or Rapid Growth Sponsors are not required to submit Liquidity verification documentation.
Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation	The Seller must provide a copy of: • The allocation letter • The Low-Income Housing Credit Allocation and Certification, IRS Form 8609, used to obtain a housing credit allocation from the housing credit agency when a Property is placed into service • The Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, IRS Form 8823, if any, that was used to notify the Internal Revenue Service of noncompliance with the requirements of Internal Revenue Code (IRC) §42 from both the property manager and the Borrower Principal. In addition, the Seller must obtain from the property manager and the Borrower a report of any unresolved issues with State allocating agencies on existing LIHTC properties. See also “rent, income and use restriction documentation.”
Management plan or management agreement	• The Seller must obtain the total amount of the management fee as a percentage of effective gross income (EGI), which Freddie Mac will evaluate during the underwriting of the Mortgage. • If the Property is managed by the Borrower or the Key Borrower Principal, the Seller must review the Borrower’s



Document	Requirements
	management plan. - If a management firm is managing the Property, the Seller must review a copy of the management agreement for the Property. - The management agreement must be terminable by the property owner upon not more than 30 days' notice to the manager without the necessity of establishing cause for termination and without payment of a penalty or fee.
Mortgage transaction narrative analysis	The Seller must provide to Freddie Mac a mortgage transaction narrative analysis, which (at the Seller's option) may be based on the Mortgage Transaction Narrative Analysis – Best Practices. The mortgage transaction narrative analysis must contain the following: 1. Characteristics of the proposed Mortgage that make it an investment quality Mortgage, risk factors and the reasons the Seller recommends the Mortgage 2. Property's physical description, including full address with zip code (including amenities, unit features and general competitive advantages and disadvantages) 3. Property's financial analysis (profile and trend) 4. Evaluation of balloon risk that includes the Borrower's ability to pay the unpaid principal balance (UPB) of the new Mortgage at maturity 5. Surrounding property uses and physical condition, public facilities, shopping facilities and sources of employment 6. Market analysis (occupancy, supply and concessions) 7. History of the Borrower's equity investment in the Property and the Borrower's proposed use of Mortgage proceeds 8. Description of the Borrower, including a description of the borrowing entity, the Borrower's organizational chart and a summary of the qualifications of the Borrower and all Key Borrower Principals, including an estimate of the financial capacity of each (that is, estimated net worth, Liquidity and



Document	Requirements
	contingent liabilities) 9. An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor, Rapid Growth Sponsor, or does not individually meet the requirements of Section 9SBL.2(c)(2) 10. Description of property manager, including a summary of the qualifications of the proposed property manager, the number of units managed, how long it has managed the Property and the amount of the management fee 11. Review of third-party reports, including the Seller/Service's reviews of and comments on the Appraisal, environmental and property condition reports (with full underwriting packages only) 12. For refinance transactions, a description of the existing mortgage on the Property, including the current unpaid principal balance, current lender, and any other information that could be material to Freddie Mac in its underwriting or approval of the transaction. A refinance of an existing Freddie Mac Mortgage must be clearly identified. 13. Proposed sources and uses of funds 14. Information on tenancy characteristics or employer concentration (including whether tenants are primarily elderly, singles or families and whether there is a student or military population) 15. Cash equity at risk 16. Refinance Analysis on SBL Mortgages that are refinances exceeding the existing unpaid principal balance ~~17.~~ <u>18. Documentation of Real Estate Schedule – Form 1116 verification, including if unable to verify the ownership information for the sample, if any discrepancies are found, or if alternative method of verification approved by Freddie Mac, if verification applicable per Section 11.6.</u> ~~17.~~ <u>18. Documentation of historical financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages, including the statements reviewed and any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7</u>



Document	Requirements
	~~18.~~<u>19.</u> Documentation of Sponsor Meeting, if applicable, per Section 11.8 ~~19.~~<u>20.</u> Any exception requests The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8SBL.15(a), as applicable. <u>In addition to items 1 – 16 above, for a Mortgage securing a Property subject to a condominium regime:</u> See “Condominium Analysis.”
Organizational Charts – Borrower, Guarantor (not in Borrower’s organizational structure), or Pre-Approved Transferee	For any entity that is a Borrower, or a Guarantor not in the Borrower’s organizational structure, Pre-Approved Transferee not in the Borrower’s organizational structure, the Seller must submit to Freddie Mac an organizational chart showing the direct and indirect ownership for that entity identifying any individual or entity: • With 25 percent or greater aggregate direct or indirect interest in Borrower, Guarantor not in the Borrower’s organizational structure, Pre-Approved Transferee not in the Borrower’s organizational structure, including beneficial interests in a Delaware Statutory Trust or Illinois Land Trust • That is a Non-U.S. Equity Holder • For Pre-Approved Transferees, all individuals and entities with direct or indirect Control of the Pre-Approved Transferee, and all individuals and entities with direct and indirect Control of the Borrower after the proposed transfer • That directly or indirectly Controls Borrower, Guarantor not in Borrower’s organizational structure, Pre-Approved Transferee not in the Borrower’s organizational structure, including any general partner, managing member, non-managing member, member of a board of managers, settlor/trustee of a living trust or revocable trust or trustee of an irrevocable trust 100 percent of the ownership interest in Borrower must be shown.



Document	Requirements
	Single Counsel must review the Organizational Chart. See Guidance – Organizational Charts at mf.freddiemac.com/lenders/uw.
Payroll schedule	The Seller must provide a current schedule of payroll expenses associated with the operation of the on-site leadership team at the Property, including salary, wages, bonuses, net pay and deductions. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Physical Risk Report	See SBL Physical Risk Report, Form 1104 .
Preliminary legal issues memorandum (PLIM)	The Seller must submit to Freddie Mac a preliminary legal issues memorandum meeting the requirements of Section 6SBL.7, if required for a specified issue.
Property financial statements	The Seller must provide to Freddie Mac financial statements for the Property as specified below: Each operating statement must be dated and expressly identify within the document itself the time period to which it relates. • Historical property financial statements The Seller/Serviceicer must submit a certified operating statement that includes the prior three full years. However, if a Year 3 statement is not available, the Seller/Serviceicer must submit: ○ Year 1 back statement, and ○ Year 2 back statement, if available ○ Current property financial statements (T-12 format or YTD) Freddie Mac strongly prefers the Seller/Serviceicer to submit a T-12 operating statement. However, if a T-12 operating



Document	Requirements
	statement is not available, the Seller/Servicer must submit a YTD statement. In the event year-end and T-12 property financial statements are both provided in a monthly format the Seller must advise Freddie Mac of any inconsistencies observed in overlapping months between T-12 and the prior year property financial statement. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. Monthly Collections Six months trailing monthly property collections are required if the loan request is a refinance. Three months trailing monthly property collections are required if the loan request is an acquisition. As applicable, the aforementioned collections will either be covered by Form 1144, Verification of Collections, or via the Form 1112. Borrower's budgeted property financial statements The Borrower's budget for the following 12-month period. The document(s) must be certified using Form 1112. The Seller must review the property financial statements, which must include income and expense statements. If the financial statements are audited, they must include a statement of changes in financial position and all notes. For a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, the Seller must also provide the Servicing Statements used to reconcile the historical property financial statements as required in Section 11.7(b) if such Servicing Statements are not already present in DMS.



Document	Requirements
Property inspection and Lease Audit documentation	At full underwriting, the Seller must complete and document the property inspection described in Section 8SBL.15. The inspection requirements must be completed within 90 days of Freddie Mac's receipt of the applicable underwriting package. If Freddie Mac has delegated the property inspection to the Seller, the Seller must acknowledge this delegation on the Property Inspection and Lease Audit form. If the Seller inspection is not on the same day as the inspection for either the Appraisal and/or the Physical Risk Report, the Seller must compare the observations from all other inspections to ensure all information is consistent. See Section 8SBL.15 for additional information regarding property inspection requirements.
Purchase agreement documentation	For acquisition loans, the Seller must submit to Freddie Mac: • A copy of the purchase agreement and all amendments • An analysis of the purchase agreement and all amendments by Single Counsel using the Purchase Agreement Analysis form Freddie Mac will not be deemed to have knowledge of any hazardous conditions, zoning issues or property condition issues merely by its possession of the purchase agreement.
Real Estate Schedule, Form 1116	The Seller must provide to Freddie Mac a Form 1116, Real Estate Schedule, for all real estate in which any Key Borrower Principal that is not newly formed currently has ownership and/or Control. An Excel version of the Real Estate Schedule is required. If alternative documentation to Form 1116 is submitted, this documentation must be materially similar, include all key data points necessary to properly assess risk, and be acceptable to Freddie Mac. The Real Estate Schedule must be dated within 180 days from the date of submission of the underwriting package and certified by the Key Borrower Principal as complete and accurate.



Document	Requirements
	The Key Borrower Principal must: - Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: - The full recourse obligation to the lender, including the entire amount of joint and several guarantees - For loans on properties under construction, the loan amount drawn to date and the as-is value - Provide a written explanation of any non-performing assets in its portfolio The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Real estate tax bill	If the Borrower is acquiring the Property, the Seller must provide to Freddie Mac a copy of the most recent real estate tax bill from the Property's local taxing authority.
Registration of rental units (rent regulation/rent control/stabilization)	~~The~~Properties in New York <u>For Properties in New York, the Seller must provide to Freddie Mac: (i) proof of compliance with applicable State or local requirement for the registration of rents in New York, including evidence of the current registered rent for each unit in the Property; (ii) a current certified Division of Housing & Community Renewal (DHCR) rent roll or equivalent, and (iii) any information necessary to justify underwritten rents above legal rents, which is acceptable to Freddie Mac at its discretion. An example is the annual Rent Guideline Board's (RGB) rent increase allowances.</u> Properties in other States Freddie Mac may require similar proof of compliance with such requirements for prior years and may require other evidence of compliance with State or local rent control or stabilization laws in other States.
Rent, income and use restriction documentation	The Seller must provide copies of any existing regulatory agreements (including any amendments) creating tenant income, rent or other operating or use restrictions for the Property.



Document	Requirements
	If applicable, see also: • Land Use Restriction Agreement (LURA)/Regulatory Agreement (for LIHTC) • Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation • Registration of rental units (rent control/stabilization)
Refinance Analysis	If applicable, the following documentation may be required for SBL Mortgages that are refinances exceeding the existing unpaid principal balance: • Refinance Analysis • Three months of bank statements showing rental deposits • Rent roll verifying net residential income (NRI) growth • Evidence of capital expenditures completed or construction, including: ○ Photos ○ Schedule of completion ○ Paid receipts/contracts ○ Building permits ○ Post-completion inspection reports ○ Additional evidence required by Lender
Rent roll	The Seller must review and provide to Freddie Mac a rent roll that meets the following requirements. An optional Rent Roll Template can be found at https://mf.freddiemac.com/docs/rent_roll_template.xls. • Is dated within 30 days of the underwriting package submission • Is complete with respect to the required information below for each unit: 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification



Document	Requirements
	4. Unit type (number of bedrooms and bathrooms) 5. Square footage of each unit 6. Occupancy status by unit 7. Identification of any employee units, model units, corporate units and units used as rental offices 8. Monthly contract rent 9. Concessions, rebates or discounts given to tenant, if applicable 10. Arrearages owed by tenant, if any 11. Subsidies, if applicable (specify type) 12. Rent controlled or rent stabilized, if applicable 13. Original occupancy date, per tenant 14. Lease commencement date 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held 18. Furnished or unfurnished status The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Residential lease sample	Freddie Mac requires the property inspector to upload, to DMS as part of the required Property inspection documentation, a sample or unexecuted residential lease or an executed residential lease.
SBL Physical Risk Report – Form 1104	Seller must provide to Freddie Mac a completed Form 1104, SBL Physical Risk Report , meeting the requirements of Chapter 62SBL.
Seismic risk documentation	If a Property is in an Elevated Seismic Hazard Region, the Seller must provide to Freddie Mac a Seismic Risk Assessment (SRA) and a copy of the Peak Ground Acceleration (PGA) calculation obtained from the United States Geological Survey (USGS) website, as required by Section 64SBL.2(b), as applicable. If a Level 1 SRA is required the Seller must also provide to Freddie Mac Form 1102, Seismic Risk Assessment Summary .
Seller's mortgage loan application with Borrower	Seller must provide to Freddie Mac a copy of the mortgage loan application executed by the Borrower and submitted to the Seller. The application must evidence all material terms of the proposed mortgage financing.



Document	Requirements
	The mortgage loan application must include the following authorization by the Borrower: “The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the "Mortgage") to Freddie Mac. If Freddie Mac purchases the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage.” The mortgage loan application must also include the following acknowledgements by the Borrower: • “The Borrower understands that subsequent to the closing of the Mortgage, Freddie Mac may require regular financial statements from the Borrower outlining the Property’s financial performance.” • “The Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac may sell this Mortgage into a commercial mortgage-backed securitization or similar type execution and may not hold this Mortgage in Freddie Mac’s portfolio.”
Seller's pro forma property financial statements	The Seller must prepare the Seller's pro forma property financial statements for the next 12 months. The statements must include historical and year-to-date annualized income and expense information for comparison purposes.
Sources and uses	The Seller must provide details about a transaction’s cash inflows (sources) and outflows (uses) at the time the Mortgage is funded, to enable an underwriter to understand the cash sources of the transaction and how the proceeds from the Mortgage will be used to finance the transaction. For SBL Mortgages that are refinances exceeding the existing unpaid principal balance, the sources and uses must include the existing debt and prepayment premiums or penalties associated with the existing loan payoff. Verification to support this request is required and can be in the form of a mortgage payoff or mortgage statement.



Document	Requirements
	For SBL Mortgages that are acquisitions, the following will be assessed against the funds needed to close (purchase price plus closing costs): - The verified Liquidity for Key Borrower Principals in the case of a: (i) First-Time Sponsor, (ii) Sponsors not meeting the requirements of Section 9SBL.2(c)(2), or (iii) Rapid Growth Sponsor; or - Certified Liquidity for all other Key Borrower Principals. In the event this Liquidity is determined to be insufficient, Freddie Mac may consider the Liquidity reported in the certified financial statements for other Key Borrower Principals in the assessment against the funds needed to close. Seller may be required to provide a detailed explanation of the source of funds necessary to close (including party names and respective equity contribution), certified by the Borrower, along with any supporting documentation as required by Freddie Mac. U.S. Public Companies and Governmental Entities are exempt from this additional verification analysis.
Student Housing Questionnaire, Form 1120	The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire , for each Property where the concentration of graduate and undergraduate Students is greater than 25 percent.
Verification of Collections, Form 1144	The Seller must provide to Freddie Mac Form 1144, Verification of Collections , completed and certified by the Borrower or Key Borrower Principal. The last full month of verified collections must be dated within 30 days of package submission, unless otherwise specified by Freddie Mac. In lieu of a Form 1144 , the Borrower may provide certified operating statements for the most recent three months.
Zoning documentation	See Section 8SBL.5 for complete requirements.

Multifamily Seller/Servicer Guide

Glossary and List of Commonly Used Acronyms



Glossary and List of Commonly Used Acronyms (~~12/16/25~~02/24/26)

[a](#) [b](#) [c](#) [d](#) [e](#) [f](#) [g](#) [h](#) [i](#) [j](#) [k](#) [l](#) [m](#) [n](#) [o](#) [p](#) [q](#) [r](#) [s](#) [t](#) [u](#) [v](#) [w](#) [x](#) [y](#) [z](#)

Glossary

30 Days Delinquent

See Delinquency.

55-Day Multi PC

A 55-Day Multi PC is a Participation Certificate (PC) in which the payments by Borrowers on the 55-Day Multi PC Securitized Mortgages are passed through, with a payment delay of 55 days, to the holders of the 55-Day Multi PCs.

55-Day Multi PC Securitized Mortgages

55-Day Multi PC Securitized Mortgages are Mortgages that are pooled in 55-Day Multi PCs.

Accounting Net Yield

The Accounting Net Yield is the net yield rate that the Servicer uses to report and remit interest to Freddie Mac on a monthly basis. The Accounting Net Yield equals the Required Net Yield except for Mortgages sold to Freddie Mac at a discount or at a premium.

Active Mortgage

An Active Mortgage is a Mortgage on which the Borrower's payments are current, or a Delinquent Mortgage that has not been deactivated by the Servicer for accounting and reporting purposes.

Actual Cash Value

See Section 31.1(c).

Adjustable-rate Mortgage

See Floating-Rate Mortgage.

Adverse Action Notice

An oral or written communication to a Borrower informing them of the refusal to grant an application for an extension of credit that includes all the information required by law. See Section 10.13.



Acceptance Letter

An Acceptance Letter is used by Freddie Mac to indicate its acceptance of an early rate lock application with nonmaterial modifications. The Seller will be bound by the terms of any Acceptance Letter.

Activity of Daily Living

See Section 21.2.

Additional Actual Loan Amount

See Sections 19A.12(d) and 25A.8(b).

Additional Actual Loan Amount Percentage

See Sections 19A.12(d) and 25A.8(b).

Affiliated Persons of the Seller/Servicer

Affiliated Persons of the Seller/Servicer include the following:

1. The Seller/Servicer's directors, officers, employees and controlling persons
2. Spouses or domestic partners of the Seller/Servicer's directors, officers and controlling persons
3. Members of the immediate family of the Seller/Servicer's directors, officers and controlling persons who have the same home as such persons
4. Individuals who are directors or officers of any subsidiary or holding company affiliate of the Seller/Servicer
5. Corporations or organizations (other than the Seller/Servicer or a corporation or organization through which the Seller/Servicer operates) of which a director, officer or controlling person of the Seller/Servicer is
 - An officer or partner
 - Directly or indirectly, either alone or with his or her spouse or domestic partner, the owner of 10 percent or more of any class of equity securities
 - Owner with other directors, officers and controlling persons of the Seller/Servicer and their spouses or domestic partners of 25 percent or more of any class of equity securities
6. Trusts or other estates in which a director, officer or controlling person of the Seller/Servicer or the spouse or domestic partner of such person has a substantial beneficial interest or for which such person or his or her spouse or domestic partner serves as trustee or in a similar fiduciary capacity

Affiliates of the Borrower

Affiliates of the Borrower include any person or entity who Controls, is Controlled by, or is under common Control with the Borrower.



Agreed Amount Provision or Agreed Value Endorsement

See Section 31.1(c).

Annual Inspection Form

See Section 40.2.

Anti-Money Laundering Laws

Anti-Money Laundering Laws are the applicable federal anti-money laundering laws and regulations including 18 U.S. C. Sections 1956 and 1957, as amended.

Applicable Freddie Mac Multifamily Regional Office

The Applicable Freddie Mac Multifamily Regional Office is the Freddie Mac Regional Office that has jurisdiction over a multifamily Mortgage purchase. The addresses for Freddie Mac's Multifamily Regional Offices are set forth in the Seller/Servicer Guide Directory.

Appraisal

An Appraisal is a report setting forth an estimate or opinion of value prepared by an appraiser having the qualifications described in Sections 60.4 and 60.5.

Assisted Living Residence

See Section 21.2.

Benchmarking Data

Benchmarking Data is the Property's energy and water usage entered by the Benchmarking Data Consultant in Portfolio Manager® and which meets the requirements set forth in the term sheet located on the Freddie Mac Multifamily website. If Portfolio Manager® is no longer available, the Benchmarking Data Consultant may enter the data into another benchmarking tool identified by Freddie Mac.

Benchmarking Data Consultant

Benchmarking Data Consultant is a third-party consultant retained by Borrower and acceptable to Lender that is qualified to collect, input and monitor Benchmarking Data from the Mortgaged Property.

Benchmarking Metrics

Benchmarking Metrics are measures of Property utility consumption performance provided through Portfolio Manager.

Blanket Insurance Limit

See Section 31.1(c).



Blanket Insurance Policy

See Section 31.1(c).

Bond Credit Enhancement Forward Commitment

See definition of Construction Phase Letter of Credit.

Borrower

The Borrower is the party obligated to repay the indebtedness secured by the Property. The Borrower must, in Freddie Mac's judgment, have sufficient financial, operational and management capacity. Acceptable Borrowers are described in Section 9.2.

Borrower Principal

A Borrower Principal is:

- Any Key Borrower Principal
- Any person or entity that has Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, and Borrower-affiliated Master Tenant, including any one or more of the following:
 - General partner of a general partnership or a limited partnership
 - Non-member manager, managing member, or members of the board of managers of a limited liability company
 - The settlor (grantor) of a living or revocable trust
 - The trustee of an irrevocable trust
- Any person or entity that is pre-approved by lender to assume Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any person or entity with an aggregate interest (whether direct or indirect) in the Borrower equal to or exceeding 25 percent including any (i) equitable ownership interest or (ii) any beneficial interest in an Illinois Land Trust, irrevocable trust or Delaware Statutory Trust
- A LIHTC Syndicator
- Any person or entity that Freddie Mac determines to be a Borrower Principal

Borrower Transaction Parties

See Section 7.1.



Breakage Fee

The Breakage Fee is the fee, as set forth in the Letter of Commitment, Forward Commitment or early rate lock application, that the Borrower will owe the Seller and the Seller will owe Freddie Mac if there is a Nondelivery or in certain cases, if Freddie Mac Rejects the early rate lock application.

Business Day

A Business Day is a day other than:

- A Saturday or Sunday
- A day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed
- A day on which the principal offices of Freddie Mac are closed
- A day on which the offices of the federal government located in the District of Columbia are generally closed

In the Guide, the word "day" without the modifier "business" refers to a calendar day.

Business Disruption

See Section 2.20.

Business Continuity Plan

See Section 2.20.

Capitalization Rate

The Capitalization Rate is the percentage rate that represents the proper relationship between the value of the Property and the Net Operating Income that the Property produces.

Captive Insurance Company or Captive Insurer

See Section 31.1(c).

Cash Forward Commitment

See definition of Construction Phase Letter of Credit.

Certified Inspector

See Section 40.13(b).



Certified Organizational Chart

A Certified Organizational Chart is an Organizational Chart that is attached to [Form 1114, Certification – Organizational Chart](#). If the Certified Organizational Chart is revised, the Borrower must submit a new [Form 1114, Certification – Organizational Chart](#), with the revised Organizational Chart.

Change of Control

With respect to the Seller/Service, a change in the Control, directly or indirectly, of the management or policies of a Seller/Service, whether through ownership or transfer of ownership interests, by contract, or otherwise. A person is presumed to have such power if the person:

- Is a director, general partner, or Senior Management of the Seller/Service
- Directly or indirectly has the right to vote 10 percent or more of a class of a voting security of the company or has the power to sell or direct the sale of 10 percent or more of a class of voting securities of the company
- In the case of a limited liability company, is a managing member of the limited liability company; or
- In the case of a partnership, has the right to receive upon dissolution or has contributed 10 percent or more of the capital of the partnership

Claims Made Policy Form

See Section 31.1(c).

Coinurance Clause

See Section 31.1(c).

Commercial Property Assessed Clean Energy

Commercial Property Assessed Clean Energy is a tax lien financing program that is available to commercial, industrial and multifamily property owners to access affordable financing for qualifying energy efficiency and clean energy improvements to their properties.

Common Equity

See Section 9.9(b).

Complete Borrower/Key Borrower Principal Due Diligence Package

A Complete Borrower/Key Borrower Principal Due Diligence Package consists of:

- [Form 1115, Borrower and Key Borrower Principal Certificate](#);
- [Form 1116, Real Estate Schedule](#);
- Certified current financial statements for the Borrower and Key Borrower Principals;



- Credit report(s) for Guarantors that are individuals;
- [Form 1112, Borrower and Key Borrower Principal Blanket Certification](#); and
- Liquidity verification documentation, if applicable

The Complete Borrower/Key Borrower Principal Due Diligence Package is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.

Conditions to Conversion

Conditions to Conversion is, collectively, each of the conditions precedent to Conversion set forth (i) in the Forward Commitment, (ii) in Section 17A.10 (for Forward Commitments under Chapter 17A), Section 19A.12 (for Forward Commitments under Chapter 19A), Section 25A.7 and 25A.8 (for Forward Commitments under Chapter 25A) or Section 28A.14, Section 28A.15 and Section 28A.16 (for Forward Commitments under Chapter 28A), as applicable, and (iii) any other condition which may otherwise be required by Freddie Mac in connection with Conversion.

Confidential Information

See Section 2.8.

Confirmation Sheet

The Confirmation Sheet is the “Interest Rate Lock and Mortgage Terms Confirmation” or “Spread Lock and Mortgage Terms Confirmation” attached as an Exhibit to a Letter of Commitment, early rate lock application, Acceptance Letter or Index Lock Agreement. After an index locked Loan is Rate Locked, the Confirmation Sheet from the Index Lock becomes null and void and is replaced by the Confirmation Sheet that is attached to the Commitment, early rate lock application or Acceptance Letter. The Confirmation Sheet is sent after Rate Lock. For an early rate lock application, the Confirmation Sheet will be revised when Freddie Mac accepts the early rate lock application after final underwriting and issues the Acceptance Letter.

Consent Request Tracker

See Section 36.25.

Construction Loan

Required for a Forward Commitment, the Construction Loan is the construction lender’s loan to the Borrower.

Construction Phase Letter of Credit

The Construction Phase Letter of Credit secures Freddie Mac

- For a Cash Forward Commitment, when Freddie Mac advances funds to the construction lender during the construction period
- For a Bond Credit Enhancement Forward Commitment, when Freddie Mac provides the credit enhancement or Liquidity support for the bonds during the construction period



Construction Phase Financing Agreement

For a Bond Credit Enhancement Forward Commitment or a Forward Commitment under Chapter 25A, the Construction Phase Financing Agreement is an agreement among Freddie Mac, the Seller/Servicer and the construction lender. It must be accepted by the Borrower.

Continuing Care Retirement Community

See Section 21.2.

Control

Control is the power to manage, control or direct the decisions of an entity.

Conventional Seller/Servicer

A Conventional Seller/Servicer is a Seller/Servicer that meets the net worth requirements in Section 3.3 and Freddie Mac's other eligibility requirements and has been approved by Freddie Mac as an Optigo Conventional Lender. In the Guide, an Optigo Conventional Lender is also referred to as a Conventional Seller/Servicer.

Conversion

For a Forward Commitment under either Chapter 17A or 19A, the Conversion is the closing of the permanent Mortgage after construction has been completed and the Property has met the applicable Conversion criteria.

For a Forward Commitment under Chapter 25A, the Conversion is the purchase of the TEL by the Seller from the construction lender after construction has been completed and the Property has met the applicable Conversion criteria.

For a Moderate Rehabilitation (Mod Rehab) Mortgage, the Conversion is the time when the loan terms change from the Interim Phase loan terms to Permanent Phase loan terms.

Conversion Underwriting Package

The underwriting package prepared by the Seller in accordance with [Section 1.31 of Exhibit 1](#), and submitted to initiate Conversion.

Conviction or Convicted

Conviction is any (a) judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea; or (b) any other resolution that is the functional equivalent of a judgment of guilt of a criminal offense, including probation before judgment and deferred prosecution. This includes nolo contendere (no contest) pleas, Alford pleas, and pardons not resulting in an expungement of the conviction. A disposition without the participation of a court is the functional equivalent of a judgment only if it includes an admission of guilt. Previous convictions that have been expunged by the date that [Form 1115, Borrower and Key Borrower Principal Certificate](#) is completed will not be considered Convictions.



Cooperative

A Cooperative, or co-op, is a form of ownership of multifamily housing in which a cooperative housing association or corporation owns the multifamily Property (land and improvements) and the dwelling units are subject to proprietary leases between the corporation and unit “owners”. The unit owners own stock in the association or corporation to evidence their “ownership” in their dwelling units. Blanket (underlying) first Mortgages on multifamily housing owned by Cooperatives are eligible for purchase subject to the requirements set forth in Sections 8SBL.18 and 9.5.

Coupon Rate

The Coupon Rate is the interest rate specified in the Note secured by the Security Instrument.

Criminal Conviction

A Criminal Conviction includes any (a) judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea; or (b) any other resolution that is the functional equivalent of a judgment of guilt of a criminal offense, including probation before judgment and deferred prosecution. A plea of nolo contendere (no contest) will also be considered a Criminal Conviction. A disposition without the participation of a court will be considered the functional equivalent of a judgment only if it includes an admission of guilt.

Critical Repairs

See Sections 62.3(b) and 62SBL.3(b).

Crowdfunding

Raising capital from marketing directed to the public at large (via the internet or otherwise) for investment in one specific property under the exemptions provided under Title III or Title IV of the Jumpstart Our Business Startups (JOBS) Act.

Custodial Account

A Custodial Account is an account established and maintained by a Servicer at an “eligible depository,” as that term is defined in Chapter 52, into which principal and interest payments or Reserves are deposited.

Debt Coverage Ratio

The Debt Coverage Ratio is the ratio of Net Operating Income from a multifamily Property to the annual debt service, as determined by Freddie Mac.

Defeasance Period

The Defeasance Period is defined in the Loan Documents and is generally the period of time specified in the Loan Documents that the Borrower is prohibited from prepaying the Mortgage and may only defease the Mortgage.



Deferred Maintenance

Deferred Maintenance is the postponement of normal maintenance, which may result in Life Safety Hazards, advanced physical deterioration, lack of full operation or efficiency, or a decline in property value.

Delegated TAH Mortgage

A Mortgage originated under the Delegated Underwriting Model for Targeted Affordable Housing (TAH), described in the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide (TAH Guide).

Delivery Assurance Fee

For Cash Forward Commitments, the Delivery Assurance Fee is a fee specified in the Forward Commitment that may be payable in the form of cash, a letter of credit or a secured note.

Delivery Assurance Mortgage

For Cash Forward Commitments, the Delivery Assurance Mortgage is the mortgage that secures the Delivery Assurance Note provided to Freddie Mac in payment of the Delivery Assurance Fee.

Delivery Assurance Note

For Cash Forward Commitments, the Delivery Assurance Note is a secured note that the Borrower provides to Freddie Mac in payment of the Delivery Assurance Fee; it is secured by a mortgage on the Property.

Delinquency

Delinquency occurs when all or part of the Borrower’s monthly installment of principal, interest and, where applicable, Reserves is unpaid after the Due Date.

A Mortgage is considered delinquent when it is 30 days delinquent, as described in the table below:

If the due date is	The Mortgage is 30 days delinquent
The first day of the month	When all or part of one or more payments remains unpaid as of close of business on the last Business Day of the month
Not the first day of the month (from the second through the last day of the month)	When all or part of one or more payments remains unpaid 30 or more actual calendar days as of close of business on the last Business Day of the month

Delinquent

See Delinquency.

Delivery Date

The Delivery Date is the date Freddie Mac receives all documentation required by the Purchase and Servicing Documents. Delivery to Freddie Mac occurs when Freddie Mac takes actual possession of all documentation required to be submitted. The posting of such documentation with the U.S. Postal Service or any other



delivery service does not constitute delivery to Freddie Mac.

Directing Certificateholder

The holder (or its authorized representative) of the most subordinate class of certificates in a Freddie Mac-sponsored Securitization. The Directing Certificateholder has certain rights (e.g., consent, notice, consultation and fees) with respect to the servicing of Mortgages owned by such Securitization.

Directing Party

The party holding the rights of a Directing Certificateholder in a Freddie Mac-sponsored Securitization.

Discovery Policy Form

An insurance policy form that covers losses discovered during the policy period even though they may have occurred before the policy period.

Document Management System

A Multifamily Software Application used to receive, deliver, and store electronic versions of documents relating to Freddie Mac Multifamily Mortgages.

Down Units

Residential units that cannot be made rent-ready with routine maintenance and repairs.

Due Date

The Due Date is the date on which the Borrower's monthly installment of principal, interest and, where applicable, Reserves is due as stated in the Note and other Loan Documents.

Due Date of Last Paid Installment

The Due Date Last Paid Installment is the Due Date of the last fully paid monthly installment of principal, interest, and Reserves (if any). It is not the date on which such payment was credited or the date of the next scheduled installment.

Effective Gross Income

Effective Gross Income is the maximum rental revenue the Property can generate based on: (a) (1) actual rents in occupied units; (2) achievable market rents in vacant units; (3) allowable commercial income; plus (4) all allowable sources of other income; less (b) vacancy, concessions and bad debt allowance. The above calculation is further refined for TAH transactions, subject to Freddie Mac's sole discretion, to take into account any restricted rents affecting the Property, the maximum allowable low-income housing tax credit rents (less utility allowances) (for 4% or 9% LIHTC transactions), and/or the HAP contract rents.

Electronic Delivery Package

The Electronic Delivery Package is the set of documents comprising a portion of the Final Delivery Package which is delivered electronically via DMS. For identification of the documents comprising the Electronic



Delivery Package, refer to the appropriate Final Delivery Table of Contents available at mf.freddiemac.com/lenders/purchase/.

Eligible Institution

A depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which must meet the minimum rating requirements in Section 52.2(a).

Energy Certification

Energy Certification is an energy certification and/or score of environmental energy savings given to the Utility Efficiency Improvements on the Property by applicable local, State or federal agencies or another nationally recognized building association.

Energy Star® Score

ENERGY STAR® Score is the measure of energy performance provided for the Property by Portfolio Manager.

Environmental Superlien Law

See Section 61.1(b).

EPA 1-100 Water Score

EPA 1-100 Water Score is a measure of water performance provided for the Property by Portfolio Manager®.

Equity Conflict of Interest

See Section 2.25.

Escrow Functions

The writing or issuance of the title commitment and Title Policy and related endorsements on behalf of the Title Insurance Underwriter, and handling and/or recording of deeds, deeds of trusts, mortgages, leases and other instruments required to close a Mortgage in accordance with the closing or escrow instruction letter.

Exception(s)

Any exceptions to the Seller/Service Representations and Warranties referenced in Section 5.13 of the Guide and found under the “Resources” section of the Legal Documents page at mf.freddiemac.com/lenders/legal.

Expiration Date

The Expiration Date is the date set forth in the Letter of Commitment by which the Seller must accept the Letter of Commitment and Rate Lock. The Expiration Date for an early rate lock application is or the expiration date of the Quote.



Exclusionary List

The Exclusionary List is a confidential list compiled, maintained and distributed by Freddie Mac, containing names and other information concerning persons or entities that have been restricted or excluded from participating in transactions or doing business with Freddie Mac. The Exclusionary List is updated at least monthly by Freddie Mac.

Seller/Servicers can access the Exclusionary List under “Quick Links” on the [Originate and Underwrite](#) and [Asset Management](#) web pages.

Exempt Inspector

See Section 40.13(b).

Fee Inspector Company

See Section 40.14.

FHA Mortgage

An FHA Mortgage is a Mortgage insured by the FHA.

Final Delivery Instructions

The Final Delivery Instructions are a detailed list of required Loan Documents and other items which, depending on the specific features of a Mortgage, may be required to be included with the Final Delivery Package. The Final Delivery Instructions are set forth in the following documents:

- For all non-SBL and non-TEL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents”
- For SBL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents – SBL”
- For TEL Mortgages, the applicable document referenced below:
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Conversion of Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Immediate Funding Tax-Exempt Loan

Each of these documents are available at mf.freddiemac.com/lenders/purchase/.



Final Delivery Package

As further defined in Chapter 32, the Final Delivery Package is the complete set of the required Purchase and Servicing Documents set forth in Chapter 32 and in the Final Delivery Instructions, which set may be comprised of both hardcopies and electronic versions of such documents.

Financial Crimes

Crimes to obtain personal or business advantage or that may result in conversion of property. Such crimes are generally characterized by fraud, deceit, concealment, or violation of trust and typically do not depend on the application of threat or physical force or violence. Examples include fraud, bribery, money laundering, sanctions violations, forgery, counterfeiting and terrorist activity financing.

First Lien

A First Lien is any lien that grants to the lienholder a claim against the Property that, under the law of the jurisdiction where the Property is located, is prior to the rights of all others, subject only to prior liens and encumbrances that Freddie Mac has expressly waived pursuant to Section 29.2.

First-Time Sponsor

See Sections 9.2(d) and 9SBL.2(c)(3).

Floating-Rate Mortgage

A Floating-Rate Mortgage, also known as an adjustable rate mortgage or ARM, is a Mortgage for which the interest rate is adjusted at specified intervals for the entire Mortgage term. A Floating Rate Mortgage may be amortizing or interest-only. Floating-Rate Mortgages must have either a Freddie Mac internal interest rate cap ("internal interest rate cap") or a third-party interest rate hedge.

Foreign Guarantor

An individual or entity who signs a Guaranty for the Mortgage is considered a Foreign Guarantor if they are any of the following:

- Not a United States entity
- Not a United States citizen or lawful permanent resident of the United States
- A United States citizen or lawful permanent resident of the United States who does not reside in the United States

The requirements for a Foreign Guarantor are set forth in Sections 9.11 and 9SBL.2(e), as applicable.

Forward Commitment

Forward Commitment has the meaning provided in Section 17A.1 (Conventional Mortgage under a Forward Commitment), Section 19A.2 (TAH Cash Mortgage under a Forward Commitment), as supplemented by Chapter 25A for TEL and Chapter 28A for Bond Credit Enhancement.



Forward Commitment Maturity Date

The Forward Commitment Maturity Date is the date by which Conversion must occur unless extended pursuant to an extension approval letter.

Forward Commitment Property Inspection

A property inspection that is required prior to commitment ~~for each Property~~ issuance under a Funded Forward Commitment. ~~The requirements or for an Unfunded Forward Commitment Property Inspection when requested by Freddie Mac. The requirements~~ are set forth in Section 8.16. At the time of Conversion, a complete property inspection is required.

Freddie Mac Access Manager

A Multifamily Software Application that enables Seller/Service providers who have registered and received Freddie Mac's authorization, to create, manage, and provision their users' access to certain servicing tools and applications.

Freddie Mac Approved Third Party Applications

Third party systems or software applications approved by Freddie Mac as provided in Chapter 2.

Freddie Mac Funding Date

The Freddie Mac Funding Date is:

- The date on which Freddie Mac disburses payment to the warehouse lender or the Seller for a Mortgage purchased by Freddie Mac under a cash program or product, or
- The settlement date for Mortgages purchased by Freddie Mac under a Multifamily Structured Transaction, or
- Execution by Freddie Mac of a Credit Enhancement Agreement in a bond credit enhancement transaction.

Freddie Mac Matters

See Section 7.1.

Freddie Mac Matters Contractor

See Section 7.1.

Freddie Mac Matters Employee

See Section 7.1

Freddie Mac Preservation

Freddie Mac Preservation is defined as Properties for which rent restrictions are in place through the Loan Agreement (e.g., Borrower-elected rent restrictions) or third-party, non-governmental rent restrictions. Freddie Mac Preservation rent restrictions may vary by product. TAH Mortgage products eligible for Freddie Mac



Preservation include Non-LIHTC Preservation Rehabilitation and Non-LIHTC Forwards (see Sections 19.2 and 19A.2 and the TAH term sheets referenced therein). Workforce Housing Preservation is a Conventional Mortgage product eligible for Freddie Mac Preservation (see Section 17.6).

Freddie Mac Underwriting Value

The market value of a Property for purposes of Freddie Mac's underwriting and purchase of Mortgages, and for calculation of Loan-to-Value (LTV) Ratios in connection therewith, is the lower of appraised value as determined by a third-party appraiser or the value determined by Freddie Mac.

FreddieMac.com

FreddieMac.com is Freddie Mac's Internet home page. FreddieMac.com includes information about Freddie Mac's programs and products and makes multifamily Loan Documents and other Mortgage origination information available to Seller/Serviceicers at mf.freddiemac.com.

Funded Forward Commitment

See Sections 19A.2 and 28A.2.

Funding Functions

The actions to:

- Prepare the final settlement statement(s) for closing
- Collect premiums, escrows, security deposits, sale and/or loan proceeds, and/or other funds in connection with the closing of the Mortgage and, if applicable, the acquisition of the Property
- Disburse all funds in accordance with the settlement statement(s) and the closing or escrow instruction letter
- Maintain the receipts and disbursements ledger

Gold PC

A Gold PC is a Participation Certificate (PC) in which the payments by Borrowers on the Gold PC Securitized Mortgages are passed through, with a payment delay of 45 days, to the holders of the Gold PCs.

Gold PC Securitized Mortgages

Gold PC Securitized Mortgages are Mortgages that are purchased under the Multifamily Negotiated Transactions Program or the Multifamily PC OneSM Program and are pooled in Gold PCs.

Governmental Entity

A Governmental Entity is an entity that is under Control of, under ownership of, is authorized by, or is itself a city, county, State, commonwealth, or federal government. With respect to subordinate debt, Freddie Mac considers a Governmental Entity to be an entity that provides third-party financing with the goal of expanding, preserving, maintaining, or otherwise promoting affordable multifamily housing.



Green Assessment®

Green Assessment® is a report detailing proposed property-level improvements to promote utility consumption efficiency at the Property. It uses the ASHRAE Level 1 standard and otherwise meets the requirements set forth in Chapter 65. The report describes projected savings in terms of utility consumption and dollars saved per improvement item.

Green Consultant

Green Consultant is a certified environmental design/inspection or engineering firm that meets the requirements set forth in Chapter 65.

Green Improvements

Green Improvements are the energy and water conservation measures selected by the Borrower from the list of qualifying conservation measures identified in a Green Report. These selected conservation measures are identified as Green Improvements in the Green Improvement Rider to the Loan Documents.

Green Up®

Green Up® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment®.

Ground Lease

See Section 30.1.

Ground Lease Mortgage

See Section 30.1.

Ground Lessee

See Section 30.1.

Ground Lessor

See Section 30.2.

Guarantor

Any person or entity that is liable under the Guaranty. (See also Foreign Guarantor)

Guide

The Guide is the official version of the Multifamily Seller/Service Guide, including the exhibits and related supplements, Bulletins and Industry Letters.



Hardcopy Delivery Package

The Hardcopy Delivery Package is the set of documents comprising a portion of the Final Delivery Package which must be delivered in their original hardcopy form. For identification of the documents comprising the Hardcopy Delivery Package, refer to the appropriate Final Delivery Table of Contents available at mf.freddiemac.com/lenders/purchase/.

Hard Subordinate Debt

See Section 19.2(f).

Home Mortgage

A Home Mortgage is a Mortgage secured by a First Lien on real estate on which there is located a structure designed principally for residential use by one to four families.

Imminent Life Safety Hazard

An Imminent Life Safety Hazard is a hazard that is about to cause harm. Imminent Life Safety Hazards are of the highest concern as they represent an immediate risk to any tenant that encounters such a hazard. Exposed live electrical wires and balconies with inadequate guard rails are among the types of conditions that represent Imminent Life Safety Hazards.

Imminent Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Imminent Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

Income and Expense Statement

The Income and Expense Statement is the actual or pro forma statement of income and expense items for a person, an entity, or a Property during a specified period of time.

Increased Mortgage Amount

For the purposes of the early rate lock delivery option and the early rate lock application, see Section 27.20.

Increased Scrutiny for Moisture or Mold Issues

Increased Scrutiny for Moisture or Mold Issues is a specific inspection protocol, set forth in Section 8.3(b), which is used to evaluate the risk of moisture or Mold issues in certain Properties.

Independent Director/Manager

Independent Director/Manager is an individual who is not affiliated with the Borrower, any SPE Equity Owner, Guarantor or any other Borrower Principal or any parties associated or affiliated with the foregoing parties. See the Loan Documents for a more complete definition.



Independent Living Property

See Section 21.2.

Index Lock

See Section 27.1(b).

Index Lock Agreement

See Section 27.1(b).

Industry Trained Inspector

See Section 40.13(b).

Insurable Value

See Section 31.1(c).

Insurance Compliance Tool

A Multifamily Software Application for Sellers to submit documentation related to Borrower's insurance compliance.

Joint Loss Agreement

See Section 31.1(c).

Key Borrower Principal

Key Borrower Principal is:

- Any Guarantor, regardless of the amount of ownership interest in the Borrower and even if not in the organizational structure of the Borrower
- Seniors Housing Operator
- Any operator of the Property that is a Master Tenant under a master lease structure (e.g., a Delaware Statutory Trust or Shariah-compliant loan)
- Any person or entity that has Ultimate Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any Pre-Approved Transferee
- Any non-Controlling person or entity that meets both of the following conditions, including LIHTC Investors:
 - Has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant



- Is not owned by any other person or entity that also has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- If a trust meets the two conditions above, the following parties are also considered Key Borrower Principals:
 - The settlor (grantor) of a living or revocable trust
 - The beneficiary of an irrevocable trust if the beneficiary has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing, Operator, or Borrower-affiliated Master Tenant
- Any individual or entity that does not meet the criteria set forth above but who is determined by Freddie Mac to be a Key Borrower Principal. These may include individuals or entities defined as a Required Equity Owner in the Loan Agreement.

Except for a LIHTC Investor that is a U.S. publicly traded entity a Key Borrower Principal must submit a Complete Borrower/Key Borrower Principal Due Diligence Package.

Leasehold Interest

See Section 30.1.

Legal Issues Analysis

See Sections 6.4. and Section 29.2.

Letter of Commitment

A Letter of Commitment or Commitment is the written indication that Freddie Mac has made an offer to the Seller to purchase a Mortgage. The Letter of Commitment and any amendments set forth the terms and conditions of the purchase transaction. For an early rate-lock delivery, a counter-signed early rate-lock application, with all modification and acceptance letters, takes the place of the Letter of Commitment. Letters of Commitment also include Forward Commitments.

Life Safety Hazard

Life Safety Hazards consist of conditions that increase the possibility of personal injury or death. Traditionally, these hazards are associated with inadequate protections and often result from noncompliance with code requirements.

See also the definitions of Imminent Life Safety Hazard and Potential Life Safety Hazard, which apply to the post-purchase annual inspection of a Property. There is no comprehensive list of Imminent or Potential Hazards and the inspector must exercise judgment to determine the Hazard category.



LIHTC Investor

In a LIHTC transaction, each person or entity that has aggregate ownership (direct or indirect) of 50% or more of the Borrower's limited partner. The LIHTC Investor expects to receive the benefit of the LIHTC and does not Control the Borrower.

LIHTC Syndicator

In a LIHTC transaction where the LIHTC investment is made through a syndicated LIHTC fund, the entity with Ultimate Control of the general partner of the LIHTC fund. In that capacity, the LIHTC Syndicator, for the benefit of the LIHTC fund and the LIHTC Investor(s), provides acquisition, underwriting, portfolio management, asset management and investor reporting services.

Linked Buildings

For SBL Mortgages, Linked Buildings are a Property comprised of buildings located on non-contiguous parcels. If the Property is comprised of non-contiguous parcels of land the transaction must be prescreened by Freddie Mac as required by Section 8SBL.6(c).

Limited Multifamily Experience Sponsor

See Section 9.2(d).

Liquid Assets

For the purposes of Seller/Servicer financial eligibility, see Section 3.3(a).

Otherwise, see Liquidity.

Liquidity

Cash, cash equivalents, Treasury bills, money market investments or certificates of deposit with maturities of one year or less, and marketable securities (such as stocks and bonds). Restricted assets, pledged accounts, and stocks or bonds for a company or municipality in default or bankruptcy must be excluded. All Liquidity must be measured in US dollars.

Loan Agreement

The Loan Agreement is the Multifamily Loan and Security Agreement. The Loan Agreement sets forth the terms of the Mortgage, including the representations and covenants of the Borrower, the events of default, the securitization terms and the lender's remedies. There is also a specially designated Loan Agreement for use with Seniors Housing Mortgages.

Loan Documents

Loan Documents are the Freddie Mac Multifamily Loan Documents, the forms of which are posted at mf.freddiemac.com/lenders/legal/. The Loan Documents include the following documents, together with any modifications and Riders to the documents:

- Note



- Loan Agreement
- Security Instrument
- Guaranty
- Omnibus Assignment
- All other documents used in connection with the origination or Servicing of Mortgages under Freddie Mac's programs and products.

The Legal Documents page of mf.freddiemac.com includes a list of current Loan Documents. The revision date is indicated for each Loan Document.

Loan Management Form

See Section 40.2.

Loan-to-Value Ratio

The Loan-to-Value Ratio is the relationship between the principal amount of the Mortgage and the value of the Property, expressed as a percentage of the value, as determined by Freddie Mac.

Localized Peril or Regional Peril

See Section 31.1(c).

Long Term Rental Assistance Contact

See Section 23.3(a).

Malicious Code

See Section 2.26(c).

Mandatory Delivery Date

The Mandatory Delivery Date is the delivery date identified in the Letter of Commitment or early rate-lock application. The Seller must deliver the Final Delivery Package to Freddie Mac by noon Eastern time on the Mandatory Delivery Date.

Mandatory Funding Date

Unless otherwise agreed upon, the Mandatory Funding Date is the date which is 15 days after the Mandatory Delivery Date; provided, however, that if such day is not a Business Day, then the Mandatory Funding Date will be the Business Day immediately preceding such date.



Manufactured Housing Community Product

A program under which Freddie Mac Multifamily will purchase Mortgages secured by Manufactured Housing Communities, as described in Chapter 22.

Manufactured Housing Resident-Owned Community

See Section 22.1(b).

Market Overhang

See Section 19.2(e) and Section 23.3.

Master Forward Financing Agreement

The Master Forward Financing Agreement documents the general terms and conditions governing all Forward Commitments with a particular construction lender.

Master Insurance Policy

See Section 31.1(c).

Master Tenant

A Master Tenant is the tenant that operates the Property under a master lease. A master lease structure is usually used in a Shariah compliant loan or Delaware Statutory Trust loan.

Material Modification

For the purposes of the early rate lock delivery option and the early rate lock application, a “Material Modification” is as defined in Chapter 27.

Material Vendor

With respect to one or more Mortgages owned by Freddie Mac (*i.e.*, from Freddie Mac’s purchase until securitization or other disposition of such Mortgage(s)), a vendor engaged by the Servicer while Servicing such Mortgage or Mortgages on behalf of Freddie Mac that has the potential to create information security risk or compliance risk for Freddie Mac.

Refer to the Material Vendors [Material Vendors web page](#) for more details and examples of Material Vendors.

Maturity Loan-to-Value

See Section 18SBL.2.

MHC Tenant Protections

See Section 22.1(b).



MHC Tenant Protections Notification

See Section 22.2(p).

Minimum Consumption Savings Threshold

See Section 24.3(a).

Minimum Occupancy

The minimum number of units at the Property that must have current leases that comply with the provisions of the Loan Agreement in order for a Borrower to undertake or continue certain Property Improvement Alterations. The Minimum Occupancy is expressed as a percentage in the Loan Agreement.

Minimum Origination Fee

The Minimum Origination Fee is the minimum fee the Seller/Servicer must charge in connection with the origination of the Mortgage. The Minimum Origination Fee requirements are set forth in Section 17.1(f) for non-SBL Mortgages and in Section 18SBL.1(f) for SBL Mortgages.

Modification Letter

The Modification Letter is used by Freddie Mac to propose material modifications to an early rate lock application.

Moderate Rehabilitation Mortgage

See Section 17.4.

Moisture Management Plan

An Moisture Management Plan is a plan provided by the Borrower to manage moisture or Mold issues at the Property in accordance with the requirements set forth in Section 8.3(a). If a Moisture Management Plan is required, the Moisture Management Plan must be maintained at the Property and be made available for verification at annual inspections. Additional information on the requirements for a Moisture Management Plan is in the [Moisture Management Plan Handbook](#).

Mold

Mold is a naturally occurring growth that is frequently dark in color with a musty odor. Mold feeds on organic material, and the growth of Mold is typically associated with damp or moist conditions. Mold is also referred to as fungus or mildew.

Mortgage

A Mortgage is a loan meeting the requirements of Section 1.2 and secured by a lien on real estate held in fee simple or on an acceptable leasehold estate. A Mortgage may also be: (i) a bond credit enhancement meeting the requirements of Chapter 28 or Chapter 28A, (ii) the mortgage loan securing a TEL meeting the requirements of Chapter 25 or Chapter 25A, or (iii) a mortgage loan, or a tax-exempt bond or loan secured by a mortgage loan, not meeting the requirements of Section 1.2, Chapter 28, Chapter 28A, Chapter 25, or



Chapter 25A that has been: (a) deposited in a securitization sponsored by Freddie Mac or (b) or credit enhanced by Freddie Mac. When used alone in the Guide, and unless the context indicates otherwise, the term “Mortgage” is a multifamily Mortgage secured by a property containing five or more dwelling units.

The term "Mortgage" includes the Security Instrument (mortgage, deed of trust, or deed to secure debt), the Note, the evidence of title, and all other Loan Documents that evidence the Mortgage and includes, for bond credit enhancement transactions, the bond mortgage note, the bond mortgage, the reimbursement mortgage and the reimbursement agreement.

Mortgage Documents

See Loan Documents.

Mortgage Financial Terms

The Mortgage Financial Terms are the maximum Mortgage amount, Freddie Mac net spread, gross spread, term, amortization period (if applicable), interest only period (if applicable), prepayment terms, yield maintenance period (if applicable), lock out period (if applicable), treasury floor (if applicable), and any other relevant Mortgage financial terms as determined by Freddie Mac.

Mortgage File

The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/Servicer in accordance with Chapter 34, and any other applicable sections of the Guide.

Mortgages Purchased in Part

Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Mortgages Purchased in Whole

Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac.

Multifamily Document Management System

See Document Management System.

Multifamily Eligibility System

A Multifamily Software Application for Seller/Servicers to submit monthly, quarterly and annual certifications, and update vendor inventory.

Multifamily Loan Documents

See Loan Documents.



Multifamily Securities Investor Access

A Multifamily Software Application that provides investors and analysts with information related to Freddie Mac Multifamily K-Deals[®], ML-DealsSM, Q-DealsSM, SB-Deals[®], and Multi PC[®] mortgage-backed securities and their underlying collateral.

Multifamily Software Applications

The software applications that Freddie Mac provides to the Seller/Servicer in connection with the sale and the servicing of multifamily Mortgages. The Multifamily Software Applications include the following:

- Consent Request Tracker (CRT)
- Document Management System (DMS)
- Freddie Mac Access Manager (FAM)
- Insurance Compliance Tool (ICT)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Servicer Guide via AllRegs[®] Online (Guide)
- myOptigo[®]
- Origination and Underwriting System (OUS)
- Property Reporting System (PRS)
- Small Balance Loan Production Pipeline Manager (PPM)

National Flood Insurance Program

See Section 31.1(c).

Net Operating Income

Net Operating Income is the income from a property's operations available for repayment of debt and return on equity to the owner after deducting economic vacancy and all expenses (exclusive of debt service).

Nondelivery

A Nondelivery is any action or failure to act that prevents or will prevent the Seller from meeting the terms of a Commitment after acceptance or an early rate lock application after Rate Lock.



Nonprofit Entity

A Nonprofit Entity is an entity that has been conferred tax-exempt status by the U.S. Internal Revenue Service. For Freddie Mac's purposes, a Nonprofit Entity must have a mission of owning, developing, operating, preserving, managing, or otherwise promoting affordable multifamily housing.

Non-LIHTC Property

A Property that has affordability requirements outside of a LIHTC regulatory agreement and meets the requirements set forth in the term sheets available at mf.freddiemac.com for Non-LIHTC Forwards, Preservation Rehabilitation Financing for Non-LIHTC Properties or Non-LIHTC Bridge, as the context may require.

Non-Scope Issues

See Section 61.2(b).

Non-U.S. Equity Holder

A Non-U.S. Equity Holder is any non-U.S. person or entity with a collective equity interest (whether direct or indirect) in Borrower equal to or exceeding 10 percent. A Non-U.S. Equity Holder is subject to all Office of Foreign Assets Control (OFAC) and Anti-Money Laundering (AML) Laws compliance-related obligations set forth in this Guide including those identified in Chapters 2, 9, 41, 43, and 44.

A Non-U.S. Equity Holder that is a Key Borrower Principal is required to submit a Complete Borrower/Key Borrower Principal Due Diligence Package.

A Non-U.S. Equity Holder with a 25 percent or greater interest in the Borrower will be considered a Borrower Principal.

All Non-U.S. Equity Holders must be named on the Organizational Chart.

Note

A Note is the instrument evidencing the indebtedness secured by a Security Instrument, and includes, for bond credit enhancement transactions, the reimbursement agreement evidencing the obligations secured by the reimbursement mortgage and the bond mortgage note evidencing the obligations secured by the bond mortgage.

Occurrence-based Policy Form

See Section 31.1(c).

OFAC Lists

The OFAC Specially Designated Nationals and Blocked Persons List and the OFAC Consolidated Sanctions List.



Operator

An Operator (sometimes referred to as the “Lessee”) is an entity that operates the Property under a master operating lease. Operating leases are frequently used in the Seniors Housing industry. An Operator may be affiliated with the Borrower or may be an unrelated third-party Operator.

Opinion Analysis

See Section 29.5(c).

Optigo Lender

An Optigo Lender is a lender that meets Freddie Mac's eligibility requirements, including the net worth requirements in Section 3.3, and has been approved by Freddie Mac to sell multifamily Mortgages to Freddie Mac and to service those Mortgages. Optigo Lenders may be approved as one or more of the following designations:

- Optigo Conventional Lender
- Optigo TAH Lender
- Optigo SBL Lender
- Optigo Seniors Housing Lender

See Section 2.10 and Chapter 3 for more information concerning Optigo Lenders.

In the Guide, an Optigo Lender is referred to as a Seller/Servicer, Seller or Servicer.

Origination Date

The Origination Date is the date of the Note.

Organizational Chart

An Organizational Chart for the Borrower, Guarantor not in the Borrower's organizational structure, Master Tenant (if applicable) or Operator (if applicable) must include the elements set forth in the Guidance – Organizational Charts that can be found on mf.freddiemac.com.

Origination and Underwriting System

A Multifamily Software Application that automates the workflow involved in processing loan applications from receipt of the Loan Submission Template through the underwriting process.

Participation Certificate

A Participation Certificate represents an undivided interest in specified Mortgages purchased by Freddie Mac from a single Seller, either for cash or in exchange for Participation Certificates, and placed in a discrete pool bearing a unique Participation Certificate pool number. Participation Certificates are offered only in book-entry form.



Pledged Mortgage

See Section 33.1.

Portfolio Manager®

Portfolio Manager® is an online tool used to measure and track energy and water consumption at the Property. Portfolio Manager is located on the ENERGY STAR® website of the EPA.

Potential Life Safety Hazard

A Potential Life Safety Hazard is a hazard with a lower capacity to cause harm or consists of a condition that could become harmful. A Potential Life Safety Hazard is also of concern but does not represent the same immediacy of risk for tenants as an Imminent Life Safety Hazard. Potential Life Safety Hazards include conditions that will be recognized by most residents and avoided, including trip hazards or conditions that represent a risk only in special circumstances, such as an out-of-date fire extinguisher.

Potential Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Potential Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

PR-90 Repairs

See Sections 62.3(b) and 62SBL.3(b).

Pre-Approved Transferee

Any person or entity that is pre-approved by lender to assume Ultimate Control (direct or indirect) of Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant.

Preferred Equity

See Section 9.9(b).

Preferred Equity Return

See Section 9.9(b).

Preliminary legal issues memorandum

See Section 6.4.

Preservation Rehabilitation

See Section 19.2(e).



Principal

A Principal, for purposes of Freddie Mac's policy concerning the exclusion of certain persons from participating in transactions or doing business with Freddie Mac, may be:

- A Seller/Servicer, or
- A person with substantial management or supervisory responsibilities within a Seller/Servicer's organization, or
- A person with critical influence on or substantive Control over any material aspect of a Mortgage purchase or Servicing transaction or any function related to such a transaction

There are three categories of principals:

- Seller/Servicers
- Officers, directors, owners, partners, key employees or other persons within a Seller/Servicer's organization who have substantial management or supervisory responsibilities. Suspended or excluded persons within this category are presumed to have critical influence on or substantive Control over all the organization's Mortgage purchase or Servicing transactions.
- Principals, consisting of any other person (whether an individual or an entity) who has a critical influence on or substantive Control over any material aspect of a Mortgage purchase transaction or a Servicing transaction or any function related to such a transaction. Such a Principal may be an employee of a Seller/Servicer, a third-party provider of services to a Seller/Servicer or an employee of a third-party provider of services. Persons who have a critical influence on or substantive Control over Mortgage purchase transactions or Servicing transactions or related functions include loan officers, underwriters, appraisers, inspectors, real estate agents and real estate brokers.

Priority Repairs

See Sections 62.3(b) and 62SBL.3(b).

Private Entity

A Private Entity is an entity such as a partnership, limited liability company, private real estate fund, LIHTC fund or private REIT whose shares are not traded on a public exchange. A Private Entity can Control who purchases the ownership interests in such entity.

Private Investment Fund

A U.S. private company that invests capital from different investors in various assets, including direct and indirect equity interests in real estate. To qualify as a Private Investment Fund, the entity must have each of the following:

- A minimum of \$50,000,000 in capital commitments
- Liquid assets of at least \$750,000



- A minimum net worth of \$5,000,000
- A management team with all of the following:
 1. At least 10 years of collective experience managing multifamily properties,
 2. At least 10 multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively
 3. At least \$100,000,000 in multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively

Private Transfer Fee

A Private Transfer Fee is any fee, charge or payment imposed by a Private Transfer Fee Covenant due in connection with a transfer of title to a Property. A Private Transfer Fee is payable each time a Property is transferred for a set period of time or indefinitely. The Private Transfer Fee can be a fixed amount or a percentage of the Property's sale price. A Private Transfer Fee does not include:

- A charge payable to the federal, State or local government
- A charge that defrays the actual cost of the transfer of the Property, such as transfer of membership in a covered association such as a homeowners' association, condominium association, cooperative association or a federally tax-exempt 501(c)(3) or 501(c)(4) organization
- A charge payable to a covered association such as a homeowners' association, condominium association, cooperative association or a federally tax-exempt 501(c)(3) and 501(c)(4) organization that is used exclusively to provide a direct benefit to the Property

Private Transfer Fee Covenant

A Private Transfer Fee Covenant is any covenant, restriction or other similar document that (i) purports to run with the land or to bind current and future owners whether or not such covenant is recorded and (ii) imposes a Private Transfer Fee upon transfer of all or part of the Property, as defined in 12 C.F.R. Part 1228. A Private Transfer Fee Covenant can be attached to a Property by the original developer or another third party.

Prohibited Substances

Prohibited Substances are any drugs or controlled substances whose use, manufacture, distribution or possession are prohibited by any law, whether federal, state or local law.

Project Loan

For a Cash Funded Forward Commitment, the Project Loan is Freddie Mac's loan to the construction lender.

Property

The Property is the land, improvements and fixtures that are, or will be, subject to the lien of a Mortgage.



Property Improvement Alterations

Alterations and additions to the improvements existing at or upon the Property, as more fully defined in the Loan Agreement. Repairs, capital replacements, restoration and other work required to be performed at the Property pursuant to the terms of the Loan Documents are not considered to be Property Improvement Alterations.

Property Improvement Alterations Notice

A notice to the lender from the Borrower pursuant to the terms of the Loan Agreement that the Borrower intends to begin the Property Improvement Alterations specified in the Property Improvement Alterations Notice.

Property Reporting System

See Section 40.2.

Public Company

A Public Company is a company whose shares are traded on a public exchange or an over the counter exchange. A Public Company does not Control who purchases its shares after the initial public offering. A pension fund that is not privately controlled is also a Public Company.

Public Records Searches

See Section 2.28.

Purchase Contract

The Purchase Contract is an agreement between the Seller and Freddie Mac covering the purchase of a specific Mortgage or Mortgages, the Seller's obligation to deliver such Mortgages on a mandatory basis (unless otherwise noted in the Letter of Commitment or early rate-lock application), the delivery period and the Servicing after Freddie Mac's purchase of the Mortgage. The Purchase Contract may be a:

1. Purchase agreement
2. Letter of Commitment (as it may be amended) fully accepted by the Seller
3. Early rate-lock application (as modified or adjusted) fully accepted by Freddie Mac
4. Other offer by Freddie Mac to purchase, fully accepted by the Seller
5. Other offer by Seller to sell, fully accepted by Freddie Mac

Purchase Contract Date of Acceptance

The Purchase Contract Date of Acceptance is the date the Seller accepts Freddie Mac's offer as stated in a Purchase Contract.



Purchase and Servicing Documents

The Purchase and Servicing Documents applicable to a Mortgage are the following:

1. The Purchase Contract, including all Exhibits
2. The separate Servicing Agreement, if any
3. The official version of the Guide
4. Any agreement pursuant to which a Seller or affiliate of a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
5. Additionally, for Delegated TAH Mortgages, the Seller/Servicer's Delegated TAH Master Agreement and the TAH Guide in effect at the time of underwriting
6. Any Servicing transaction approval issued by Freddie Mac to a Servicer

The Guide and all of its terms are incorporated by reference into, and constitute part of, each Purchase Contract. A Seller must sell Mortgages in accordance with the terms of each Purchase Contract entered into between the Seller and Freddie Mac.

A Seller/Servicer must service each Mortgage that the Seller/Servicer has sold to Freddie Mac and has agreed to service for Freddie Mac in accordance with the standards set forth in the Guide (including amendments to Servicing provisions of the Guide that Freddie Mac has made since Freddie Mac purchased the Mortgage) and any applicable Purchase Contract. All of a Seller/Servicer's obligations to service Mortgages for Freddie Mac will be considered to constitute, and will be performed pursuant to, a unitary, indivisible master Servicing contract, and the Servicing obligations assumed under any Purchase Contract will be deemed to be merged into, and will be performed under, the same unitary, indivisible master Servicing contract. The Seller/Servicer agrees that any failure to service any Mortgage in accordance with the terms of the unitary, indivisible master Servicing contract, or any breach of any of the Seller/Servicer's obligations under any aspect of the unitary, indivisible master Servicing contract, will be deemed to constitute a breach of the entire contract and will entitle Freddie Mac to terminate the contract.

If a Servicer who services Mortgages for Freddie Mac is not also the Seller of the Mortgages to Freddie Mac, the Servicer must agree to service Mortgages for Freddie Mac by separate agreement, which incorporates the Guide and any applicable Purchase Contract by reference. In such case, the separate agreement shall be deemed to be one of the "Purchase and Servicing Documents," which constitute the unitary, indivisible master Servicing contract.

Quote

A Quote is Freddie Mac's non-binding statement of proposed Mortgage Financial Terms. A Quote does not require the Seller to submit a full underwriting package, nor does it bind Freddie Mac to purchase a Mortgage.

Rapid Growth Sponsor

See Sections 9.2(d) and 9SBL.2(c)(3).



Rate Lock

Rate Lock is the procedure in which Freddie Mac agrees to hold the yield rate on the applicable U.S. Treasury index, net spread to Freddie Mac and Servicing Spread for a fixed rate Mortgage (Interest Rate Lock) and to hold the net spread to Freddie Mac and Servicing Spread for a Floating-Rate Mortgage (Spread Rate Lock).

Rate Lock Call

The Seller must call the person whose name is set forth in the Letter of Commitment or early rate lock application to Rate Lock and confirm all of the other terms of the Mortgage, including the term, amortization period and prepayment period. Even though the interest rate for a Floating-Rate Mortgage cannot be Rate Locked, the Seller must complete a Rate Lock Call in order to confirm all of the terms of the Mortgage.

Rate Reset

A Rate Reset Mortgage is a Mortgage with a five-year term, during which there is an option to extend the term of the Mortgage for an additional five years at a reset interest rate.

Rating Agencies

Rating Agencies are Fitch, Inc.; Moody's Investors Service, Inc.; Dominion Bond Rating Service (DBRS); Realpoint LLC; or Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc., or any successor entity of the foregoing, or any other nationally recognized statistical rating organization.

Real Estate Owned

Real Estate Owned is property acquired through foreclosure or deed-in-lieu of foreclosure.

Redemption Date

See Section 9.9(c).

Regulatory Agreement

See Section 23.3.

Rejection; Reject

A Rejection is Freddie Mac's determination that it will not accept the early rate lock application submitted by the Seller.

Real Estate Mortgage Investment Conduit (REMIC)

As defined in Section 860D of the Internal Revenue Code (or any successor thereto).

Rental Assistance Contract

See Section 23.3.



Repair Reserve

A Repair Reserve is a Reserve established to hold funds allocated for the completion of repairs, rehabilitation or incomplete items of construction. The Repair Reserve can be established by a Repair Escrow Agreement, a Repair and Escrow Agreement or by a Rider to the Loan Agreement that establishes a Repair Reserve.

Replacement Reserve

A Replacement Reserve (also referred to as a Replacement Reserve Fund or Replacement Reserve Escrow) is a Reserve established to hold funds allocated for the replacement of capital items. A Replacement Reserve can be established by a Replacement Reserve Agreement or by a Rider to the Loan Agreement establishing a Replacement Reserve.

Required Net Yield

The Required Net Yield is the amount of interest Freddie Mac receives from each Mortgage it purchases.

Reserve

Reserve is all funds, other than principal and interest, collected to cover expenses to be paid under the Mortgage, including hazard insurance premiums and taxes, special assessments, ground rents, water and sewer charges, any other charges that are or may become first liens on the Property, payments for fees for a subsequent third-party interest rate cap agreement, and any other escrow or reserve established under the terms of the Mortgage or the Loan Documents.

Restricted Multiple Asset Entity

As further defined in Chapter 9SBL, a Restricted Multiple Asset Entity is a Borrower that is structured so that it:

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property (as defined in the Security Instrument), the Permitted Property (as defined in the Loan Agreement – SBL), and such Personality (as defined in the Security Instrument) as may be necessary for the operation of the Mortgaged Property and the Permitted Property and will conduct and operate its business as presently conducted and operated
- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and the Permitted Property and activities incidental to such ownership, operation and maintenance

Restricted Non-Residential Use

A Restricted Non-Residential Use is any use or operation of the leased premises that may adversely impact (i) the health and safety of the tenants or other individuals at the Mortgaged Property, or (ii) the value, occupancy or rents of the Mortgaged Property, all as determined by Lender in Lender's discretion. Restricted Non-Residential Uses include the following:

- The disposition, distribution or sale of Prohibited Substances or any establishment whose primary business is the sale of merchandise normally used or associated with Prohibited Substances
- Any establishment whose primary business is the disposition, distribution, sale or viewing of adult or pornographic materials or activities, including strip clubs and adult bookstores



- Any use involving the disposition or sale of Hazardous Materials
- Any establishment whose primary business is gambling or off-track betting
- Any establishment whose primary business is the sale of alcoholic beverages for off-site consumption

Restricted Party

See Section 7.1.

Restricted Party Lists

See Section 7.1.

Risk Rating

A designation Freddie Mac gives to a Mortgage to reflect Freddie Mac's current risk outlook associated with the Mortgage. Risk Ratings for all Mortgages in the retained portfolio are currently between three and 10 with three deemed the lowest level of risk associated with a Mortgage and 10 being the highest level of risk.

Scheduled Interest

Scheduled interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

Scheduled Principal

Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage, calculated in accordance with Section 53.1.

Schedule of Values

See Section 31.1(c).

Scope Issues

See Section 61.2(b).

Securitization

Securitization is the transaction in which the Note for a Mortgage is assigned to a REMIC (Real Estate Mortgage Investment Conduit), grantor trust or partnership trust.

Security Incident

See Section 2.26(c).



Security Instrument

A Security Instrument is an instrument (mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

Seller

Unless the context otherwise requires it, the term "Seller," as used in the Guide and the other Purchase and Servicing Documents, refers to an Optigo Lender or a Multifamily Structured Transaction Lender acting in its capacity as a Seller of Mortgages to Freddie Mac.

Seller/Servicer

Unless the context otherwise requires it, the term "Seller/Servicer," as used in the Guide and the other Purchase and Servicing Documents, refers to a Seller, a Servicer or an Optigo Lender.

Seller Application

Seller Application is the application between the Seller/Servicer and the Borrower for the Seller/Servicer to make a loan to the Borrower to be secured by the Property and to be sold to Freddie Mac.

Seller Representative

See Section 11.8.

Seniors Housing Liability Assessment

See Section 21.2.

Seniors Housing Mortgage

See Section 21.2.

Senior Management

A natural person who serves as one of the following positions for a Seller/Servicer:

- Owner
- President
- Vice President or other officer in charge of managing or overseeing any aspect of the Seller/Servicer's Freddie Mac business
- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Information Officer (CIO), Chief Technology Officer (CTO), or Chief Information Security Officer (CISO)
- Chief Risk Officer (CRO)
- Corporate Secretary



- General Counsel
- Director
- Chairman of the Board
- General Partner; or
- Member or manager of an LLC

Servicer

Unless the context otherwise requires it, the term “Servicer,” as used in the Guide and the other Purchase and Servicing Documents, refers to an entity acting in its capacity of Servicing multifamily Mortgages for Freddie Mac. A Servicer may be an Optigo Lender, a Multifamily Structured Transaction Seller/Servicer, a Servicer approved on a Servicing-only basis, or a Servicing Agent.

Servicer Delegation Requirement

The following requirement that must be satisfied in order for a certain servicing activity to be eligible for delegation to a Servicer with respect to a Mortgage:

The Mortgage must either be: (i) owned by Freddie Mac, provided the Servicer has not received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization, (ii) in a 55-Day Multi PC, or (iii) in a Securitization where Freddie Mac is the master servicer.

Servicing

Servicing is the performance of applicable obligations described in the Purchase and Servicing Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

Servicing Agent

A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac. This role may also be referred to as a “subservicer” provided, as used in this definition, the reference to “subservicer” will not be construed to have the same meaning as such term is used in connection with a Securitization.

Servicing Spread

For TEL Mortgages, the Servicing Spread is the fee payable by the Borrower to the Servicer under the project loan agreement and specified by Freddie Mac in the Letter of Commitment.

For all other Mortgages, the Servicing Spread is the amount of the interest income received and retained by the Servicer as compensation for servicing a multifamily Mortgage purchased by Freddie Mac. Freddie Mac specifies the Servicing Spread in the Purchase and Servicing Documents.

Shared Access Agreement

A Shared Access Agreement is an agreement that provides for access to a Property via an easement or private road.



Shared Use Agreement

A Shared Use Agreement is an agreement that provides for the sharing, joint use and maintenance of Recreational Facilities and/or Essential Facilities.

Short Term Rental Assistance Contact

See Section 23.3(a).

Single Asset Entity

A Single Asset Entity is a Borrower that is structured so that it:

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property and such Personal as may be necessary for the operation of the Mortgaged Property and will conduct and operate its business as presently conducted and operated
- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and activities incidental to such ownership, operation, and maintenance

Single Counsel

For SBL Mortgages, as further described in Chapter 6SBL, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of SBL Mortgages.

For TEL Mortgages, as further described in Chapters 25 and 25A, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of TEL Mortgages.

Single Purpose Entity

An Single Purpose Entity is a Borrower or SPE Equity Owner that is structured with a single purpose and usually owns only one asset to avoid becoming insolvent due to its owner's conduct and that is insulated from harmful effects of the insolvency of others.

Significant Repairs or Replacements

Significant Repairs or Replacements are those that must be completed in order to protect the tenants from Life Safety Hazards, prevent significant physical or functional decline of the Property and/or negatively impact the value of the Property. Examples of Significant Repairs or Replacements include repairs or replacements to

- Structural elements such as framing, foundations, balconies, and stairs
- Major building systems, such as boilers, heating, ventilation and cooling (HVAC), electrical, plumbing, and elevators
- Defects that negatively impact the Property's habitability or income potential

Skilled Nursing Property

See Section 21.2.



Small Balance Loan Production Pipeline Manager

A Multifamily Software Application that enables Sellers and Freddie Mac to monitor the progression of Small Balance deals.

Soft Subordinate Debt

See Section 19.2(f).

SPE Equity Owner

An SPE Equity Owner is a Delaware single member limited liability company or a corporation that acts as a general partner of a limited partnership Borrower or as the managing member of a limited liability company Borrower. The concept of an SPE Equity Owner is not applicable if the Borrower is a Delaware single member limited liability company that is a Single Purpose Entity or if the Borrower is a corporation.

Special Moisture or Mold Issues Inspection

A Special Moisture or Mold Issues Inspection is a specific inspection protocol, set forth in Section 8.3(c), which is used to evaluate existing moisture or Mold issues.

Special Servicing Request

A Special Servicing Request is a Borrower request for Freddie Mac approval of certain Borrower actions. For example, a Special Servicing Request is required for a Transfer of Ownership, Subordinate Financing, a request for a partial release, the grant of an easement, certain changes to the Repair Reserve or Replacement Reserve, and a waiver of the insurance requirements.

Specific Insurance Limit

See Section 31.1(c).

Sponsor Meeting

See Section 11.8.

Sponsor Representative

See Section 11.8.

State

As used in this Guide, the term "State" includes the District of Columbia, Guam, Puerto Rico and the Virgin Islands as well as the 50 states.

Student Housing Property

A Student Housing Property is a multifamily Property with a student occupancy rate of more than 50 percent. These Properties cater to a student tenant base because of proximity to colleges or universities and may have



been constructed as “Purpose Built/Dedicated Student Housing,” or they may be conventional multifamily Properties currently targeted for student tenants.

Stand-Alone Memory Care Property

See Section 21.2.

Subordinate Financing

Subordinate Financing is any Mortgage or other lien that is subordinate to the lien of the first Mortgage on the Property.

Substantial Rehabilitation

The expenditure of more than \$35,000 per unit in rehabilitation and/or work involving major building systems or structural components that coincide with significant building code compliance repairs/upgrades or that will displace significant numbers of tenants for a material amount of time.

Supplemental Mortgage

See Section 20.1.

Suspicious Activity

Activity that a Seller or Servicer reasonably believes may involve actual or possible money laundering, terrorist financing, mortgage-related fraud or other financial crimes, and which is undertaken by any party involved in any stage of the origination, underwriting, or Servicing of a Freddie Mac Mortgage.

Targeted Affordable Housing Mortgage

A Mortgage originated under either of the following:

- Targeted Affordable Housing (TAH) prior approval model, described in the Multifamily Seller/Servicer Guide
- Delegated Underwriting Model for TAH, described in the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide (TAH Guide)

Tax Exempt Bond Credit Enhancement Mortgages

Tax Exempt Bond Credit Enhancement Mortgages are Mortgages that are used as collateral for tax exempt bond transactions in which Freddie Mac has entered into a Credit Enhancement Agreement in a specially negotiated transaction.

Tax-Exempt Loan

A Tax-Exempt Loan is originated under Chapter 25 or Chapter 25A.

Tenant-Based Rental Assistance Vouchers

See Section 23.4



Title Agent

An approved agent or agency authorized by the Title Insurance Underwriter to write or issue a Title Policy.

Title Company

Individually and/or collectively, any Title Insurance Underwriter, Title Agent, and/or escrow and settlement company that is issuing a Title Policy, recording documents and/or performing escrow and settlement functions in connection with a Mortgage transaction. When a Title Insurance Underwriter and a Title Agent are handling separate matters for a Mortgage closing, the term Title Company will include both such parties.

Title Insurance Underwriter

An entity that underwrites and issues, or authorizes issuance of, a Title Policy or, as applicable, reinsurance or coinsurance for a Title Policy, that is the party insuring the risks addressed by the Title Policy or such reinsurance or coinsurance, and which is licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa) and regularly issuing title insurance in such jurisdiction. A Title Insurance Underwriter may also authorize its Title Agent to write a Title Policy.

Title Policy

A single paid-up loan title insurance policy meeting the requirements in Chapter 29 and the [Title Policy and Endorsement Requirements](#).

Total Insurable Value

See Section 31.1(c).

Transfer of Ownership

For the purposes of Chapter 41, Transfers of Ownership and Chapter 41SBL, SBL Transfers of Ownership is any conveyance or other transfer of (a) an interest in the Property (including fee simple title or a Mortgage or other lien) or (b) an interest in the Borrower entity, which conveyance or transfer, if carried out without Freddie Mac's prior written approval, would violate a due-on-transfer provision or prohibition on Subordinate Financing contained in the Loan Documents.

Transfer of Servicing

See Section 42.2(a).

Ultimate Control

Ultimate persons or entities that have Control (direct or indirect) of an entity. A party with Ultimate Control must be one of the following:

- An individual,
- Private Investment Fund,
- A revocable trust (including the settlor/grantor and trustee of the revocable trust), or
- A U.S. public company (U.S. publicly traded entity).



If an individual or entity is a Control party in a Private Investment Fund which is a Key Borrower Principal, then that individual or entity must be disclosed and will be subject to all Office of Foreign Assets Control (OFAC) and Anti-Money Laundering (AML) Laws compliance-related obligations set forth in the Guide, including those identified in Chapters 2, 9, 41, 43 and 44.

Unfunded Forward Commitment

See Sections 17A.1, 19A.2, 25A.2 and 28A.2.

Utility Efficiency

Utility Efficiency is a Freddie Mac suite of offerings for Borrowers who have made or plan to make their Properties more energy and water efficient.

Utility Efficiency Certificate

Utility Efficiency Certificate is available for Properties that: (i) have a building performance certificate or rating as set forth in Section 55.2 and (ii) meet Freddie Mac affordability requirements.

Utility Efficiency Certified

Properties are considered Utility Efficiency Certified when they have a Utility Efficiency Certificate.

Utility Efficiency Consultant

Utility Efficiency Consultant is a certified environmental design/inspection or engineering firm that meets the requirements set forth in Chapter 65.

Utility Efficiency Improvements

Utility Efficiency Improvements are the energy and water conservation measures selected by the Borrower from the list of qualifying conservation measures identified in a Green Assessment. These selected conservation measures are identified as Utility Efficiency Improvements in the Utility Efficiency Improvement Rider to the Loan Documents.

Utility Efficiency Loan

Utility Efficiency Loan is an option available when a Borrower commits to making Utility Efficiency Improvements identified in a Green Assessment.

Value-Add Mortgage

See Section 17.2.

Web Searches

Web Searches are search engine reviews that are performed on the Property, Borrower, Borrower Principals, Non-U.S. Equity Holders, and property management company to identify Financial Crimes, litigation, negative credit events and events that would create reputational risk for Freddie Mac.



Weighted-Average Coupon

The Weighted-Average Coupon of any group of Mortgages is calculated by:

- Multiplying the purchased unpaid principal balance of each Mortgage by the Coupon Rate of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of the products by the aggregate purchased unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Coupon is conclusive.

Weighted-Average Remaining Maturity

The Weighted-Average Remaining Maturity of any group of Mortgages is calculated by:

- Multiplying the unpaid principal balance of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of all the products by the aggregate unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Remaining Maturity is conclusive.

Workforce Housing Preservation

Workforce Housing Preservation is a Conventional Mortgage product designed to preserve middle-income rental housing stock by restricting rents through Borrower-elected rent restrictions in the Loan Agreement or third-party, non-governmental rent restrictions subject to Freddie Mac review and approval of the third-party agreement terms. See Section 17.6.

Yield Maintenance Period

The Yield Maintenance Period is that period of time specified in certain Notes or Riders to Notes during which the Borrower's prepayment of the Mortgage results in its obligation to pay a Yield Maintenance Prepayment Premium.

Yield Maintenance Prepayment Premium

The Yield Maintenance Prepayment Premium is a prepayment premium charged in connection with any prepayment of certain Mortgages during the Yield Maintenance Period.

Yield Rate

The Yield Rate is the yield on the applicable U.S. Treasury.

Multifamily Seller/Service Guide

Glossary and List of Commonly Used Acronyms



Commonly Used Acronyms

ACM

Asbestos-containing materials

AIF

Annual Inspection Form

AMI

Area Median Income

AML

Anti-Money Laundering

ARM

Adjustable-Rate Mortgage

ASTM

American Society for Testing and Materials. See Chapters 61, 62, 64 and 66.

CCRC

Continuing Care Retirement Community

C-PACE

Commercial Property Assessed Clean Energy

Co-op

Cooperative

CRT

Consent Request Tracker

DCR

Debt Coverage Ratio



DDLPI

Due Date of Last Paid Installment

DBRS

Dominion Bond Rating Service

DMS

Document Management System

ECOI

Equity Conflict of Interest

EGI

Effective Gross Income

EPA

The United States Environmental Protection Agency

EPSH

Employer Enabled Permanent Supportive Housing

FAM

Freddie Mac Access Manager

FEMA

Federal Emergency Management Agency

FHA

Federal Housing Administration

FIC

Fee Inspector Company

ICT

Insurance Compliance Tool



IV

Insurable Value

LBP

Lead-based paint

LIA

Legal Issues Analysis

LIHTC

Low-Income Housing Tax Credit

LMF

Loan Management Form

LODR

Letter of Determination Review

LOMA

Letter of Map Amendment

LOMR

Letter of Map Revision

LST

Loan Submission Template

LTV

Loan-to-Value

MAE

Multiple Asset Entity

MES

Multifamily Eligibility System



MHC

Manufactured Housing Community

MHROC

Manufactured Housing Resident-Owned Community

MMP

Moisture Management Plan

MSIA

Multifamily Securities Investor Access tool

MTNA

Mortgage Transaction Narrative Analysis

NFIP

National Flood Insurance Program

NOI

Net Operating Income

OFAC

Office of Foreign Assets Control

OUS

Origination and Underwriting System

PC

Participation Certificate

PCB

Polychlorinated biphenyls

PLIM

Preliminary Legal Issues Memorandum

PPM

Small Balance Loan Production Pipeline Manager



PRS

Property Reporting System

RCV

Replacement Cost Value

RAC

Rental Assistance Contract

REIT

Real Estate Investment Trust

REMIC

Real Estate Mortgage Investment Conduit

REO

Real Estate Owned

Restricted MAE

Restricted MAE

S&P

Standard and Poor's

SAE

Single Asset Entity

SBL

Small Balance Loan

SFHA

Special Flood Hazard Area

SOV

Schedule of Values



SPE

Single Purpose Entity

TAH

Targeted Affordable Housing

TEL

Tax-Exempt Loan

TIV

Total Insurable Value

UPB

Unpaid Principal Balance

WAC

Weighted Average Coupon

WARM

Weighted Average Remaining Maturity