

Appendix B to February 27, 2025 Bulletin: Redlined Guide Chapter Changes

A combined redlined file of all Guide chapter changes
made with the February 27, 2025 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 27, 2025 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 27, 2025 Bulletin and Appendix A to February 27, 2025 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.freddie.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 1 Introduction



- 1.1 Objective of Freddie Mac's purchase programs and products (10/07/02)
- 1.2 Overview of Freddie Mac's multifamily purchase programs and products (05/31/12)
- 1.3 ~~Legal effect of the Multifamily Seller/Service Guide (06/30/16)~~ Legal effect of the Multifamily Seller/Service Guide (02/27/25)
 - a. Capitalized terms; glossary (12/05/03)
 - b. Status as a contract (02/07/08)
 - c. ~~Copyright (03/31/11)~~ Copyright (02/27/25)
 - d. Reliance (12/05/03)
 - e. Assignments; security interests (05/01/14)
 - f. Severability (05/01/14)
 - g. Effective dates (02/06/04)
 - h. Construction of the Guide (05/01/14)
 - i. Entire agreement (02/06/04)
 - j. Governing law (05/01/14)
 - k. Notice (06/30/16)
 - l. Damages (02/07/03)
- 1.4 Frequently used legal terms (02/07/03)
- 1.5 Using the Multifamily Seller/Service Guide (10/12/17)
 - a. Organization (10/12/17)
 - b. Chapter and section numbering scheme (02/07/03)
 - c. Design features (03/31/11)
 - d. Exhibit numbering scheme (02/07/03)
 - e. Headings (12/05/03)
- 1.6 Headings and design features (12/05/03)
- 1.7 Number and gender (12/05/03)
- 1.8 Identification of forms (12/05/03)
- 1.9 Warranties (12/05/03)
- 1.10 Trademark acknowledgments (02/07/08)
- 1.11 Inconsistencies between Loan Documents and the Guide – Mortgages that have not been Securitized (05/01/14)



- 1.12 Servicing Standard reference for securitized Mortgage Servicing (03/03/14)
 - a. Defined terms (03/03/14)
 - b. Additional servicing guidance (03/03/14)
 - c. Inconsistencies between PSA and Guide (03/03/14)
 - d. Inconsistencies between Loan Documents and Guide (03/03/14)



1.1 Objective of Freddie Mac's purchase programs and products (10/07/02)

Freddie Mac was created by the enactment of the Emergency Home Finance Act of 1970, 12 USC 1451 et seq.

The fundamental objective of Freddie Mac's programs and products is to establish and enhance markets for home and multifamily Mortgages in order to provide an adequate and stable supply of housing funds on the best possible terms. Freddie Mac provides a secondary market that supports private institutional mortgage investors.

Freddie Mac supports practices that further the national goals of a decent home and suitable living environment for every American family. Freddie Mac encourages the use of its programs and products in a manner that can benefit the broadest possible segment of the American public. It discourages practices that may contribute to the involuntary displacement of neighborhood residents.

1.2 Overview of Freddie Mac's multifamily purchase programs and products (05/31/12)

Freddie Mac's multifamily purchase programs and products provide for the purchase of multifamily Mortgages on a whole loan basis. A multifamily Mortgage is a Mortgage on real estate on which there are one or more structures containing, in total, five or more units designed principally for residential use.

Mortgages under all multifamily purchase programs and products are purchased by Freddie Mac on a net yield basis (Required Net Yield) to Freddie Mac.

Freddie Mac specifies the interest rate for each multifamily Mortgage that it purchases, as well as the Servicing Spread that may be retained by the Servicer.

1.3 ~~Legal effect of the Multifamily Seller/Servicer Guide (06/30/16)~~ Legal effect of the Multifamily Seller/Servicer Guide (02/27/25)

a. Capitalized terms; Glossary (12/05/03)

Each capitalized term used in the Guide (except for proper nouns) has the meaning set forth in the Glossary appended to the Guide. The Glossary constitutes a part of this Guide.

b. Status as a contract (02/07/08)

The *Multifamily Seller/Servicer Guide* (the Guide) is one of the Purchase and Servicing Documents. Freddie Mac may publish the Guide under license to an authorized publisher. Certain versions of the Guide, as published by Freddie Mac or an authorized publisher, will be subtitled "Official Version" and will contain the following statement on the first data screen: "This is an official version of *the Multifamily Seller/Servicer Guide*, published by Freddie Mac or under license from, and in cooperation with, Freddie Mac." An "Official Version" of the Guide is one of the Purchase and Servicing Documents. In contrast, any publication or reproduction of the Guide that is not designated as an "Official Version" is not one of the Purchase and Servicing Documents and may not be relied upon by Freddie Mac, a Seller or a Servicer in determining or fulfilling their legal obligations to each other.



The Guide and all of its terms are incorporated by reference into, and constitute a 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 multifamily Mortgage that the Seller/Servicer has sold to Freddie Mac and has assented to service for Freddie Mac in accordance with the standards set forth in the Guide (including amendments to Servicing provisions of the Guide that have been made since Freddie Mac purchased the Mortgage) and any applicable Purchase Contract, all of which together constitute a unitary, indivisible master Servicing 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, such unitary, indivisible master Servicing contract, and the Servicing obligations assumed pursuant to any Purchase Contract will be deemed to be merged into, and will be performed pursuant to, such unitary, indivisible master Servicing contract.

A Seller/Servicer acknowledges that Freddie Mac's agreement to purchase Mortgages from the Seller/Servicer pursuant to any individual Purchase Contract is based in part upon the Seller/Servicer's agreement that the Mortgages purchased will be serviced by the Seller/Servicer pursuant to the unitary, indivisible master Servicing contract. 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 that 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 in accordance with the unitary, indivisible master Servicing contract, which incorporates the Guide and any applicable Purchase Contract by reference.

The Guide may not be amended or modified orally, and no provision of the Guide may be waived or amended except in a writing signed by the necessary parties. Any such written waiver or amendment must expressly refer to the Guide and be denominated as an amendment to the Guide. However, Freddie Mac may amend or supplement the Guide generally from time to time by the issuance of written communications.

How an amendment to the Guide applies to a Purchase Contract depends upon the nature and terms of the contract. An amendment applies to any mandatory delivery Purchase Contract having a date of Seller's offer on or after the effective date of the amendment. An amendment applies to any cash Purchase Contract or Multifamily Negotiated Transactions conversion under a mandatory delivery master commitment where the master commitment is dated on or after the effective date of the amendment.

An amendment to the Guide (which constitutes part of the unitary, indivisible master Servicing contract between Freddie Mac and each Seller/Servicer or Servicer) is effective on the date specified by Freddie Mac.

The effective date of each section of the Guide is stated after the heading of that section.



c. ~~Copyright (03/31/11)~~ Copyright (02/27/25)

~~The Guide (including related supplements, bulletins and industry letters) is copyrighted. Limited permission to photocopy the Guide is granted to Freddie Mac Seller/Servicers strictly for their own use in originating Mortgages and in selling Mortgages to, and servicing Mortgages for, Freddie Mac. No part of the Guide may be reproduced for any other reason (in any form or by any means) without the express written permission of Freddie Mac. Requests for such permission to reproduce the Guide must be sent to Freddie Mac, Director, Multifamily Customer Management. Freddie Mac will review and answer requests in the ordinary course of business.~~ The Guide (including related supplements, bulletins and industry letters) is copyrighted. Limited permission to photocopy the Guide is granted to Freddie Mac Seller/Servicers strictly for their own use in originating Mortgages and in selling Mortgages to, and servicing Mortgages for, Freddie Mac. No part of the Guide may be reproduced for any other reason (in any form or by any means) without the express written permission of Freddie Mac. Requests for such permission to reproduce the Guide must be sent to MF_Guide_Team@freddiemac.com. Freddie Mac will review and answer requests in the ordinary course of business.

Freddie Mac reserves the right to revoke permission to reproduce the Guide upon 60 days' notice to any and all Seller/Servicers. Under no circumstances may a Seller/Servicer reproduce the Guide by any electronic or mechanical means, including reproduction in, or as a component of, any information storage and retrieval system.

d. Reliance (12/05/03)

By entering into a Purchase Contract or into the unitary, indivisible master Servicing contract with Freddie Mac, the Seller/Servicer acknowledges that it is not relying upon Freddie Mac or its employees, agents or representatives in making its decision to enter into the contract and that it has relied upon the advice and counsel of its own employees, agents and representatives as to the regulatory, business, corporate, tax, accounting and other consequences of entering into and performing its obligations under a Purchase Contract or the unitary, indivisible master Servicing contract.

e. Assignments; security interests (05/01/14)

A Seller/Servicer may not, in whole or in part, assign or transfer, or grant a security interest in, any of its obligations, rights or interest under any Purchase Contract or under the unitary, indivisible master Servicing contract, including any of its rights or obligations under the Guide or any of the Purchase and Servicing Documents, without Freddie Mac's prior written consent. Any purported or attempted assignment or transfer of, or grant of a security interest in, any such obligations, rights, or interest is prohibited and will be null and void.

Freddie Mac has the right to sell, assign, convey, hypothecate, pledge or in any way transfer, in whole or in part, its interest under the Purchase and Servicing Documents with respect to any Mortgage it purchases.

f. Severability (05/01/14)

If any provision of the Guide is held invalid, the legality and enforceability of all remaining provisions will not in any way be affected or impaired, and the Guide will be interpreted as if such invalid provision were not contained in the Guide.



g. Effective dates (02/06/04)

The *Multifamily Seller/Servicer Guide* governs Purchase Contracts with a date of acceptance on or after December 31, 1993. The multifamily provisions of the Freddie Mac *Sellers' and Servicers' Guide* in effect on the date of acceptance govern Purchase Contracts with dates of acceptance preceding December 31, 1993.

h. Construction of the Guide (05/01/14)

The Guide may not be construed against Freddie Mac as being the drafter.

i. Entire agreement (02/06/04)

The Guide, including the Glossary, forms and exhibits attached to the Guide and all Purchase and Servicing Documents incorporated by reference into the Guide, constitutes the entire understanding between Freddie Mac and the Seller/Servicer and supersedes all other agreements, covenants, representations, warranties, understandings and communications between the parties, whether oral or written, with respect to the transactions contemplated by the Guide.

j. Governing law (05/01/14)

The Guide will be construed, and the rights and obligations of Freddie Mac and the Seller/Servicer under the Guide will be determined, in accordance with the laws of the United States. To the extent that there may be no applicable precedent, and to the extent that to do so would not frustrate any provision of the Guide or the transactions governed by the Guide, the laws of the Commonwealth of Virginia will be deemed reflective of the laws of the United States.

k. Notice (06/30/16)

Unless otherwise specified in the Guide

- A Seller/Servicer must send any written notice to Freddie Mac required to be given pursuant to the Guide by first class mail to:
 - *Multifamily TAH Production*, or as otherwise indicated by Freddie Mac, for Targeted Affordable Housing Seller/Servicers
 - *Small Balance Loan Team*, or as otherwise indicated by Freddie Mac, for SBL Seller/Servicers
 - The *Applicable Freddie Mac Multifamily Regional Office*, or as otherwise indicated by Freddie Mac, for all other Seller/Servicers
- Freddie Mac will send written notice by first class mail to the Seller or Servicer at its principal business office, as reflected in Freddie Mac's records.

Notice will be deemed to have been given as of the date such notice is deposited in the U.S. Mail, postage prepaid.



I. Damages (02/07/03)

Freddie Mac's liability for any losses, claims, actions, damages, suits, costs or expenses (including attorneys' fees) that may be incurred by a Seller/Servicer as a result of a delay or failure in the transfer of funds in connection with the purchase or the Servicing of a Mortgage will be limited to any direct damages that result from such failure or delay. Freddie Mac will not be liable for any special, indirect or consequential damages resulting from any such delay or failure.

1.4 Frequently used legal terms (02/07/03)

Certain provisions used frequently in the Guide will have particular legal meanings. Specifically, a reference to Mortgages "owned by Freddie Mac" means Mortgages owned by Freddie Mac in whole or in part (that is, Freddie Mac-owned whole Mortgages, and Freddie Mac-owned participation interests in Mortgages). The term "includes" when used in this Guide means "includes without limitation."

1.5 Using the Multifamily Seller/Servicer Guide (10/12/17)

a. Organization (10/12/17)

The body of the Guide consists of the following:

1. An introduction
2. General Freddie Mac policies
3. Seller/Servicer requirements and warranties and Freddie Mac's policy for suspension or termination of a Seller/Servicer
4. Specific Mortgage purchase programs and products
5. General Mortgage eligibility and credit underwriting requirements
6. Title insurance, legal description, survey, leasehold, insurance and documentation delivery requirements, along with secured lending arrangements and requirements for retention of Mortgage files
7. General Freddie Mac Servicing policies
8. Mortgage Servicing, including compensation, Reserve requirements, prepayments, risk assessments, Transfers of Ownership and transfers of Servicing
9. Nonperforming Mortgage Servicing, including Delinquency, foreclosure and Real Estate Owned
10. Freddie Mac remedies, including repurchases and termination of Servicing
11. Accounting and reporting requirements



12. Documentation and deliveries to be submitted to Freddie Mac at underwriting or Transfer of Ownership
13. Third party reports requirements
14. The Glossary
15. Exhibits referenced in the Guide
16. Numbered forms referenced in the Guide
17. The Guide Directory

b. Chapter and section numbering scheme (02/07/03)

~~The Guide is divided into chapters and sections. Each chapter is identified by a number. For each section number, the digit or digits to the left of the decimal point identify the chapter and the digit or digits to the right of the decimal point identify the section within that chapter. For example, Section 60.4 is the fourth section of Chapter 60.~~ The Guide is divided into chapters and sections. Each chapter is identified by a number. For each section number, the digit or digits to the left of the decimal point identify the chapter and the digit or digits to the right of the decimal point identify the section within that chapter. For example, Section 60.4 is the fourth section of Chapter 60.

c. Design features (03/31/11)

Freddie Mac has incorporated design features in the Guide to help the reader find information. These features include:

1. The Guide Directory containing the addresses, telephone numbers and fax numbers of the Freddie Mac departments referenced in the Guide (For example, "Freddie Mac *Multifamily Purchase*" refers the user to the alphabetical list in the Guide Directory for the complete address, as well as telephone and fax numbers of the italicized department.)
2. Initial capitalization to emphasize terms in the text that are defined in the glossary

d. Exhibit numbering scheme (02/07/03)

Exhibits are numbered consecutively.

e. Headings (12/05/03)

There are three levels of headings in the Guide: chapter titles, section heads and subheads. Chapters and sections are numbered as discussed in Section 1.5(b). The subhead, labeled with a letter, breaks up a section when the section is long and complex. Subheads help the reader find specific topics.

1.6 Headings and design features (12/05/03)

Headings and design features are written for convenience of reference only and do not constitute a part of this Purchase and Servicing Document.

Guide Bulletin Update [10/12/1702/27/25](#) Chapter 1 – Page 8



1.7 Number and gender (12/05/03)

Unless the context otherwise requires, in the Guide:

- Words in the singular number include the plural, and words in the plural include the singular.
- Words of the masculine gender include the feminine and the neuter, and words of the feminine gender include the masculine and the neuter. When the sense so indicates, words of the neuter gender may refer to either gender.

1.8 Identification of forms (12/05/03)

Forms that are referenced in the Guide are Freddie Mac forms unless otherwise indicated.

1.9 Warranties (12/05/03)

All applicable warranties and representations deemed to have been made by the Seller or Servicer with respect to the Seller, the Servicer and/or each Mortgage are set forth in Chapter 5.

1.10 Trademark acknowledgments (02/07/08)

Word® is a registered trademark of the Microsoft Corporation.

1.11 Inconsistencies between Loan Documents and the Guide – Mortgages that have not been Securitized (05/01/14)

The terms of any Loan Documents take precedence over any conflicting requirements in the Guide.

1.12 Servicing Standard reference for securitized Mortgage Servicing (03/03/14)

If the Pooling and Servicing Agreement (PSA) for a particular Securitization of Freddie Mac Mortgages refers to the Guide in connection with determining the appropriate standard for servicing those Mortgages, the Servicer with respect to that Securitization should consider the following items.

a. Defined terms (03/03/14)

The following Guide terms should be read as having the following meanings:

- “Freddie Mac” in the performing loan context should be read to refer to the decision maker with respect to a particular transaction, including the Master Servicer and the Special Servicer (as those terms are defined in the applicable PSA).
- “Seller/Servicer” or “Servicer” should be read to mean the entity which deals directly with the applicable Borrower, including the Master Servicer or a sub-servicer appointed by the Master Servicer pursuant to the terms of the PSA.



b. Additional servicing guidance (03/03/14)

In certain circumstances, Freddie Mac delegates to the Seller/Servicer the authority to review and approve Borrower requests. The review and analysis requirements and the decision-making criteria for those delegated authorities provide further explanation of the review, analysis and decision-making standards that Freddie Mac deems appropriate for such requests with respect to all Mortgages.

c. Inconsistencies between PSA and Guide (03/03/14)

The specific terms of any PSA take precedence over any conflicting Guide requirements, including, for example, those relating to Servicer advancing and reporting.

d. Inconsistencies between Loan Documents and Guide (03/03/14)

The terms of any Loan Documents take precedence over any conflicting requirements in the PSA or the Guide. However, if a Guide provision which is added or revised after Securitization of a Mortgage differs from the comparable Loan Document provision, and the Borrower requests a waiver or revision of the Loan Document provision, the Master Servicer should consider the Guide provision as Freddie Mac's revised position with regard to the issue when evaluating the Borrower request.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 10:16:54 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 01 - Introduction GB-10-12-17.docx	
Modified filename: 01 - Introduction GB-02-27-25.docx	
Changes:	
<u>Add</u>	10
<u>Delete</u>	8
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	18

Multifamily Seller/Servicer Guide

Chapter 2

General Freddie Mac Policies



- 2.1 Notification concerning Principals (12/12/24)
- 2.2 Limitation on the number and amount of Mortgage purchases and commitments (10/07/02)
- 2.3 Limitation on the number and amount of multifamily Mortgages (12/15/20)
- 2.4 Sale of Mortgages by Freddie Mac (12/05/03)
- 2.5 Modification of programs and products (12/05/03)
- 2.6 Race or racial composition of a neighborhood (12/05/03)
- 2.7 Freddie Mac audit (12/12/24)
 - a. Before the audit (09/14/23)
 - b. After the audit (12/12/24)
- 2.8 Receipt and treatment of confidential information (12/07/04)
- 2.9 Availability of Freddie Mac Multifamily Loan Documents and other legal forms (02/29/12)
 - a. Freddie Mac Multifamily Loan Documents (02/29/12)
 - b. All other legal forms (02/29/12)
- 2.10 Co-marketing with the Freddie Mac Multifamily and Optigo® name, logo and offerings (06/27/19)
 - a. Optigo® Lenders (06/27/19)
 - b. Seller/Servicers not approved to sell to Freddie Mac (06/27/19)
 - c. Other entities (06/27/19)
 - d. Delivery of materials or requests for approval (06/27/19)
 - e. Withdrawal of approval (06/27/19)
- 2.11 Minority-owned and women-owned business enterprises (06/27/19)
- 2.12 Using the Freddie Mac Multifamily Software Applications (02/18/21)
 - a. Authorization to use the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (02/18/21)
 - b. Seller/Servicer's use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (09/30/20)
 - c. Seller/Servicer's warranties (09/30/20)
 - d. No Freddie Mac liability (09/30/20)
 - e. Ownership of the Freddie Mac Multifamily Software Applications (02/29/12)
 - f. Termination of the right to use the Freddie Mac Multifamily Software Applications (09/30/20)
- 2.13 System administrator requirements (12/12/24)
 - a. Seller/Servicer assignment of a system administrator (06/17/21)
 - b. System administrator responsibilities (12/12/24)
 - c. System administrator certification of valid users (09/30/20)
 - d. Seller/Servicer officer verification and certification of system administrators (04/27/18)



2.14 ~~Electronic Signatures, Electronic Records, and data security (06/13/24)~~Electronic Signatures, Electronic Records, and data security (02/27/25)

- a. Overview (05/05/17)
- b. Definitions (06/30/16)
- c. Scope of Electronic Transactions and Electronic Signatures (05/05/17)
- d. Security standards (06/13/24)
- e. ~~Compliance with security standards (10/19/23)~~Compliance with security standards (12/12/24)
- f. Seller/Servicer's agreement regarding Electronic Records and Electronic Signatures (06/25/20)
- g. Indemnification (06/30/16)
- h. Limit on Freddie Mac's liability (02/06/04)
- i. ~~Method of notification (06/30/16)~~Method of notification (02/27/25)
- j. Electronic Signatures from Borrowers (05/05/17)
- k. Electronic Signatures from third parties (06/30/16)
- l. Electronic Signatures from Seller/Servicers (05/05/17)
- m. Governing law (06/30/16)
- n. Conflict (06/30/16)

2.15 Standard of care (02/07/08)

2.16 Payment instructions (04/30/19)

2.17 Delivery of documents and forms (06/25/20)

2.18 Freddie Mac Exclusionary List (12/12/24)

- a. Purpose of the Exclusionary List (06/28/13)
- b. Access to the Exclusionary List (02/15/21)
- c. Use of the Exclusionary List (12/12/24)
- d. Process for placement on the Exclusionary List (06/29/18)
- e. Controls regarding use and confidentiality of the Exclusionary List (09/28/18)
- f. Waiver of Seller representations and warranties regarding Persons on the Exclusionary List (12/12/24)
- g. Servicer representations and warranties regarding a Transfer of Ownership (09/28/18)
- h. Waiver of Servicer representations and warranties regarding the Exclusionary List (12/12/24)
- i. Reporting obligations of the Seller and Servicer (12/12/24)
- j. Confidentiality and use of the Exclusionary List (06/29/18)
- k. Indemnification (06/29/18)
- l. Remedies (10/07/11)

2.19 Compliance and regulatory risk management (12/12/24)

- a. Policies and procedures (01/01/25)
- b. Chief Compliance Officer (01/01/25)
- c. Prevention, detection and reporting of fraud and other Suspicious Activity; Restricted Vendor List (12/12/24)

2.20 Business continuity and recovery (12/12/24)

- a. Business Continuity Plan (12/12/24)
- b. Business Continuity Plan training (12/12/24)



- c. Business Disruption notification requirements (12/12/24)
- 2.21 Email communications with Seller/Service providers (07/01/14)
- 2.22 Anti-money laundering compliance (12/12/24)
- 2.23 Office of Foreign Assets Control (OFAC) compliance (08/15/24)
- 2.24 Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) (08/15/24)
- 2.25 Equity Conflicts of Interest (02/22/24)
- 2.26 Information security (12/12/24)
 - a. Information security minimum requirements (12/12/24)
 - b. Access control (12/12/24)
 - c. Compliance with Freddie Mac Security Incident requirements (12/12/24)
- 2.27 Vendor risk management program (10/19/23)
- 2.28 Public Records Searches (08/15/24)
- 2.29 Document retention and destruction (12/12/24)
- 2.30 Use of Artificial Intelligence and Machine Learning (12/12/24)
 - a. Compliance with law (12/12/24)
 - b. Indemnification (12/12/24)



2.1 Notification concerning Principals (12/12/24)

In addition to the requirements set forth below, Chapter 7 sets forth Freddie Mac's requirements regarding fraud detection, prevention and reporting.

If a Seller/Servicer obtains knowledge of commission by a Principal of any act or offense indicating a lack of business competence, integrity or honesty, the Seller/Servicer must immediately

- Cease involving the Principal in any of the Seller/Servicer's Freddie Mac business, and
- Notify the Multifamily Fraud Investigative Unit in writing at MF_Mortgage_Fraud_Reporting@freddiemac.com.

Such knowledge includes knowledge of a criminal conviction or civil judgment against any Principal for commission of fraud or a criminal offense in connection with negotiating, obtaining, attempting to obtain, or performing a public or private agreement or transaction; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, perjury, making false statements, misrepresentation, receiving stolen property, conspiracy, making false claims, or obstruction of justice.

2.2 Limitation on the number and amount of Mortgage purchases and commitments (10/07/02)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of Mortgage commitments it will accept from any Seller. Maximums are subject to change by Freddie Mac at any time without notice or publication.

2.3 Limitation on the number and amount of multifamily Mortgages (12/15/20)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of multifamily Mortgages it will purchase within any geographic area, or with the same Borrower, Borrower Principal, or with related persons or Affiliates of the Borrower or Borrower Principal (including partnerships or corporations with common, interlocking, or interconnected ownership or organizational structures).

2.4 Sale of Mortgages by Freddie Mac (12/05/03)

Freddie Mac may from time to time sell, in whole or in part, Mortgages it has purchased pursuant to the Purchase and Servicing Documents. Freddie Mac will attempt to make the sales in a manner that causes as little disruption as possible to the Servicer.

2.5 Modification of programs and products (12/05/03)

Freddie Mac reserves the right to supplement, modify or terminate any purchase program or product at any time without prior notice.



2.6 Race or racial composition of a neighborhood (12/05/03)

Freddie Mac does not consider race and the racial composition of a neighborhood to be reliable appraisal factors. Freddie Mac will not purchase any Mortgage supported by an Appraisal report that makes reference to race or the racial composition of the neighborhood.

2.7 Freddie Mac audit (12/12/24)

Freddie Mac may, at any time, conduct an audit of a Seller/Servicer that is selling or Servicing Mortgages for Freddie Mac for the purpose of verifying the Seller/Servicer's compliance with the terms and conditions of the Purchase and Servicing Documents. Freddie Mac will select the Mortgages to be audited.

a. Before the audit (09/14/23)

Freddie Mac will inform Seller/Servicers who are scheduled to be audited that they must provide certain documentation to the Freddie Mac Multifamily Audit Lead through the Document Management System (DMS) or such other system or method as Freddie Mac may approve. The Servicer must provide the requested documentation within the applicable time frame(s) stated in the engagement letter that Freddie Mac sends to the Seller/Servicer before Freddie Mac's audit begins.

b. After the audit (12/12/24)

After the audit, Freddie Mac will prepare a written draft audit report that summarizes the audit and includes audit findings, if any, and provide such draft audit report to the Seller/Servicer.

Upon receipt of the draft audit report, the Seller/Servicer must immediately prepare a written response. The Seller/Servicer must send the response to the Freddie Mac Multifamily Audit Lead through email, DMS or such other system as Freddie Mac may approve within five Business Days after the Seller/Servicer's receipt of the draft audit report. The response must include a detailed remediation plan to resolve each finding identified in the audit. Freddie Mac will review the Seller/Servicer's written response and include it in the final audit report.

If the Seller/Servicer fails to provide a timely response, or the response does not adequately address each finding identified in the audit, or the Seller/Servicer fails to resolve an audit finding satisfactorily within 180 days of final audit report issuance and provide evidence of satisfactory remediation to the audit team within that time frame, Freddie Mac may:

- Increase its audit frequency, and/or
- Exercise any of its rights (as described in Chapter 4) to impose Probation or Suspension or Termination

Minor findings must be remediated, with evidence of remediation provided to Freddie Mac, within 180 days of issuance of the final audit report. The time frame for remediation of major and critical findings will be dictated by Freddie Mac and communicated to the Seller/Servicer.

See also the provisions in Chapters 46SBL and 47.



2.8 Receipt and treatment of confidential information (12/07/04)

~~Freddie Mac may provide the Seller/Servicer with information and documentation that Freddie Mac has identified as "confidential information" or "confidential." Such confidential information includes information and documentation concerning the development, negotiation, operation or terms of various products, programs, technology, business terms, trade secrets, certain commercial and financial information, and "material inside information" within the meaning of the federal securities laws. Confidential information may also include confidential information belonging to third parties.~~
Freddie Mac may provide the Seller/Servicer with information and documentation that Freddie Mac has identified as "confidential information" or "confidential." Such confidential information includes information and documentation concerning the development, negotiation, operation or terms of various products, programs, technology, business terms, trade secrets, certain commercial and financial information, and "material inside information" within the meaning of the federal securities laws. Confidential information may also include confidential information belonging to third parties.

1. The Seller/Servicer must treat all confidential information and all information or materials prepared from confidential information, defined as "derivative information," as strictly confidential and proprietary. The Seller/Servicer must not release or disclose or permit the release or disclosure of all or any part of the confidential information or the derivative information for any purpose at any time except to the extent:
 - Allowed by this section
 - Expressly required or consented to by Freddie Mac in writing, or
 - Ordered by a court or administrative agency

In the event the Seller/Servicer anticipates that it may be required, for any reason, to release or disclose confidential information or derivative information, the Seller/Servicer must immediately notify the applicable *Freddie Mac Multifamily Attorney* to allow Freddie Mac to take any actions it deems necessary to prevent or limit the release or disclosure of the confidential information or derivative information.

2. Unless the Seller/Servicer has obtained prior written consent from Freddie Mac, the Seller/Servicer must not copy or permit copies to be made of all or any part of the confidential information or the derivative information except to the extent necessary for Servicing the Mortgages or fulfilling any other obligations to Freddie Mac. The Seller/Servicer must mark "Confidential" in a prominent location on all confidential information, derivative information and on all copies.
3. The Seller/Servicer may provide confidential information or derivative information to those officers, directors, principals, partners or employees of the Seller/Servicer and its regulators, auditors, counsel and accountants to the extent necessary to Service the Mortgages. The Seller/Servicer must notify any individuals receiving confidential information or derivative information that the individual has the same obligations as the Seller/Servicer to keep the confidential information or derivative information confidential.
4. Confidential information and derivative information do not include any information that is:



- Generally available to the public
- Provided to the Seller/Servicer by a third party that is not itself under a confidentiality obligation with respect to the information, or
- Independently developed by the Seller/Servicer without use of any portion of the confidential information

2.9 Availability of Freddie Mac Multifamily Loan Documents and other legal forms (02/29/12)

a. Freddie Mac Multifamily Loan Documents (02/29/12)

Freddie Mac Multifamily Loan Documents are available to Seller/Servicers in the Multifamily Loan Documents section of mf.freddie.mac.com/lenders/legal/.

b. All other legal forms (02/29/12)

Freddie Mac legal forms that are not available at mf.freddie.mac.com/lenders/legal/ are available from the applicable Freddie Mac *Multifamily Attorney*.

2.10 Co-marketing with the Freddie Mac Multifamily and Optigo® name, logo and offerings (06/27/19)

a. Optigo® Lenders (06/27/19)

1. Approval to use the Freddie Mac Multifamily and Optigo® logos

A Seller/Servicer approved as an Optigo Lender may use the Freddie Mac Multifamily and Optigo logos or graphics in advertising, marketing or other promotional materials, provided that the Optigo Lender has provided Freddie Mac with a copy of the materials and Freddie Mac has approved those materials prior to their use.

2. Approval to use the Freddie Mac Multifamily and Optigo names

Without review by Freddie Mac Multifamily, a Seller/Servicer approved as an Optigo Lender may use the name “Freddie Mac Multifamily” or “Optigo” in advertising, marketing or other promotional materials to indicate that it is approved to sell loans to Freddie Mac Multifamily, as long as those materials do not indicate that it is approved to sell a particular type of loan for which it does not have approval. Loan types include Conventional, Targeted Affordable Housing, Seniors Housing, and SBL Mortgages.

If the materials are being used for any purpose other than to indicate approval to sell Freddie Mac Multifamily loans, then prior to using these materials, the Optigo Lender must provide Freddie Mac with a copy of the materials for Freddie Mac’s review and approval.

3. Approval to use Optigo offering terms and other offering information

An Optigo Lender may use Optigo offering terms and offering information in whole or in part in its branded marketing materials if the following conditions are met:



- The Optigo Lender has not modified any Freddie Mac Multifamily or Optigo trademarks or registered marks.
- The Optigo Lender has not changed any program terms.
- The Optigo Lender has provided Freddie Mac with a copy of the materials prior to their use.
- Freddie Mac has approved the provided materials.

4. Approval to link to online Freddie Mac resources

An Optigo Lender may post direct web links from its branded webpage to Optigo program terms located on mf.freddiemac.com.

5. Freddie Mac's obligation to notify Optigo Lenders regarding changes

If an Optigo Lender uses Freddie Mac offering terms or information in its marketing materials or posts direct web links from its webpage, it is the obligation of the Optigo Lender to keep the program terms and web links updated. Freddie Mac may modify, update or discontinue its product terms and other information or change its product terms located on its website from time to time. Freddie Mac is under no obligation to notify Optigo Lenders of any such changes beyond Freddie Mac's standard communications to all Freddie Mac Seller/Service providers regarding such changes.

b. Seller/Service providers not approved to sell to Freddie Mac (06/27/19)

A Seller/Service provider that is not an Optigo Lender may not use the Freddie Mac Optigo or Multifamily name, logo or offering information in any advertising, marketing or other promotional materials without the prior written consent of Freddie Mac.

c. Other entities (06/27/19)

An Optigo Lender that enters into a relationship with other entities for the purpose of originating multifamily Mortgages for sale to Freddie Mac must obtain, on behalf of those entities, the prior written consent of Freddie Mac before the other entities may use the Freddie Mac Multifamily or Optigo names, graphics or logos in advertising, marketing or other promotional materials. Such entities may not use these items without Freddie Mac's prior written consent.

d. Delivery of materials or requests for approval (06/27/19)

Optigo Lenders must submit requests to use the Freddie Mac Multifamily or Optigo graphics to the Freddie Mac Corporate Branding Group via the "Logo Use Permission" section of mf.freddiemac.com, http://www.freddiemac.com/terms/logo_use.html.

Optigo Lenders must send co-marketing requests, including requests to use the Freddie Mac name, to Multifamily Marketing at the multifamily_marketing@freddiemac.com.



Requests for consent must include a copy of the proposed material.

e. Withdrawal of approval (06/27/19)

Freddie Mac may withdraw an approval to use the Freddie Mac Optigo Lender designation, the Freddie Multifamily or Optigo logo, the Freddie Mac Multifamily or Optigo name, graphic, web link or product terms at any time upon 10 Business Days' prior notice. After receipt of such notice, the Optigo Lender must discontinue use of the designation, logo, name, graphic, product terms and/or web links, as applicable. However, if the withdrawal of the consent is required by Freddie Mac's regulators or any other governmental entity, Freddie Mac may withdraw the consent with such prior notice as is commercially reasonable or practicable under the circumstances. Upon receipt of notice that Freddie Mac is withdrawing its consent at the requirement of a regulator or other government entity, the Optigo Lender must promptly and diligently use good faith efforts to discontinue use of the product terms and/or web links, as applicable.

2.11 Minority-owned and women-owned business enterprises (06/27/19)

It is Freddie Mac's policy to provide the maximum practicable opportunity to minority-owned and women-owned business enterprises to compete fairly as suppliers, contractors and subcontractors in Freddie Mac's business activities, taking into account both price and quality. As an aspect of this policy, Freddie Mac encourages Optigo Lenders to ensure that minority-owned and women-owned business enterprises are given the opportunity to compete fairly in supplying services to our Optigo Lender network.

2.12 Using the Freddie Mac Multifamily Software Applications (02/18/21)

a. Authorization to use the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (02/18/21)

Freddie Mac authorizes each Seller/Servicer to use the Freddie Mac Multifamily Software Applications, at no cost to the Seller/Servicer, in connection with the sale of Mortgages to and/or the servicing of Mortgages for Freddie Mac, solely for the delivery of information and documentation to Freddie Mac. The Freddie Mac Multifamily Software Applications include the following:

- Consent Request Tracker (CRT)
- Document Management System (DMS)
- Freddie Mac Access Manager (FAM)
- General Loan Information (GLI)
- Insurance Compliance Tool (ICT)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Servicer Guide via AllRegs® Online (Guide)
- myOptigoSM
- Origination and Underwriting System (OUS)
- Property Reporting System (PRS)
- Small Balance Loan Production Pipeline Manager (PPM)



Freddie Mac further authorizes each Seller/Servicer to use Freddie Mac Approved Third Party Applications for the delivery of information and documentation to Freddie Mac. Such Freddie Mac Approved Third Party Applications may require the Seller/Servicer to enter into a contract for services with the applicable third party. Seller/Servicer remains solely responsible and liable for, and Freddie Mac undertakes no responsibility and/or liability in connection with, any error, omission, malfunction and/or negligence caused by Seller/Servicer's use of Freddie Mac Approved Third Party Applications.

Freddie Mac Approved Third Party Applications include the Optigo Happy Inspection Application, powered by HappyCo.

Freddie Mac agrees to accept information and documentation through the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications.

b. Seller/Servicer's use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (09/30/20)

The Seller/Servicer's use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications must comply at all times with the requirements of the Guide and any user manuals and instructions provided by Freddie Mac.

c. Seller/Servicer's warranties (09/30/20)

The Seller/Servicer acknowledges that all of the representations and warranties that it is deemed to make under Chapter 5 of the Guide are applicable to all loan documentation, data and other information provided to Freddie Mac by the Seller/Servicer through the Freddie Mac Multifamily Software Applications and/or Freddie Mac Approved Third Party Applications, and that Freddie Mac will have all rights and remedies available to it under the Guide with respect to:

- A breach by the Seller/Servicer of any such warranty, or
- Any misrepresentation by the Seller/Servicer

d. No Freddie Mac liability (09/30/20)

In no event will Freddie Mac be liable to the Seller/Servicer or any other party for indirect, special, incidental, exemplary or consequential damages (including damages for loss of data or programming, loss of revenue or profits, or loss of business) arising out of, or related to, use of or inability to use the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications. Freddie Mac will have no liability to the Seller/Servicer for third-party claims made against the Seller/Servicer arising out of, or relating to, the Seller/Servicer's use of or inability to use the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications.

e. Ownership of the Freddie Mac Multifamily Software Applications (02/29/12)

The Seller/Servicer acknowledges that the Seller/Servicer has no ownership or other interest in the Freddie Mac Multifamily Software Applications, except to the extent of the rights expressly granted in the Guide.



f. Termination of the right to use the Freddie Mac Multifamily Software Applications (09/30/20)

Freddie Mac reserves the right to terminate a Seller/Service's use of any of the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications at any time in its sole discretion upon notice to the Seller/Service.

2.13 System administrator requirements (12/12/24)

a. Seller/Service assignment of a system administrator (06/17/21)

Prior to the Seller/Service's implementation of any of the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications, the Seller/Service must designate one or more individuals on its staff to serve as the system administrator(s) to manage access to the following:

- The Freddie Mac Multifamily Software Applications and the Freddie Mac Approved Third Party Applications, as listed in Section 2.12(a)
- Multifamily secure content on mf.freddiemac.com, including the Freddie Mac Exclusionary List

The Seller/Service must add, update or remove access for system administrators by submitting Form 1146, System Administrator Add/Update/Remove Request Form, following the directions found on the form.

b. System administrator responsibilities (12/12/24)

The system administrator is required to identify:

- Each Seller/Service employee (or vendor) who needs access to a particular Freddie Mac Multifamily Software Application, Freddie Mac Approved Third Party Application and/or Multifamily secure content on mf.freddiemac.com
- For Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications, the appropriate authority level of the employee's or vendor's access based on the employee's or vendor's roles and responsibilities

The method of identification will vary. The system administrator must:

- Enter the user's contact information in FAM, to provide access to myOptigoSM for Investor Reporting, and the Multifamily secure content
- Enter the user's contact information in both FAM and in OUS, to provide access to OUS
- Complete the DMS New User Setup, Reactivation and Deactivation form and submit it to MF_Service_Desk@freddiemac.com, to provide access to or reactivate user access to DMS



- Enter the user's contact information in FAM, complete the Insurance Compliance Tool (ICT) User Access Request, and submit it to MF_Service_Desk@freddiemac.com, to provide access to the ICT
- Enter user information into PRS to manage access to that software application
- Enter user information into MES to manage access to that software application
- Confirm or revoke requests for user access to CRT as appropriate
- Work with the third-party service provider to manage user access for the applicable Freddie Mac Approved Third Party Application

When an employee or vendor for a Seller/Service provider leaves the Seller/Service provider's employ or transitions to a role that no longer requires access to any Freddie Mac Multifamily Software Application or Freddie Mac Approved Third Party Application, the system administrator must, take each of the following actions in a timely manner:

- Revoke the user's access in FAM
- Revoke the user's access to OUS in OUS
- Submit the DMS New User Setup, Reactivation and Deactivation Form to MF_Service_Desk@freddiemac.com to request removal of the employee or vendor from DMS
- Submit the Insurance Compliance Tool (ICT) User Access Request to MF_Service_Desk@freddiemac.com to request removal of the employee's or vendor's access from the ICT
- Revoke the user's access information in PRS
- Revoke the user's access information in MES
- Revoke the user's access information in CRT
- Revoke the user's access information in each applicable Freddie Mac Approved Third Party Application, including Optigo Happy Inspection Application, powered by HappyCo

c. System administrator certification of valid users (09/30/20)

At least every six months, Freddie Mac will provide a user listing to the Seller/Service provider's system administrator(s), who must review the listing and certify to Freddie Mac that each user granted access to a Multifamily Software Application is a current employee of the Seller/Service provider or a vendor for the Seller/Service provider, that the user has the appropriate application access and authority level based on the user's roles and responsibilities, and that the user contact information, including the user's e-mail address, is correct. The system administrator must complete Form 1148, System User Verification and Certification, to make such certifications.

Form 1148 must be returned to Freddie Mac according to the instructions shown on the form within 15 Business Days of receipt of the request from Freddie Mac.



Any Seller/Servicer with a contract for services from a Freddie Mac Approved Third Party Application provider must obtain a user listing from such provider at least every six months. The Seller/Servicer's system administrator(s) must confirm that each user granted access to a Freddie Mac Approved Third Party Application is a current employee of the Seller/Servicer or a vendor for the Seller/Servicer, that the user has the appropriate application access and authority level based on the user's roles and responsibilities, and that the user contact information, including the user's e-mail address, is correct. Seller/Servicer's system administrator(s) must retain evidence of this review and provide such evidence to Freddie Mac within 15 Business Days of receipt of a request from Freddie Mac. Additionally, Seller/Servicer grants Freddie Mac the right to periodically request a user listing for Seller/Servicer's users from the system administrators of Freddie Mac Approved Third Party Applications.

d. Seller/Servicer officer verification and certification of system administrators (04/27/18)

At least every six months, an authorized officer of the Seller/Servicer must review and verify the record for each of its system administrators and certify the following to Freddie Mac:

- Each of the current system administrators is a current employee of or vendor for the Seller/Servicer with appropriate application access and authority level based on the system administrator's roles and responsibilities, and
- All system administrator contact information, including the system administrator's e-mail address, is correct. The officer must complete Form 1149, System Administrator Verification and Certification, to make these certifications.

Form 1149 must be returned to Freddie Mac according to the instructions shown on the form within 15 Business Days of receipt of the request from Freddie Mac.

2.14 ~~Electronic Signatures, Electronic Records, and data security (06/13/24)~~ Electronic Signatures, Electronic Records, and data security (02/27/25)

a. Overview (05/05/17)

Freddie Mac may require or permit Seller/Servicers to conduct certain transactions with Freddie Mac electronically. Freddie Mac will identify the particular transactions that will be required or permitted to be Electronic Transactions in the Guide, in any other Purchase and Servicing Documents or by written instructions provided to each Seller/Servicer. Electronic Transactions will be subject to this section and all other applicable sections of the Guide and the Purchase and Servicing Documents.

b. Definitions (06/30/16)

As used in this section, these terms are defined as follows:

• **Computer Systems**

All computers, servers, fax machines, other Electronic devices, hardware, web sites, Internet, private networks, telephone lines or wireless communications, together with software applications, security measures, proprietary coding, interfaces and/or



connectivity used to create, present, sign, transfer, transmit, send, submit, deliver, receive, retrieve, maintain, and/or store Records, Electronic Records or Electronic Signatures in order to engage in and/or conduct Electronic Transactions

- **Computer Contagion**

Any computer viruses, time bombs, trojan horses, worms, trapdoors or other harmful or malicious computer information, commands, codes or programs

- **Electronic**

Relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities, as defined in the UETA and/or E-SIGN

- **Electronic Record**

A Record created, generated, sent, communicated, received, or stored by Electronic means, as defined in the UETA and/or E-SIGN. An Electronic Record includes, but is not limited to the following:

- A facsimile (“fax”) machine copy of a Record
- A scanned copy of a Record
- A paper Record converted into an Electronic Record
- An e-mail
- Electronic information communicated or transmitted using Electronic means permitted or required by Freddie Mac

- **E-SIGN**

The federal Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S. Code, Chapter 96)

- **Electronic Signature**

An Electronic sound, symbol or process attached to, or logically associated with, a contract or other Record and executed or adopted by a person with the intent to sign the Record, as defined in the UETA and/or E-SIGN

- **Electronic Transaction**

An action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs, using Electronic means, as defined in the UETA and/or E-SIGN

- **Host**



Any third party selected by the Seller/Servicer or Freddie Mac to act as a web site host

- **ISP**

Internet service provider or other method of being connected to the Internet

- **Record**

Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form as defined in the UETA and/or E-SIGN. A Record may be a paper or an Electronic document

- **UETA**

The Uniform Electronic Transactions Act of 1999, promulgated by the U.S. Uniform Law Commission for consideration and enactment by the States. Reference to the UETA herein means the UETA as promulgated by the U.S. Uniform Law Commission or the UETA as enacted by an applicable State

c. Scope of Electronic Transactions and Electronic Signatures (05/05/17)

Electronic Transactions and Electronic Signatures that are not expressly required or permitted by Freddie Mac pursuant to the Guide, the Commitment, the early rate-lock application or another agreement are prohibited.

d. Security standards (06/13/24)

1. Minimum standards

Freddie Mac may, in its sole discretion and from time to time, without limiting the Seller/Servicer's liability set forth in this section, establish minimum security standards that the Seller/Servicer must comply with in order to:

1. Protect and safeguard the Seller/Servicer's Electronic Signature from loss, theft or unauthorized disclosure or use; and
2. Prevent the infiltration and infection of the Seller/Servicer's or Freddie Mac's Computer Systems by a Computer Contagion.

2. Restricted access from foreign countries or regions

Notwithstanding any other provision in the Guide to the contrary, Freddie Mac may utilize traffic filtering or block or otherwise restrict the access of Seller/Servicers, their third parties and/or their respective authorized users from certain countries or regions outside the United States. This may include, but is not limited to, blocking access from countries or regions implicated by sanctions or other restrictions imposed by the Office of Foreign Assets Control ("OFAC"). Freddie Mac shall have no liability to Seller/Servicers, their third parties or any other party as a result of imposing or effecting any such restrictions on access.



e. **Compliance with security standards (10/19/23) Compliance with security standards (12/12/24)**

1. Minimum security standards

- The Seller/Servicer must comply with Freddie Mac's minimum security standards within the time period established by Freddie Mac
- Freddie Mac has the right to confirm the Seller/Servicer's compliance with Freddie Mac's minimum security standards
- The Seller/Servicer's compliance with the minimum security standards does not relieve the Seller/Servicer from any of its obligations set forth in this section
- The Seller/Servicer is solely responsible for adopting and maintaining security measures that are consistent with the risk associated with conducting Electronic Transactions with Freddie Mac, including any security measures that exceed any minimum security standards established by Freddie Mac

2. Notification of Security Incident

The changes to this Section 2.26(c), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

If the Seller/Servicer knows or reasonably believes that there has been any loss, theft, unauthorized or improper disclosure or use of the Seller/Servicer's Electronic Signature, the Seller/Servicer must immediately, and in no event later than 24 hours after the Security Incident is discovered (as defined in Section 2.26(c)), notify Freddie Mac in accordance with Section 2.26(c).

3. Failure to adopt or maintain standards

The Seller/Servicer's failure to adopt and maintain appropriate security measures or to comply with any minimum security standards established by Freddie Mac may result in, among other things, termination of the Seller/Servicer's access to Computer Systems of Freddie Mac or any Freddie Mac Host.

4. Seller/Servicer responsibility

The Seller/Servicer will be fully responsible for protecting and safeguarding its Computer Systems from any and all:

- a. Computer Contagions that may cause or facilitate the destruction, corruption, malfunction or appropriation of, or damage or change to, any of the Seller/Servicer's, Freddie Mac's and/or any Freddie Mac Host's Computer Systems; and
- b. Computer Contagions that enable unauthorized access to the Seller/Servicer's, Freddie Mac's and/or any Freddie Mac Host's Computer Systems.



f. Seller/Service's agreement regarding Electronic Records and Electronic Signatures (06/25/20)

1. The Seller/Service's consents to the use of Electronic Records and/or Electronic Signatures whenever expressly required or permitted by Freddie Mac.
2. The Seller/Service's agrees to adopt any Electronic Signature required or provided by Freddie Mac.
3. The Seller/Service's agrees to adopt and maintain security measures sufficient to protect and safeguard its Electronic Signature from loss, theft and unauthorized or improper disclosure or use.
4. The Seller/Service's agrees that if its Electronic Signature is attached to or logically associated with any Record transmitted or submitted to Freddie Mac, such attachment or association of its Electronic Signature will be conclusive verification that the Seller/Service's executed and intended to be bound by the terms of the Record. In addition, such Electronic Signature will be deemed as valid as its ink counterpart on paper, and will not require the Seller/Service's to conduct due diligence on DMS or on any signing technology embedded in a form downloaded from a Freddie Mac website, nor will it constitute any Seller/Service's representation or warranty regarding the same.
5. Before Freddie Mac requires or permits the Seller/Service's to send any Electronic Transaction to Freddie Mac, Freddie Mac may specify its requirements for the Seller/Service's Computer System and ISP, in which event the Seller/Service's must ensure that it complies with those requirements.
6. The Seller/Service's agrees that it is able to readily print, store and retrieve any Electronic Record transmitted by Freddie Mac to it; and the Seller/Service's is able to transmit or submit Electronic Records to Freddie Mac.
7. The Seller/Service's agrees that it is fully responsible for protecting and safeguarding its Computer System from all Computer Contagions that may damage Freddie Mac's or any Freddie Mac Host's Computer System.

g. Indemnification (06/30/16)

The Seller/Service's agrees to indemnify, defend and hold Freddie Mac and any Freddie Mac Host harmless from and against any and all losses, costs, claims, actions, damages (including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not), liabilities, judgments, legal fees, counterclaims or defenses to which Freddie Mac and/or any Freddie Mac Host may become subject or that arise out of or that occur in connection with:

1. Any Computer Contagion; or
2. The loss, theft, unauthorized or improper disclosure or use of the Seller/Service's Electronic Signature; or



3. The Seller/Servicer's failure to comply with Freddie Mac's requirements in connection with conducting an Electronic Transaction with Freddie Mac; or
4. The Seller/Servicer's repudiation of the Seller/Servicer's Electronic Signature affixed to, attached to, or otherwise logically associated with a Record (or copy thereof) delivered to Freddie Mac; or
5. A breach of Seller/Servicer's representations and warranties under Section 2.14(j)(2), with respect to any Record delivered by Seller/Servicer to Freddie Mac bearing an Electronic Signature from a Borrower, Borrower Principal, guarantor, or their respective legal representatives/signatories.

h. Limit on Freddie Mac's liability (02/06/04)

Freddie Mac will not be liable for any of the following:

1. Any delay or failure in performing its obligation under an Electronic Transaction when the delay or failure is caused by an event beyond Freddie Mac's control:
 - That could not reasonably be expected to have been taken into account at the time of the Electronic Transaction, or
 - The consequences of which could not be avoided or overcome
2. The failure of its or the Seller/Servicer's ISP to timely, properly or accurately transmit any Electronic Record
3. Any indirect, incidental, special or consequential damages arising out of or relating to any Electronic Transaction

Except as set forth in items 1 through 3 above, the provisions of this Section 2.14(h) will not limit Freddie Mac's responsibility for any direct losses sustained by a Seller/Servicer as a result of a Computer Contagion explicitly and directly transmitted by Freddie Mac.

~~i. Method of notification (06/30/16)~~ Method of notification (02/27/25)

~~Each Seller/Servicer must designate the person(s) who will be the System Administrator(s) and must provide written notification to Freddie Mac Director, Multifamily Customer Management (or its current functional equivalent) regarding the name and complete contact information for each such person. A Seller/Servicer must provide written notification to Freddie Mac Director, Multifamily Customer Management (or its current functional equivalent) no later than five Business Days after the occurrence of any change of System Administrators or their contact information.~~

Freddie Mac will provide each Seller/Servicer with at least 30 days' notice of a change regarding Electronic Signatures or Electronic Records unless Freddie Mac determines that a shorter notice period is necessary or advisable to protect Freddie Mac's interest. Freddie Mac will provide such notice in a Guide Bulletin or by written notice to the System Administrators.

**j. Electronic Signatures from Borrowers (05/05/17)**

1. Subject to Section 2.14(j)(2), Freddie Mac will accept Electronic Signatures of Borrowers, Borrower Principals, guarantors, or their respective legal representatives/signatories (as applicable), on all numbered Guide forms, except to the extent otherwise indicated on such form or requested by Freddie Mac.
2. If a Seller/Servicer elects to deliver to Freddie Mac a Record identified in Section 2.14(j)(1) signed with an Electronic Signature, the Seller/Servicer represents and warrants as follows with respect to each such Record:
 - The Seller/Servicer has conducted prior due diligence on all software and processes involved in producing the Borrower's Electronic Signature on such Record, and has confirmed that such software and processes create valid, enforceable and effective Electronic Signatures in compliance with E-SIGN and UETA. The due diligence and confirmation process includes having all necessary electronic systems and processes reviewed by internal or external technology and security experts and legal experts.
 - The delivered Record is a valid, enforceable and effective Electronic Record, in compliance with E-SIGN and/or UETA, as applicable.

k. Electronic Signatures from third parties (06/30/16)

Freddie Mac will accept Electronic Signatures on all third-party reports submitted in connection with the underwriting of a Mortgage.

l. Electronic Signatures from Seller/Servicers (05/05/17)

Freddie Mac will accept Electronic Signatures of Seller/Servicers on the following documents:

- Commitments, early rate lock applications, Index Lock Agreements and all related Amendments, Adjustments/Modifications and Corrections
- Servicing approval requests
- All numbered Guide forms, except to the extent otherwise indicated on such form or requested by Freddie Mac

m. Governing law (06/30/16)

The law governing Electronic Transactions will be E-SIGN and/or the UETA, as enacted by an applicable State. Under no circumstances will any Electronic Transaction be governed by the Uniform Computer Information Transactions Act (UCITA), unless Freddie Mac expressly agrees in a written or Electronic amendment to the Purchase and Servicing Documents.

n. Conflict (06/30/16)

If the requirements set forth in this section conflict with requirements in other sections of the Guide, or with other Purchase and Servicing Documents, or any other written agreement between the Seller/Servicer and Freddie Mac, then the requirements in such other Guide



sections, or other Purchase and Servicing Documents, or other written agreements (as applicable), will control and prevail over these requirements, but only to the extent necessary to resolve the conflict. If the Seller/Servicer believes there is any such conflict, the Seller/Servicer must contact Freddie Mac to discuss any such conflict in an effort to resolve it.

2.15 Standard of care (02/07/08)

The Seller/Servicer must perform its obligations set forth in the Guide and the Purchase and Servicing Documents with the same degree of care and diligence as it would perform in originating or servicing a loan for its own portfolio.

2.16 Payment instructions (04/30/19)

Before instructing Freddie Mac to make any payment via wire transfer, Automated Clearing House (ACH) (if applicable), check or any other electronic payment system, a Seller/Servicer must submit to Freddie Mac *Multifamily Cash Management* authorization documentation in accordance with the requirements of Section 32.12(a). Payments cannot be made if such authorization documentation is not on file with Freddie Mac and in compliance with the requirements of Section 32.12(a). For payments to be made via wire transfer, a Seller/Servicer also must comply with the requirements of Section 32.12(b).

2.17 Delivery of documents and forms (06/25/20)

This Guide contains instructions for the delivery of various documents and forms to Freddie Mac, including the delivery of the underwriting packages, final delivery packages and a number of different Servicing forms. In lieu of using the delivery instructions set forth in this Guide, any Seller/Servicer that is a user of DMS must deliver all documents and forms in accordance with the instructions provided in the training provided to the Seller/Servicer for its use of DMS.

The Seller/Servicer's delivery of any document or form to Freddie Mac using DMS will be deemed to be an Electronic Transaction under the Guide, and, as set forth in Section 2.14(f), if such Electronic Record contains Seller/Servicer's duly authorized employee's Electronic Signature or signature, or a copy or representation of such Electronic Signature or signature, the document or form will be as effective, enforceable and valid as a paper version of such document or form containing a duly authorized handwritten signature.

2.18 Freddie Mac Exclusionary List (12/12/24)

a. Purpose of the Exclusionary List (06/28/13)

Freddie Mac maintains the Freddie Mac Exclusionary List (“Exclusionary List”) to protect the integrity of its Mortgage purchase and Servicing functions. The names of persons or entities with the roles stated in Section 2.18(c) whose conduct presents risks to Freddie Mac, as determined by Freddie Mac in its sole discretion, may be placed on the Exclusionary List, in which case such persons or entities are prohibited from doing business with Freddie Mac, either directly or indirectly.

**b. Access to the Exclusionary List (02/15/21)**

The Exclusionary List is updated at least monthly by Freddie Mac and is electronically available to authorized Seller/Service providers as a document as part of the Multifamily secure content. The Seller/Service provider must ensure that it uses only the most current version of the Exclusionary List. The Seller/Service provider may obtain access to the Multifamily secure content and the Exclusionary List by contacting its system administrator. Seller/Service providers can access the Exclusionary List under "Quick Links" on the Originate and Underwrite and Asset Management web pages.

c. Use of the Exclusionary List (12/12/24)

The Seller/Service provider must use the Exclusionary List only for the purposes set forth in this Section 2.18(c). Except as provided in Section 2.18(f), if a party on the Exclusionary List has played one of the roles set forth in this Section with respect to the origination of a Mortgage, a Transfer of Ownership, or the underlying real estate transaction, the Mortgage is not eligible for sale to Freddie Mac or for Freddie Mac's approval of a Transfer of Ownership, as applicable. The Seller/Service provider must have written practices and procedures in place that instruct employees how to conduct searches of the Exclusionary List and how to verify and address potential positive and positive matches.

A Seller/Service provider may contact Freddie Mac via elist_confirmation@FreddieMac.com regarding:

- Assistance with verifying potential matches
- Questions about access to and content of the Exclusionary List

The Seller/Service provider must maintain evidence in the Mortgage File that the Seller/Service provider has used the Exclusionary List to screen the applicable individuals and entities in accordance with this section, including the date that the Exclusionary List was screened.

1. Screen employees and contractors of the Seller/Service provider.

The Seller/Service provider must ensure that no individual or entity whose name is on the Exclusionary List is employed by or contracted to the Seller/Service provider in connection with the origination or servicing of Freddie Mac Mortgages, including the Seller/Service provider's own officers, directors, employees, and any third parties to whom origination or Servicing functions regarding Freddie Mac Mortgages are outsourced, as more particularly set forth below.

The Seller/Service provider must screen each individual or entity that has a substantive role in the origination or Servicing of a Freddie Mac Mortgage, which includes, without limitation, any individual or entity that:

- Has a substantive role in any production or credit decision that is part of the origination or Servicing of a Freddie Mac Mortgage



- Is responsible for the receipt or remittance of funds in connection with the sale of a Mortgage to Freddie Mac
- Reports, remits or processes Mortgage payments
- Performs property inspections for Freddie Mac Properties
- Manages Custodial Accounts and/or performs custodial fund accounting for Freddie Mac Mortgages

2. Screen parties involved in the origination of the Mortgage.

- A. Seller/Servicer must use the Exclusionary List to screen each applicable individual and entity in connection with the origination of a Mortgage and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. See also Section 2.28.
- B. Prior to final delivery of the Mortgage to Freddie Mac, the Seller must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File:
 - Broker/correspondent
 - Appraiser (the entity and any individual who signs the Appraisal)
 - Title insurer (the entity which will issue the title policy)
 - Closing agent (the entity and any individual responsible for escrowing any funds in connection with the origination of the Mortgage)
 - Surveyor (the entity and the surveyor who signs the survey)
 - Property condition consultant (the entity and engineer who signs the property condition report)
 - Environmental consultant (the entity and any environmental consultant who signs the environmental report)
 - Seller/Servicer's counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)
 - Borrower's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)
 - Guarantor's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)



- C. In addition to the above, for a Targeted Affordable Housing Mortgage originated under a Forward Commitment, prior to final delivery of the Mortgage, the Seller must screen the Architectural Consultant (the entity, the on-site inspector and any consultant who signs the construction reports described in Section 63.1) and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File.

3. Screen parties involved in a Transfer of Ownership.

The Servicer must use the Exclusionary List to determine whether a person or entity whose name is on the Exclusionary List has played one of the roles set forth in this Section in the Transfer of Ownership or in the underlying real estate transaction.

- A. The Servicer must use the Exclusionary List to screen each applicable individual and entity involved in the Transfer of Ownership or in the underlying real estate transaction in accordance with requirements set forth in the Guide and the Public Records Search Requirements. See also Section 2.28.
- B. Prior to the closing date of the Transfer of Ownership, the Servicer must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File, if applicable for the particular transaction:
- Appraiser (the entity and any individual who signs the Appraisal)
 - Title insurer (the entity which will issue the title policy)
 - Closing agent (the entity and any individual responsible for escrowing any funds in connection with the Transfer of Ownership)
 - Surveyor (the entity and the surveyor who signs the survey)
 - Property engineer (the entity and engineer who signs the property condition report)
 - Environmental consultant (the entity and any environmental consultant who signs the environmental report)
 - Seller/Servicer's counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)
 - New Borrower's counsel
 - New guarantor's counsel

4. Screen proposed new property management companies.

The Servicer must ensure that no proposed new property management company has its name on the Exclusionary List.

**d. Process for placement on the Exclusionary List (06/29/18)**

Freddie Mac will generally provide an individual or entity written notice of proposed placement on the Exclusionary List, along with an opportunity to submit a written response. However, Freddie Mac may determine, in its sole discretion, that circumstances require placement of the name of a person or entity on the Exclusionary List immediately, without prior written notice. Examples of grounds for placement on the Exclusionary List include:

- Fraud or possible fraud
- Misrepresentations, misstatements or omissions of facts
- Theft or misappropriation of funds
- Willful or reckless violation of statutory or regulatory requirements
- Business practices that Freddie Mac determines present risks to Freddie Mac
- Lack of business controls to ensure the integrity of the Mortgages sold to or serviced for Freddie Mac
- Evidence which demonstrates a lack of integrity or business competence
- Other grounds that in Freddie Mac's judgment may adversely affect Freddie Mac

Freddie Mac, in its sole discretion, will render a final decision regarding placement on the Exclusionary List after reviewing the response, if any, submitted by the proposed individual or entity.

e. Controls regarding use and confidentiality of the Exclusionary List (09/28/18)

The Seller/Servicer must maintain sufficient controls to meet its warranty obligations regarding the Freddie Mac Exclusionary List set forth in Section 5.9(c).

f. Waiver of Seller representations and warranties regarding Persons on the Exclusionary List (12/12/24)

Before the Origination Date of a Mortgage, a Seller may contact Freddie Mac to request a waiver of representation and warranty obligations under Section 5.2(g) with respect to the Mortgage. The Seller must make such request to the Freddie Mac Multifamily Fraud Mailbox.

As part of the request, the Seller must inform Freddie Mac of the nature and extent of the role played by the person or entity whose name is on the Exclusionary List in connection with the Mortgage and must provide other relevant information, upon request. If Freddie Mac reviews the request and subsequently elects to grant the waiver, Freddie Mac will provide the Seller with written notice of such election, in which case the Seller's warranty concerning the involvement of the specified excluded person or entity will not be applicable to the sale of the Mortgage. All other requirements of the Purchase Documents relating to the sale of the



Mortgage will remain in full force and effect. Freddie Mac's election to review and its decision to purchase such a Mortgage are within its sole discretion.

g. Servicer representations and warranties regarding a Transfer of Ownership (09/28/18)

In addition to the warranty set forth in Section 5.9(c), prior to any Transfer of Ownership, the Servicer must represent and warrant that it has complied with the requirements of Section 2.18(c)(3).

h. Waiver of Servicer representations and warranties regarding the Exclusionary List (12/12/24)

The Servicer must contact Freddie Mac to request a written waiver prior to performing a function or entering into a transaction that would violate the Servicer's representation and warranty set forth in Section 5.9(c) or in Section 2.18(g) above.

The Servicer must make such request to the Freddie Mac Multifamily Fraud Mailbox.

As part of the request, the Servicer must inform Freddie Mac of the nature and extent of the role played by the person or entity whose name is on the Exclusionary List in the proposed transaction, and must provide other relevant information upon request. If Freddie Mac elects to grant the waiver, Freddie Mac will provide the Servicer with written notice of such election, in which case the warranty concerning the involvement of the specified excluded person or entity will not be applicable to such transaction. All other requirements of the Purchase Documents relating to the Servicing of the Mortgage will remain in full force and effect. Freddie Mac's decision regarding the waiver of such warranties is within its sole discretion.

i. Reporting obligations of the Seller and Servicer (12/12/24)

The Seller/Servicer must immediately report the discovery of any possible breach of its warranties regarding the Exclusionary List. The Seller/Servicer must make such report to the Freddie Mac Multifamily Fraud Mailbox.

j. Confidentiality and use of the Exclusionary List (06/29/18)

The identities of the persons and entities whose names are on the Exclusionary List are not publicly available, and the Exclusionary List is considered "Confidential Information" of Freddie Mac for purposes of Section 2.8. The Seller/Servicer must keep the Exclusionary List confidential in accordance with the terms and conditions of Section 2.8. The Seller/Servicer may use the Exclusionary List only as required in Section 2.18(c), and may not use or disclose the Exclusionary List for any other purpose without Freddie Mac's written permission.

k. Indemnification (06/29/18)

The Seller/Servicer must indemnify Freddie Mac for any loss, damage, or expense resulting from the Seller/Servicer's unauthorized use or failure to maintain the confidentiality of the Exclusionary List or information contained on the Exclusionary List.



I. Remedies (10/07/11)

Freddie Mac's remedies for a breach of the warranties, obligations or requirements of the Seller/Servicer regarding the Exclusionary List include all remedies available to Freddie Mac under the Purchase Documents, including suspension or termination of the Seller or Servicer, and repurchase of the Mortgage.

2.19 Compliance and regulatory risk management (12/12/24)

The changes to this Section 2.19, as announced in the June 13, 2024 Bulletin, are effective January 1, 2025.

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

The changes to this Section 2.19(a), as announced in the June 13, 2024 Bulletin, are effective January 1, 2025.

Each Seller/Servicer must adopt, maintain and administer written policies and procedures that address doing business in compliance with:

- Applicable laws, regulations and orders, including the fair lending and consumer protection laws and regulations listed in Section 5.7(a); and
- Freddie Mac requirements, including origination, underwriting, Servicing, asset management and investor reporting of multifamily Mortgages and Properties

Seller/Servicers must make their policies and procedures available to Freddie Mac upon request.

1. Training

Seller/Servicers must establish compliance training implementing the policies and procedures and a regular training schedule for staff.

The compliance training must be reviewed, and if applicable, updated at least annually to ensure it includes current, complete and accurate information for compliance with Freddie Mac requirements and applicable laws and regulations.

2. Monitoring

Seller/Servicers must review and assess at least annually the adequacy of their policies and procedures to ensure compliance with applicable laws and regulations and the Guide and their other Purchase and Servicing Documents.

3. Non-compliance

Seller/Servicers must notify Freddie Mac *Multifamily Counterparty Risk & Compliance* via email at Multifamily_Eligibility@freddiemac.com within five Business Days of the Seller/Servicer becoming aware of any non-compliant or potential non-compliant activity regarding any applicable law or Freddie Mac requirement that is conducted, or may be conducted, by or on behalf of the Seller/Servicer.

**b. Chief Compliance Officer (01/01/25)**

The changes to this Section 2.19(b), as announced in the June 13, 2024 Bulletin, are effective January 1, 2025.

Each Seller/Servicer must designate one person as its Chief Compliance Officer (CCO). The CCO is responsible for monitoring, overseeing and managing compliance and regulatory risk for their organization.

The CCO is not required to be an officer of the Seller/Servicer. Additionally and optionally, Seller/Servicers may designate a Deputy CCO as a backup to the CCO. Designation of new CCOs or optional Deputy CCOs, or any changes to these roles, must be reported to Freddie Mac via Form 1107M (Multifamily Seller/Servicer Change Notification) within 30 calendar days.

The CCO will receive compliance communications and requests for information from Freddie Mac regarding:

- Fraud and other Suspicious Activity (see Section 2.19(c) below)
- Business continuity and recovery (see Section 2.20)
- Vendor risk management (see Section 2.26)
- Data security (see Section 2.26)
- Other compliance and regulatory matters (including Section 2.19(a) above (effective 01/01/25))

The CCO should contact Freddie Mac *Multifamily Counterparty Risk & Compliance* regarding any issues, comments or questions on any of these matters.

c. Prevention, detection and reporting of fraud and other Suspicious Activity; Restricted Vendor List (12/12/24)

1. Each Seller/Servicer must have specific prevention, detection and reporting practices and procedures in place to address fraud and other Suspicious Activity in all areas in connection with originating and selling a Mortgage to Freddie Mac and Servicing the Mortgage. Each Seller/Servicer must take the following minimum steps:

- Comply with Section 2.18 regarding screening through Freddie Mac's Exclusionary List
- ~~Comply with all other provisions of the Guide relating to the prevention, detection and reporting of fraud and other Suspicious Activity. (See Chapter 7 for additional information relating to Seller/Servicer's other responsibilities with respect to the prevention, detection and reporting of fraud and other Suspicious Activity.)~~ Comply with all other provisions of the Guide relating to the prevention, detection and reporting of fraud and other Suspicious Activity. (See Chapter 7 for additional



information relating to Seller/Servicer's other responsibilities with respect to the prevention, detection and reporting of fraud and other Suspicious Activity.)

2. It is also important for Seller/Servicers to know the parties with whom they do business. Each Seller/Servicer must approve, evaluate, and monitor appraisers and any third party or vendor to whom functions relating to origination or Servicing a Mortgage or REO are outsourced or assigned, and must consult the Multifamily Restricted Vendor List for each such vendor. (See Sections 29.1(c), 29SBL.1(c), 60.4(c), 61.17(e) and 62.8(e)). The Multifamily Restricted Vendor List is made available to Seller/Servicers at mf.freddie.com for the sole purpose of ensuring that an unacceptable third party or vendor does not perform services in connection with Multifamily Mortgage transactions and will constitute "Confidential Information" as defined in Section 2.8.

Freddie Mac's acceptance of the engagement of any specific third-party or vendor may be subject to such additional terms and conditions as Freddie Mac deems necessary, reasonable, or appropriate in Freddie Mac's sole discretion. When applicable, Freddie Mac identifies these third-parties and vendors as Third-Party Vendors on the "Vendors With Conditions List," which is attached as a schedule to the Multifamily Restricted Vendor List. These parties may continue to be engaged by Borrowers or Seller/Servicers but will be subject to the additional conditions described in the Vendors With Conditions List.

2.20 Business continuity and recovery (12/12/24)

a. Business Continuity Plan (12/12/24)

The changes to this Section 2.20(a), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

Seller/Servicers and Material Vendors that present information security risk to Freddie Mac (i.e., those that have access to Freddie Mac data or systems) must implement and maintain a business continuity and disaster recovery plan ("Business Continuity Plan") that provides for the assured and continuous delivery of core operations in the event of a disaster or an incident involving a loss of, or material impact to, any facilities and personnel deemed critical to core operations ("Business Disruption"). The Business Continuity Plan must include:

- Documentation that the Business Continuity Plan can sustain the Seller/Servicer's core operations through an event involving total loss of any facilities and personnel deemed critical to core operations
- Defined recovery time objectives and a strategy for meeting those objectives
- Documentation that the Business Continuity Plan has in place backup sites with the ability to recover all core operations if a Business Disruption prevents operations at any Seller/Servicer facility
- Geographically dispersed work areas and resources available in the event of a regional disruption



- Documented procedures for crisis management, plan invocation and activation of recovery sites
- Identification of all mission-critical systems, external dependencies, network diversity, vital records, personnel and the provisions in place to ensure their continued availability
- Standards and controls that are appropriate for customers participating in the critical financial services markets

The Business Continuity Plan must be reviewed and updated at least annually.

Additionally, at least annually, the Servicer must test its Business Continuity Plan and retain evidence of the test results. The Seller/Servicer must also provide a copy of the Business Continuity Plan and test results to Freddie Mac upon request.

b. Business Continuity Plan training (12/12/24)

The changes to this Section 2.20(b), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

Seller/Servicers must require Business Continuity Plan training that is current in substance and reflects up-to-date continuity threats and restoration strategies which are consistent with industry best practices.

At a minimum, the training must provide details on roles and responsibilities for all users that are involved in executing the Business Continuity Plan, and in protecting Freddie Mac confidential information, potentially sensitive personal information and systems.

c. Business Disruption notification requirements (12/12/24)

In the event of a Business Disruption, the Seller/Servicer must follow the requirements in the table below.

If, at any time during the investigation of the Business Disruption, there is reason to believe that there has been a Security Incident, as defined in Section 2.26(c), the Seller/Servicer must follow the requirements in Section 2.26(c).

Business Disruption notification requirements	
The Seller/Servicer must...	
1.	Immediately, and in no event later than 24 hours after the Business Disruption is discovered notify Freddie Mac of the Business Disruption via email at multifamily_eligibility@freddiemac.com and:
1a	Provide the name, phone number and email address of the contact leading the Business Disruption investigation



Business Disruption notification requirements	
The Seller/Servicer must...	
1b.	Promptly investigate, correct and/or mitigate the Business Disruption at the Seller/Servicer's expense, including by identifying Freddie Mac information affected by the Business Disruption and preventing the continuation and recurrence of the Business Disruption
1c.	Provide Freddie Mac with such information as Freddie Mac may reasonably request to evaluate the effect of the Business Disruption on Freddie Mac and Freddie Mac's operations
1d.	Provide Freddie Mac via email at multifamily_eligibility@freddiemac.com with all details of the Business Disruption known at that time and related internal and external investigations, including all tactics, techniques and procedures for addressing and resolving the Business Disruption
2.	Once known, email Freddie Mac at multifamily_eligibility@freddiemac.com with details characterizing any anticipated potential damage estimates (including reputational), what actions are being taken to protect individuals and business assets in the future, and any resulting after-action reports generated
3.	Provide to Freddie Mac updates with details on progress made since the last update until the Business Disruption is fully resolved and closed

2.21 Email communications with Seller/Servicers (07/01/14)

Freddie Mac reserves the right to send emails, including those regarding our systems, products, services, and events, to Seller/Servicer personnel at the email addresses which they use to register for Freddie Mac events, training and access to the Freddie Mac Multifamily Software Applications or other Freddie Mac systems. Seller/Servicers may adjust their email preferences at any time by visiting the Multifamily News Subscription Center on mf.freddiemac.com.

2.22 Anti-money laundering compliance (12/12/24)

Freddie Mac requires Seller/Servicers subject to the anti-money laundering provisions of the Bank Secrecy Act to establish and maintain a compliance program that ensures compliance with all applicable provisions of the Bank Secrecy Act and implementing federal regulations. Such Seller/Servicers must, as permitted by law, notify the Multifamily Fraud Investigation Unit at MF_Mortgage_Fraud_Reporting@freddiemac.com, in accordance with Section 7.2, within seven Business Days of confirmation of any instances of the Seller/Servicer's own non-compliance or compliance failure related to the anti-money laundering requirements of the Bank Secrecy Act, the Money Laundering Control Act, or Title III of the USA Patriot Act, and applicable implementing federal regulations.



2.23 Office of Foreign Assets Control (OFAC) compliance (08/15/24)

Freddie Mac requires every Seller/Servicer to establish and maintain an effective compliance program that ensures compliance with the United States Department of Treasury Office of Foreign Assets Control (OFAC) regulations. Freddie Mac will not purchase any Mortgage nor allow or approve any Transfer of Ownership under Chapters 41 or 41SBL, or approve any other Servicing-related transaction, in which any Borrower, Borrower Principal, Guarantor, Non-U.S. Equity Holder or property management company is the target of any sanctions law administered or enforced by OFAC, including those identified on the most current OFAC Specially Designated Nationals and Blocked Persons (“SDN”) List or OFAC Consolidated Sanctions List. Seller/Servicer’s compliance program must include written practices and procedures for conducting searches of the SDN List and the OFAC Consolidated Sanctions List including how to verify and address potential positive and positive matches on those lists.

It is the Seller/Servicer's responsibility to determine compliance with these OFAC requirements, and to verify that the names of any applicable individuals and entities do not appear on the most current SDN List or Consolidated Sanctions List in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. The Seller/Servicer must maintain evidence (including the date of the search) of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage or any Servicing-related transaction, as applicable.

With respect to proposed Transfers of Ownership and Servicing-related transactions, Servicers should follow the procedures set forth in Section 43.28 if they determine there is a suspected or confirmed OFAC match.

2.24 Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) (08/15/24)

The Federal Housing Finance Agency (FHFA) maintains a Suspended Counterparty Program List (“FHFA SCP List”) and requires Freddie Mac to refrain from and/or cease conducting business with individuals and entities listed on FHFA SCP List (“Named Parties”), subject to any conditions or exclusions set forth in each Named Party’s final suspension order.

Freddie Mac requires Seller/Servicers to establish and maintain written procedures to ensure they do not employ or contract with Named Parties for any purpose directly related to the origination, underwriting, or Servicing of a Freddie Mac Mortgage, subject to any conditions or exclusions set forth in each Named Party’s final suspension order.

Seller/Servicers are responsible for reviewing the FHFA SCP List and related final suspension orders, which can be found on the FHFA’s web site at <http://www.fhfa.gov/SupervisionRegulation/LegalDocuments/Pages/SuspendedCounterpartyProgram.aspx>.

Freddie Mac will not purchase any Mortgage nor allow or approve any Transfer of Ownership under Chapters 41 or 41SBL, or approve any other Servicing-related transaction, in which any Borrower, Borrower Principal or property management company is a Named Party on the FHFA SCP List, subject to any conditions and/or exclusions set forth in each Named Party’s final suspension order.



It is the Seller/Servicer's responsibility to verify that each applicable individual and entity is not a Named Party on the FHFA SCP List in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. The Seller/Servicer must maintain evidence (including the date the search was conducted) of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage or any Servicing-related transaction, as applicable.

2.25 Equity Conflicts of Interest (02/22/24)

(a) An Equity Conflict of Interest occurs when:

- (i) A non-executive employee of the Seller/Servicer is engaged in the origination, underwriting or Servicing of a Mortgage in which such employee or a family member of the employee has an equity interest in the applicable Borrower ("Employee-Level Owner").

Such Employee-Level Owner may hold up to 5 percent of total direct and indirect equity interest in the Borrower so long as:

- The Employee-Level Owner does not currently have, or have the ability to assume, control of the Borrower
- The property inspection and lease audit is not delegated by Freddie Mac to the Seller/Servicer
- If there are multiple Employee-Level Owners with equity interests in the same Borrower, the 5 percent threshold is applied to total combined interests per Seller/Servicer

- (ii) The Seller/Servicer, an affiliate of the Seller/Servicer, an executive employee of the Seller/Servicer, or a family member of an executive employee of the Seller/Servicer ("Seller/Servicer-Level Owner") has an equity interest in the applicable Borrower.

Such Seller/Servicer-Level Owner may hold less than 25 percent of total direct and indirect interest in the Borrower so long as:

- The Seller/Servicer-Level Owner does not currently have, or have the ability to assume, control of the Borrower
- The property inspection and lease audit is not delegated by Freddie Mac to the Seller/Servicer

For purposes of Equity Conflicts of Interest, a family member is defined as a spouse, parent, child (including stepchild), grandchild (including step-grandchild), sibling or domestic partner.



- (b) Equity interests held through equity investments made in third-party investment vehicles (such as REITs not managed by the Seller/Servicer, mutual funds, exchange-traded funds, index funds and SEC-registered funds) that directly or indirectly own and/or control the Property are not considered Equity Conflicts of Interest.
- (c) Seller/Servicer-Level Owners of tax credit equity investments in Low-Income Housing Tax Credit (LIHTC) transactions, as a LIHTC Investor (directly or through a syndication) or as a LIHTC Syndicator, are acceptable Equity Conflicts of Interest, but must be disclosed to Freddie Mac as provided in the Guide.
- (d) Equity Conflicts of Interest must be disclosed to Freddie Mac as provided in Sections 9.2, 9SBL.2, 36.18, 41.4, 41SBL.4(c), 55.2 and 55SBL.2. In addition, the Seller/Servicer must contact its Freddie Mac representative in the following instances:
 - (i) The ownership thresholds exceed the levels outlined above
 - (ii) The Employee-Level Owner or the Seller/Servicer-Level Owner of the equity interest currently has or will have the ability to assume control of the Borrower
 - (iii) The Employee-Level Owner or the Seller/Servicer-Level Owner of the equity interest is a Guarantor of the applicable Mortgage regardless of ownership level
 - (iv) The Seller/Servicer or its affiliate has an equity interest in the form of mezzanine debt, a Preferred Equity Contribution or Subordinate Financing
 - (v) The Seller/Servicer or its affiliate is selling a Property in which it has an equity interest and the applicable Mortgage provides acquisition financing for the Property
 - (vi) The individual attorney representing the Seller/Servicer in the applicable Mortgage has an equity interest in the Property or Borrower
- (e) A Transfer of Servicing will be required on or prior to Freddie Mac's purchase of the Mortgage if a Seller/Servicer-Level Owner holds 25 percent or more of the total direct and indirect interest in the applicable Borrower. Transfer of Servicing is not required for LIHTC transactions with the Equity Conflicts of Interest described in Section 2.25(c).
- (f) Seller/Servicer, or an affiliate of Seller/Servicer, having an equity interest in the form of a Preferred Equity investment for a non-SBL Mortgage is an acceptable Equity Conflict of Interest subject to satisfaction of the following:
 - (i) The Equity Conflict of Interest is disclosed to Freddie Mac as provided in the Guide
 - (ii) A Transfer of Servicing must occur on or prior to Freddie Mac's purchase of the Mortgage
 - (iii) The property inspection and lease audit may not be delegated by Freddie Mac to the Seller/Servicer



- (iv) Notwithstanding the provisions of Section 60.4, neither the appraiser nor the appraisal firm may be affiliated with or related to the Seller/Servicer
- (v) No other Equity Conflict of Interest is occurring

2.26 Information security (12/12/24)

The changes to this Section 2.26, as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

This section contains the minimum information security program requirements Seller/Servicers and Material Vendors that present information security risk to Freddie Mac (i.e., those that have access to Freddie Mac data or systems) must implement to reduce the impact and likelihood of unauthorized persons (or authorized persons with malicious or unlawful intentions) from gaining access to Freddie Mac's proprietary information, data and consumer personal non-public information in:

- Freddie Mac's systems
- Seller/Servicers' files, records, storage facilities and systems
- Files, records, storage facilities and systems of any third party or third-party provider that the Seller/Servicer engages to provide it with technology and/or other services

If a Seller/Servicer's regulator has established information security requirements that exceed Freddie Mac's minimum requirements, then the more rigorous requirements shall apply.

The National Institute of Standards and Technology (NIST) and the Federal Financial Institutions Examination Council (FFIEC) provide detailed guidance on their public web sites on the components of a successful information security program. Seller/Servicers are strongly encouraged to review this guidance.

Seller/Servicers should be familiar with the following terms as they relate to information security requirements:

- **Authentication:** The process in which a system verifies the identity of an individual usually based on some form of credential(s) (e.g., password/ID, token, etc.)
- **Encryption:** The process of encoding or obfuscating messages or information in such a way that only authorized parties can read it
- **Vulnerability Management:** Identification and testing of known software vulnerabilities of a system and the prioritization of remediation according to likelihood of occurrence and impact of exploitation

The Seller/Servicer must provide its information security program requirements (e.g., policies and procedures), including those related to authentication, encryption and vulnerability management, and the other requirements of this Section 2.26, to Freddie Mac upon request.



a. Information security minimum requirements (12/12/24)

The changes to this Section 2.26(a), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

(i) Information security program

Seller/Service providers and Material Vendors that present information security risk to Freddie Mac (i.e., those that have access to Freddie Mac data or systems) must define a group or identify an individual responsible for the development of information security requirements, including the adoption, implementation, maintenance and administration of written minimum security standards, policies and procedures that responsibly address critical issues including:

- User responsibilities (e.g., acceptable use)
- Ownership of information
- Baseline security practices
- Physical, administrative and technical security protection mechanisms
- Other requirements, including those described in this section

Seller/Service providers must additionally certify that Freddie Mac data is protected in accordance with their established information security policies and procedures. This certification is completed as part of the Form 16M, Annual Certification, process.

At least annually, Seller/Service providers must review and assess the adequacy of their information security policies and procedures used in connection with the selling and Servicing of Freddie Mac Mortgages to ensure compliance with the Guide and their other Purchase and Servicing Documents, and consistency with industry best practices (including as set forth by FFIEC and NIST). Seller/Service providers must make their information security program policies and procedures available to Freddie Mac upon request.

(ii) Human resources security

Seller/Service providers must meet the following human resources security requirements:

- **Pre-employment screening:** Each Seller/Service provider must conduct, or retain a qualified third party to conduct, thorough background verification checks (screening) for all candidates for employment or contractor status who will have access to Freddie Mac information
- **Confidentiality and acceptable use:** Before granting access to Freddie Mac information or systems, a Seller/Service provider must have in place written requirements that apply to its employees and, where relevant, contractors and third-party users, that require such employees, contractors, and third-party users to appropriately use and maintain the confidentiality of Freddie Mac information and systems
- **Information security awareness, education and training:** Each Seller/Service provider must provide information security awareness training to all employees of its organization, and, where relevant, contractors and other third-party users of the



Seller/Service’s information technology. The training must be current in substance, reflecting up-to-date vulnerabilities, threats and techniques and provide information on roles and responsibilities for all users in protecting information at the Seller/Service, along with practical ways to incorporate information security into daily routines, as well as awareness of various types of phishing campaigns and techniques.

(iii) Physical and environmental security controls

The Seller/Service must create and maintain:

- A physical security control program of the organization’s buildings and facilities containing information systems designed to detect, monitor and prevent unauthorized persons gaining access and to respond to physical security incidents using real-time physical intrusion alarms and surveillance equipment
- Environmental controls to monitor, mitigate and protect the organization with regard to a loss of connectivity, access to, or integrity of, information and damage caused by natural disasters or manmade incidents such as fire, earthquake, flood, hurricane, tornado or weather-related adverse conditions

(iv) Communications and operations management

The Seller/Service must implement technical security measures designed to monitor for, mitigate against and prevent malicious software, block unwanted spam and traffic, and protect against unauthorized use of wireless connections. Measures must include those provided in the remainder of this section and be consistent with industry best practices (e.g., those set forth by FFIEC or NIST), whichever is more stringent.

(v) Data transmission and data loss prevention

The Seller/Service must:

- Maintain a data loss prevention/transmission protection mechanism or establish in related written policy requirements to protect the confidentiality and integrity of information exchange using technology applications or information systems, including requirements for secure data transmission across company information systems, networks and external (public and third-party) networks
- Ensure adequate and up-to-date data loss prevention (DLP) software is used and a corresponding management process is in place to scan for sensitive information stored on disk and outgoing transmissions over public communication paths as well as to restrict the transfer of data to USB and other removable media devices at the desktop level.
- Not transmit, and have measures in place to prevent transmission, to Freddie Mac system(s), through an application programming interface or otherwise, any Malicious Code. “Malicious Code” means software or firmware intended to perform an unauthorized process that may have adverse impacts on the confidentiality, integrity, or availability of an information system (including, without limitation, data in transit),



such as a “virus,” “time bomb,” “worm,” “trojan horse,” or other code-based entity that infects a host; ransomware, spyware and certain forms of adware are also examples of Malicious Code.

(vi) Anti-virus program/updates

The Seller/Service provider must install anti-virus software to protect servers and end-user systems, and must keep all such software up-to-date with the latest anti-virus software and definitions.

(vii) Network security

The Seller/Service provider must:

- Implement information technology controls to block all traffic inbound from, and outbound to public networks that have not been expressly permitted by policy (i.e., “deny by default”)
- Manage and restrict ports, protocols and services to only those that are required and approved for business operations
- Formally recertify and authorize firewall rules upon each significant change in infrastructure and otherwise at least annually

(viii) Mobile computing

The Seller/Service provider must have written mobile device/computing management requirements reflecting current and best practices, specifying parameters, including:

- Approved and prohibited applications
- Mechanisms to de-identify (e.g., mask or truncate) sensitive and/or confidential data
- Identity and access to management requirements
- Software updates

(ix) Wireless networks

The Seller/Service provider must control, secure and monitor wireless access points. In addition, a Seller/Service provider that offers wireless networks for network users must:

- Implement and keep up to date a strong Wireless Local Area Network (WLAN) Authentication method that meets or exceeds the current industry standard (e.g., those set forth by NIST or FFIEC) Encryption strength and technology
- Prohibit use of outdated wireless technologies such as Wired Equivalent Privacy (WEP) algorithm



- Regularly perform reviews of approved wireless networks to validate and verify authorized users and access points
- Password protect and control administrative access to the router

(x) Vulnerability management and penetration testing

The Seller/Service provider must conduct vulnerability testing on a regular basis and have a process in place to analyze and remediate identified vulnerabilities. To accomplish this, the Seller/Service provider must:

- Employ a qualified and independent third party to conduct penetration testing on system or system components at least annually. At a minimum, the executive summary of the penetration testing report on Freddie Mac-related services and data must be made available to Freddie Mac for review upon request by Freddie Mac.
- Have written vulnerability assessment requirements that are periodically reviewed and up-to-date
- Prioritize and remediate identified vulnerabilities
- Maintain a record of all identified vulnerabilities and their status and a plan for remediation

(xi) Configuration and patch management

The Seller/Service provider must:

- Implement and maintain written patch management requirements that are periodically reviewed to stay current with standard industry practices (e.g., those set forth by NIST or FFIEC)
- Develop and execute a process for developing and maintaining secure configuration baselines (also known as hardening guides, baseline secure configurations) of infrastructure components
- Deploy an intrusion detection system (IDS) and/or an intrusion prevention system (IPS), with generated events fed into centralized systems for analysis
- Define, implement and maintain preventive controls designed to block malicious messages and attachments from entering the environment
- Designate qualified personnel responsible for performing timely software updates and patches and maintain a process for testing and installing software updates as they become available

(xii) Auditing, logging and monitoring

The Seller/Service provider must:



- Develop, implement and maintain written guidelines and requirements for the logging and monitoring of activities and action within information systems. This must include the integration with the company's enterprise log management function where applicable.
- Develop, implement and maintain written log retention and handling requirements so that logs retain relevant, useable and timely information sufficient to identify significant user access and/or system activities

The Seller/Service provider should ensure an independent security assessment of the control environment is performed not less than annually and upon the occurrence of any Security Incident or unauthorized use or access to potentially sensitive personal information (e.g., Social Security Numbers, individual names listed with their addresses, etc.).

(xiii) Software and application development life cycle (SDLC)

If the Seller/Service provider develops applications or software that either store, access, process or transmit Freddie Mac information, the Seller/Service provider must develop, implement and maintain written SDLC requirements that include, at minimum:

- Management and separation of production and development environments that reflects contemporary best practices
- Secure coding requirements
- Open-source requirements
- Code development and security scanning pre- and post-deployment

(xiv) Treatment of personal information and Data Encryption

(i) Treatment of sensitive information

The Seller/Service provider must limit the storage, use and transmission of potentially sensitive personal information, including, without limitation, any information covered by state or federal data privacy laws, to an as needed basis. The Seller/Service provider must develop and execute a process for de-identifying sensitive personal data (e.g., masking or truncating the data) that is stored in a system. The data must be de-identified such that the remaining information does not identify an individual and there is no reasonable basis to believe that the information can be used to identify the individual.

(ii) Data Encryption

The Seller/Service provider must:

- Provide for the protection, integrity and confidentiality of data in transit and at rest



- Use Encryption during transmission and at rest for any potentially sensitive personal information
- Deploy cryptography standards that meet or exceed the then current industry standard (e.g., those set forth by NIST or FFIEC) Encryption strength and technology
- Prohibit use of outdated and unsupported technologies
- Generate, exchange, store, use, replace and delete cryptographic keys in a timely manner to prevent unauthorized access to those keys
- Use Encryption mechanisms on portable end-user devices to protect data, including potentially sensitive personal information, if the hardware (e.g., laptop, mobile device) is lost or stolen

(xv) Incident management

The Seller/Service must:

- Develop and maintain an incident response plan with a process that applies incident response capabilities and defines the resources and management support needed.

The plan must:

- Be tested at a pre-defined periodic frequency, or more frequently, if prudent, given the circumstances
- Be reviewed and updated at least annually
- Periodically test the effectiveness of the incident response capabilities:
 - Annually, unless formally activated, audit the incident response plan. The audit may be performed by (i) an internal independent function within the organization, or (ii) an external entity that is qualified to conduct such audits.
 - Evaluate lessons learned from all Security Incidents
 - Implement or identify an existing classification scale for Security Incidents to quantify the severity of the Security Incident
 - Have documented action plans for remediation of Security Incidents having high severity ratings

b. Access control (12/12/24)

The changes to this Section 2.26(b), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

**(i) Access management policy**

As part of its information security program, a Seller/Servicer must:

- Establish an access management policy that includes a process for granting and removing system access, requirements for Authentication and rules of behavior
- Define remote access requirements including acceptable use, approvals and recertification processes
- Develop and apply an account lock-out threshold that determines the number of failed login attempts that will cause an account to be locked out until it is reset and/or a number of specified minutes has passed in conjunction with an account lock-out duration setting
- Define access and Authentication requirements for system administrators, including:
 - Enforce access control methods that limit access to systems, physical or virtual resources and grant access to users on a need to know basis. Access to potentially sensitive personal information must be limited to only those that must use it to perform their work.
 - Define and enforce requirements for multi-factor authentication where applicable (privileged sessions, remote connectivity, applications housing personal information, etc.)
 - Manage Seller/Servicer user accounts for Freddie Mac systems in accordance with the Guide and its applicable Purchase and Servicing Documents. Seller/Servicers must monitor for users who transfer roles or are terminated and no longer need access to their accounts as required in Section 2.13.

(ii) Granting, removing and reviewing access

Seller/Servicers must maintain written procedures for its systems for:

- Approval of access requests
- Removal of access upon employee/contractor terminations and transfers
- Analysis of account user access, inactivity and subsequent removal of access that is no longer needed for employees/contractors
- Periodic review of all user access privileges and certify access according to the principle of least privilege
- Prohibit or prevent using the same service account identifiers and passwords in both production and non-production environments



Seller/Service providers must designate one or more individuals on its staff to serve as the system administrator(s) to manage access to Freddie Mac systems in accordance with the requirements of Section 2.13.

(iii) Authentication requirements and guidelines

Seller/Service providers must require employees to authenticate or prove their identity to the system through a private, protected method or process which includes:

- User identification codes
- Passwords
- Personal identification numbers
- A smart card and/or a token device

If passwords are used, the authentication policy must mandate minimum guidelines for password complexity, reuse timelines and password change timelines, and storage of passwords outside of secured password safes.

(iv) Asset management

Seller/Service providers must maintain an inventory management system to track physical and software assets, such as end-user technology, servers, network devices, and corresponding asset ownership. The inventory management system must be reconciled to actual inventory on a periodic basis to verify all assets are included.

Documented procedures must be in place detailing guidelines and requirements for tracking the removal of assets from a facility.

(v) Cloud computing

When a Seller/Service provider consumes or provides cloud services that store, process, access or transmit Freddie Mac confidential information or any potentially sensitive personal information or connect to any system, the Seller/Service provider must maintain a formal cloud computing policy.

The policy must address:

- **Due diligence:** Specify appropriate due diligence responsibilities and ongoing oversight and monitoring of the cloud service providers' security
- **System vulnerabilities:** Articulate processes and responsibilities to securely configure cloud systems, provision access, and log and monitor the Freddie Mac information assets residing in or being processed in the cloud environment
- **Identity and access management:** Define roles for cloud access management, limiting account privileges, implementing multifactor authentication, frequently updating and reviewing account access, monitoring activity, and requiring privileged users to have separate usernames and passwords



- **Security controls for sensitive data:** Define responsibilities for implementing controls to safeguard sensitive data, including sensitive personal information, and limit a malicious actor’s ability to exploit data during a breach

(vi) Vendor risk management

As required in Section 2.27, Seller/Servicers must implement a vendor risk management program and have formal written requirements in place for vendor risk management.

c. Compliance with Freddie Mac Security Incident requirements (12/12/24)

The changes to this Section 2.26(c), as announced in the December 12, 2024 Bulletin, are effective April 1, 2025.

The requirements of this Section 2.26(c) apply when:

- The Seller/Servicer knows or reasonably believes that there has been any unauthorized access to, or acquisition of, data or computing resources to Freddie Mac systems, Seller/Servicer systems, including any parent or subsidiary company’s system, or the systems of vendors that may compromise the security, confidentiality, availability, integrity or privacy of Freddie Mac information (examples include a phishing email or malware attack, etc.) [“Security Incident”], or
- From the circumstances and available information, a reasonable information security professional could conclude that there has been a Security Incident

1. Notification to Freddie Mac

Immediately, and in no event later than 36 hours after the Security Incident is discovered, the Seller/Servicer must notify Freddie Mac of the Security Incident by completing the Freddie Mac Incident Intake Form.

If the Seller/Servicer is unable to access the form, notification may be done via email at Information_Security@freddiemac.com, Privacy_Incident_Management@freddiemac.com and MF_Data_Security_and_Privacy@freddiemac.com (ensure to include all email addresses) or by calling (571) 382-3333.

2. Obligation to investigate and remediate

The Seller/Servicer must promptly investigate, mitigate and remediate the Security Incident at the Seller/Servicer’s expense, including identifying all Freddie Mac confidential information or any potentially sensitive personal information affected by the Security Incident and preventing the continuation and recurrence of the Security Incident.

3. Information to be provided to Freddie Mac



After notifying Freddie Mac and providing initial information about the Security Incident, the Seller/Servicer must continue to update Freddie Mac as the investigation progresses, and as Freddie Mac may reasonably request, with interim status updates, including new details learned and progress made since the last update, until Freddie Mac is satisfied that there has been compliance with applicable laws and the event giving rise to the Security Incident is fully resolved, remediated and closed.

All information should be sent to the location designated by Freddie Mac.

The information to be provided by the Seller/Servicer includes:

(i) Technical information

- a. Related internal and external investigations
- b. Risk factors
- c. Causation factors
- d. Technical indicators of compromise (e-mail addresses, hash values, IP addresses, malware code, vector of compromise, etc.)
- e. Tactics, techniques, and procedures associated with the Security Incident
- f. Details surrounding the attack methodology
- g. Timing of the Security Incident
- h. Technical and forensic reports, if available
- i. Other information that Freddie Mac may reasonably request to assist Freddie Mac in evaluating the potential or actual effect of the Security Incident on Freddie Mac's infrastructure and impacted Borrowers or employees
- j. Actions that are being taken to remediate the Security Incident and its cause, and to protect individuals, business assets, and Freddie Mac confidential information and any potentially sensitive personal information
- k. Remediation actions or workarounds or corrections that resolved the Security Incident and restored service to its best quality
- l. Eradication and recovery steps taken
- m. Postmortem and similar after-action reports generated
- n. Other details and information concerning the Security Incident



- o. Final incident closure report

(ii) Freddie Mac and any potentially sensitive personal information

- a. Whether, and if so the extent to which, Freddie Mac confidential information or any potentially sensitive personal information was accessed, taken, or exposed
- b. The nature and details of the information accessed, taken, or exposed
- c. All facts relevant to actual or potential misuse of the information, including the likelihood of misuse and, if applicable, how the information was misused
- d. Whether there is any cyber or other insurance coverage for expenses related to the Security Incident
- e. Potential damage estimates associated with the Security Incident

(iii) Compliance information

- a. Actions that are being taken to comply with applicable laws
- b. If requested by Freddie Mac, a Certificate of Compliance (in form and substance requested by Freddie Mac evidencing, among other things, that the Seller/Servicer has, with respect to the Security Incident, complied with applicable federal, State, and local data breach notification laws and regulations and all Purchase and Servicing Documents, including the Guide)
- c. Copies of any communications to any impacted individuals, State and federal agencies and offices, regulators, credit reporting agencies or others

4. Compliance with laws

The Seller/Servicer must comply in a timely manner with applicable laws. Where a Security Incident creates an obligation to notify impacted individuals, the Seller/Servicer will first give Freddie Mac the opportunity to review and comment on any notification that in any way refers to or identifies Freddie Mac directly or indirectly.

The Seller/Servicer must comply with applicable laws that require notification to federal or State authorities. Promptly following a request by Freddie Mac, the Seller/Servicer will provide Freddie Mac and its designees all information and assistance needed to enable Freddie Mac to evaluate the need for, and to timely make, any notification it deems necessary or advisable concerning the Security Incident.

5. Limitation, restriction or termination of system access

Whether in connection with the actual or suspected presence of Malicious Code, a Security Incident, or otherwise, Freddie Mac reserves the right, in its sole and absolute



discretion, at any time with or without notice, to limit, restrict and/or terminate a Seller/Service's access to any system(s), temporarily or permanently.

If, and when, Freddie Mac determines that restoring any level of system access to a Seller/Service is appropriate, as a condition to such access restoration, Seller/Service must provide to Freddie Mac upon request: (i) such assurances and information as Freddie Mac may deem necessary, in its sole and absolute discretion; and (ii) an attestation, executed by a duly authorized corporate officer, of the adequacy of any applicable containment, eradication or remediation of any vulnerability related to such Malicious Code, Security Incident, and the eradication of any threat actor from the Seller/Service's environment or any system or technology used by the Seller/Service (whether or not such system or technology is developed by the Seller/Service or by a third party and used by the Seller/Service).

Freddie Mac will have no liability to any Seller/Service or third party arising out of, related to, or in connection with Freddie Mac's limitation, restriction, or termination of a Seller/Service's access to any system(s).

2.27 Vendor risk management (10/19/23)

Seller/Services must implement a vendor risk management program to formally evaluate, track and measure third-party risk; to assess its impact on aspects of the organization's business; and to develop compensating controls or other forms of mitigation to safeguard and protect Freddie Mac's information, data such as sensitive personal data from unauthorized persons, malicious software or other harmful computer information, commands, codes or programs.

Seller/Services must have formal written vendor risk management requirements that are reviewed periodically and kept up-to date with current practices. Seller/Services must provide information about the use of a vendor to Freddie Mac upon request.

2.28 Public Records Searches (08/15/24)

Seller/Services must conduct the public records searches on applicable individuals and entities in accordance with the requirements set forth in the Guide, including in Chapters 2, 21, 29, 29SBL, 41, 41SBL, 43, 55 and 55SBL and the Public Records Search Requirements posted on mf.freddiemac.com (collectively, the "Public Records Searches") in the origination of a Mortgage or any Servicing-related transaction, as applicable.

2.29 Document retention and destruction (12/12/24)

The requirements of this Section 2.29 are effective April 1, 2025.

Seller/Services must have written data retention and destruction policies and procedures which contain minimum requirements to comply with applicable corporate, regulatory and legal standards. The policies and procedures must include the following:



- Identification or definition of the electronic or other information which are subject to the policies, including how to handle electronic or other information that is, or may be, subject to a legal or litigation-related hold
- A data storage, retention and destruction schedule
- Clearly defined criteria for destruction of electronic or other information, regardless of the form in which the information is stored
- Destruction methodology, including a process for logging and certifying such destruction has been completed

~~When electronic or other information is destroyed in accordance with Seller/Service's corporate policies in the ordinary course, or at Freddie Mac's direction, such information must be rendered unreadable and incapable of being re-created. Paper records must be properly and securely destroyed, and Seller/Service must retain evidence of destruction. Upon request, Seller/Service will provide to Freddie Mac certificates of destruction or other evidence demonstrating the fact, time and manner of destruction, be it electronic, paper, hard drive or other media, which contained the destroyed information. Such certification or evidence is in addition to any other obligations that Seller/Service may have with respect to the destroyed information.~~

When electronic or other information is destroyed in accordance with Seller/Service's corporate policies in the ordinary course, or at Freddie Mac's direction, such information must be rendered unreadable and incapable of being re-created. Paper records must be properly and securely destroyed, and Seller/Service must retain evidence of destruction. Upon request, Seller/Service will provide to Freddie Mac certificates of destruction or other evidence demonstrating the fact, time and manner of destruction, be it electronic, paper, hard drive or other media, which contained the destroyed information. Such certification or evidence is in addition to any other obligations that Seller/Service may have with respect to the destroyed information.

2.30 Use of artificial intelligence and machine learning (12/12/24)

The requirements of this Section 2.30 are effective April 1, 2025.

a. Compliance with applicable law (12/12/24)

The requirements of this Section 2.30(a) are effective April 1, 2025.

Seller/Service's that use artificial intelligence and/or machine learning (together, "AI/ML") in connection with the origination of Mortgages sold to Freddie Mac or Servicing Mortgages on behalf of Freddie Mac must ensure compliance with applicable law and their Servicing and Purchase Documents. In addition, such use is conditioned upon:

- Seller/Service's development, implementation and maintenance of policies and procedures for the use of AI/ML, which must at a minimum:
 - Be communicated to appropriate personnel who have job responsibility in areas that use AI/ML; and



- Have an owner(s) that implements, maintains and reviews the policies and procedures at least annually to ensure they comply with applicable law and consistently reflect industry best practices
- Upon request by Freddie Mac, Seller/Service's prompt disclosure of the types of AI/ML used, the purpose and manner for such use, safeguards to mitigate risks related to the use of AI/ML, and such other information as Freddie Mac may require

b. Indemnification (12/12/24)

The requirements of this Section 2.30(b) are effective April 1, 2025.

Seller/Service agrees to indemnify Freddie Mac and its directors, officers, employees, agents, successors and assigns, and to hold each harmless from and against any and all liabilities, losses, claims, actions, damages, including, but not limited to, indirect, incidental, special or consequential damages, whether foreseeable or not, judgments, costs and expenses, including reasonable attorneys' fees, arising directly or indirectly out of or relating to Seller/Service's use of AI/ML. Freddie Mac shall provide the Seller/Service with notice of any such claim after it comes to Freddie Mac's attention.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 10:20:56 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 02 - General FM Policies GB-12-12-24.docx	
Modified filename: 02 - General FM Policies GB-02-27-25.docx	
Changes:	
<u>Add</u>	13
<u>Delete</u>	13
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	26

Multifamily Seller/Service Guide

Chapter 3

Seller/Service Eligibility Requirements



- 3.1 Freddie Mac Seller/Service requirements and designations (06/15/23)
 - a. Optigo Lender (06/15/23)
 - b. Freddie Mac Multifamily Structured Transaction Seller/Service (05/11/10)
 - c. Freddie Mac Multifamily Servicing-only approval (06/17/21)
 - d. Prescreen and Application Processes and fees (06/15/23)
- 3.2 Branch production offices and geographic areas for Optigo Conventional Lenders (Conventional Seller/Services) (06/15/23)
- 3.3 Financial eligibility minimum servicing volume and experience requirements (10/17/24)
 - a. Net worth and minimum servicing volume requirements (10/17/24)
 - b. Additional financial requirements for non-SBL Seller/Services (10/17/24)
 - c. Additional requirements and considerations for SBL Mortgages (10/17/24)
- 3.4 Service-only net worth requirements (01/01/11)
- 3.5 Annual Certification Report (02/06/17)
 - a. Multifamily Annual Certification Report, Form 16M (02/06/17)
 - b. Multifamily Annual Certification Report – Multifamily Structured Transaction & Tax-Exempt Bond Seller/Services, Form 17M (02/06/17)
 - c. Multifamily Annual Certification Report – Service Only, Form 1110M (05/11/10)
- 3.6 Reporting requirements for internal control and mortgage bankers quarterly financial report (12/16/21)
 - a. Internal control report (12/16/21)
 - b. Mortgage bankers quarterly financial report (02/07/08)
- 3.7 Seller/Service numbers (06/27/19)
 - a. Use by Seller/Services (06/27/19)
 - b. Use by affiliates of Seller/Services (06/27/19)
- 3.8 Seller/Service change notification requirements (08/15/24)
 - a. Seller/Service changes requiring 60-day advance notice and Freddie Mac approval (08/15/24)
 - b. Seller/Service changes requiring 30-days' notice to Freddie Mac (02/16/23)
 - c. Seller/Service changes requiring 14-days' notice to Freddie Mac (02/16/23)
 - d. Seller/Service and parent changes requiring immediate notice to Freddie Mac (06/13/24)
 - e. Seller/Service changes requiring subsequent notice to Freddie Mac (06/13/24)
- 3.9 Seller/Service Material Vendor change notification requirements (06/15/23)
- 3.10 Loans-in-process and existing Mortgages (07/31/12)
 - a. Special terms (02/07/08)
 - b. Existing Mortgages (07/31/12)
 - c. Commitment, delivery and purchase of Loans-in-Process (02/07/08)
 - d. Categories of Loans-in-Process (07/31/12)



- 3.11 Disposition of application; confidentiality (02/07/08)
- 3.12 Changes that affect Seller/Servicer's single-family Freddie Mac approval (02/07/08)
- 3.13 Additional requirements applicable to TAH Seller/Servicers (08/18/22)
- 3.14 Additional requirements applicable to Seniors Housing Seller/Servicers (09/01/16)
- 3.15 ~~Additional requirements applicable to Seller/Servicers (01/01/25)~~ Additional requirements applicable to Seller/Servicers (02/27/25)
 - a. Policies and procedures (01/01/25)
 - b. Additional requirements applicable to SBL Seller/Servicers (12/14/23)
 - c. ~~Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (12/14/23)~~ Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (02/27/25)
- 3.16 Seller/Servicer's fidelity and errors & omissions insurance coverage (02/16/23)
 - a. Acceptable insurer (09/26/19)
 - b. Seller/Servicer fidelity insurance coverage (09/26/19)
 - c. Seller/Servicer errors & omissions (E&O) insurance coverage (09/26/19)
 - d. Documentation of fidelity and E&O insurance (02/16/23)
 - e. Blended fidelity and E&O insurance policies (02/16/23)
 - f. Reinstatement of coverage (02/16/23)
 - g. Self-insurance and Fidelity and/or E&O insurance provided by a captive insurance company (09/26/19)
 - h. Other Seller/Servicer obligations for fidelity and E&O insurance (02/16/23)
- 3.17 Non-discrimination (12/14/23)



3.1 Freddie Mac Seller/Servicer requirements and designations (06/15/23)

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)

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.freddie.com/lenders/eligibility/>. The web form requires confirmation that the applicant has reviewed Freddie Mac's (i) eligibility requirements in this Chapter 3 and (ii) sustainability overview.

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	<ul style="list-style-type: none"> 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, 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	<ul style="list-style-type: none"> 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		
Servicer-only	\$50,000	

Effective for all new requests beginning on February 18, 2021, 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	<ul style="list-style-type: none"> The fee is valid for 12 months if the Structured Transaction Seller/Servicer returns with the same transaction structure and



Application fee to become an approved Structured Transaction Seller/Servicer		
Designation	Fee	Notes
		the same approved Seller/Servicers <ul style="list-style-type: none"> 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
Structured Transaction Seller-only	\$15,000	Same notes as above plus: <ul style="list-style-type: none"> The servicing must be performed by a current Optigo Servicer The fee must be paid by the Structured Transaction Seller, not the current Optigo Servicer performing the servicing

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 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:

Guide Bulletin Update [40/17/2402/27/25](#) Chapter 3 – Page 7

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



- o 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.mbrf.org before completing the report.
- The Seller/Servicer must complete and submit Form 1055 online at <https://www.mbrf.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

Guide Bulletin Update [10/17/24](#) [02/27/25](#) Chapter 3 – Page 14

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.freddie.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/Servicer 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/Servicers (09/01/16)

Each Seniors Housing Seller/Servicer 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/Servicer 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/Servicer 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 (04/04/2502/27/25)

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 (42/44/2302/27/25)

1. ~~4.~~ **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.”

Formatted: Indent: Left: 1", Hanging: 0.38", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.2" +

- 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/Servicer must provide Freddie Mac with the names of the broker/correspondents with whom it directly engages. Upon request, the Seller/Servicer 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.

Formatted: Indent: Left: 1", Hanging: 0.38", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.2" +

3. ~~2.~~ **Initial information Mortgage loan requirements.** The following requirements regarding transactions with brokers and correspondents must be satisfied for each Mortgage:

Formatted: Indent: Left: 1", Hanging: 0.38", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.2" +

A. **Non-Small Balance Loans.** For any ~~loan~~ 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/Servicer 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.
- B. Small Balance Loans.** For Small Balance Loans, ~~the~~
- i. The Seller/Servicer 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/Servicer must complete the Lender Fee Certification tab in PMT at or prior to submission of the full underwriting package.
- C. Inspection process.** The broker/correspondent must not be involved in the Property inspection process. The Seller/Servicer 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/Servicer from third parties) must be delivered directly to the Seller/Servicer 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 a ~~“soft quote” or “preliminary quote”~~ 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.

Formatted: Indent: Left: 1.88", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.69" + Indent at: 1.94"

Formatted: Indent: Left: 1.88", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.69" + Indent at: 1.94"



- iii. When a broker/correspondent arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer ~~on behalf of the Borrower~~, 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. F. **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 ~~(i) also comply with the requirements below:~~

Formatted: Indent: Left: 1", Hanging: 0.38", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.2" +

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, ~~and (ii).~~

Formatted: Indent: Left: 1.38", Hanging: 0.31", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.63" + Indent at: 1.88"

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.

Formatted: Indent: Left: 1.38", Hanging: 0.31", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.63" + Indent at: 1.88"

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**

Formatted: Indent: Left: 1.38", Hanging: 0.31", Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.63" + Indent at: 1.88"

must not represent itself as an approved Freddie Mac lender or as a direct provider of Freddie Mac's offerings.

- NOTE: When a Seller/Service refers a Mortgage loan to another Seller/Service, the referring Seller/Service is not subject to the requirements in this subsection "~~F4~~."

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

The Seller/Service 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/Servicer against loss resulting from dishonest or fraudulent acts committed by:

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



Base* (Insured Portfolio UPB)	Coverage Calculations by Base*	Cap
>\$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 (12/14/23)

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 regarding:
 - The diversity status of the Seller/Servicer
 - The diversity status of subcontractors engaged by the Seller/Servicer to provide services or goods for the use of Freddie Mac with respect to originating or servicing Mortgages under the Purchase Documents
 - Any other information Freddie Mac requests in order to comply with HERA and applicable diversity and inclusion regulations

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 10:23:08 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 03 - SS Eligibility Reqs GB-10-17-24.docx	
Modified filename: 03 - SS Eligibility Reqs GB-02-27-25.docx	
Changes:	
Add	32
Delete	16
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	48

Multifamily Seller/Service Guide

Chapter 6SBL

SBL Legal Services for Mortgage Origination and Servicing



6SBL.1 ~~Freddie Mac reliance on Single Counsel (06/30/16)~~[Freddie Mac reliance on Single Counsel \(02/27/25\)](#)

6SBL.2 ~~Limited joint representation for origination, purchase, delivery and Servicing (06/30/16)~~[Limited joint representation for origination, purchase, delivery and Servicing \(02/27/25\)](#)

6SBL.3 ~~Single Counsel selection (06/30/16)~~[Single Counsel selection \(02/27/25\)](#)

6SBL.4 ~~Single Counsel legal fees (06/30/16)~~[Single Counsel legal fees \(02/27/25\)](#)

6SBL.5 Additional counsel (06/30/16)

6SBL.6 Availability of Single Counsel (10/12/17)

6SBL.7 Preliminary legal analysis and preliminary legal issues memorandum (PLIM) (10/12/17)

- a. Reserved (06/30/16)
- b. Reserved (06/30/16)
- c. Disclosure of information by Seller/Service (06/30/16)
- d. Delivery of the PLIM to Freddie Mac (when requested) (06/30/16)
- e. PLIM for Servicing requests (06/30/16)
- f. Freddie Mac request for additional analysis or information (06/30/16)
- g. PLIM not a legal opinion (06/30/16)
- h. Title and UCC matters (06/30/16)
- i. Reserved (06/30/16)
- j. Reserved (05/05/17)
- k. Reserved (06/30/16)
- l. Notices to third parties of origination of SBL Mortgage and assignment to Freddie Mac (06/30/16)

6SBL.8 Identification of legal issues as they arise (06/30/16)

6SBL.9 Freddie Mac legal questions (06/30/16)

6SBL.10 Document analysis by Single Counsel (10/12/17)

6SBL.11 Negotiation of legal documents (06/30/16)

6SBL.12 Reserved (06/30/16)

6SBL.13 SBL Mortgages purchased by Freddie Mac (06/27/19)

- a. Attorney review requirements (06/30/16)
- b. Documents to be reviewed (06/27/19)

6SBL.14 Transfers of Ownership (06/27/19)

- a. Attorney review requirements (06/30/16)

Guide Bulletin Update ~~06/27/19~~02/27/25 Chapter 6SBL – Page 1

The current official electronic version of the Guide is published by AllRegs® and accessible via either ICE Mortgage Technology (for free) or the AllRegs web site of Ellie Mae, Inc. (with a paid subscription).



- b. Documents to be reviewed (06/27/19)
- c. Scope of Servicer and Single Counsel review (06/30/16)
- d. Payment of Single Counsel fees (06/30/16)

6SBL.15 Reserved (06/30/16)



6SBL.1 Freddie Mac reliance on Single Counsel (~~06/30/16~~02/27/25)

Although many decisions in connection with the structuring of an SBL Mortgage or a Transfer of Ownership or other Special Servicing Request for an SBL Mortgage may require Freddie Mac's approval, Freddie Mac, in making such decisions, may rely on the expertise of the Seller/Service and Single Counsel regarding legal matters. The term "Single Counsel" may refer collectively to the law firm or individually to the attorney representing Freddie Mac and a Seller/Service in a Mortgage transaction, as applicable.

6SBL.2 Limited joint representation for origination, purchase, delivery and Servicing (~~06/30/16~~02/27/25)

Single Counsel will represent Freddie Mac and Seller/Service jointly in the origination, delivery and purchase of SBL Mortgages. Additionally, Single Counsel will jointly represent Freddie Mac and Seller/Service in servicing matters related to those SBL Mortgages prior to securitization by Freddie Mac. Freddie Mac and Seller/Service must agree as to Single Counsel. Freddie Mac, Seller/Service and each Single Counsel law firm must enter into a joint representation letter.

6SBL.3 Single Counsel selection (~~06/30/16~~and notifications (02/27/25))

Seller/Service ~~may~~must select Single Counsel from a list of Single Counsel law firms that Freddie Mac will maintain. ~~From the list~~For origination of SBL Mortgages, Seller may~~select which~~select Single Counsel ~~originates its SBL Loans so long as it informs Freddie Mac of its choice. Sellers must identify a Seller contact person for communications regarding Single Counsel. from the SBL origination list ("SBL Origination Single Counsel List") and provide Freddie Mac notice of its selection on or prior to submission of the full underwriting package via an email to the applicable SBL Underwriter or Underwriting team. For the servicing of SBL Mortgages, Freddie Mac may select Single Counsel from the SBL servicing list provided to SBL Service ("SBL Servicing Single Counsel List").~~

Freddie Mac may remove a Single Counsel ~~from the list~~law firm from the SBL Origination Single Counsel List and/or the SBL Servicing Single Counsel List at any time in its sole discretion. If Freddie Mac removes a law firm from either List, Freddie Mac will notify the Seller/Service who have engaged such law firm.

Single Counsel must notify an SBL Freddie Mac SBL Multifamily Attorney if Single Counsel elects to cease being actively engaged in originating or servicing SBL Mortgage loans. Additionally, Single Counsel must notify an SBL Freddie Mac SBL Multifamily Attorney if any individual identified on the SBL Origination Single Counsel List and/or the SBL Servicing Single Counsel List ceases to be actively engaged in originating or servicing SBL Mortgage loans with such Single Counsel law firm.

6SBL.4 Single Counsel legal fees (~~06/30/16~~02/27/25)

~~Each~~Subject to the requirements of this Section 6SBL.4, each Seller/Service and Single Counsel will determine the amount of legal fees to be paid to Single Counsel ~~for an SBL Mortgage transaction. However, Seller/Service and Single Counsel must receive thea~~Freddie Mac SBL Multifamily Attorney's prior written permission before incurring:



- Incurring any legal fees that Seller/Servicer would like Freddie Mac to pay for or to split with Seller/Servicer.

Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

- The Seller/Servicer requests or requires Single Counsel to waive or discount any portion of the legal fees or expenses to be paid to Single Counsel in connection with the origination, delivery and purchase of an SBL Mortgage as set forth under the then-current legal fee schedule (to include any "add-on" fees identified in such fee schedule) among Freddie Mac, Seller/Servicer and Single Counsel. Notwithstanding the foregoing, approval of the waiver or discount of fees does not apply when the SBL Mortgage transaction does not close and the legal fees or expenses to be paid to Single Counsel as set forth under the then-current legal fee schedule are reduced by Single Counsel to the actual time value incurred by Single Counsel for such transaction.

Formatted: Bulleted + Level: 1 + Aligned at: 0.81" + Indent at: 1.06"

The Seller/Servicer may require the Borrower to pay Single Counsel's fees and expenses for the origination, delivery and purchase of an SBL Mortgage; provided, however, that each Seller/Servicer is responsible for ensuring the payment of Single Counsel's fees and expenses incurred for these transactions without regard to consummation of the proposed transaction.

6SBL.5 Additional counsel (06/30/16)

If Single Counsel is not licensed to practice law in the State in which the Property is located or lacks experience with the laws of that State, Single Counsel must have available local counsel who is both licensed and experienced in that State. The Seller/Servicer or Single Counsel must consult with that local counsel as necessary to satisfy each of the following requirements:

- In accordance with Section 6SBL.7 or Section 6SBL.8, identify for Freddie Mac any legal issues affecting the proposed SBL Mortgage that arise under the laws of that State
- Respond in accordance with Section 6SBL.9 to any questions Freddie Mac might have about those issues

The Seller/Servicer and Single Counsel, unless instructed otherwise, need not seek confirmation from local counsel that the SBL Loan Documents (as they appear at mf.freddie.com/lenders/legal) are enforceable under the laws of that State, but must consult local counsel to satisfy each of the following requirements:

- In accordance with Section 6SBL.10, determine whether enforceability will be affected adversely by any negotiated changes to the SBL Loan Documents or by the structure of the Borrower or the transaction
- Identify whether, since the issue date of each SBL Loan Document, the law of that State has changed in a way that would adversely affect enforceability of that document

If Single Counsel lacks expertise regarding special features of the transaction, Single Counsel must have available special counsel who has the necessary expertise. The Seller/Servicer and Single Counsel must consult that special counsel as necessary to satisfy each of the following requirements:

- Identify for Freddie Mac (in accordance with Section 6SBL.7 or Section 6SBL.8) any legal issues affecting the proposed SBL Mortgage that arise from those features of the transaction

- Respond in accordance with Section 6SBL.9 to any questions Freddie Mac may have about those issues

Both the Seller/Servicer and Single Counsel may use paralegals to perform appropriate tasks if the paralegals are supervised by an experienced attorney and their written work product is reviewed by that attorney before being submitted to Freddie Mac. An attorney, rather than a paralegal, must conduct the legal aspects of any negotiations with a Borrower regarding transaction structure or the content of documents.

6SBL.6 Availability of Single Counsel (10/12/17)

For each SBL Mortgage that it sells to Freddie Mac, the Seller/Servicer must have Single Counsel available at all times. This availability must continue from and after the commencement of consideration of the proposed transaction (including before Freddie Mac's issuance of a Letter of Commitment). Freddie Mac may need Single Counsel to assist Freddie Mac with the structuring and negotiation of the proposed transaction. Among other things, Single Counsel must be available to satisfy each of the following requirements:

- Participate in discussions about the proposed structure of the Borrower or transferee and of the transaction
- Identify legal issues presented by nonstandard features of the proposed transaction (see Sections 6SBL.7 and 6SBL.8)
- Respond to Freddie Mac's questions concerning legal issues (see Section 6SBL.9)
- Provide analysis of certain legal documents affecting the Property (see Section 6SBL.10), if requested
- Participate in and assist Freddie Mac with any negotiations with the Borrower or transferee (see Section 6SBL.11)

6SBL.7 Preliminary legal analysis and preliminary legal issues memorandum (PLIM) (10/12/17)

Based on the information available to the Seller/Servicer and Single Counsel, Single Counsel must perform a legal analysis of all legal risks or issues presented by the characteristics of a proposed transaction ("nonstandard features or provisions"), including issues that arise under the laws of the State in which the Property is located.

Single Counsel must bring to Freddie Mac's attention all of the following nonstandard features or provisions (also known as a "transaction legal issue"), along with the potential impact of each on the proposed or existing SBL Mortgage and any associated risks to Freddie Mac:

1. Those that are not contemplated by the Guide, or, for a Transfer of Ownership or other Special Servicing Request, were not contemplated by the original SBL Loan Documents, and that, unless addressed in the transaction structure or in the legal documents could result in any of the following:
 - Materially limit document enforceability.



- Materially impede foreclosure.
- Following foreclosure, result in title to the Property being subject to encumbrances or interests that would materially impede the sale of the Property or would materially reduce the sale price.
- Materially increase the risks that would result from the Borrower or a guarantor becoming the subject of a bankruptcy or insolvency proceeding.

2. Those that:

- Do not satisfy the requirements of Freddie Mac, are not generally accepted by Ratings Agencies or would be likely to negatively impact the ratings of any certificates, notes or other securities to be issued in connection with securitization.
- Could result in an Exception to the SBL Seller/Servicer Representations and Warranties.

3. For a Transfer of Ownership or other Special Servicing Request, any nonstandard features or provisions that materially change management or control of the Borrower.

A preliminary legal issues memorandum (PLIM) detailing the transaction legal issues is only required to be delivered to Freddie Mac (i) for Transfers of Ownership, (ii) certain other Special Servicing Requests as specified in the applicable provisions of this Guide, or (iii) when otherwise requested by Freddie Mac. For Transfers of Ownership or other Special Servicing Requests, the PLIM must be prepared using the most current applicable version of the Preliminary Legal Issues Memorandum Form – Servicing available at mf.freddie.com/lenders/legal.

To assist Single Counsel, a list of examples of transaction legal issues is available at mf.freddie.com/lenders/legal and as part of the Preliminary Legal Issues Memorandum Form – Servicing.

a. Reserved (06/30/16)

b. Reserved (06/30/16)

c. Disclosure of information by Seller/Servicer (06/30/16)

The Seller/Servicer must provide Single Counsel with all pertinent information about the proposed transaction then in the possession of the Seller/Servicer in order to enable Single Counsel to consider such issues and, if required, to prepare the PLIM.

d. Delivery of the PLIM to Freddie Mac (when requested) (06/30/16)

When Freddie Mac requests a PLIM on a particular transaction legal issue, the Seller/Servicer or Single Counsel must do each of the following:

- Identify the transaction legal issue being addressed by the PLIM with specificity



- Deliver the PLIM electronically to DMS
- Email the PLIM to the *Multifamily Small Balance Loan Team* and applicable Freddie Mac *Multifamily Attorney*
- Include the PLIM in the underwriting package and in the Final Delivery Package

e. PLIM for Servicing requests (06/30/16)

If the application is for the approval of a Transfer of Ownership or other Special Servicing Request, the PLIM must include all of the information required by the most current version of the Preliminary Legal Issues Memorandum Form – Servicing available at mf.freddie.com/lenders/legal.

f. Freddie Mac request for additional analysis or information (06/30/16)

After considering Single Counsel's recommendations, Freddie Mac may request that Single Counsel provide further information or analysis (in writing, if required) with regard to any of the identified transaction legal issues.

g. PLIM not a legal opinion (06/30/16)

Freddie Mac does not consider the PLIM to be a legal opinion.

h. Title and UCC matters (06/30/16)

A title search and Uniform Commercial Code (UCC) search are not required to be completed before the PLIM is prepared, but Single Counsel must identify any transaction legal issues arising from title or UCC matters of which the Seller/Servicer or Single Counsel have actual knowledge at that time.

i. Reserved (06/30/16)

j. Reserved (05/05/17)

k. Reserved (06/30/16)

l. Notices to third parties of origination of SBL Mortgage and assignment to Freddie Mac (06/30/16)

Single Counsel must analyze whether, upon the origination of the SBL Mortgage by Seller and/or the subsequent assignment of the SBL Mortgage to Freddie Mac and/or the subsequent assignment of the SBL Mortgage to a subsequent party in connection with a Securitization, written notice to a third party under any document, instrument or agreement, recorded or unrecorded, affecting the Property would be required and/or generally advisable, including for the purpose of entitling the Seller and/or Freddie Mac and/or such subsequent party, each in its capacity as a mortgagee of the Property, to any legal rights under such documents, instruments or agreements. Examples of such

Guide Bulletin Update [06/27/1902/27/25](#) Chapter 6SBL – Page 7



documents that Single Counsel must review to make this determination include ground leases, commercial leases, condominium declarations, reciprocal easement agreements, shared use agreements, homeowners' association documents, subordinate loan documents, and HAP contracts.

6SBL.8 Identification of legal issues as they arise (06/30/16)

If, during work on a proposed SBL Mortgage or Transfer of Ownership or other Special Servicing Request, Single Counsel becomes aware of any transaction legal issues that have not previously been identified to Freddie Mac, Single Counsel must identify such issues to Freddie Mac and briefly describe the possible impact of each such issue on the proposed transaction.

Freddie Mac may request that Single Counsel provide further information or analysis with regard to any such additional transaction legal issue.

6SBL.9 Freddie Mac legal questions (06/30/16)

Single Counsel must provide any additional information that Freddie Mac may request regarding any transaction legal issue, the substance of the law that applies to the proposed transaction, the practical results of applying that law or alternatives for mitigating risks arising from that law.

6SBL.10 Document analysis by Single Counsel (10/12/17)

If the Guide, the Letter of Commitment, the Approval Letter for a Transfer of Ownership or other Special Servicing Request requires that Freddie Mac approve a legal document affecting the Property, the Borrower or the SBL Mortgage, or if Freddie Mac requests further written information about or analysis of a document, then the Seller/Servicer or Single Counsel must submit such a document to Freddie Mac.

Delivery of a document to Freddie Mac does not relieve the Seller/Servicer of its obligation to provide a document analysis or of its responsibility for the accuracy of any such analysis.

Single Counsel must review the document and bring to the attention of Freddie Mac the following:

- Whether the document contains any provisions that do not satisfy the general requirements of Freddie Mac, are not generally accepted by Rating Agencies, or would be likely to negatively impact the ratings of any certificates, notes or other securities to be issued in connection with a securitization
- Any provision that would result in an Exception to the SBL Seller/Servicer Representations and Warranties and provide a proposed Exception to be set forth in the Letter of Commitment
- The parties to the document (and their relationship to the Borrower, where applicable)
- A summary of the document in enough detail that Freddie Mac need not read the document itself

- If the document departs from local law, generally accepted local practice or any applicable standards in the Guide
- The advantages and disadvantages of approving the document
- Options for mitigating any such disadvantages

Single Counsel must provide Freddie Mac with the degree of detail that a prudent mortgage lender originating the SBL Mortgage for its own portfolio would need in order to make an informed decision about the document. Based on the information that Single Counsel brings to Freddie Mac's attention, Freddie Mac will determine whether or not Single Counsel must deliver a written analysis with respect to the document or one or more issues in connection with the document. If a document contains provisions that are either so important or so difficult to analyze that Single Counsel believes Freddie Mac's attorneys should read those provisions themselves, rather than rely solely on the analysis, Single Counsel must provide a written analysis that identifies such provisions and their significance. If a written analysis is required under this Section 6SBL.10, Single Counsel must send the document and the analysis to the applicable Freddie Mac *Multifamily Attorney*.

If a written analysis is required to be delivered to a Freddie Mac *Multifamily Attorney*, Single Counsel may prepare each document analysis on the assumption that the individuals reading and relying upon it will be Freddie Mac's attorneys; and, therefore, the document analysis need not be written in a manner that would be understandable by non-attorneys. A document analysis may omit analysis of sections that have no relevance to the Property or the proposed transaction if the document analysis identifies the applicable sections and notes why they have no application. For example, an analysis of restrictive covenants for a planned unit development in which a property is located might note that specified sections of the document contain architectural restrictions applicable only to single family homes and omit any analysis of those inapplicable restrictions.

Documents for which Freddie Mac may require written document analysis include

- Ground leases (See Chapter 30 for the required format of ground lease documentation.)
- Subordinate Financing documents
- Preferred equity structures
- Merger agreements
- Any other document for which Freddie Mac requests an analysis

No written document analysis is required for

- An SBL Loan Document
- A title insurance commitment or policy
- A document affecting title that falls within one of the safe harbors stated in Section 29SBL.2, unless Freddie Mac specifically requests such an analysis



Each document analysis required pursuant to this section must be updated to include all information later conveyed to Freddie Mac and all written analyses must be included in the SBL Final Delivery Package along with copies of the documents that are analyzed.

6SBL.11 Negotiation of legal documents (06/30/16)

In general, the SBL Purchase Product is not intended to accommodate negotiations of the SBL Loan Documents. For any SBL Mortgage, if the Borrower requests permission to make one or more changes in an SBL Loan Document (including an Assumption Agreement), the Seller/Servicer and Single Counsel must

- Identify the advantages and disadvantages of granting each request
- Identify options for mitigating any such disadvantages
- Explain any feature of local law from which the need for a change arises or that has a material impact on a requested change
- Identify and explain whether such change generally satisfies the requirements of Freddie Mac, is generally accepted by the Ratings Agencies or would be likely to negatively impact the ratings of any certificates, notes or other securities to be issued in connection with a securitization
- Identify any change that would result in an Exception to the SBL Seller/Servicer Representations and Warranties and provide the wording of the proposed Exception to be set forth in the Letter of Commitment

Freddie Mac may charge a fee to the Seller/Servicer for any legal work its attorneys must perform in responding to such requests. The Seller/Servicer may require that the Borrower reimburse it for any such fee.

6SBL.12 Reserved (06/30/16)

6SBL.13 SBL Mortgages purchased by Freddie Mac (06/27/19)

a. Attorney review requirements (06/30/16)

In connection with each SBL Mortgage submitted to Freddie Mac for purchase, Single Counsel must

- Perform the tasks and provide the assistance described in this chapter, and
- Prepare and/or review all legal documents.

b. Documents to be reviewed (06/27/19)

The documents that Single Counsel must review or prepare include the following items, as applicable, together with all applicable exhibits, attachments and amendments:

Guide Bulletin Update [06/27/1902/27/25](#) Chapter 6SBL – Page 10



1. Note
2. Security Instrument
3. Guaranty
4. Loan Agreement
5. Financing statements
6. Any other legal document required by the Letter of Commitment or executed in connection with the loan
7. Title insurance commitment and/or policy
8. Documents cited as exceptions in Schedule B of the title insurance commitment and/or policy
9. Organizational documents of each entity identified in Section 9SBL.7
10. If required by the Commitment, opinion of the Borrower's and/or guarantor's legal counsel

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.

6SBL.14 Transfers of Ownership (06/27/19)

a. Attorney review requirements (06/30/16)

In connection with any Transfer of Ownership or other Special Servicing Request, Single Counsel must do each of the following:

- Perform the tasks and provide the assistance described in Sections 6SBL.6 through 6SBL.11.
- Prepare and/or review all legal documents in connection with the proposed Transfer of Ownership or other Special Servicing Request in accordance with the approval letter.

b. Documents to be reviewed (06/27/19)

The documents that Single Counsel must review or prepare include the following items, as applicable, together with all applicable exhibits, attachments and amendments:

1. Freddie Mac's standard Assumption Agreement for SBL Mortgages (for a Transfer of Ownership involving a change in ownership of the Property)
2. Guaranty



3. Easement Agreement
4. Partial Release Agreement
5. Any other legal document required by the Approval Letter issued in connection with the transaction
6. Title insurance commitment and/or policy
7. Organizational documents of each entity specified in Section 9SBL.7
8. If required by the Approval Letter, opinion of the new Borrower's and/or new guarantor's legal counsel
9. Subordination Agreement
10. Purchase Contract
11. Deed
12. Affirmation by Borrower or guarantor

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.

c. Scope of Servicer and Single Counsel review (06/30/16)

The Servicer and Single Counsel must ensure that

- They have reviewed the documents in detail
- The documents fully reflect all terms of Freddie Mac's approval and do not otherwise change any of the terms of the SBL Mortgage
- All statements set forth in the documents are accurate
- The documents comply with all applicable federal, State and local laws

d. Payment of Single Counsel fees (06/30/16)

To the extent that the Loan Documents obligate the Borrower to reimburse the lender for legal fees or expenses in connection with the servicing or enforcement of the SBL Mortgage, the Servicer must require that the Borrower reimburse it for the fees and expenses of Single Counsel unless Freddie Mac waives any portion of the fees or expenses.

6SBL.15 Reserved (06/30/16)



Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 10:25:53 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 06SBL - SBL Legal Services GB-06-27-19.docx	
Modified filename: 06SBL - SBL Legal Services GB-02-27-25.docx	
Changes:	
<u>Add</u>	34
<u>Delete</u>	20
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	54

Multifamily Seller/Service Guide

Chapter 7

Fraud Prevention, Detection and Reporting; Reporting Fraud and Suspicious Activity



7.1 Prevention, detection and reporting (04/18/24)

- a. Hiring and training (08/26/21)
- b. Origination and Servicing (04/18/24)

7.2 ~~Reporting requirements (06/13/24)~~ Reporting requirements (02/27/25)

- a. Procedures for reporting and what to report (06/13/24)
- b. ~~Immediate notification and reporting (08/26/21)~~ Immediate notification and reporting (02/27/25)

7.3 Cooperation requirements (08/26/21)



7.1 Prevention, detection and reporting (04/18/24)

The Seller/Servicer must have comprehensive prevention, detection and reporting practices and procedures in place to address Suspicious Activity and actual or possible fraud in connection with originating and selling a Mortgage to Freddie Mac and Servicing the Mortgage.

This section identifies basic fraud prevention and detection requirements related to:

- Employee hiring and training
- Origination and Servicing

a. Hiring and training (08/26/21)

The Seller/Servicer must have screening and hiring practices in place to ensure the integrity of its employees. In addition, before any individual may be retained to work on Freddie Mac matters, the Seller/Servicer must do each of the following as required in Section 2.18:

- Search the Exclusionary List, and
- Ensure that any individual whose name is on the Exclusionary List is not employed by or contracted with the Seller/Servicer in connection with the origination, underwriting, asset management or Servicing of Freddie Mac Mortgages

Employees and any entity or individual engaged to handle or perform functions typically handled by employees, and in a position to notice or report Suspicious Activity and actual or possible fraud, must receive training in each applicable area of its mortgage business about:

- Common and emerging fraud schemes applicable to multifamily loans, multifamily properties, Borrowers, Borrower Principals, and any other individuals or entities associated with the origination, underwriting or Servicing of a Freddie Mac Mortgage
- Financial crimes (including fraud, money laundering, terrorist financing and OFAC violations) identification, reporting and risk mitigation
- Red flags applicable to multifamily loans, multifamily properties, Borrowers, Borrower Principals or any other individuals or entities associated with the origination, underwriting or Servicing of a Freddie Mac Mortgage, that may signal potential fraud and/or Suspicious Activity, which may require additional review
- The Seller/Servicer's written procedures (including requirements of this Chapter) for prevention, detection and reporting of Suspicious Activity and actual or possible fraud

Parties engaged to handle or perform functions typically performed by employees and in a position to notice or report Suspicious Activity and actual or possible fraud may include parties such as contract underwriters, contract processing service companies (including loan processors), contract quality control firms, Borrower outreach companies, loss mitigation services and collection companies.



The training must include periodic updates at least annually to ensure that employees and parties referenced above are aware of emerging fraud (including money laundering) scenarios.

The Seller/Servicer must provide the training directly, hire a third party to provide the training, or obtain an annual written verification from the engaged entity or individual confirming that the entity or individual has already received such training from another party in accordance with the requirements of this section.

b. Origination and Servicing (04/18/24)

The Seller/Servicer must take the following minimum steps to prevent and detect Suspicious Activity and actual or possible fraud in the areas of origination and Servicing:

- Maintain a log of Suspicious Activity and actual or possible fraud involving any Freddie Mac Mortgage that has been reported to and/or investigated by the Seller/Servicer and reported in accordance with Section 7.2. Seller/Servicers must provide the log to Freddie Mac upon request.
- Ensure that information indicating Suspicious Activity and actual or possible fraud that the Seller/Servicer receives from any source is reported immediately (within one Business Day after its discovery) and escalated internally and properly investigated.

This includes information received from sources involved with:

- The origination of a Mortgage and related real estate transactions, such as Borrowers, Borrower Principals and providers of third-party reports
- Servicing functions relating to a Mortgage or Real Estate Owned (REO)
- Investigate unusual patterns or discrepancies or other red flags, such as a sudden drop in operating income or occupancy or a sudden increase in expenses after origination or supplemental loan funding.
- Comply with Section 2.18 regarding screening against the Freddie Mac Exclusionary List.
- Comply with all other Guide provisions relating to prevention and detection of Suspicious Activity and actual or possible fraud.

It is also important for Seller/Servicers to know the parties with whom they do business.

Accordingly, Seller/Servicers must:

- Approve, evaluate and monitor appraisers, Title Companies, engineers, environmental consultants, providers of zoning reports and any other third party to whom Servicing functions relating to a Mortgage or REO are outsourced or assigned in accordance with the requirements in the Guide.
- Consult the Multifamily Restricted Vendor List (See Sections 29.1(c), 29SBL.1(c), 60.4(c), 61.17(e) and 62.8(e) and 62SBL.17(e), as applicable).



7.2 Reporting requirements (06/13/2402/27/25)

a. Procedures for reporting and what to report (06/13/24)

The Seller/Servicer must have written procedures for reporting Suspicious Activity and actual or possible fraud in connection with a Mortgage offered to, sold to, or serviced for, Freddie Mac and discovered at any time, including during origination or Servicing activities. A Seller/Servicer must also maintain all records evidencing Suspicious Activity and actual or possible fraud in accordance with its standard records retention policies.

A Seller/Servicer must report to Freddie Mac within 1 Business Day after the Seller/Servicer obtains information, receives allegations, or otherwise learns that one of the following may be occurring or may have occurred during origination or Servicing of a Mortgage:

- Misrepresentation, misstatement or omission related to the Borrower or Borrower Principals including sources of funds, other indebtedness and other assets
- Misrepresentation, misstatement or omission related to the Property, including property valuation, property value, occupancy, income and property use
- Misrepresentation, misstatement or omission of any other information related to a Mortgage or related real estate transaction, including, undisclosed seller or other third-party incentives, loan performance, mortgage purpose, kickbacks, an undisclosed relationship between parties to the transaction when Freddie Mac requires that the transaction be an “arm’s length” transaction
- Falsification or destruction of documents or records by the Borrower, Borrower Principal or any party involved in the origination, underwriting or Servicing of the Mortgage
- False statements, misrepresentation, making false claims
- In connection with a Borrower or Key Borrower Principal, the failure to accurately or completely report in Form 1115, Borrower and Key Borrower Principal Certificate, or in other required Freddie Mac documentation
- Theft of custodial funds or non-remitted payoff funds
- The involvement of a person or entity on the Freddie Mac Exclusionary List in the origination, sale or Servicing of the Mortgage or in the related real estate transactions in violation of Section 2.18
- Actual or possible terrorist financing or ongoing or possible money laundering schemes or activity
- Notification of the entry of a civil judgment, guilty plea or criminal conviction indicating lack of integrity and relating to a participant in a Mortgage transaction or related real estate transaction, or relating to a board member, officer, employee or contractor of the Seller/Servicer



- Notification by law enforcement or another governmental authority that such authority is conducting an investigation or prosecution of fraud relating to Mortgages owned by, or serviced for, Freddie Mac or relating to a board member, officer, employee or contractor of the Seller/Servicer

b. Immediate notification and reporting (~~08/26/21~~02/27/25)

The Seller/Servicer must immediately (within one Business Day after its discovery) report the information identified in Section 7.2(a) to Freddie Mac in writing by e-mail by completing Form 1129, Potential Fraud Tip Reporting, and emailing it to the Multifamily Fraud *Investigation Unit* at MF_Mortgage_Fraud_Reporting@freddiemac.com.

The Seller/Servicer must, within five Business Days following the immediate notification, provide additional information as may be requested in writing to the Multifamily Fraud *Investigation Unit* at MF_Mortgage_Fraud_Reporting@freddiemac.com.

Seller/Servicers are not required to and must not disclose to Freddie Mac any Financial Crimes Enforcement Network Suspicious Activity Reports (SARs) or draft SARs, documents or information revealing the existence of a SAR or indicating whether or not a SAR has been filed, or where disclosure of Suspicious Activity and actual or possible fraud to Freddie Mac would otherwise be prohibited by law.

7.3 Cooperation requirements (~~08/26/21~~)

The Seller/Servicer must cooperate with Freddie Mac to prevent and investigate, where permitted by law, Suspicious Activity and actual or possible fraud. Cooperation includes:

- Making available to Freddie Mac individuals with knowledge of relevant facts
- Providing, and assisting Freddie Mac, when permitted by law, in obtaining all information, documentation and records requested by Freddie Mac relating to a Mortgage and related real estate transactions, including closing or settlement agent files, Mortgage files, Borrower payment records, re-verifications of occupancy and assets and any internal or external communications
- The Seller/Servicer must comply with the deadlines specified by Freddie Mac for providing information, documentation, records, access to individuals or any other requested assistance

Failure to cooperate with Freddie Mac or to comply with any other requirements in this Chapter 7 may result in Freddie Mac taking any disciplinary actions set forth in Section 4.1(b) or exercising any other rights and remedies available under the Guide, at law or in equity.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 10:37:03 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 07 - Fraud GB-06-13-24.docx	
Modified filename: 07 - Fraud GB-02-27-25.docx	
Changes:	
<u>Add</u>	9
<u>Delete</u>	7
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	16

Multifamily Seller/Servicer Guide

Chapter 9

Borrower/Borrower Principal Fundamentals



9.1 Introduction (09/08/04)

9.2 ~~Borrower requirements (12/12/24)~~ Borrower requirements (02/27/25)

- a. General Borrower requirements (12/12/24)
- b. Single Purpose Entity (SPE) requirements; newly-formed vs. recycled entities (05/01/14)
- c. SPE Equity Owners (05/01/14)
- d. ~~Key Borrower Principal due diligence (12/12/24)~~ Key Borrower Principal due diligence (02/27/25)
- e. Borrower requirements specific to a Single Member Limited Liability company (06/25/20)
- f. Borrower requirements specific to non-profit Borrowers and Borrower Principals (04/13/23)
- g. Borrower requirements specific to Crowdfunding (04/13/23)

9.3 Persons or entities unacceptable as Borrowers, Borrower Principals, SPE Equity Owners, Master Tenants, Operators, Guarantors and Non-U.S. Equity Holders (04/13/23)

- a. Unacceptable persons or entities (04/13/23)
- b. Potentially unacceptable persons or entities (04/13/23)

9.4 Land trusts (03/03/14)

9.5 Cooperatives (09/28/18)

9.6 Trusts (06/15/23)

- a. Revocable and irrevocable trusts (06/15/23)
- b. Trust underwriting requirements (06/15/23)
- c. Trust legal requirements (06/30/15)

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

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

9.9 Preferred equity (02/16/23)

- a. Equity contributions requiring Freddie Mac consent (04/14/22)
- b. Definitions (02/16/23)
- c. Characteristics constituting Preferred Equity (02/16/23)
- d. Unacceptable attributes of Preferred Equity (04/14/22)
- e. Preferred Equity guaranty (04/14/22)
- f. Required analysis; compliance (02/16/23)
- g. Underwriting Preferred Equity (02/16/23)

9.10 Investment fund (12/14/17)

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

9.11 Foreign Guarantor (02/22/24)



- 9.12 Tenancy-in-common (TIC) (04/15/21)
 - a. Conditions applicable to TIC owners (06/30/15)
 - b. Tenant in common agreement (09/25/15)
 - c. Additional requirements pertaining to TIC Agreements (04/15/21)

9.1 Introduction (09/08/04)

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

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

See Chapter 9SBL for Freddie Mac's Borrower and Borrower Principal requirements for an SBL Mortgage.

9.2 Borrower requirements (~~12/12/24~~02/27/25)

a. General Borrower requirements (12/12/24)

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



4. The Borrower is not permitted to be a pension, retirement fund or account.
5. For any Mortgage with a Guarantor, at least one Guarantor must have Control of the Borrower (including through an entity), unless previously disclosed to and approved by Freddie Mac.
6. Seller must immediately notify Freddie Mac if any Key Borrower Principal, or Borrower Principal with direct or indirect Control of Borrower, is a trust or other investment vehicle controlled by or created on behalf of an individual retirement account, pension fund or other retirement investment fund.
7. If an Equity Conflict of Interest as defined in Section 2.25 exists, then the Seller must disclose the nature and extent of the Equity Conflict of Interest in writing to Freddie Mac when the Seller delivers to Freddie Mac the preliminary underwriting package for a Seller utilizing the early rate lock delivery option, or the full underwriting package for a Seller utilizing the standard delivery option. The Seller must notify Freddie Mac in writing immediately if an Equity Conflict of Interest arises following delivery of the underwriting package to Freddie Mac.

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

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

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

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

The Property must be the Borrower's sole asset and the operation of the Property must be the Borrower's sole business. Additional SPE limitations for the Borrower and SPE Equity Owner are set forth in the Loan Documents available at mf.freddiemac.com/lenders/legal.

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

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

d. Key Borrower Principal due diligence (12/12/2402/27/25)

If a Key Borrower Principal falls under one of the categories noted below, then the Key Borrower Principal may be subject to additional due diligence requirements, as outlined in Section 11.6, Section 55.2, and/or the underwriting checklists:

Guide Bulletin Update [12/12/2402/27/25](#) Chapter 9 – Page 4



- **First-Time Sponsor:** When neither the Key Borrower Principal nor its Ultimate Control, when applicable, has transacted multifamily business in a similar role in the past 10 years with Freddie Mac
- **Limited Multifamily Experience Sponsor:** When neither the Key Borrower Principal nor its Ultimate Control, when applicable, has had Control of at least 5 properties in the past 5 years, the majority of which are or were substantially similar to the Property in the number of units or type of property

- **Rapid Growth Sponsor:** Effective for transactions taken under Seller Application on or after February 27, 2025, when the Key Borrower Principal meets the following conditions:

Formatted: Bulleted + Level: 1 + Aligned at: 1.19" + Indent at: 1.44"

- (i) Controls at least 15 multifamily properties, and

Formatted: Indent: Left: 1.44", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.6" + Indent at: 0.85"

- (ii) At least 50% of the multifamily properties Controlled by Key Borrower Principal were purchased within the past three years

Formatted: Indent: Left: 1.44", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.6" + Indent at: 0.85"

Notwithstanding that a Key Borrower Principal meets the above conditions, it will not be considered a Rapid Growth Sponsor if the Key Borrower Principal's Ultimate Control, if applicable, provides appropriate supporting documentation evidencing that such Ultimate Control does not meet the above conditions.

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

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

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

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



f. Borrower requirements specific to non-profit Borrowers and Key Borrower Principals (04/13/23)

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

1. General Borrower and Key Borrower Principal requirements

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

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

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

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

2. Specific non-profit Borrower and Key Borrower Principal requirements

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

- The non-profit Borrower/Key Borrower Principal must have a minimum of three years' experience
 - In the same capacity that it will have for the proposed transaction, and
 - Acquiring, developing or owning a minimum of three properties.
- The Borrower/Key Borrower Principal must own and manage other properties in the market where the Property is located.
- The executive director and key staff of the Borrower/Key Borrower Principal must have adequate experience to successfully fulfill their respective roles and



responsibilities.

- The non-profit Borrower/Key Borrower Principal must not have any unresolved internal control or compliance findings.
- The non-profit Borrower/Key Borrower Principal must have no unresolved issues of integrity or conflict of interest.

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

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

g. Borrower requirements specific to Crowdfunding (04/13/23)

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

9.3 Persons or entities unacceptable as Borrowers, Borrower Principals, SPE Equity Owners, Master Tenants, Operators, Guarantors and Non-U.S. Equity Holders (04/13/23)

a. Unacceptable persons or entities (04/13/23)

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



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

b. Potentially unacceptable persons or entities (04/13/23)

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

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

9.4 Land trusts (03/03/14)

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

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

Guide Bulletin Update [42/42/2402/27/25](#) Chapter 9 – Page 8



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

9.5 Cooperatives (09/28/18)

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

9.6 Trusts (06/15/23)

a. Revocable and irrevocable trusts (06/15/23)

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

b. Trust underwriting requirements (06/15/23)

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

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

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

1. Legal analysis

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



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

2. Additional requirements

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



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

The Seller/Servicer's legal counsel must review the organizational documents for any entity (including a trust, investment fund or REIT) that is a Borrower, SPE Equity Owner, or Guarantor to ensure that the following conditions are met:

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

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



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

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

9.9 Preferred equity (02/16/23)

a. Equity contributions requiring Freddie Mac consent (04/14/22)

All Preferred Equity is subject to Freddie Mac's prior approval.

b. Definitions (02/16/23)

1. Common Equity

A form of investment in an entity provided by an equity investor, where the equity investor:

- Has an equal right to receive distributions, payments or returns (i.e., no such investor or class of investors receives any preferential payments or returns as compared to other equity investors) (sometimes referred to as "pari-passu" equity), or
- Is entitled to receive preferred distributions, payments or returns only out of net cash flow from the Property (i.e., cash flow, if any, available after payment of all operating expenses for the Property, lender's debt service, and any escrows and reserves required by the lender) before any other investor receives any distributions, payments or returns (sometimes referred to as "soft pay" preferred equity)

If Common Equity has any characteristics constituting Preferred Equity or any unacceptable attributes of Preferred Equity as noted in Sections 9 c. and d. below, it will be considered to be a Preferred Equity investment for the purpose of the Guide. Additionally, if any other investment by the Common Equity investor, or an affiliate of the Common Equity investor, is determined to be Preferred Equity, then the Common Equity investment will be considered to be a Preferred Equity investment for the purpose of the Guide.

2. Preferred Equity

Any investment in an entity provided by an equity investor where the equity investor is entitled to receive periodic distributions, payments or returns (e.g., monthly, quarterly, annually, or other set period), that have priority over distributions, payments or returns to any other equity owner, whether or not there is sufficient net cash flow from the Property (sometimes referred to as "hard pay" preferred equity) ("Preferred Equity Return").

c. Characteristics constituting Preferred Equity (02/16/23)

Any of the following characteristics constitute Preferred Equity:

- The equity contribution and/or any accrued Preferred Equity Return must be paid on a set date, or the property is subject to a predetermined date of sale or other disposition (“Redemption Date”)
- Equity investor has rights or remedies if not paid the Preferred Equity Return or all or any part of its equity contribution; provided, however, the right to force a sale of the property is not in and of itself a characteristic constituting Preferred Equity
- Equity investor has rights or remedies other than a forced sale if the Property fails to achieve any particular debt coverage ratio (DCR), loan-to-value ratio or other economic performance measure, while the Property is performing under the Mortgage
- Common Equity investments in the Borrower’s organizational structure made by the Preferred Equity investor, or its affiliate(s)

d. Unacceptable attributes of Preferred Equity (04/14/22)

The following are unacceptable attributes of Preferred Equity:

1. Any of the obligations related to the Preferred Equity are secured by any form of collateral
2. A Redemption Date that is prior to the maturity date of the Mortgage
3. A cash sweep at the Property level
4. The assignment of any cash reserves at the Property level other than reserves established solely from the proceeds of the equity contribution
5. An intercreditor agreement, subordination agreement, recognition agreement, or any other agreement with the Property lender to limit or delay lender’s rights or remedies
6. An equity investment that also directly or indirectly capitalizes an entity affiliated with the Borrower which owns another property (“Affiliated Property”) unless (a) Freddie Mac also intends to purchase a mortgage secured by the Affiliated Property and (b) the Mortgage and the mortgage on the Affiliated Property will be cross-collateralized or cross-defaulted.
7. The right for the Preferred Equity investor or its assignee(s) to remove or replace the person or entity with direct or indirect control of the Borrower (“Preferred Equity Control Takeover”) based on the actions or inactions of any Person in any entity other than the Borrower or an entity in the Borrower’s ownership structure
8. The right for the Preferred Equity investor or its assignee(s) to exercise any rights or remedies based on the economic performance of a property other than the Property
9. The right for the Preferred Equity investor or its assignee(s) to make protective advances that increase the size of the Preferred Equity investment for any reason other than to pay debt service, taxes, or insurance



10. The right for the Preferred Equity investor or its assignee(s) to acquire the equity interests of (i) the person or entity with direct or indirect control of the Borrower, or (ii) any other equity owner, without purchasing those interests for fair market value
11. Documentation of additional terms and requirements of the Preferred Equity investment other than in the organizational documents (i.e., there may not be any side letters)
12. The Preferred Equity investment is subject to draws, phased or deferred funding. Any Preferred Equity investment must be fully contributed on or prior to the Origination Date.
13. The right to exercise a Preferred Equity Control Takeover based on the Property's failure to achieve specific, quantifiable occupancy, NOI, debt service or other economic performance measures while the Property is performing under the Mortgage
14. Permits any payment to an equity investor before payment of operating expenses of the Property and all sums due to the lender under the Loan Documents
15. Includes any other attribute that Freddie Mac determines circumvents Freddie Mac's intent with respect to an acceptable Preferred Equity investment

e. Preferred Equity guaranty (04/14/22)

Any guaranty provided in connection with Preferred Equity must:

1. Not include a guaranty of repayment of the Preferred Equity from any person or entity that is also providing a Guaranty in connection with the Mortgage ("Mortgage Guaranty")
2. Be expressly subordinate in all respects to the Loan Documents
3. Not include any guaranteed obligations other than:
 - Obligations that are substantially similar to the guaranteed obligations under the Mortgage Guaranty, and
 - The obligation to guaranty loss or damage caused by the trigger events set forth in the document "Preferred Equity Guaranty Acceptable Trigger Events"

f. Required analysis; compliance (02/16/23)

1. Prior to issuance of the Quote, the Seller/Servicer must advise Freddie Mac of any Preferred Equity, and provide the following information to the extent known:
 - Name of the Preferred Equity investor
 - Summary of the financial terms of the Preferred Equity and any Common Equity investment to be made by the Preferred Equity investor or its affiliate
 - a. Amount



- b. Initial rate of the Preferred Equity Return (and if the rate changes, any deferred rate of the Preferred Equity Return)
 - Anticipated schedule for the funding of the Preferred Equity
 - Proposed Redemption Date
 - Any other material relating to the Preferred Equity
2. Seller/Service's counsel must deliver the Equity Analysis no later than the delivery of the full underwriting package.
3. Seller/Service must require the Borrower to complete the Borrower's Preferred Equity Financial Terms Summary and deliver it to Freddie Mac no later than the delivery of the full underwriting package
4. Seller/Service's counsel must confirm that the operating agreement, joint venture agreement or similar agreement governing the Preferred Equity investment contains a prohibition against modifying any of the terms of the Preferred Equity, including the terms relating to the Preferred Equity Return, the Redemption Date or the amount of the Preferred Equity (except to decrease the amount of the Preferred Equity or the Preferred Equity Return) during the term of the Mortgage without the lender's consent

g. Underwriting Preferred Equity (02/16/23)

1. The following underwriting requirements will apply to a Mortgage with Preferred Equity, and will be based upon Freddie Mac's final determination of NOI and value:
 - The amount of all Mortgages secured by the Property plus the Preferred Equity must not exceed 90 percent of value of the Property on the Origination Date. For purposes of this calculation, the Preferred Equity will include any Common Equity investment deemed to be a Preferred Equity investment pursuant to Section 9.9 (b) above.
 - For fixed-rate Mortgages, including supplemental loans, the NOI divided by the sum of each Mortgage's amortizing debt service payment and the amount of the Preferred Equity Return must be at least 1.05x.
 - For Floating-Rate Mortgages, including supplemental loans, the NOI divided by the sum of each Mortgage's amortizing debt service payment based on the comparable fixed rate and the amount of the Preferred Equity Return must be at least 1.05x.
2. If the Preferred Equity investment provides that the Preferred Equity Return changes during the term of the Mortgage, Freddie Mac will use the weighted average of the total Preferred Equity Returns to calculate the DCR
3. If Freddie Mac permits a Preferred Equity investment that would otherwise not be permitted pursuant to Section 9.9(d)(12) above, then for purposes of underwriting the proposed Mortgage with Preferred Equity, Freddie Mac will deem any Preferred Equity not fully contributed until after the Origination Date to be fully funded on the Origination Date



9.10 Investment fund (12/14/17)

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

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

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

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

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

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

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

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

9.11 Foreign Guarantor (02/22/24)

A Foreign Guarantor is one 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

Guide Bulletin Update [42/42/2402/27/25](#) Chapter 9 – Page 16



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

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

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

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

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

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

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

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

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

1. General



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

2. Management

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

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

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

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

- An irrevocable power-of-attorney from the TIC owners for the Manager to deal with Freddie Mac on matters relating to the operation and maintenance of the Property

3. Limitations on TIC owners

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

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

4. Requirements related to the Mortgage

The TIC Agreement must include all of the following;

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



transfer of ownership interests are subject to, and may be limited by, the provisions of the Loan Documents

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

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

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:13:45 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 09 - Borrower Fundamentals GB-12-12-24.docx	
Modified filename: 09 - Borrower Fundamentals GB-02-27-25.docx	
Changes:	
Add	13
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	21

Multifamily Seller/Service Guide

Chapter 9SBL

SBL Borrower/Borrower Principal Fundamentals



9SBL.1 Introduction (06/30/16)

9SBL.2 ~~Borrower and Borrower Principal requirements (12/12/24)~~Borrower and Borrower Principal requirements (02/27/25)

- a. General Borrower requirements (12/12/24)
- b. Borrower Single Asset Entity (SAE) and Restricted Multiple Asset Entity (Restricted MAE) requirements (06/16/22)
- c. ~~Borrower Principal, Key Borrower Principal (including Guarantor) requirements (12/12/24)~~Borrower Principal, Key Borrower Principal (including Guarantor) requirements (02/27/25)
- d. ~~Guarantor requirements (04/13/23)~~Guarantor requirements (02/27/25)
- e. Foreign Borrower Principal (including Foreign Guarantor) (02/22/24)
- f. Reserved (09/26/19)
- g. Borrower requirements specific to Crowdfunding (02/28/20)

9SBL.3 Persons or entities unacceptable as Borrowers, Borrower Principals and Guarantors (04/13/23)

- a. Unacceptable persons or entities (04/13/23)
- b. Potentially unacceptable persons or entities (04/13/23)

9SBL.4 Reserved (06/30/16)

9SBL.5 Reserved (06/30/16)

9SBL.6 Trusts (06/15/23)

- a. Trust underwriting requirements (06/15/23)
- b. Trust legal requirements (06/29/17)

9SBL.7 Review of Borrower and Borrower Principal organizational documents (10/12/17)

9SBL.8 Adverse circumstances—Borrower (06/30/16)

9SBL.9 Preferred Equity (04/18/24)

9SBL.10 Reserved (03/03/17)

9SBL.11 Reserved (06/30/16)

9SBL.12 Tenancy-in-common (TIC) (06/30/16)



9SBL.1 Introduction (06/30/16)

This chapter details Freddie Mac's Borrower and Borrower Principal requirements for a Small Balance Loan (SBL) Mortgage. These requirements may also apply to Special Servicing Requests when appropriate.

9SBL.2 Borrower and Borrower Principal requirements (~~12/12/24~~02/27/25)

a. General Borrower requirements (12/12/24)

1. The following types of Borrower are generally acceptable:
 - Limited partnership
 - Limited liability partnership
 - Limited liability company
 - Real estate investment trust (REIT)
 - Irrevocable trusts meeting the requirements of Section 9SBL.6
 - Tenancy-in-Common (TIC) meeting the requirements of Section 9SBL.12, provided the TIC has five or fewer members
2. The following types of Borrower are not permitted:
 - Individual
 - Land trusts or business trusts (including Delaware Statutory Trusts)
 - Pension or retirement funds or accounts
 - Not-for-profit corporations
 - Tennessee obligated member entity
3. The following types of Borrower may be approved by Freddie Mac in its discretion:
 - Revocable trust meeting the requirements of Section 9SBL.6
 - General partnership
 - For-profit corporation
 - Restricted Multiple Asset Entity meeting the requirements of Section 9SBL.2(b)(3)

Guide Bulletin Update ~~12/12/24~~02/27/25 Chapter 9SBL – Page 2

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).

4. Borrower must be organized in the United States.
5. If an Equity Conflict of Interest as defined in Section 2.25 exists, then the Seller must disclose the nature and extent of the conflict in writing to Freddie Mac when the Seller delivers the full underwriting package. The Seller must notify Freddie Mac in writing immediately if an Equity Conflict of Interest arises following delivery of the underwriting package to Freddie Mac.
6. Borrower must not be involved in any active bankruptcy, foreclosure, deed in lieu of foreclosure, or other liquidation proceeding.

b. Borrower Single Asset Entity (SAE) and Restricted Multiple Asset Entity (Restricted MAE) requirements (06/16/22)

1. Unless either of the following scenarios apply, Borrower must be a Single Asset Entity (SAE), the full requirements for which are set out in the Loan Documents:
 - (i) Borrower is a revocable trust approved by Freddie Mac
 - (ii) Borrower is a Restricted Multiple Asset Entity (Restricted MAE) approved by Freddie Mac that satisfies the conditions specified in Section 9SBL.2(b)(3)
2. If Borrower is an SAE, the Property must be Borrower's sole asset and the operation of the Property must be the Borrower's sole business. Generally, a Borrower that is organized as a Single Purpose Entity (SPE) also satisfies the SAE requirements.
3. If a Restricted MAE Borrower is approved by Freddie Mac, in addition to the requirements set out in the Loan Documents, all the following additional conditions apply:
 - (i) The Property and any additional real property disclosed in writing to Seller prior to Origination (Additional Permitted Property) must be Borrower's only assets.
 - (ii) The operation of the Property and the Additional Permitted Property must be the Borrower's sole business.
 - (iii) Borrower may not acquire assets beyond the Property and the Additional Permitted Property after Origination.
 - (iv) Borrower may sell, finance, or refinance all or a portion of the Additional Permitted Property during the term of the Loan.

c. Borrower Principal, Key Borrower Principal (including Guarantor) requirements (12/12/2402/27/25)

1. **General Requirements.** A Borrower Principal (including all Guarantors), must satisfy all of the following requirements:
 - Be an individual, or if approved by Freddie Mac, an entity formed in the United States
 - If an individual, must:

Guide Bulletin Update 12/12/2402/27/25 Chapter 9SBL – Page 3



- Either be a United States citizen or lawful permanent resident of the United States, and be residing in the United States, or
- An individual meeting the Foreign Borrower Principal requirements in Section 9SBL.2(e)
- Key Borrower Principals that directly or indirectly control an entity Borrower must either be an entity formed in the United States, or an individual that is a citizen or lawful permanent resident of the United States.
- If an individual is identified as the Key Borrower Principal with the primary responsibility for the daily operations of the Property, they must:
 - Reside within 100 miles of the Property
 - Manage and/or own United States real estate assets other than the subject Property and have a demonstrated understanding of United States real estate practices.

Seller must immediately notify Freddie Mac if any Key Borrower Principal, or any Borrower Principal with direct or indirect Control of Borrower, is a trust or other investment vehicle controlled by or created on behalf of an individual retirement account, pension fund or other retirement investment fund.

2. Key Borrower Principal Requirements. In addition to the requirements set forth above, at the time of the “as of date” of a compliant Form 1116, Real Estate Schedule, Seller Application, or submission of the full underwriting package, at least one Key Borrower Principal must:
 - Have had Control of and owned an equity interest in (including through an entity) at least three multifamily properties each with five or more units (which may include the Property), together with Control (including through an entity) of at least one of these multifamily properties for the preceding two years, without interruption, or
 - Have had Control of and owned an equity interest in (including through an entity) a multifamily property containing five or more units (which may include the Property) for at least the five preceding years, without interruption, or
 - Have had Control of and owned an equity interest in at least 10 residential units (including through an entity) consisting of 2- to 4-unit properties for a minimum of the preceding two years.

3. Key Borrower Principal Due Diligence. ~~Effective for transactions taken under Seller Application on or after April 18, 2024, with respect to~~
~~For each (A) — Each~~ Key Borrower Principal with Ultimate Control or Guarantor ~~who does meeting the following conditions:~~

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.05" + Indent at: 1.3"



(i) ~~Does~~ not individually meet the criteria noted in ~~subsection~~ Section 9SBL.2(c)(2) above when the Seller/Servicer received Freddie Mac approval to deliver a full underwriting package, or

Formatted: Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 1.31" + Indent at: 1.63"

(ii) ~~(B) Each Key Borrower Principal with Ultimate Control or Guarantor who is~~ a First-Time Sponsor ~~(as or Rapid Growth Sponsor, both of which are~~ defined below),

Formatted: Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 1.31" + Indent at: 1.63"

then the Seller/Servicer must provide each of the following in its underwriting package:

- Liquidity Verification documentation (See Section 55SBL.2)
- A Form 1116, Real Estate Schedule, that complies with the verification and record retention requirements set forth in Section 11.6(b) and (c).

First-Time Sponsor: When neither the Key Borrower Principal nor its Ultimate Control, when applicable, has transacted multifamily business in a similar role in the past 10 years with Freddie Mac.

Rapid Growth Sponsor: Effective for transactions taken under Seller Application on or after February 27, 2025, when the Key Borrower Principal meets the following conditions:

- (i) Controls at least 15 multifamily properties, and
- (ii) At least 50% of those multifamily properties Controlled by Key Borrower Principal were purchased within the past three years

Formatted: Indent: Left: 1.3", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.6" + Indent at: 0.85"

Formatted: Indent: Left: 1.3", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.6" + Indent at: 0.85"

Notwithstanding that a Key Borrower Principal meets the above conditions, it will not be considered a Rapid Growth Sponsor if the Key Borrower Principal's Ultimate Control, if applicable, provides appropriate supporting documentation evidencing that such Ultimate Control does not meet the above conditions.

d. Guarantor requirements (04/13/2302/27/25)

In addition to the Borrower Principal requirements in Section 9SBL.2(c), a Guarantor must satisfy all of the following requirements:

- At least one Guarantor must have Control of the Borrower (including through an entity)
- Demonstrate a minimum net worth that is equal to the SBL Mortgage amount, including any adjustments required for Guarantors meeting the criteria set forth in Section 9SBL.2(c)(3)
- Demonstrate Liquidity equal to nine months of amortizing debt service before origination of the SBL Mortgage
- Must not be involved in any active bankruptcy, foreclosure, deed in lieu of foreclosure, or other liquidation proceeding, either directly or through any entities owned in whole or in part by the Guarantor

- If an individual, must have FICO® scores of 680 or better with at least two of the national credit bureaus (Equifax, TransUnion or Experian) or an average FICO score of 680 or better with all three national credit bureaus
- If an entity, must provide evidence of at least twice the minimum net worth and Liquidity requirements

e. Foreign Borrower Principal (including Foreign Guarantor) (02/22/24)

Freddie Mac may approve a Borrower Principal that is 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

Freddie Mac may also approve such a Borrower Principal as a Guarantor (Foreign Guarantor) provided each of the following requirements apply:

- Foreign Guarantor must manage and/or own United States real estate assets other than the Property, and have a demonstrated understanding of United States real estate practices,
- Foreign Guarantor must appoint an unaffiliated agent in the United States acceptable to Freddie Mac for service of process on behalf of the Guarantor (for example, an attorney or a company whose business is to accept service of process for its customers), and
- If there is no financially compliant United States Guarantor, the Foreign Guarantor(s) must:
 - Provide evidence of at least 2x the minimum net worth and Liquidity requirements.
 - Maintain a minimum Liquidity in one or more U.S. bank accounts equal to five percent of the original principal balance of the SBL Mortgage, or such other amount as Freddie Mac may require; the bank(s) holding the account must be acceptable to Freddie Mac. This requirement may be satisfied in the aggregate by the Foreign Guarantor(s) exclusive of any U.S. Guarantor Liquidity.
 - If there is one or more Foreign Guarantor(s) and no financially compliant U.S. Guarantor, the minimum Foreign Guarantor net worth and Liquidity requirements may be satisfied in the aggregate by the Foreign Guarantors and any non-compliant U.S. Guarantors.

f. Reserved (09/26/19)

g. Borrower requirements specific to Crowdfunding (02/28/20)

No direct or indirect interest in Borrower may consist of investments raised via Crowdfunding.

9SBL.3 Persons or entities unacceptable as Borrowers, Borrower Principals and Guarantors (04/13/23)

a. Unacceptable persons or entities (04/13/23)

Freddie Mac will not purchase any Mortgage or allow any Transfer of Ownership under Chapter 41SBL, or approve any other Servicing-related transaction if it determines that any of the following is true with regard to a Borrower, Borrower Principal, or Guarantor or any person or entity that is proposed as a potential Borrower, Borrower Principal or Guarantor:

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

b. Potentially unacceptable persons or entities (04/13/23)

Freddie Mac, in its sole discretion, may refuse to enter into a Letter of Commitment to purchase a Mortgage or allow any Transfer of Ownership under Chapter 41SBL, or approve any other Servicing-related transaction if a Web Search indicates any of the following with regard to a Borrower, Borrower Principal, or Guarantor or any person or entity that is proposed as a potential Borrower, Borrower Principal, or Guarantor or any person or entity that Controls any Borrower, Borrower Principal, or Guarantor:

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

9SBL.4 Reserved (06/30/16)

9SBL.5 Reserved (06/30/16)

9SBL.6 Trusts (06/15/23)

a. Trust underwriting requirements (06/15/23)

In addition to its ordinary underwriting procedures, the Seller must take the following steps when reviewing an application for an SBL Mortgage to a trust Borrower or for an SBL Mortgage with a trust Guarantor. The Seller must examine the trust agreement to determine that it has received a complete copy of the trust agreement, including all amendments, and if the trust is a revocable trust (also known as a living or inter vivos trust), that each of the following requirements are satisfied:

- The settlor (also known as the grantor) is still alive.
- The settlor is the trustee or one of the co-trustees or there is an institutional trustee.
- If the trust is a Borrower, the settlor is a co-Borrower with the trust or a Guarantor.
- If the trust is a Guarantor, the settlor is a co-Guarantor with the trust.

b. Trust legal requirements (06/29/17)

1. Legal analysis

For all trust Borrowers and trust Guarantors, Single Counsel must examine the trust agreement to determine that the trust meets all of the following conditions in addition to meeting the general conditions set forth in Section 9SBL.7, where applicable.

- a. The beneficiary does not need to grant written consent for the trust to borrow money or to guarantee the debt of another entity (as applicable); or, if the beneficiary must grant such consent, the beneficiary has granted the consent in writing for purposes of the SBL Mortgage.
- b. If the trust is a Borrower, each of the following conditions must be satisfied:
 - There are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Borrower's ability to hold and manage the Property.
 - There is no unusual risk of impairment of Lender's rights (for example, the trust agreement should only permit distributions to be made from net income remaining after payment of amounts due under the SBL Mortgage).
 - A lender can enforce its security interest in the trust property in the event of a default.

- The title insurer will provide full title protection to Freddie Mac, without exception for the trust structure.
 - The form of identification of the Borrower in the deed conveying the Property to the trustee or trust is the same as that in each Loan Document and the title policy is the same as the form in which the Borrower holds title to the Property.
- c. If the trust is a Guarantor, each of the following conditions must be satisfied:
- The trustee is authorized to guarantee the debts of another entity.
 - There are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Guarantor's ability to guarantee the SBL Mortgage.

If the trust or the trust agreement does not meet the requirements set forth above, and the trust or the trust agreement will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of the differences and recommendations as to whether and why Freddie Mac should accept the trust or trust agreement without them being fully compliant with this Section 9SBL.6.

9SBL.7 Review of Borrower and Borrower Principal organizational documents (10/12/17)

Single Counsel must review the organizational documents for any entity (including a trust) that is a Borrower or Borrower Principal (including an entity Guarantor) to ensure that the following conditions are met:

1. The entity is validly formed under the laws of the State in which it was organized.
2. For the Borrower and the general partner of a general partnership Borrower only, the entity is qualified to do business in the State in which the Property is located.
3. The entity does not expire, or in the case of an investment fund, have a termination date, during the term of the SBL Mortgage.
4. The entity has the required organizational power to execute, deliver and perform its obligations under the Loan Documents or the Guaranty (as applicable).
5. The individual executing the Loan Documents or the Guaranty (as applicable) on behalf of the entity has been properly authorized by the entity to take such actions on its behalf.
6. The entity complies with any additional Freddie Mac conditions set forth in the Guide or the Letter of Commitment.
7. There is no risk of impairment of Freddie Mac's rights resulting from the structure or operation of the entity that would be unacceptable to a prudent institutional lender originating a mortgage loan secured by a comparable property in the same locale as the Property.

If the organizational documents do not meet the requirements set forth above, and the organizational documents will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of

Guide Bulletin Update [4242/2402/27/25](#) Chapter 9SBL – Page 9



the differences and recommendations as to whether and why Freddie Mac should accept the organizational documents without them being fully compliant with this Section 9SBL.7.

9SBL.8 Adverse circumstances—Borrower (06/30/16)

Seller may not be aware of any circumstances or conditions involving the credit standing of the Borrower that adversely affect the value or marketability of the SBL Mortgage.

9SBL.9 Preferred Equity (04/18/24)

Preferred Equity is not permitted in SBL.

9SBL.10 Reserved (03/03/17)

9SBL.11 Reserved (06/30/16)

9SBL.12 Tenancy-in-common (TIC) (06/30/16)

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

- There may not be more than 5 TIC owners.
- Unless otherwise approved by Freddie Mac, each TIC owner must be an SAE.
- The TIC owners must enter into a tenant in common agreement (“TIC Agreement”).
- The TIC owners and the TIC Agreement must satisfy the requirements set forth in the “Tenant in Common Borrowers – Minimum Requirements (SBL)” document.

If the TIC owners or the TIC Agreement do not meet the requirements set forth above, and the TIC owners or the TIC Agreement will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of the differences and recommendations as to whether and why Freddie Mac should accept the TIC owners or the TIC Agreement without them being fully compliant with this Section 9SBL.12.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:16:27 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 09SBL - SBL Borrower Fundamentals GB-12-12-24.docx	
Modified filename: 09SBL - SBL Borrower Fundamentals GB-02-27-25.docx	
Changes:	
<u>Add</u>	23
Delete	15
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	38

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)
 - a. Seller/Servicer evaluation factors (04/13/23)
 - b. Key Borrower Principal guaranty and spousal information (04/13/23)
- 10.3 Creditworthiness of a previous Borrower (04/13/23)
- 10.4 Underwriting analysis (11/30/12)
- 10.5 SPE Equity Owner (11/30/12)
- 10.6 Amortization/term (09/08/04)
- 10.7 Investment quality (04/13/23)
- 10.8 Mortgage lien priority (11/30/12)
 - a. Mortgages which are not supplemental Mortgages (11/30/12)
 - b. Supplemental Mortgages (11/30/12)
- 10.9 Adverse circumstances -- Mortgage (09/08/04)
- 10.10 Originator and origination fees (09/28/18)
- 10.11 Mortgage not modified (11/30/12)
- 10.12 Principal amount advanced; no mandatory future advances; outstanding balance (04/30/13)
- 10.13 ~~Compliance with laws (04/30/13)~~Compliance with laws (02/27/25)
 - a. General requirements (04/30/13)
 - b. ~~Equal Credit Opportunity Act and Fair Credit Reporting Act compliance (04/30/13)~~Equal Credit Opportunity Act and Fair Credit Reporting Act compliance (02/27/25)
- 10.14 Mortgage not in default (09/08/04)
- 10.15 Seller authorized to sell Mortgage; Purchase and Servicing Documents authorized (04/30/13)
- 10.16 Characterization and nature of SBL Mortgages (06/30/16)
- 10.17 Purchase amount (09/08/04)
- 10.18 Permitted Mortgage amount - Acquisition financing and certain refinances (10/17/24)
 - a. Total acquisition costs (10/19/23)
 - b. Permitted closing costs (10/19/23)
 - c. Allocation to intangible assets (10/17/24)

Guide Bulletin Update ~~10/17/24~~02/27/25 Chapter 10 – Page 1

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



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:

Guide Bulletin Update 10/17/24 02/27/25 Chapter 10 – Page 2



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:

Guide Bulletin Update [10/17/2402/27/25](#) Chapter 10 – Page 3



- 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/Servicer 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.

Guide Bulletin Update 10/17/24 02/27/25 Chapter 10 – Page 5



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

Guide Bulletin Update [10/17/24](#) [02/27/25](#) Chapter 10 – Page 6



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 (04/30/1302/27/25)

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 (04/30/1302/27/25)

If the Seller declines a Mortgage application ~~or~~, 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 timeframetime 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 notice solely to the individual Borrower Principal on behalf of Freddie Mac 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.

Guide Bulletin Update 10/17/2402/27/25 Chapter 10 – Page 7



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
- For loan originations, the Borrower does not accept the Seller's quote from another institution offering similar credit terms

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Additionally, effective April 1, 2025, the Seller/Servicer must upload into DMS in the Adverse Action Notices folder 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 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.

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

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 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 (10/17/24)

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 the 12 months prior to Mortgage origination when required by the Letter of Commitment for the Mortgage. 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 (10/19/23)

The total acquisition cost is defined as the sum of: (1) the purchase price and (2) permitted closing costs paid to third parties in an amount no more than three percent of the purchase price. (*Note:* See also Section 10.18(c) for additional adjustments if an allocation to intangible assets is contemplated.)

b. Permitted closing costs (10/19/23)

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 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 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 Green Up or Green Up Plus Mortgage, costs associated with Green Improvements, so long as the following three requirements are met:
 - The total cost of the Green Improvements is escrowed at Mortgage origination
 - The Green 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 Green Improvements, such funds must be deposited into the Replacement Reserve Fund

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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:29:59 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 10 - Mtg, Orig, UW Fundamentals GB-10-17-24.docx	
Modified filename: 10 - Mtg, Orig, UW Fundamentals GB-02-27-25.docx	
Changes:	
<u>Add</u>	31
Delete	8
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	39

Multifamily Seller/Service Guide

Chapter 11

Miscellaneous Fundamentals



11.1 Introduction (09/08/05)

11.2 Letters of credit (08/18/22)

- a. General requirements for a letter of credit (04/15/21)
- b. Issuer and issuer's rating (12/12/14)
- c. Issuer's security (02/28/11)
- d. Form of letter of credit (06/29/17)
- e. Seller/Service responsibilities regarding letters of credit (08/18/22)
- f. Documents to be delivered to Freddie Mac (06/29/17)
- g. Change in issuer's Freddie Mac approval status (06/29/17)
- h. Delivery of letter of credit to Freddie Mac (06/29/17)
- i. Presentation of letter of credit (10/07/08)
- j. Notification to Freddie Mac of letter of credit expiration (02/27/15)
- k. Indemnification (10/07/08)

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

- a. Cap provider (12/12/14)
- b. Cap agreement (04/07/06)
- c. Cap guaranty; opinion (04/07/06)
- d. Delivery of cap agreement (02/29/16)
- e. Payments under the cap agreement (04/07/06)
- f. Reserve for subsequent cap agreement (07/01/14)
- g. Expiration of cap agreement (04/07/06)
- h. Servicing a cap agreement (02/07/08)

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

11.5 Insurance requirements for third-party consultants (10/12/17)

11.6 ~~Real Estate Schedule – Form 1116 verification (10/17/24)~~ Real Estate Schedule – Form 1116 verification (02/27/25)

- a. ~~Verification applicability (10/17/24)~~ Verification applicability (02/27/25)
- b. ~~Verification requirements (08/15/24)~~ Verification sample (02/27/25)
- c. Verification requirements (02/27/25)
- e-d. ~~Retention of Records (04/18/24)~~

11.7 Historical property financial statement reconciliation for Refinances of Freddie Mac Mortgages and Supplemental Mortgages (08/15/24)

- a. Reconciliation applicability (08/15/24)
- b. Reconciliation requirements (08/15/24)
- c. Submission of Servicing Statements (08/15/24)
- d. Identification of possible misrepresentation (08/15/24)
- e. Retention of Records (08/15/24)

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

Guide Bulletin Update ~~12/12/24~~ 02/27/25 Chapter 11 – Page 1

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Indent at: 0.88"



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



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.freddie.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.freddie.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 (10/12/17)

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)
- Green 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 (10/17/2402/27/25)

a. Verification applicability (10/17/2402/27/25)

The requirements in this section apply to ~~transactions taken under Seller Application on or after April 18, 2024, with respect 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).

Formatted: Indent: Left: 1.13", Bulleted + Level: 1 + Aligned at: 0.85" + Indent at: 1.1"

This verification is not applicable to U.S. Public Companies or Governmental Entities that are First-Time Sponsors ~~or~~ 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/Service 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:

Formatted: Indent: Left: 0.85", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.44" + Indent at: 1.69"

- (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.

Formatted: Indent: Left: 1.13", Hanging: 0.25", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 1.19" + Indent at: 1.69"



b.c. Verification requirements (08/16/2402/27/25)

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 ~~(e.g. general partner, limited partner, managing member, member, etc.)~~ of each residential asset ~~(other than a personal residence)~~ 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) ~~and~~ 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 ~~any~~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.

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.

e.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.

Formatted: Indent: Left: 0.85", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.44" + Indent at: 1.69"

Formatted: Indent: Left: 0.85", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1.44" + Indent at: 1.69"



11.7 Historical property financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages (08/15/24)

a. Reconciliation applicability (08/15/24)

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 7.2, with respect to any Suspicious Activity and actual or possible fraud or misrepresentation in connection with such reconciliation.

b. Reconciliation requirements (08/15/24)

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 either (i) there are no deviations identified or (ii) any deviations have been clearly disclosed to Freddie Mac in the [Mortgage Transaction Narrative Analysis](#)~~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 (08/15/24)

Seller/Servicer must comply with all reporting requirements, including but not limited to those in Section 7.2, 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 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 11.8, 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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:36:50 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 11 - Misc Fundamentals GB-12-12-24.docx	
Modified filename: 11 - Misc Fundamentals GB-02-27-25.docx	
Changes:	
Add	41
Delete	18
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	59

Multifamily Seller/Service Guide

Chapter 19

Originating a Targeted Affordable Housing Cash Mortgage



19.1 Overview (09/28/18)

- a. Program and related products (09/28/18)
- b. Investment quality (03/31/11)
- c. Types of Mortgages (03/03/14)
- d. Securitization of Mortgages (03/03/14)
- e. Delivery options (03/03/14)
- f. Minimum Origination Fee (09/22/17)
- g. Other requirements (03/31/11)

19.2 ~~Mortgage requirements (12/12/24)~~ Mortgage requirements (02/27/25)

- a. Requirements applicable to all Targeted Affordable Housing Cash Mortgages (04/13/23)
- b. Fixed-rate Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program (12/16/15)
- c. Floating rate Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program (05/05/17)
- d. Additional underwriting requirements for cash purchases of Mortgages with LIHTC (06/15/23)
- e. ~~Additional underwriting requirements for Preservation Rehabilitation (12/12/24)~~ Additional underwriting requirements for Preservation Rehabilitation (02/27/25)
- f. Additional underwriting requirements for TAH Mortgages with subordinate debt (04/27/18)
- g. Additional underwriting requirements for TAH Bridge Loans (06/15/23)

19.3 Delivery options; approval by TAH Underwriting Supervisor (04/15/21)



19.1 Overview (09/28/18)

a. Program and related products (09/28/18)

This chapter provides the requirements for Targeted Affordable Housing Seller/Service providers who are originating a Mortgage under the Targeted Affordable Housing Cash Mortgage Purchase Program utilizing the prior approval model.

Requirements for other Targeted Affordable Mortgages are found in:

- Forward Commitment TAH Cash Mortgages – Chapter 19A
- TEL Mortgages – Chapter 25
- Forward Commitment TEL Mortgages – Chapter 25A
- TAH Bond Credit Enhancement Mortgages – Chapter 28
- Forward Commitment TAH Bond Credit Enhancement Mortgages – Chapter 28A

Chapter 17, Originating a Mortgage under the Multifamily Conventional Cash Mortgage Purchase Program, provides the requirements applicable to Conventional Seller/Service providers. With respect to the origination of cash Mortgages with certain affordability components, Multifamily Conventional Seller/Service providers may originate and sell the following subject to certain conditions:

- Mortgages with Low Income Housing Tax Credits (LIHTC) after year 15 of the initial compliance period
- Mortgages with Section 8 HAP contracts
- Mortgages with Section 8 vouchers
- Mortgages with tax abatements

Conventional Sellers should contact their Freddie Mac representative for additional information. For a chart outlining Conventional Seller/Service provider and TAH Seller/Service provider eligibility for originating and selling Mortgages with certain affordability components, see Exhibit 2: Origination Guidelines for Targeted Affordable Housing Mortgages.

b. Investment quality (03/31/11)

Each Mortgage to be delivered to Freddie Mac under the Targeted Affordable Housing Cash Mortgage Purchase Program must have characteristics that demonstrate investment quality as described in Section 10.7.

c. Types of Mortgages (03/03/14)

The provisions of Section 17.1(c) apply.



d. Securitization of Mortgages (03/03/14)

The provisions of Section 17.1(d) apply.

e. Delivery options (03/03/14)

The provisions of Section 17.1(e) apply.

f. Minimum Origination Fee (09/22/17)

The provisions of Section 17.1(f) apply.

g. Other requirements (03/31/11)

All Mortgages submitted for purchase under the Targeted Affordable Housing Cash Mortgage Purchase Program must comply with the requirements of Chapters 8, 9 and 10 as well as with the requirements of this chapter.

19.2 Mortgage requirements (~~12/12/24~~02/27/25)

a. Requirements applicable to all Targeted Affordable Housing Cash Mortgages (04/13/23)

The requirements below apply for all TAH Mortgages unless otherwise indicated in this Chapter 19.

1. Eligible Mortgages are as follows:

- Mortgages for the purpose of the refinancing or acquisition (including Preservation Rehabilitation Mortgages) of the Property are eligible.
- The term of the Mortgage must be from 5 to 35 years, except as follows: (a) a Mortgage for a LIHTC Property must have a minimum term that is the lesser of 15 years or the remaining term of the LIHTC compliance period; and (b) a Preservation Rehabilitation Mortgage for a Non-LIHTC Property must have a term between 5 and 15 years.
- A refinance test is not required for a Mortgage with a loan term and amortization period of 15 years or more; see Section 23.3(c) for refinance test requirements for Section 8 Mortgages.
- For amortizing Mortgages
 - The standard amortization period is 30 years.
 - The maximum amortization period is 35 years; except for a Preservation Rehabilitation Mortgage for a Non-LIHTC Property for which the maximum amortization period is 30 years.
 - The minimum amortization period is 15 years.



- Notwithstanding the above, Freddie Mac, in its discretion, will determine the amortization period of each Mortgage.
 - The Seller's Servicing Spread for each Mortgage will be negotiated with Freddie Mac and will be stated in the Commitment or early rate-lock application for that Mortgage.
2. Freddie Mac uses a vacancy and collection loss rate in underwriting that is generally not less than five percent, and is adjusted upward if property and/or market conditions require.

For a Property with government-subsidized units, the *Multifamily TAH Underwriter* may determine that a lower vacancy rate is applicable, as follows, if the Property has achieved a vacancy rate of three percent or less over the most recent three-year period and if Freddie Mac determines that the subsidy will not be terminated in the future:

- For a Section 8 Property, a vacancy rate between three and five percent may be applied to both the subsidized units and the tenant-paid portions of the rent.
 - For a LIHTC Property, a vacancy rate between four and five percent may be applied.
3. See the following sections of Chapter 17 for requirements applicable to all Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program:
- Section 17.2(f): Prepayment provisions
 - Section 17.2(g): Yield Maintenance Prepayment Premium
 - Section 17.2(j): Sales or transfers of Property or beneficial interests in the Borrower
 - Section 17.2(l): Borrower recourse/third-party guaranties
 - Section 17.2(n): Reserves
 - Section 17.2(o): Co-op requirements
 - Section 17.2(p): Financing of origination fees
 - Section 17.2(q): Late charges and default interest

b. Fixed-rate Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program (12/16/15)

A fixed-rate Mortgage must be amortizing but may include an interest-only feature for up to two years for the Preservation Rehabilitation product only. Interest-only payments are generally available when construction activity during the Preservation Rehabilitation period is extensive enough to disturb tenants and/or interrupt the income stream of the Property.



c. Floating rate Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program (05/05/17)

The following requirements in Chapter 17 apply only to floating rate Mortgages under the Targeted Affordable Housing Cash Mortgage Purchase Program:

- Section 17.3(a): Interest rate calculation
- Section 17.3(b): Term
- Section 17.3(c): Prohibition against prepayment
- Section 17.3(d): Prepayment premium
- Section 17.3(f): Late charges and default interest

d. Additional underwriting requirements for cash purchases of Mortgages with LIHTC (06/15/23)

Freddie Mac purchases Mortgages used for the acquisition or refinancing of a Property that has received a LIHTC allocation. Additional LIHTC requirements are outlined below.

1. Property and Borrower Principal

The Borrower Principals must be able to demonstrate experience in the development and operation of LIHTC properties. The Property must be LIHTC-eligible and must attain 90 percent occupancy for the 90 days prior to the Origination Date.

2. LIHTC Syndicator

The LIHTC Syndicator must have a demonstrated track record with properties comparable to the Property in scale, complexity and regulatory compliance requirements. The Seller/Servicer must submit the LIHTC Syndicator's recapture history over the past five years.

3. Underwriting gross potential rent (GPR) for LIHTC units

For LIHTC units, Freddie Mac uses the lower of achievable rents or the maximum allowable LIHTC rent for each required income level and unit type. Freddie Mac also considers whether the Property will have an affordability gap; that is, whether the underwritten LIHTC rent is 10 percent or greater (on average) less than market rent. If the affordability gap is less than 10 percent, Freddie Mac will determine whether the Property has other advantages that will enable it to compete successfully with properties that have no rent restrictions.

Because the maximum allowable LIHTC rent is equal to the gross maximum allowable LIHTC rent less a documented utility allowance, Freddie Mac will review the utility allowance calculation for each unit type. If the utility allowance increases during the underwriting period (prior to rate-lock), Freddie Mac will reflect this increase in the underwritten rent.



- For a LIHTC Property located in a market with no direct LIHTC comparables, Freddie Mac assesses local market conditions to determine the achievable rent at the Property.
- For LIHTC units, Freddie Mac may use higher rents if HUD has announced, in writing, an increase in the Area Median Income (AMI).

For units benefiting from other forms of subsidy, such as Section 8 or Section 2.36, see Sections 23.3 and 23.4, respectively.

e. Additional underwriting requirements for Preservation Rehabilitation
(~~12/12/2402/27/25~~)

Preservation Rehabilitation is designed to assist in the long-term preservation of affordable housing, providing an immediate execution for a Property that requires a moderate level of planned renovations. The following Property types are eligible: (a) Properties with newly issued LIHTC (both 4% and 9%), and (b) Non-LIHTC Properties.

Freddie Mac will underwrite the loan to include the entire cost of the anticipated rehabilitation prior to the commencement of rehabilitation. The proceeds can be used for the acquisition and rehabilitation of the Property.

A cash Mortgage with 9% LIHTC, 4% LIHTC or a Non-LIHTC Property is eligible for the Preservation Rehabilitation product. Additional requirements are outlined below.

1. Definition of Preservation Rehabilitation

Freddie Mac defines “Preservation Rehabilitation” as rehabilitation work costing no more than \$60,000 per unit. For a cash Mortgage, all work must be completed and the Property must reach stabilization within 24 months of the Origination Date.

2. Property and Borrower Principal

The Borrower Principals must demonstrate experience in the rehabilitation of multifamily properties with tenants in place and, if applicable, must work with an experienced LIHTC Syndicator.

3. Mortgage structure and security

Freddie Mac will underwrite the loan based on projected post-rehabilitation NOI, but requires additional collateral until stabilization to fund any gap between the level of debt the Property is able to support based on its current NOI and the Mortgage amount supported by the post-rehabilitation NOI. Freddie Mac will underwrite current income and expense and current NOI separately from post-rehabilitation income and expense and NOI.

The additional collateral held until stabilization must be either a cash escrow (the “Rehabilitation Reserve”) or a letter of credit from a bank listed on the Multifamily Approved Counterparty List. The Rehabilitation Reserve or letter of credit must be sized to equal the post-rehabilitation portion of the Mortgage ~~plus 45 days interest~~. The amount



of the additional collateral is sized as the difference between the UPB supported by the “as-stabilized” NOI and the UPB supported by the “as-is” NOI.

The letter of credit cannot be secured by a lien on the Property, and it cannot expire earlier than 60 days after the term of the Preservation Rehabilitation period. The letter of credit must comply with the requirements of the Guide and the Loan Documents.

4. Payment type and interest rate type

- During the Preservation Rehabilitation period, up to two years of interest-only payment is available.
- Fixed, Floating or Float-to-Fixed (Flex TEL) are available. Flex TEL is a float-to-fixed execution that is unique to Preservation Rehabilitation. Flex TEL loans feature a variable rate during rehabilitation and convert to a fixed rate at the end of rehabilitation.

5. Maturity risk analysis

The refinance test is not required for a Mortgage with a loan term and amortization period of 15 years or more. However, if the Mortgage is underwritten with an excess rent component (also referred to as “HAP Overhang”), then the Mortgage must pass a refinance test, regardless of the term of the Mortgage.

6. Loan sizing

See the Preservation Rehab term sheet.

7. Guaranties

The Borrower must provide Freddie Mac with a guaranty of completion for the rehabilitation work to be done and an operating deficit guaranty for the term of the rehabilitation plus the length of any post-rehabilitation lease-up required.

8. Reserves (escrows)

Freddie Mac requires a Replacement Reserve and Reserves for the payment of real estate taxes and insurance premiums.

Separate Reserves for Priority Repairs and/or Green Improvements may be waived if work is included in the proposed rehabilitation budget. See paragraph 9 below for additional information.

9. Rehabilitation permitted

The rehabilitation work must cost no more than \$60,000 per unit.

Priority Repairs and Green Improvements may be included in the rehabilitation work budget provided they are clearly delineated. If included in the rehabilitation work budget, timing requirements found elsewhere in the Guide for Priority Repairs and Green



Improvements are not applicable for Preservation Rehabilitation Mortgages. Instead, the time limits for the rehabilitation work will apply.

10. Tenant displacement

The Borrower must demonstrate no significant disruption to income during the rehabilitation process. Freddie Mac will review the Borrower's rehabilitation plan and assess the impact to the DCR during rehabilitation; at Freddie Mac's discretion, tenants may be displaced temporarily. However, the work must not displace a significant number of tenants from their units for a material amount of time or for a period of time long enough to trigger non-payment of rent that would cause the Property's income to suffer material decline.

11. Documentation

Freddie Mac may request renovation documentation as part of the underwriting package. See Section 55.2 for a description of renovation documentation.

The Appraisal must include the following four values:

- The as-is market value, with restricted rents
- The as-is market value, without restricted rents
- The hypothetical as-if renovated and stabilized today market value with restricted rents
- The hypothetical as-if renovated and stabilized today market value without restricted rents

See Section 60.28 for additional requirements for Appraisals for Preservation Rehabilitation Mortgages.

Additional requirements for documentation may be specified in the Rehabilitation Escrow Agreement; see paragraph 14 below.

12. Construction monitoring

Freddie Mac requires the rehabilitation to be monitored by a licensed architect/engineer, who may be a member of the Seller/Service's staff or a third party consultant.

13. Rehabilitation Escrow Agreement

The Borrower must enter into a Preservation Rehabilitation Escrow Agreement based on a scope of rehabilitation work that Freddie Mac approves. The Preservation Rehabilitation Escrow Agreement may be in the form of a rider to the Loan Agreement or a Continuing Covenant agreement depending on the loan product type. The agreement will

- Establish the scope of the rehabilitation work as well as the requirements for the release of loan proceeds and other funds during the rehabilitation



- Specify third party reports and documentation
- Include Borrower obligations
- Allow for monitoring by the Seller/Servicer and Freddie Mac during rehabilitation
- Provide terms for release of the Rehabilitation Escrow, if applicable

14. Payment and performance bonds

Payment and performance bonds are required under either of the following circumstances:

- If the general contractor used to complete the construction work is unrelated to the Borrower
- If the general contractor is related to the Borrower and will use subcontractors for major elements of the rehabilitation, including:
 - Replacing heating boilers or air chillers
 - Replacing plumbing or electrical systems
 - Site grading
 - Roof replacement
 - Window replacement
 - Environmental remediation

Requirements for the payment and performance bonds are as follows:

- They must be on a form acceptable to Freddie Mac
- They must cover 100 percent of the amount of the applicable construction contract
- The surety must be licensed through the State in which it operates
- The surety must have a rating of at least A-9 from A.M. Best Company, Inc. or an equivalent rating from a comparable ratings agency
- The Seller/Servicer, together with its successors and assigns, must be named a dual obligee

Payment and performance bonds may not be required if all construction monitoring requirements remain in place and any of the following conditions are met:

- The amount of the construction contract represents less than 15 percent of the UPB
- The LTV of the Mortgage is 65 percent or less



- Cash or a letter of credit in the amount of 15 percent of the total construction contract is provided, and the letter of credit counterparty is acceptable to Freddie Mac

f. Additional underwriting requirements for TAH Mortgages with subordinate debt (04/27/18)

Freddie Mac will consider subordinate debt subject to the requirements below. The terms acceptable to Freddie Mac will vary based on the nature of the entity providing the subordinate debt. All subordinate lenders (providing hard subordinate debt or soft subordinate debt, as defined below) must execute the Freddie Mac form of subordination agreement appropriate to the nature of the entity providing the subordinate debt.

Permitted lenders include Governmental Entities and Nonprofit Entities. If the proposed third-party subordinate debt lender is not a Governmental Entity or a Nonprofit Entity, the Seller/Servicer must contact its Freddie Mac representative.

Freddie Mac distinguishes between two types of subordinate debt, as follows:

- “Hard subordinate debt” is debt that is similar, but junior, to TAH Mortgage debt in payment structure and is secured by a subordinate mortgage on the Property. The subordinate mortgage gives the lender the ability to exercise remedies in the event of a monetary or non-monetary default of the subordinate debt.
- “Soft subordinate debt” is (i) debt for which there is no debt service payable during the term of the TAH Mortgage(s) or (ii) debt that is payable only from available cash flow. The subordinate lender may have the ability to exercise remedies if the borrower incurs a monetary or non-monetary default. Soft subordinate debt may be secured by a subordinate mortgage on the Property.

1. Hard subordinate debt

- The minimum combined amortizing DCR is 1.10x.
- For a subordinate lender that is a Governmental Entity or a Nonprofit Entity, the maximum combined LTV is 100 percent. For a subordinate lender that is not a Governmental Entity or a Nonprofit Entity, the maximum combined LTV is 90 percent.
- Hard subordinate debt must mature at least six months after the maturity date of the last maturing TAH Mortgage.
- Interest on hard subordinate debt may not accrue.

2. Soft subordinate debt

- There is no preset minimum combined DCR or maximum combined LTV.
- Soft subordinate debt must mature at least six months after the maturity date of the last maturing TAH Mortgage.
- Any payment of debt service on soft subordinate debt must not, in the aggregate, exceed 75 percent of surplus cash flow after the payment of operating expenses,



Replacement Reserve contributions, contributions to Reserve accounts (for example, Reserves for taxes and insurance), and debt service on the TAH Mortgage(s).

- Unpaid interest may accrue, but only on a simple interest basis.

g. **Additional underwriting requirements for TAH Bridge Loans (06/15/23)**

TAH Bridge Loans include: (a) Bridge to Resyndication Mortgages, (b) Bridge to Syndication Mortgages, and (c) Non-LIHTC Bridge Mortgages. All of these TAH Bridge Loan offerings provide short-term cash loans for the purpose of acquiring or refinancing a Property and either: (a) completing the LIHTC resyndication process, (b) completing the LIHTC syndication process or (c) positioning the Property for long-term Non-LIHTC financing. The following underwriting requirements amend and supplement the requirements for TAH Cash Mortgages:

1. Maximum term

The maximum term is two years with one 6-month extension based on the Borrower's request and granted at the discretion of Freddie Mac. Freddie Mac will base its approval of the request on the progress made toward LIHTC resyndication, syndication or Non-LIHTC financing, as applicable.

2. Borrower and Borrower Principal

Borrowers must meet the following requirements:

- **Bridge to Resyndication Mortgage:** The general partner or managing member, as applicable, of the Borrower must be a highly experienced LIHTC developer/owner who has successfully completed multiple resyndications using 4% LIHTC and tax-exempt debt.
- **Bridge to Syndication Mortgage:** The general partner or managing member, as applicable, of the Borrower must be a highly experienced LIHTC developer/owner who has successfully completed multiple syndications or resyndications using 4% LIHTC and tax-exempt debt.
- **Non-LIHTC Bridge Mortgage:** The general partner or managing member, as applicable, of the Borrower must have financial capacity in an amount required by lender and have successfully completed multiple property rehabilitations on rent/income restricted properties or Naturally Occurring Affordable Housing properties.

Borrower Principals for each product above with less than three years of ownership must have 15 percent or more of cash equity.

3. Property eligibility

(i) Bridge to Resyndication and Bridge to Syndication Mortgages

Bridge to Resyndication and Bridge to Syndication Mortgages must meet the requirements provided in the table below:

Guide Bulletin Update [12/12/2402/27/25](#) Chapter 19 – Page 11



Product	Property	Borrower	Evidence of 4% LIHTC eligibility
Bridge to Resyndication	Must be stabilized with LIHTC-eligible rent levels and evidence of LIHTC-eligible tenancy. Most eligible properties will be LIHTC properties at or nearing the end of their compliance period.	The Borrower must provide evidence that a public agency with authority to issue bonds has sufficient tax-exempt bond or loan volume cap to meet the allocation needs of the anticipated LIHTC resyndication or syndication and has a highly predictable process for that allocation.	Upon delivery of the final underwriting package, the Borrower must provide evidence of the Property's eligibility for 4% LIHTC per the known guidelines of the State in which the Property is located.
Bridge to Syndication	Must either be stabilized with LIHTC-eligible rent levels and evidence of LIHTC-eligible tenancy, or plan to obtain tax credits to complete rehabilitation.		

(ii) Non-LIHTC Bridge Mortgages

The Property must meet the affordability requirements for the market that it is located in, as determined by Freddie Mac, and must have Non-LIHTC financing sources acceptable to Freddie Mac as described in the TAH Bridge Loan term sheet or meet the Freddie Mac Preservation definition. The Property may require moderate rehabilitation; however, the only construction that may be completed during the term of the Non-LIHTC Bridge Mortgage would be any required life-safety repairs or material deferred maintenance.

4. Payment type and interest rate type

- Full term interest only payments are available
- Floating rate, uncapped interest is available

5. Loan sizing

See the TAH [Bridge Loan](#) term sheet.



6. Reserves

Freddie Mac requires

- Reserves for the payment of real estate taxes, insurance premiums and Priority Repairs
- A Replacement Reserve to be calculated based on a 7+2-year term.

7. Additional considerations

For the following items, the Loan Documents will stipulate performance benchmarks that must be reached within the Mortgage term and the dates for achieving the benchmarks:

• Bridge to Resyndication or Bridge to Syndication Mortgages

- Bond inducement resolution
- The 4% tax credit allocation
- Preliminary plans, specifications and budget for rehabilitation, in sufficient detail to enable Freddie Mac to understand the extent of the rehabilitation work
- LIHTC Investor commitment
- Commitments from all other sources necessary to close the LIHTC resyndication or syndication

• Non-LIHTC Bridge Mortgages

- Draft commitments from anticipated Non-LIHTC financing sources, due no later than the end of the last full calendar year prior to maturity
- Preliminary plans, specifications and budget for rehabilitation, in sufficient detail to enable Freddie Mac to understand the extent of the rehabilitation work, due no later than the end of the last full calendar year prior to maturity
- Final commitments from all Non-LIHTC sources at least 60 days prior to the loan maturity date

19.3 Delivery options; approval by TAH Underwriting Supervisor (04/15/21)

There are two delivery options available for Targeted Affordable Housing Cash Mortgages: the standard delivery option and the early rate-lock delivery option.

For Targeted Affordable Housing Cash Mortgages, the applicable provisions of Chapter 27 apply with respect to each of these options, provided that, notwithstanding anything in Chapter 27 to the contrary, the LST, the preliminary underwriting package and the full underwriting package, as applicable, must be approved and signed by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.



Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:39:28 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 19 - Originating TAH Cash Mortgages GB-12-12-24.docx	
Modified filename: 19 - Originating TAH Cash Mortgages GB-02-27-25.docx	
Changes:	
<u>Add</u>	6
<u>Delete</u>	7
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	13

Multifamily Seller/Service Guide

Chapter 19A

Originating a Targeted Affordable Housing Cash Mortgage under a Forward Commitment



- 19A.1 ~~Overview (06/15/23)~~ Overview (02/27/25)
 - a. Availability of Forward Commitments (05/31/11)
 - b. Investment quality, types of Mortgages and Mortgage requirements (06/15/23)
 - c. ~~Freddie Mac's review of construction documentation (10/21/24)~~ Freddie Mac's review of construction documentation (02/27/25)
- 19A.2 Description and types of Forward Commitments (08/18/22)
 - a. Description of Forward Commitments (08/18/22)
 - b. Types of Forward Commitments (05/31/11)
- 19A.3 Forward Commitment Property Inspection (03/03/17)
- 19A.4 Construction lender (10/21/21)
- 19A.5 Loan Submission Template (LST), Quote, underwriting package, Commitment and Rate Lock; approval by TAH Underwriting Supervisor (08/18/22)
- 19A.6 Fees (06/13/24)
 - a. Application Fee (06/13/24)
 - b. Commitment Fee (08/18/22)
 - c. Delivery Assurance Fee – for 9% LIHTC Forward Commitments (06/13/24)
 - d. Standby Fee – for Non-LIHTC Forward Commitments (08/18/22)
- 19A.7 Construction period security (08/30/13)
- 19A.8 Construction Loan closing for Funded Forward Commitments (05/01/14)
- 19A.9 Construction monitoring (03/03/17)
- 19A.10 Extending the Forward Commitment (06/15/23)
 - a. General (06/15/23)
 - b. Request for extension (08/18/22)
- 19A.11 Complete property inspection (08/18/22)
- 19A.12 Conditions to Conversion (06/13/24)
 - a. Underwriting criteria for Conversion (08/18/22)
 - b. Time limit for meeting Conditions to Conversion (08/18/22)
 - c. Definitions applicable to Conditions to Conversion (08/18/22)
 - d. Property requirements for Conversion (06/13/24)
 - e. Other Conversion criteria (08/18/22)
- 19A.13 Loan Documents, TAH Cash Conversion Underwriting Package and notification of Conversion (06/13/24)
 - a. Loan Documents to be used at Conversion (12/15/22)

Guide Bulletin Update [06/13/24](#) [02/27/25](#) Chapter 19A – Page 1

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



- b. TAH Cash Conversion Underwriting Package and Conversion schedule (06/13/24)
 - c. Notification of release of Delivery Assurance Documents (06/13/24)
 - d. Conversion Acceptance Letter (06/13/24)
- 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)
 - b. Freddie Mac's responsibilities (04/18/24)
- 19A.15 Release of documents from escrow (08/18/22)
- 19A.16 Final delivery; funding (08/18/22)
- 19A.17 Late delivery; nondelivery (06/13/24)
- a. Late delivery (08/18/22)
 - b. Remedies for late delivery (08/18/22)
 - c. Nondelivery (04/13/23)
 - d. Remedies for nondelivery (06/13/24)
 - e. Calculation of the Breakage Fee (08/18/22)
- 19A.18 Assignment (08/18/22)



19A.1 Overview (06/15/2302/27/25)

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 (10/24/2402/27/25)

~~A review of construction documentation by Freddie Mac for Forward Commitments is required. The construction lender must meet the criteria identified in Section 19A.4. For this review, the Seller submits as part of the full underwriting package: 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 55.2 and the underwriting checklist, Section 1.30 of Exhibit 463.3(c) and Exhibit 1.30.

~~The Seller must also deliver the following construction documentation to the Multifamily TAH Underwriter via the Document Management System (DMS) within 90 days after the date of the Forward Commitment:~~

- ~~• Final plans and specifications (stamped and signed)~~
- ~~• Executed construction contract with all exhibits~~

~~Section 55.2 lists the items to be submitted as construction documentation in the underwriting package.~~

Formatted: h2-body0_1, Indent: Left: 1.19", Hanging: 0.25", No bullets or numbering

Formatted: h2-body0_1, Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 1" + Indent at: 1.25"

19A.2 Description and types of Forward Commitments (08/18/22)

a. Description of Forward Commitments (08/18/22)

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 (03/03/17)

Freddie Mac requires a Forward Commitment Property Inspection for every Forward Commitment. See Section 8.16 for Freddie Mac's requirements for the Forward Commitment Property Inspection.

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 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)

- 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.
- 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.
- 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 site) secured by a Delivery Assurance Mortgage (in the form published on the Freddie Mac web site, 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 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.freddie.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 (06/15/23)

a. General (06/15/23)

The Forward Commitment Maturity Date may be extended for one 6-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 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. An extension may require a new Appraisal, as discussed in more detail in Section 60.30.

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

Guide Bulletin Update [06/13/2402/27/25](#) Chapter 19A – Page 10

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 (06/13/24)

a. Underwriting criteria for Conversion (08/18/22)

By: (i) submission of a TAH Cash 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.

Guide Bulletin Update [06/13/2402/27/25](#) Chapter 19A – Page 11



- “*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 (06/13/24)

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 TAH Cash 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 TAH Cash 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
 - No more than 10 basis points lower than 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 TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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, TAH Cash Conversion Underwriting Package and notification of Conversion (06/13/24)

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.freddie.com or in standard use by Freddie Mac at

Guide Bulletin Update [06/13/2402/27/25](#) Chapter 19A – Page 17



the time of Conversion. Any modifications to the Loan Documents attached to the Forward Commitment will be included in the Conversion Acceptance Letter (see 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. TAH Cash Conversion Underwriting Package and Conversion schedule (06/13/24)

Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the TAH Cash 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 TAH Cash 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 TAH Cash 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 TAH Cash 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, 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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:41:20 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 19A - Originating a TAH Cash Forward Commitment GB-06-13-24.docx	
Modified filename: 19A - Originating a TAH Cash Forward Commitment GB-02-27-25.docx	
Changes:	
<u>Add</u>	9
<u>Delete</u>	15
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	24

Multifamily Seller/Service Guide

Chapter 25A

Originating a Targeted Affordable Housing Tax-Exempt Loan under a Forward Commitment



25A.1 ~~Overview of Forward Commitments for Tax-Exempt Loans (08/17/23)~~ Overview of Forward Commitments for Tax-Exempt Loans (02/27/25)

- a. Availability of Forward Commitments (08/17/23)
- b. Loan structure (08/17/23)
- c. Loan purpose (08/17/23)
- d. Mortgage requirements applicable to Forward TELs (08/17/23)
- e. Freddie Mac's review of construction documentation (02/27/25)

25A.2 Description of a Forward Commitment (08/17/23)

25A.3 Fees (06/13/24)

- a. Application Fee (06/13/24)
- b. Commitment Fee (08/17/23)
- c. Standby Fee (08/17/23)
- d. Fees and expenses of Single Counsel (08/17/23)

25A.4 Single Counsel and Documentation Responsibilities (08/17/23)

25A.5 Conditions Precedent to Rate Lock (08/17/23)

25A.6 Extending the Forward Commitment (06/14/24)

25A.7 Conditions to Conversion (02/22/24)

- a. Property requirements for Conversion (02/22/24)
- b. Amortization Schedules (08/17/23)
- c. Requirements of Other Parties (08/17/23)
- d. Opinion of counsel to Borrower and Guarantor (08/17/23)
- e. Opinion of bond counsel (08/17/23)
- f. Termination of Completion Guaranty (08/17/23)
- g. Other Conversion Criteria (08/17/23)

25A.8 Determination of Actual Loan Amount; Mandatory paydown (06/13/24)

- a. Actual Loan Amount (08/17/23)
- b. Additional Actual Loan Amount (06/13/24)

25A.9 TAH TEL Conversion Underwriting Package and Conversion Acceptance Letter (08/17/23)

25A.10 Loan Documents to be used at Conversion (08/17/23)

25A.11 Final delivery, Funding (08/17/23)

25A.12 Assignment (08/17/23)

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.69" + Indent at: 0.94"



25A.1 Overview of Forward Commitments for Tax-Exempt Loans (08/17/2302/27/25)

a. Availability of Forward Commitments (08/17/23)

This chapter provides the requirements for a Targeted Affordable Housing (TAH) Tax-Exempt Loan (TEL) originated under the TAH TEL Purchase Program pursuant to a Forward Commitment (Forward TEL). To be eligible to enter into a Forward Commitment for a Forward TEL, a TAH Seller/Servicer must meet the requirements specified in Section 3.13.

The Seller and Freddie Mac will both rely on Single Counsel for TELs. See Sections 25.2, 25A.3(d), and 25A.4 for a description of services Single Counsel may provide for a Forward TEL transaction and the fees associated with such services.

With respect to Forward TELs:

- All references to Seller's counsel in this chapter should be deemed to refer to Single Counsel.
- All references to "Loan Agreement" in this chapter should be deemed to refer to the Continuing Covenant Agreement published under "TEL" at mf.freddie.com/lenders/legal/tah-documents.html.
- All references to other Loan Documents in this chapter will be deemed to refer to the documents published under "TEL" at mf.freddie.com/lenders/legal/tah-documents.html.
- Seller will be deemed to have made to Freddie Mac all of the Seller/Servicer Representations and Warranties set forth in this Guide, as well as those found on the Freddie Mac website at mf.freddie.com, which are incorporated by reference pursuant to Chapter 5, except that the Seller/Servicer Representations and Warranties regarding (a) authorization and execution of documents and (b) enforceability of documents will apply with respect to each of the Loan Documents. All such Seller/Servicer Representations and Warranties will be deemed to have been made as of the (1) the date of the Forward Commitment, (2) the date of Rate Lock, (3) the date of the Conversion, (4) the date on which Seller delivers the TEL to Freddie Mac, and (5) the Freddie Mac Funding Date, and all references in such Seller/Servicer Representations and Warranties to the date of "final delivery" will be deemed to refer to the Freddie Mac Funding Date.

See Exhibit 2, Origination Guidelines for Targeted Affordable Housing Mortgages, for additional information about the types of affordability components that are available to TAH Seller/Servicers.

b. Loan structure (08/17/23)

A Forward TEL requires a back-to-back loan structure. First, a construction lender originates and funds the TEL to a governmental lender. The TEL is evidenced by a tax-exempt governmental note delivered by the governmental lender to the construction lender,

Guide Bulletin Update 06/13/2402/27/25 Chapter 25A – Page 2



which may bear interest at a variable rate or, with the consent of bond counsel, a fixed rate. During the Permanent Phase (defined below) the tax-exempt governmental note will bear interest at a fixed rate. The governmental lender will use the proceeds of the TEL to fund a separate mortgage loan to the Borrower with matching economic terms. The TEL will be a nonrecourse obligation of the governmental lender secured solely by receipts and revenues from the mortgage loan to the Borrower and the collateral pledged therefor. The Borrower's payment obligations in respect of the mortgage loan will be evidenced by a Note delivered to the governmental lender and are secured by a Security Instrument encumbering the Property in favor of the governmental lender. The governmental lender will endorse the Note and assign the Security Instrument to a fiscal agent as security for the TEL. The construction lender is responsible for administering the TEL and the Borrower's mortgage loan during the construction phase of the improvements on the Property. Upon satisfaction of the Conditions to Conversion, the Seller will purchase the TEL from the construction lender. If Freddie Mac subsequently purchases the TEL from the Seller as evidenced by the tax-exempt governmental note, then payments made by the Borrower under its mortgage loan documents will be collected by the Servicer and paid to Freddie Mac, as owner of the TEL, unless the governmental lender requires the fiscal agent to be the paying agent in the transaction, in which case the Servicer will deliver the Borrower's loan payments to the fiscal agent, and the fiscal agent will pay Freddie Mac according to its instructions. The Servicer will retain the Servicing Spread and any recurring fees of other parties to the transaction that are payable from monthly collections under the transaction documents, unless the governmental lender requires the fiscal agent to be the paying agent in the transaction, in which case the Servicer will deliver any recurring fees of other parties to the transaction to the fiscal agent, and the fiscal agent will pay such other parties according to the transaction documents.

c. Loan purpose (08/17/23)

A Mortgage is eligible for purchase by Freddie Mac under the TAH TEL Purchase Program pursuant to a Forward Commitment if it is originated for the purpose of new construction or substantial rehabilitation. However, Preservation Rehabilitation Mortgages are not eligible for Forward Commitments.

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.

d. Mortgage requirements applicable to Forward TELs (08/17/23)

Except as otherwise stated in this chapter, a Forward TEL must meet all of the requirements of Chapter 25. In addition, see the following sections in this Guide for additional requirements:

- i. Section 19A.1(c): Freddie Mac's review of construction documentation
- ii. Section 19A.3: Forward Commitment Property Inspection
- iii. Section 19A.4: Construction lender
- iv. Section 19A.9: Construction Monitoring

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"



- v. Section 19A.11: Complete Property Inspection
 - vi. Section 19A.17: Late delivery; nondelivery (provided, however, that the last bullet point of Section 19A.17(d) is inapplicable to Forward TELs)
- e. Freddie Mac’s review of construction documentation (02/27/25)**
- Seller must submit the following for Freddie Mac to review as part of the full underwriting package:
- i. A preconstruction analysis report, as described in Section 63.3(a)
 - ii. 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

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.38", Outline numbered + Level: 3 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.6" + Indent at: 0.95"

Formatted: Indent: Left: 1.31", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

25A.2 Description of a Forward Commitment (08/17/23)

A Forward Commitment provides a single source of construction and permanent financing for new construction or substantial rehabilitation of a Property that qualifies as a Targeted Affordable Housing Product. In this chapter, the term "construction" will include substantial rehabilitation. Only an Unfunded Forward Commitment is allowed in the TAH TEL Purchase Program. In an Unfunded Forward Commitment, Conversion does not occur, and Freddie Mac does not purchase the TEL, until construction has been completed and all Conditions to Conversion have been satisfied.

For a Forward TEL, the term of the "Construction Phase" begins on the Origination Date of the TEL and ends on the date of the Conversion (Conversion Date). The Conversion must occur on or before the "Forward Commitment Maturity Date" as set forth in the Forward Commitment, as such date may be extended by Freddie Mac pursuant to the terms of the Forward Commitment and the Construction Phase Financing Agreement. The term of the "Permanent Phase" begins on the Conversion Date and ends on the maturity date of the TEL. The Construction Phase and the Permanent Phase may be lengthened or shortened based on the actual Conversion Date.

The Forward Commitment is executed by the Seller and Freddie Mac. In it, Freddie Mac commits to locking the interest rate for the Permanent Phase, sets forth the maximum amount of the TEL during the Permanent Phase, determines the Forward Commitment Maturity Date, and describes any Conditions to Conversion and any conditions to its purchase of the TEL. The Seller commits to purchasing the tax-exempt governmental note from the construction lender when the project is complete and has satisfied the Conditions to Conversion. The Property must reach stabilization and meet the Conditions to Conversion set forth in Section 25A.7 before the TEL can convert to the Permanent Phase.

25A.3 Fees (06/13/24)

The provisions of this Section 25A.3 will apply to any Forward Commitment with a revision date between 8-1-2023 and 5-1-2024. 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, at Conversion, the Actual Loan Amount (as defined below) exceeds the Rate Locked Maximum Funding Loan Amount stated in the Confirmation Sheet, then the Seller must pay to Freddie Mac the additional Application Fee described in the Conversion Acceptance Letter delivered by Freddie Mac pursuant to Section 25A.9 (“**Conversion Acceptance Letter**”) prior to the acceptance of the Conversion Acceptance Letter. The Application Fee is not refundable.

b. Commitment Fee (08/17/23)

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 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 this Guide.

c. Standby Fee (08/17/23)

In addition to the Application Fee and the Commitment Fee, the Seller must pay a non-refundable standby fee (“**Standby Fee**”) to Freddie Mac in the amount set forth in the Forward Commitment, for each year (or partial year, prorated) of the Construction Phase. The Standby Fee must be delivered to Freddie Mac by 2:00 p.m. Eastern Standard 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).

d. Fees and expenses of Single Counsel (08/17/23)

See Section 25.2 for a description of the applicable legal fees and expenses for Single Counsel. With respect to fees and expenses for Single Counsel at Conversion, the Seller must pay the legal fees and expenses (based on actual time and hourly rates) of Single Counsel for representing both Freddie Mac and the Seller in connection with the Conversion on or before the Conversion Date. The Seller may, at its option, obtain from the Borrower the funds with which to pay or reimburse the fees and expenses of Single Counsel in connection with Conversion. Nevertheless, Seller is responsible for the payment of Single Counsel's fees and expenses regardless of whether the Seller obtains a deposit for such funds from the Borrower or is successful in obtaining such funds at a later date. See Section 25A.4 for further discussion of Single Counsel's role and documentation responsibilities in the context of Forward TELs.



25A.4 Single Counsel and Documentation Responsibilities (08/17/23)

See Section 25.2 regarding general requirements for Single Counsel in TEL. Regarding Forward TELs and Conversions of Forward TELs, the following additional provisions apply:

1. Single Counsel will prepare the Construction Phase Financing Agreement to be effective on the Origination Date. Single Counsel will also prepare the relevant Loan Documents for the transaction and will attach those documents to the Construction Phase Financing Agreement.
2. Construction Lender's counsel will be responsible for preparing its construction loan agreement, loan disbursement agreement, security instrument and project note to be in effect during the construction phase, together with its other construction loan documents.

25A.5 Conditions Precedent to Rate Lock (08/17/23)

Prior to locking the interest rate for the Permanent Phase, Seller must deliver each of the following items in form acceptable to Freddie Mac:

- i. Drafts of the Loan Documents required by the Forward Commitment in substantially final form
- ii. Drafts of the required opinions of bond counsel, counsel to the fiscal agent, and counsel to the Borrower, SPE Equity Owner (if applicable) and Guarantor in substantially final form
- iii. A pro forma title insurance policy which takes no exceptions for materialmen's or mechanics' liens by any party and otherwise meets the requirements of this Guide
- iv. A survey of the Property, if one is required by the Forward Commitment, meeting the requirements of this Guide
- v. Drafts of the organizational documents of the Borrower, including Borrower's amended and restated operating or partnership agreement (as applicable), in substantially final form
- vi. Final drafts (or copies of executed versions, as applicable) of all documentation concerning approved Subordinate Financing (if any) and laundry and commercial leases, including such subordination agreements as are required by the Forward Commitment
- vii. Final drafts of the land use restriction agreements or similar instruments to be executed by the Borrower in connection with the TEL
- viii. Evidence of final approval from the governmental lender
- ix. For LIHTC properties, a copy of the 42(m) letter for the Property
- x. For LIHTC properties, evidence of final approval from the LIHTC equity investor
- xi. Evidence of final approval from the construction lender to originate the TEL

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"

Formatted: Indent: Left: 0.88", Hanging: 0.19", Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Right + Aligned at: 1.1" + Indent at: 1.35"



25A.6 Extending the Forward Commitment (06/13/24)

The provisions of Section 19A.10 apply, except for the following additional requirements:

- With respect to Section 19A.10(a), the first bullet point is inapplicable to Forward TELs with Forward Commitments having a revision date of 5-1-2024 or earlier.
- Freddie Mac may require, in its sole discretion, an opinion of bond counsel that the extension of the start date of the amortization schedule will not, in and of itself, adversely affect the excludability from gross income, for federal income tax purposes (and, where applicable, for State income tax purposes), of the interest payable on the tax-exempt governmental note.

25A.7 Conditions to Conversion (02/22/24)

The provisions of Section 19A.12 apply to Conversions of Forward Commitments for TELs, except as otherwise stated below and in Section 25A.8. In addition, (i) wherever there is a reference in Section 19A.12 to “TAH Cash Conversion Underwriting Package”, it should be deemed to mean “TAH TEL Conversion Underwriting Package” and (ii) wherever there is a reference in Section 19A.12 to 9% LIHTC, it should be deemed to mean 4% LIHTC.

a. Property requirements for Conversion (02/22/24)

1. Title and Survey

Freddie Mac will have received each of the following meeting the requirements of this Guide and otherwise acceptable to Freddie Mac:

- An update to the analysis of and recommendation as to the exceptions to title from the Seller and Single Counsel
- A commitment to insure together with a pro-forma endorsement for the final date-down endorsement for the title policy or a pro-forma for a new title policy, in either case insuring the lien of the Security Instrument, as amended and restated on the Conversion Date, which endorsement or policy contain no exceptions to title, except as may be approved by Freddie Mac and otherwise in conformance with Freddie Mac’s then-current title requirements
- 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

2. Execution and Recordation of Documents

The release or assignment to the Seller of any security interest of the construction lender must have been executed and recorded or delivered in escrow for recording under arrangements satisfactory to Freddie Mac, as applicable.

b. Amortization Schedules (08/17/23)



Unless Conversion occurs on the Forward Commitment Maturity Date and at the Rate Locked Maximum Funding Loan Amount stated in the Confirmation Sheet, the Servicer will have prepared and delivered to Freddie Mac (with a copy to the fiscal agent) replacement amortization schedules for the project note and the tax-exempt governmental note.

c. Requirements of Other Parties (08/17/23)

All conditions to Freddie Mac's purchase of the tax-exempt governmental note set forth in the Loan Documents and all other requirements of the governmental lender, the fiscal agent and the construction lender in connection with Conversion must have been satisfied.

d. Opinion of counsel to Borrower and Guarantor (08/17/23)

Freddie Mac and the Seller will have received a final form of an opinion of counsel to the Borrower and Guarantor in form and substance acceptable to Freddie Mac and the Seller.

e. Opinion of bond counsel (08/17/23)

The governmental lender, the fiscal agent, Freddie Mac and the Seller will have received an opinion of bond counsel to the effect that the occurrence of Conversion will not, in and of itself, adversely affect the excludability from gross income, for federal income tax purposes (and, where applicable, for State income tax purposes), of the interest payable on the tax-exempt governmental note.

f. Termination of Completion Guaranty (08/17/23)

Any guaranty of completion executed by the Borrower, any Borrower Principal, any partner of the Borrower (if Borrower is a partnership), any member of Borrower (if Borrower is a limited liability company), the Borrower Principal(s) or the Guarantor, will terminate on the Conversion Date.

g. Other Conversion Criteria (08/17/23)

Any special terms or conditions specified in the Forward Commitment and in the Construction Phase Financing Agreement must be satisfied.

25A.8 Determination of Actual Loan Amount; Mandatory paydown (06/13/24)

a. Actual Loan Amount (08/17/23)

At Conversion, Freddie Mac will have determined the amount of the TEL which will be outstanding as of the Conversion Date, in its sole discretion, using Freddie Mac's underwriting standards and criteria as of the Conversion Date ("**Actual Loan Amount**"). Unless approved in writing by Freddie Mac, which waiver will be made by Freddie Mac in its sole discretion, the Actual Loan Amount will not exceed the Rate Locked Maximum Funding Loan Amount and will not be less than the Minimum Loan Amount at Conversion, each as set forth in the Confirmation Sheet.

If the Actual Loan Amount is (i) less than the Rate Locked Maximum Funding Loan Amount or (ii) less than the Minimum Loan Amount at Conversion and Freddie Mac, in its sole and



absolute discretion, has nevertheless agreed to purchase the TEL, then the Borrower must demonstrate to Freddie Mac's satisfaction, in its sole and absolute discretion, that the Borrower has secured a source of funds acceptable to Freddie Mac ("**Additional Source of Funds**"), to cover the difference between the outstanding principal amount of the TEL and the Actual Loan Amount ("**Loan Differential**").

If the Borrower has the necessary funds or can secure an Additional Source of Funds to fund payment of the Loan Differential, the Borrower must make a prepayment of a portion of its mortgage loan so as to cause a corresponding prepayment of the TEL on or prior to the Conversion Date in an amount equal to the Loan Differential. Moreover, if the Borrower will incur additional debt to cover all or a portion of the Loan Differential in order to effectuate a paydown of the TEL, such additional debt must be subordinated to the TEL, and the terms, conditions and documentation of the additional debt must meet the requirements for Subordinate Financing set forth in this Guide.

b. Additional Actual Loan Amount (06/13/24)

If upon completion and lease up of the Property, the performance of the Property exceeds the pro-forma rents, occupancy and other criteria used by Freddie Mac to underwrite the TEL prior to the issuance of the Forward Commitment, the Seller may request at the time Seller delivers its TAH TEL Conversion Underwriting Package that the Actual Loan Amount be increased beyond the Rate Locked Maximum Funding Loan Amount as set forth in the Confirmation Sheet by an amount that does not exceed the Additional Actual Loan Amount Percentage listed in the Confirmation Sheet (or, if not listed in the Confirmation Sheet, then for those Forward Commitments with revision dates of 2-29-2024 or earlier, 10%) (the "**Additional Actual Loan Amount Percentage**") of such Rate Locked Maximum Funding Loan Amount (any such increase referred to as the "**Additional Actual Loan Amount**"); provided, however, in no event will the Actual Loan Amount at Conversion exceed the amount of the TEL outstanding immediately prior to Conversion.

In connection with any such request, Seller will include in its TAH TEL Conversion Underwriting Package each of the following:

- Seller's calculation of the Actual Loan Amount supporting the requested Additional Actual Loan Amount based on the performance of the Property
- A new Appraisal which complies with the requirements of Chapter 60, and which Appraisal supports the requested Additional Actual Loan Amount

Freddie Mac's approval of any Additional Actual Loan Amount will be made in Freddie Mac's discretion based on its underwriting criteria at the time of such request.

To the extent the requested Additional Actual Loan Amount is approved by Freddie Mac:

- The interest rate on such Additional Actual Loan Amount will be equal to the Permanent Phase Interest Rate determined at Rate Lock and specified in the executed and delivered Confirmation Sheet
- The Conversion Acceptance Letter delivered by Freddie Mac will set forth (i) the Additional Actual Loan Amount so approved and (ii) any other updated terms and conditions related



to the Additional Actual Loan Amount (including the payment of an Application Fee related thereto) or otherwise with respect to the TEL

- Such approval is conditioned upon the opinion of bond counsel referenced in Section 25A.7(e) including an opinion to the effect that each of the increased Actual Loan Amount and revised amortization schedule delivered pursuant to Section 25A.7(b) will not, in and of themselves, adversely affect the excludability from gross income, for federal income tax purposes (and, where applicable, for State income tax purposes), of the interest payable on the tax-exempt governmental note

25A.9 TAH TEL Conversion Underwriting Package and Conversion Acceptance Letter (08/17/23)

The provisions of Section 19A.13(b) and 19A.13(d) apply, except that (i) wherever there is a reference to “TAH Cash Conversion Underwriting Package”, it should be deemed to mean “TAH TEL Conversion Underwriting Package” and (ii) wherever there is a reference to “Actual Mortgage Amount” or “Additional Actual Mortgage Amount”, such reference should be deemed to mean “Actual Loan Amount” or “Additional Actual Loan Amount”, respectively.

25A.10 Loan Documents to be used at Conversion (08/17/23)

The provisions of Chapter 25 apply regarding the Loan Documents in TEL, with the exception that a Forward TEL must be documented using the forms of TEL loan documents which were published at mf.freddie.com/lenders/legal/tah-documents.html at the time of the Forward Commitment Rate Lock, and as attached to the Construction Phase Financing Agreement.

25A.11 Final delivery, Funding (08/17/23)

The provisions of Chapter 32 apply, with the exception that the Final Delivery Table of Contents refers to the Final Delivery Package Table of Contents – Conversion of Unfunded Forward Tax-Exempt Loan.

25A.12 Assignment (08/17/23)

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 Seller/Service (“**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.



Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:42:57 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 25A - Originating TAH TELs under a Fwd Commit GB-06-13-24.docx	
Modified filename: 25A - Originating TAH TELs under a Fwd Commit GB-02-27-25.docx	
Changes:	
<u>Add</u>	34
<u>Delete</u>	21
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	55

Multifamily Seller/Service Guide

Chapter 28A

Originating a Targeted Affordable Housing Bond Credit Enhancement Mortgage under a Forward Contract



- 28A.1 ~~Overview (12/14/23)~~ [Overview \(02/27/25\)](#)
 - a. Availability of Forward Commitments (12/14/23)
 - b. Origination requirements and the Minimum Origination Fee (04/15/21)
 - c. Eligible Mortgages and Mortgage requirements (12/15/20)
 - d. Underwriting and prescreen package requirements (02/28/13)
 - e. ~~Freddie Mac's review of construction documentation (10/21/21)~~ [Freddie Mac's review of construction documentation \(02/27/25\)](#)
- 28A.2 Description of a Forward Commitment (08/30/13)
 - a. Types of Forward Commitments (05/31/11)
 - b. Defined terms for Forward Commitments (08/30/13)
- 28A.3 Forward Commitment Property Inspection (03/03/17)
- 28A.4 Construction lender (10/21/21)
- 28A.5 Prescreen package (07/01/14)
- 28A.6 Quote (05/31/11)
 - a. Quote (05/31/11)
 - b. Indication spread (05/31/11)
 - c. Obligations of the parties (05/31/11)
- 28A.7 Full underwriting package (07/01/14)
- 28A.8 Forward Commitment (04/15/21)
 - a. Issuance of the Forward Commitment (04/15/21)
 - b. Seller acceptance (05/31/11)
- 28A.9 Freddie Mac's fees (05/31/11)
- 28A.10 Construction period security for a Funded Forward Commitment (05/01/14)
- 28A.11 Construction monitoring (08/18/22)
- 28A.12 Extending the Forward Commitment (10/21/21)
 - a. General (05/31/11)
 - b. Request for extension (10/21/21)
- 28A.13 Complete property inspection (08/18/22)
- 28A.14 Conversion criteria and documentation (02/17/22)
 - a. Time limit for meeting conditions for Conversion (05/31/11)
 - b. Property requirements for Conversion (02/17/22)
 - c. Other Conversion criteria (09/01/16)

Guide Bulletin Update [04/18/24](#) [02/27/25](#) Chapter 28A – Page 1

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



- d. Reserved (09/28/18)
 - e. Determination of the Mortgage amount (05/31/11)
 - f. Additional Mortgage proceeds (05/31/11)
- 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)
 - b. Notification of Conversion (04/18/24)
- 28A.16 Overall responsibilities of parties at Conversion (05/31/11)
- a. Responsibilities of the Seller (05/31/11)
 - b. Freddie Mac's responsibilities (05/31/11)
- 28A.17 Bond documents (05/31/11)
- 28A.18 Additional bond document requirements for fixed-rate bonds (05/31/11)
- 28A.19 Additional bond document requirements for variable-rate bonds (05/31/11)
- a. Bond interest rate (05/31/11)
 - b. Remarketing (05/31/11)
 - c. Principal reserve fund (05/31/11)
 - d. Information from bond trustee (05/31/11)
 - e. Term of the bond credit enhancement agreement (05/31/11)
 - f. Additional provisions in reimbursement and security agreement (05/31/11)
 - g. Pledge agreement (05/31/11)
 - h. Mandatory redemption provisions (05/31/11)
 - i. Substitute credit facility (05/31/11)
 - j. Other provisions (05/31/11)
 - k. Interest rate hedge agreement (05/31/11)
 - l. Assignment of interest rate hedge agreement (05/31/11)
 - m. Interest computation (05/31/11)
 - n. Liquidity use fee (05/31/11)
 - o. Monthly payment billing (05/31/11)
 - p. Relationship of Mortgage payment and cap payment (05/31/11)
 - q. Cap or swap provider (05/31/11)
- 28A.20 Disclosure (05/31/11)
- 28A.21 Freddie Mac's review and approvals (05/31/11)
- a. Prior review of bond documents and structure (05/31/11)
 - b. Bond rating and bond opinion (05/31/11)
- 28A.22 Other requirements for bond transactions (05/31/11)
- 28A.23 Final delivery (05/31/11)



28A.1 Overview ([12/14/2302/27/25](#))

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 ([12/15/20](#))

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 (10/24/2402/27/25)

~~A review of construction documentation by Freddie Mac for Forward Commitments is required. The construction lender must meet the criteria identified in Section 28A.4. For this review, the Seller submits as part of the full underwriting package: 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 55.2 and the underwriting checklist, Section 1.32 of Exhibit 463.3(c) and Exhibit 1.32.

~~The Seller must also deliver the following construction documentation to the Multifamily TAH Underwriter via the Document Management System (DMS) within 90 days after the date of the Forward Commitment:~~

- ~~Final plans and specifications (stamped and signed)~~
 - ~~Executed construction contract with all exhibits~~
- ~~Section 55.2 lists the items to be submitted as construction documentation in the underwriting package.~~

28A.2 Description of a Forward Commitment (08/30/13)

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

Guide Bulletin Update 04/18/2402/27/25 Chapter 28A – Page 4

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).

Formatted: h2-body0_1, Indent: Left: 1.2", Hanging: 0.25", No bullets or numbering

Formatted: h2-body0_1, Indent: Left: 1.2", Bulleted + Level: 1 + Aligned at: 1.05" + Indent at: 1.3"



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 (03/03/17)

Freddie Mac requires a Forward Commitment Property Inspection for every Forward Commitment. See Section 8.16 for Freddie Mac's requirements for the Forward Commitment Property Inspection.

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.

Guide Bulletin Update [04/18/2402/27/25](#) Chapter 28A – Page 6

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.

Guide Bulletin Update 04/18/2402/27/25 Chapter 28A – Page 8



28A.12 Extending the Forward Commitment (10/21/21)

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 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 (10/21/21)

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.

3. Appraisal

Once the Forward Commitment Maturity Date has been extended for a total of 12 months, the Seller shall obtain, at the Borrower's sole expense, a new appraisal of the Property prepared by a state-certified appraiser approved by the Seller.

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 (02/17/22)

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 (02/17/22)

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

Guide Bulletin Update 04/18/2402/27/25 Chapter 28A – Page 10



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
 - No more than 10 basis points lower than 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)

Guide Bulletin Update [04/18/2402/27/25](#) Chapter 28A – Page 11

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:44:37 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 28A - Originating TAH BCE Mortgages under a Fwd Commit GB-04-18-24.docx	
Modified filename: 28A - Originating TAH BCE Mortgages under a Fwd Commit GB-02-27-25.docx	
Changes:	
<u>Add</u>	9
<u>Delete</u>	16
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	25

Multifamily Seller/Service Guide

Chapter 30

Ground Lease Mortgages



30.1 General requirements (09/26/19)

30.2 ~~Underwriting requirements for ground lease Mortgages (09/26/19)~~
[Underwriting requirements for ground lease Mortgages \(02/27/25\)](#)

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) (09/26/19)~~
[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 (09/26/19)

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 (09/26/19/02/27/25)

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.
- Renewal options that are at the sole discretion of the landlord under the ground lease ("Ground Lessor-~~f~~"), 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.

Guide Bulletin Update 04/15/21/02/27/25 Chapter 30 – Page 2



- 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 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) (09/26/19 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.

Formatted: Indent: Left: 1.25", Hanging: 0.31", Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Indent at: 0.88"



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 (09/26/19)

In addition to meeting the requirements set forth in Chapter 29 or Chapter 29SBL, as applicable, the 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, and
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).

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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 11:46:31 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 30 - Ground Lease Mtgs GB-04-15-21.docx	
Modified filename: 30 - Ground Lease Mtgs GB-02-27-25.docx	
Changes:	
Add	13
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	21

Multifamily Seller/Service Guide

Chapter 31

Insurance Requirements



- 31.1 General insurance requirements and insurance terms (02/22/24)
 - a. General requirements (06/30/16)
 - b. Requirements applicable only to SBL Mortgages (12/15/22)
 - c. Form of coverage (06/30/16)
 - d. Additional insurance terms (02/22/24)
- 31.2 General requirements for Borrower's property damage and general liability insurance (12/14/18)
 - a. Acceptable forms (06/30/16)
 - b. Insurance term (12/14/17)
 - c. Reserve (05/01/14)
 - d. Named insured (05/07/07)
 - e. Mortgagee clause and additional insured (12/14/18)
 - f. Cancellation clause (05/05/17)
 - g. Proof of payment (10/31/12)
- 31.3 Blanket or Master Insurance Policies (06/27/19)
- 31.4 Acceptable insurers (01/01/13)
- 31.5 Property damage (All-Risk) insurance (02/22/24)
 - a. Property damage (All-Risk) deductible (02/22/24)
 - b. Expanded deductible (12/14/18)
 - c. Blanket All-Risk Insurance Limits (06/27/19)
 - d. Deductible for All-Risk Blanket Insurance Limit (04/30/19)
- 31.6 Business Income/Rental Value Insurance (07/01/14)
- 31.7 Windstorm insurance (02/22/24)
 - a. Wind/hail coverage (04/30/19)
 - b. Wind/hail deductibles (02/22/24)
 - c. Named Storm coverage (04/30/19)
 - d. Named Storm deductibles (02/22/24)
 - e. Windstorm insurance through a State Windpool (12/14/18)
- 31.8 ~~Flood insurance (02/16/23)~~Flood insurance (02/27/25)
 - a. ~~Flood zone determination (02/16/23)~~Flood zone determination (02/27/25)
 - b. ~~Flood coverage requirements (12/15/22)~~Flood coverage requirements (02/17/25)
 - c. Flood coverage provided by Blanket Insurance Limit (12/14/18)
 - d. Maximum deductible for flood insurance (12/14/18)
 - e. Seller/Service monitoring responsibilities (05/07/07)
 - f. Evaluating the need for flood insurance coverage (12/15/22)
- 31.9 Earthquake insurance (12/15/22)
 - a. Earthquake terms used in this chapter (12/15/22)



- b. Earthquake insurance requirements (12/15/22)
- 31.10 Boiler and Machinery insurance (02/22/24)
- 31.11 Builder's Risk insurance (02/22/24)
- 31.12 Ordinance and Law insurance (07/01/14)
- 31.13 Terrorism insurance (06/27/19)
- 31.14 Localized perils insurance (02/22/24)
- 31.15 Sewer and drain insurance (01/01/13)
- 31.16 ~~General liability insurance (12/14/23)~~ General liability insurance (02/27/25)
 - a. Required CGL and umbrella or excess coverage (12/15/20)
 - b. Maximum deductible and Self-Insured Retention (SIR) for liability insurance (12/15/20)
 - c. Vehicle liability insurance (12/14/23)
- 31.17 Professional liability insurance requirements for certain Seniors Housing Mortgages (12/15/20)
 - a. Professional liability (PL) insurance requirements (12/15/20)
 - b. Additional insured (01/01/13)
 - c. Deductibles and self-insured retention (SIR) (12/15/20)
- 31.18 Cooperative (Co-op) Requirements (01/01/13)
 - a. Fidelity bond/crime insurance coverage (01/01/13)
 - b. Co-op directors' and officers' liability insurance (01/01/13)
- 31.19 ~~Insurance records for origination and Servicing (12/14/23)~~ Insurance records for origination and Servicing (02/27/25)
 - a. Documentation of Borrower insurance compliance at loan origination (02/17/22)
 - b. Documentation of Borrower insurance compliance for Transfers of Ownership (02/27/25)
 - ~~b-c.~~ Post-purchase reporting of Borrower insurance compliance (12/14/23)
- 31.20 Evidence of insurance (12/15/22)
 - a. Temporary evidence of insurance (12/15/22)
 - b. Permanent evidence of insurance (12/15/22)
- 31.21 General requirements applicable to all property and liability insurance documentation (12/17/19)
- 31.22 Verification of required and continuing property and liability insurance coverage (12/17/19)
 - a. Required coverage (04/30/19)
 - b. Continuing coverage (12/17/19)
- 31.23 Reserved (12/14/18)
- 31.24 Ensuring continuous insurance coverage (04/30/19)
 - a. General requirements for ensuring continuous insurance coverage (01/01/13)

Guide Bulletin Update ~~02/22/24~~ 02/27/25 Chapter 31 – Page 2

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.69" + Indent at: 0.94"



- b. Forced placed insurance (04/30/19)
 - c. Notice to Freddie Mac of forced placed insurance (04/30/19)
 - d. Payment for forced placed insurance (04/30/19)
- 31.25 Indemnification (07/01/11)
- 31.26 Reserved (06/30/16)
- 31.27 Captive insurance companies (04/30/19)
- 31.28 Manufactured Housing Communities (07/01/14)



31.1 General insurance requirements and insurance terms (02/22/24)

This chapter states the Property and Liability Insurance requirements applicable to Multifamily loans purchased by Freddie Mac.

a. General requirements (06/30/16)

At all times during the term of the Mortgage, the Seller/Servicer must:

- Ensure that the Property is covered by all insurance policies required by the Loan Documents and the Purchase and Servicing Documents
- Ensure that the Borrower complies with all insurance requirements mandated by federal laws and by State and local laws of the jurisdiction where the Property is located
- Arrange for all insurance notices, policies, invoices and correspondence relating to any insurance policy to be delivered directly to the Seller/Servicer
- Comply with the stated insurance coverage and limit requirements in this Chapter 31 that are applicable to the Property
- Comply with all documentation, delivery and Servicing requirements of this Chapter 31

b. Requirements applicable only to SBL Mortgages (12/15/22)

1. Requirements for adequate property and liability insurance coverage

As of the Freddie Mac Funding Date and throughout the term of the SBL Mortgage, the Seller/Servicer must evaluate the insurance coverage and limits for each Property and ensure, to its satisfaction, that adequate property and liability insurance coverage is in place.

The term “Recommended Insurance Standards” means all of the standards for insurance coverage and limits as well as any related guaranty requirements set forth in this Chapter 31.

When evaluating the adequacy of the property and liability insurance coverage for the Property, the Seller/Servicer must refer to the Recommended Insurance Standards and must document, as specified in Section 31.1(b)(2), any insurance coverage limit, insured peril, or other aspect of the insurance coverage that differs from the Recommended Insurance Standards. The Seller/Servicer may approve insurance coverage for the Property that differs from the Recommended Insurance Standards provided that the Seller/Servicer ensures that the insurance coverage maintained for the Property includes adequate coverage for the kind of risks customarily insured against and in such minimum coverage and maximum deductibles as are customarily and generally acceptable to institutional lenders for properties comparable to the Property.

At all times during the term of the SBL Mortgage, the Seller/Servicer must also:

- Ensure that the Borrower and the Property are covered by all insurance policies required by the Loan Documents

Guide Bulletin Update 02/22/24 02/27/25 Chapter 31 – Page 4



- Ensure that the Borrower complies with all insurance requirements mandated by federal laws and by State and local laws of the jurisdiction where the Property is located
- Comply with all documentation, delivery and servicing requirements of Sections 31.2 through 31.28

The Seller/Service is not permitted to exercise its discretion to approve coverage that differs from the following:

- The All-Risk insurance requirements in Section 31.5
- The Business Income/Rental Value Insurance requirements in Section 31.6
- The flood insurance requirements in Section 31.8
- The earthquake insurance requirements in Section 31.9

2. Representations of adequate insurance coverage; Coverage and Gap Reporting

As of the Freddie Mac Funding Date and throughout the term of each SBL Mortgage, the Seller/Service must document via the Insurance Compliance Tool (ICT) each of the following (collectively, “Coverage and Gap Reporting”)

- The property and liability limit insurance coverage in place for the SBL Mortgage
- Any insurance coverage limit, insured peril or other aspect of insurance coverage for the SBL Mortgage that differs from the Recommended Insurance Standards applicable to the Property

Freddie Mac will accept the Coverage and Gap Reporting entered by the Seller/Service into the ~~Insurance Compliance Tool (ICT)~~ as the Seller/Service’s representation of adequate property and liability insurance coverage for the SBL Mortgage and justification of the adequacy of coverage where coverage gaps are present.

c. Form of coverage (06/30/16)

The required insurance coverage may be provided by one individual policy, separate individual policies, one or more Blanket Insurance policies, a master program, or any combination of these. Coverage may also be added to a policy through endorsements or riders. Regardless of the form, each policy, endorsement or rider must show the complete address of the Property.

d. Additional insurance terms (02/22/24)

The following insurance terms when used in this chapter have the following meanings:

1. Agreed Amount provision



The Borrower and the insurance company agree that if the Property is insured for a specified dollar amount, the Coinsurance Clause will be offset or suspended.

2. Specific Insurance Limit

A Specific Insurance Limit provides one “per occurrence” (per peril) limit that applies to a single location. Specific Insurance Limits may be provided through an individual policy or through a master policy with scheduled limits for each location.

3. Blanket Insurance Limit

A Blanket Insurance Limit provides one “per occurrence” limit as a shared limit for more than one property or more than one category of coverage, or both. Blanket Insurance Limits may be provided by an individual policy or a blanket policy.

4. Blanket Insurance Policy

A blanket insurance policy provides coverage for multiple properties and/or multiple perils through a single policy with Blanket Insurance Limits.

5. Master Insurance Policy

A master insurance policy provides coverage for multiple properties and/or multiple perils through a single policy with Specific Insurance Limits scheduled for each property covered by the policy.

6. Coinsurance Clause

The Coinsurance Clause requires the Property to be insured for a specific percentage of the Property’s Replacement Cost Value (typically 80, 90 or 100 percent) in exchange for a lower rate. If, at the time of loss, it is determined that the insurance purchased is less than the insurance required by the Coinsurance Clause, the loss recovery will be limited to the same percentage of loss as the ratio of the insurance amount carried to the insurance amount required.

7. Joint Loss Agreement

Where the property damage policy and the Boiler and Machinery policy are provided by different insurance companies, an endorsement added to both the property damage policy and the Boiler and Machinery policy that requires the respective insurance companies to each pay 50 percent of any claim covered by both policies.

8. Replacement Cost Value

The Replacement Cost Value (RCV) is the estimated cost to replace the Property improvements on the same premises with improvements of comparable material and quality and used for the same purpose.

The following items should not be included in the estimated RCV:



- Cost to reconstruct the foundation(s). (However, when determining the RCV of improvements for flood insurance, the value must include the cost to repair or replace the foundation and supporting structures)
- Cost of site improvements, such as driveways, parking lots, sidewalks, and landscaping

Though the Seller/Servicer may use other reliable resources to determine estimated RCV, the most common resources include:

- **Insurance company** – the RCV estimate provided by the insurance company that has underwritten or will underwrite the property damage insurance. Using the insurance company's estimate, where provided, will help reduce any disagreements about coverage if a claim is filed
- **Appraiser** – a qualified commercial real estate appraiser experienced in the market
- **Contractor** – a reputable commercial contractor with experience constructing and/or reconstructing properties in the area similar to the Property
- **Third-party vendor** – a third-party vendor that specializes in RCV calculations or publishes data used for this purpose

9. Actual Cash Value

Actual Cash Value is the cost to repair or replace damaged property with material of like kind and quality, minus physical depreciation at the time of the damage or loss.

10. Total Insurable Value (TIV)

The Total Insurable Value (TIV) equals the sum of the RCV of the building(s), the business income rental value, and the value of the business personal property, if any.

11. Schedule of Values (SOV)

A Schedule of Values (SOV) is a listing of insurable values (all elements of the TIV) provided to an insurance company for all properties for which an insured Borrower requires coverage under a property insurance policy.

31.2 General requirements for Borrower's property damage and general liability insurance (12/14/18)

As of the Freddie Mac Funding Date and throughout the term of the Mortgage, the Seller/Servicer must ensure that the Borrower has in force property damage and liability insurance coverage for the Property, including Cooperatives (Co-ops), that meets the requirements of the Purchase and Servicing Documents.

All property damage and general liability insurance forms and policies must provide coverage that is equivalent to the coverage contained in the Insurance Service Office (ISO) forms and policies.



a. Acceptable forms (06/30/16)

ISO's standard Special Causes of Loss Form (formerly referred to as "All Risk") and Commercial General Liability Form are acceptable forms of property damage and liability insurance, respectively.

b. Insurance term (12/14/17)

Generally, insurance policies are written for a term of 12 months. However, Freddie Mac will permit a policy of any term, as long as the policy is in full force and effect on the Origination Date of the Mortgage and coverage remains continuous throughout the term of the Mortgage.

See Section 31.22 for additional information on renewals.

c. Reserve (05/01/14)

Unless otherwise set forth in the Loan Documents or otherwise deferred by Freddie Mac, the Servicer must collect sufficient funds on the Origination Date and through subsequent monthly Reserve payments to pay the premiums for all insurance policies required in the Purchase and Servicing Documents. The Servicer must also collect Reserves for an additional amount of the estimated cost of such premiums, if required by the Loan Documents. If National Flood Insurance Program (NFIP) flood insurance is required, the Seller/Servicer must collect Reserves for the NFIP flood insurance if the Seller/Servicer collects Reserves for other insurance on the Property.

Unless Freddie Mac has deferred the collection of the Reserves for insurance premiums for Blanket Insurance policies, master programs, and liability insurance policies covering multiple properties, the Seller/Servicer must either:

- Collect Reserves for 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, or
- Collect Reserves for an amount sufficient to purchase an individual insurance policy or policies providing Specific Insurance.

If the Servicer collects a Reserve for insurance premiums, the Servicer must pay the premiums for all required insurance when due.

If the Servicer does not maintain a Reserve for insurance premiums, the Seller/Servicer must ensure that the Borrower has made the payments as required in Section 31.2(g).

See Section 39.2 for additional information regarding Reserves and payments.

d. Named insured (05/07/07)

The named insured in each policy must be the Borrower or the Borrower Principal. If the Borrower Principal is the named insured, the Borrower must be named as an additional insured.



e. Mortgagee clause and additional insured (12/14/18)

Each property damage policy (including all perils within the scope of “Causes of Loss – Special Form” or “All Risk” policy, and any other cause for which Freddie Mac requires or may require property damage insurance) required by the Purchase and Servicing Documents must contain a standard mortgagee clause and a loss payable clause in favor of, and in a form acceptable to, Freddie Mac.

Each general liability policy (including commercial general liability (CGL), umbrella liability and excess liability) must name Freddie Mac as an additional insured. If umbrella or excess liability policies are “Follow Form” to the underlying CGL policy, verification of additional insured status on the umbrella or excess policies is not required.

Freddie Mac must not be named as an additional insured in any professional liability insurance policies, including a primary, excess and/or umbrella professional liability insurance policy for a Seniors Housing Mortgage with assisted living, Alzheimer’s care, and/or skilled nursing units.

Except as noted above, the mortgagee (for a property damage policy) and additional insured (for a liability policy including commercial general liability (CGL), umbrella liability and excess liability) in the Borrower’s insurance policies must be designated as shown in the following example:

FREDDIE MAC its successors and assigns
C/O NAME OF SELLER/SERVICER
100 MAIN STREET
HOMETOWN USA 12345

f. Cancellation clause (05/05/17)

Unless required otherwise by State law, each property damage insurance policy must provide that the insurer will notify the named mortgagee in writing at least 10 days before cancellation of the policy by the insurer for nonpayment of the premium or nonrenewal, and at least 30 days before cancellation by the insurer for any other reason.

General liability and umbrella or excess liability insurance policies must provide that the insurer will notify at least the named insured in writing at least 10 days before cancellation of the policy by the insurer for nonpayment of the premium or nonrenewal, and at least 30 days before cancellation by the insurer for any other reason, unless otherwise required by State law. Note that under the terms of the Loan Documents, the Borrower must promptly deliver to the lender a copy of any notices received by the Borrower with respect to the insurance policies.

g. Proof of payment (10/31/12)

The Seller/Servicer must ensure that the Borrower:

- Has paid all initial insurance policy premiums in full prior to final delivery of the Mortgage to Freddie Mac, and



- Pays all insurance premiums for all renewals (or new policies, as applicable) in advance of the due date throughout the term of the Mortgage, unless the Servicer collects Reserves for insurance in accordance with Section 31.2(c).

31.3 Blanket or Master Insurance Policies (06/27/19)

Freddie Mac permits Blanket or Master Insurance policies that insure multiple properties, including the Property and other properties that may or may not be encumbered by Mortgages purchased by Freddie Mac, provided that:

- The insurance documentation clearly identifies the complete street address of the Property;
- All properties insured on the blanket policy have common ownership by a single borrower, sponsor or parent company, or are managed by the same property management company on behalf of the Borrower; and
- The policy complies with all other applicable insurance requirements in this chapter.

The Seller/Servicer must, to its satisfaction, determine, support and document in the Mortgage File that any Blanket Insurance Limits provide adequate coverage relevant to the risks associated with the Property covered by the limits.

The Seller/Servicer must obtain and review sufficient information to evaluate the Borrower's Blanket Insurance Limits, including geographic concentrations of insurable value, such as adjacent or nearby properties covered by the same limits, and with respect to any peril applicable to the Property. The Seller/Servicer must collect appropriate documentation such as Schedules of Value, evidence of insurance coverage or insurance policies, portfolio risk modeling results, and other relevant information the Seller/Servicer deems necessary to complete its analysis. Other relevant information may include property addresses, number of buildings and stories, building RCV, business income/rental value, business personal property (if any), whether there are buildings located in a SFHA requiring flood coverage, whether a property is located in an Elevated Seismic Hazard Region as defined in Section 64.2 or Section 64SBL.2, as applicable.

Freddie Mac recognizes that some Borrowers purchase property insurance through large programs that insure entities and properties that do not share a common ownership with the Borrower. Freddie Mac perceives additional risk in the Blanket Insurance policies for these properties and encourages the Seller/Servicer to carefully analyze these policies to determine if the Property and other Properties encumbered by a Freddie Mac Mortgage are adequately insured.



31.4 Acceptable insurers (01/01/13)

Each insurance carrier providing property damage and/or liability insurance, whether admitted or non-admitted, must comply with the minimum rating requirements below based on the carrier's aggregate exposure as follows:

INSURANCE CARRIER RATINGS AND FINANCIAL SIZE CATEGORIES					
Aggregate Carrier Exposure	Minimum A.M. Best Financial Strength Rating	AND	Minimum A.M. Best Financial Size Category	OR	Minimum Rating from: Fitch Inc., Standard & Poor's Rating Services, or Moody's Investors Service Inc.
≤ \$5 million	A-	AND	VII	OR	<ul style="list-style-type: none"> A- by Fitch Inc., or A- by Standard & Poors Ratings Services, or A3 by Moody's Investors Service Inc.
> \$5 million & ≤ \$25 million	A-	AND	VIII		
> \$25 million	A-	AND	IX		

Insurance carrier rating requirements and minimum financial size categories are based on the aggregate carrier exposure, which is defined in the chart below.

Aggregate Carrier Exposure (for each individual carrier)		
Insurance type	Aggregate Carrier Exposure	
Property damage insurance	Specific Insurance or policy for one Property	Required building coverage limits + required Business Income/Rental Value Insurance
	Blanket Insurance or master program from one carrier	Blanket Insurance or master program limit
	An individual policy, Blanket Insurance or master program with more than one carrier participating with layered limits	Total limit provided by the carrier in all layers in which the carrier participates
Liability insurance	Specific Insurance or policy for one Property	Total aggregate limits (general liability + excess/umbrella)
	Liability insurance for multiple properties, or master program from one carrier	Total aggregate limits (general liability + excess/umbrella)
	An individual policy, liability insurance policy for multiple properties or master program with more than one carrier participating with layered limits	Total limit provided by the carrier in all layers in which the carrier participates



31.5 Property damage (All-Risk) insurance (02/22/24)

Property damage insurance is required for all Mortgages to ensure the improvements are protected against loss or damage from fire and other perils covered within the scope of an Insurance Services Office (ISO) Special Causes of Loss or "All Risk" policy form. All-Risk insurance coverage must:

- Be written in an amount not less than 100 percent of the estimated RCV of the improvements without any deduction for depreciation, and
- Either not contain a Coinsurance Clause or contain a Coinsurance Clause that is offset by an Agreed Amount provision. If an Agreed Amount provision is used, the Agreed Amount must be no less than the estimated RCV.

In addition, coverage for roof coverings may be written on an Actual Cash Value basis.

Additionally, Freddie Mac recommends that the policy contain a Joint Loss Agreement if Boiler and Machinery insurance is required and the insurance carrier providing Boiler and Machinery insurance is different from the carrier providing property damage insurance.

Freddie Mac also recommends that the policy contain an Inflation Guard endorsement, providing for an annual adjustment of the insurance amount based on that geographic area's inflation rate, or a similar option. (Inflation Guard may not always be available.)

a. Property damage (All-Risk) deductible (02/22/24)

The maximum deductible per occurrence for property damage (All-Risk) insurance policies providing Specific Insurance Limits is:

RCV	Maximum Deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

b. Expanded deductible (12/14/18)

For existing Mortgages, if the Borrower is unable to obtain a policy that complies with the maximum deductibles required by the applicable sections of this chapter, the Servicer may approve the following expanded maximum deductibles for all property damage policies providing Specific Insurance Limits (other than NFIP, windstorm and earthquake insurance) if all of the conditions below have been met.

Expanded Deductibles	
RCV	Maximum Deductible
< \$10 million	\$100,000
≥ \$10 million	\$150,000



- The Borrower is unable to obtain deductibles for the applicable property damage insurance in compliance with the other applicable sections of this chapter
- The Borrower or Borrower Principal demonstrates liquid assets at least four times the deductible amount
- The Mortgage has a Risk Rating of six or less
- The Mortgage is not currently delinquent and has not been delinquent within the last 12 months
- The Property is in average or better condition according to the most recent inspection

The waiver of the maximum deductible is only valid for one policy term. At the end of that period, if the Borrower has been unable to obtain deductibles in compliance with the other applicable sections of this chapter, the Servicer may permit renewal of the waiver of the maximum deductibles in compliance with this sub-section.

c. Blanket All-Risk Insurance Limits (06/27/19)

For policies providing property damage (All-Risk) insurance coverage using Blanket Insurance Limits, the Seller/Servicer must, to its satisfaction, determine, support, and document that the Blanket Insurance Limits, including any sub-limits, are adequate for the risks applicable to the Property. In evaluating whether the Blanket All-Risk Limits provide adequate coverage for concentrations of insurable value, the Seller Servicer must take into consideration the TIV of nearby properties that are covered by the same blanket limit. The Seller Servicer must maintain a copy of its blanket-limit analysis in the associated loan file.

The blanket “All-Risk” limit must be no less than the greater of the following:

- The largest individual TIV covered by the Blanket Insurance Limit, or
- The aggregate TIV of the Property, any adjacent properties sharing a boundary with the Property, any properties separated from the Property by a street, alley, or public space, and any other properties within 100 feet of the Property and covered by the same blanket limit.

d. Deductible for All-Risk Blanket Insurance Limit (04/30/19)

The maximum per occurrence deductibles when All-Risk coverage is provided by a Blanket Insurance Limit is one percent per unit of insurance to a maximum of \$250,000.

31.6 Business Income/Rental Value Insurance (07/01/14)

Business Income/Rental Value Insurance is required for all applicable property damage perils within the scope of the “Causes of Loss – Special Form” or “All Risk” policy, including windstorm, flood, earthquake and terrorism, regardless of whether the coverage is provided on an All-Risk or separate policy.



The Business Income/Rental Value Insurance must be sufficient to cover the minimum number of months of effective gross income (EGI) based on underwritten EGI or the most recent year-end financials, and the minimum extended period of indemnity in accordance with the following:

Mortgage unpaid principal balance (UPB)	Minimum number of months EGI	Minimum extended period of indemnity
\$50 million or less	12 months	None required
Greater than \$50 million	18 months	90 days

When considering Business Income/Rental Value Insurance for Cooperative Properties, the calculation of the EGI required must include routine maintenance fees and special assessments for the Property.

Business Income/Rental Value coverage may be provided on an Actual Loss Sustained (ALS) basis (i.e., coverage pays only for the insured’s actual loss of income, up to the overall limit of the policy), provided that any limit associated with the ALS coverage is not less than the equivalent value of the minimum number of months EGI required.

The waiting period (also known as the deductible) for this coverage may not exceed seven days.

31.7 Windstorm insurance (02/22/24)

Windstorm insurance refers to coverage for damages caused by high winds, hail, tornados, and hurricane-force winds (“Named Storm”). If coverage for windstorm and/or windstorm related perils and/or Named Storms is excluded from the primary property insurance policy, separate windstorm coverage must be obtained, either through an endorsement or a separate policy.

a. Wind/hail coverage (04/30/19)

Wind/hail coverage must meet the requirements identified in Sections 31.5 and 31.6, with the exception of deductibles.

b. Wind/hail deductibles (02/22/24)

The maximum per-occurrence deductible when wind/hail coverage is provided by a Specific Insurance Limit is as follows:

- When expressed as a percentage, five percent per unit of insurance
- When expressed as a dollar amount:

TIV of the Property	Maximum deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

The maximum per-occurrence deductible when wind/hail coverage is provided on a Blanket Insurance Limit basis is as follows:



- When expressed as a percentage, five percent per unit of insurance
- When expressed as a dollar amount, \$250,000

c. Named Storm coverage (04/30/19)

For all properties located in Tier 1 Windstorm Risk counties, as defined by the insurer, Named Storm coverage must meet the requirements in Sections 31.5 and 31.6, with the exception of deductibles.

If Named Storm coverage is provided as part of a Blanket Insurance Limit, the Seller/Service must determine, to its satisfaction, that the blanket Named Storm limits are adequate for the Property and any concentrations of insurable value associated with other properties covered.

The Blanket Insurance Limit for Named Storm may not be less than the greater of the following:

- The largest individual TIV of properties covered by the Blanket Insurance Limit, or
- 40 percent of the aggregate TIV within any State covered by the Blanket Insurance Limit (e.g., if the Blanket Insurance Limit covers properties in both Florida and Texas, then for Florida, 40 percent of the aggregate TIV of all properties within Tier 1 Windstorm Risk counties in Florida covered by the policy; for Texas, 40 percent of aggregate TIV of all properties in Texas covered by the policy that are located in Tier 1 Windstorm Risk counties in Texas).

d. Named Storm deductibles (02/22/24)

The maximum per-occurrence deductible when Named Storm coverage is provided by a Specific Insurance Limit is as follows:

- When expressed as a percentage, five percent per unit of insurance.
- When expressed as a dollar amount:

TIV of the Property	Maximum deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

The maximum per-occurrence deductible when Named Storm coverage is provided on a Blanket Insurance Limit basis is as follows:

- When expressed as a percentage, five percent per unit of insurance.
- When expressed as a dollar amount, \$250,000.

**e. Windstorm insurance through a State Windpool (12/14/18)**

If windstorm coverage is only available from a State Windpool, the policy must meet the requirements in 1, 2, or 3 below:

1. If the policy issued by the State Windpool does not contain a Coinsurance Clause, the policy must be written in an amount no less than 100 percent of the estimated RCV of the insurable improvements without any deduction for depreciation.
2. If the policy issued by the State Windpool contains a Coinsurance Clause that is offset or suspended by an Agreed Amount provision:
 - The policy must be written in an amount no less than 100 percent of the estimated RCV of the insurable improvements without any deduction for depreciation, and
 - The Agreed Amount must equal the estimated RCV.
3. If the policy issued by the State Windpool contains a Coinsurance Clause that is not offset or suspended by an Agreed Amount provision, then all of following are required:
 - The policy must be written in an amount no less than 100 percent of the estimated RCV of the insurable improvements without any deduction for depreciation.
 - The RCV estimate must meet the requirements of the Guide.
 - The Servicer must document in the Mortgage File that there is a RCV estimate dated within 12 months of the request for Coinsurance.
 - The policy must contain a Coinsurance Clause less than or equal to 80 percent.

In addition, the guarantor must sign an additional guaranty for any losses incurred by Freddie Mac associated with the Borrower's failure to maintain the required Windstorm Coverage.

If the Business Income/Rental Value Insurance required in Section 31.6 is not included in the State Windpool insurance policy, the Borrower must obtain separate Business Income/Rental Value Insurance relevant to Windstorm Coverage.

31.8 Flood insurance (02/16/23 02/27/25)

Flood insurance is required for any building that is part of the Property that is fully or partially located in a ~~Special Flood Hazard Area (SFHA)~~ Zone A or V, as defined by ~~the Federal Emergency Management Agency (FEMA)~~.

Specific coverage requirements are identified below; however, the Seller/Servicer must ensure the coverage meets the minimum mandatory purchase requirements identified in the following Federal flood insurance statutes, as well as any applicable Federal agency rulemaking and publication:

- National Flood Insurance Act of 1968 (1968 Act)



- Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert Waters)
- Flood Disaster Protection Act of 1973 (FDPA)
- Homeowner Flood Insurance Affordability Act of 2014

Freddie Mac may require flood insurance for buildings located outside of a SFHA Zone A or V, if it determines that flood insurance is warranted, such as for buildings with a history of prior flooding or subject to risk of storm surge flooding.

a. Flood zone determination ([02/16/2302/27/25](#))

Seller/Serviceicers must determine whether any buildings located at the Property are or will be fully or partially located in a SFHA, using the FEMA Standard Flood Hazard Determination Form (SFHDF). Seller/Serviceicers must ensure that all structures at the Property will be evaluated when ordering the SFHDF. In addition to the Property address listed in the Collateral Description of the SFHDF, Seller/Serviceicers must provide to the vendor supplemental information such as the Property's legal description or parcel descriptions. The resulting ~~Flood Zone Determination (FZD) form~~, SFHDF and any subsequent ~~FZD forms~~versions, must be effective for the life of the related loan ~~and~~. A copy of the SFHDF along with a signed copy of the Notice to the Borrower of Special Flood Hazard and Federal Assistance must be included in the Mortgage File.

Any Property that has buildings located in a SFHA but is located in a community that does not participate in the National Flood Insurance Program (NFIP), is not eligible for sale to Freddie Mac, regardless of whether private flood insurance is available.

b. Flood coverage requirements ([12/15/2202/27/25](#))

For each building that is fully or partially located in a SFHA, Freddie Mac requires flood insurance equal to at least the following:

- The RCV of the first two floors of the building above grade, plus
- The RCV of any floors below grade, plus
- 12 months of business income/rental value associated with the building, and
- The insurable value of Borrower-owned contents or business personal property within the building.

The above coverage requirements can be met by obtaining flood insurance from private flood insurers or from insurers providing policies under the NFIP, or any combination thereof. Policies issued by private flood insurers must meet the minimum requirements for Acceptable Insurers identified in Section 31.3. Policies issued by insurers participating in the NFIP, as well as those insurers authorized to participate in the NFIP's Write Your Own program, are acceptable.

Contents or business personal property generally includes equipment and inventory owned by the Borrower which are used in connection with the ownership, management or operation of the Property that do not otherwise constitute fixtures. Seller/Serviceicers are responsible for

Guide Bulletin Update [02/22/2402/27/25](#) Chapter 31 – Page 17



having a process in place to obtain inventory and the insurable value of Borrower-owned contents or business personal property within buildings located in SFHAs in order to determine the required coverage. Seller/Service providers must provide documentation of the presence or absence of borrower-owned contents or business personal property within the building in the Mortgage file. Seller/Service providers must also provide a summary of the estimated building and business income/rental value coverage amounts required for each building located in a SFHA as an attachment within the ICT record.

Private flood insurance policies must:

- Be written on a RCV basis without any deduction for depreciation,
- Provide coverage and terms at least as broad as or better than the coverage and terms provided under a standard flood insurance policy issued under the NFIP private flood insurance policies, and
- Either not contain a Coinsurance Clause or contain a Coinsurance Clause that is offset by an Agreed Amount provision. If an Agreed Amount provision is used, the Agreed Amount must be no less than the estimated RCV.

When an NFIP policy is used, the Seller/Service provider must consider the extent of recovery allowed under the NFIP policy for the type of building being insured in order to avoid creating a situation in which a Borrower would pay for more coverage than a NFIP policy would pay out in the event of a loss.

Freddie Mac does not require flood insurance for low-value, non-residential structures located in a SFHA that meet the exemption provisions of HFIAA. Such structures include maintenance buildings, storage sheds, pool houses, carports, laundry buildings, and gatehouses.

c. Flood coverage provided by Blanket Insurance Limit (12/14/18)

Blanket Insurance Limits providing private flood insurance for multiple properties are acceptable. The Seller/Service provider must evaluate concentrations of insurable value associated with properties covered by a Blanket Insurance Limit for flood resulting from adjacent properties and properties within the same MSA of the Property. The Blanket Insurance Limit providing flood coverage must be no less than the greater of the following:

- The largest individual amount of flood insurance that would be required under the terms of the Guide for any property with buildings located in an SFHA within the Property's MSA covered by the Blanket Insurance Limit for flood coverage, or
- 40 percent of the aggregate amount of flood insurance that would be required under the terms of the Guide for properties with buildings located in an SFHA within the Property's MSA that are covered by the Blanket Insurance Limit for flood coverage.

The Seller/Service provider must obtain and review sufficient information to evaluate the Borrower's portfolio of flood risk covered by the Blanket Insurance flood limits. In order to evaluate the Blanket Insurance Limit for flood coverage required above, the Seller/Service provider should consider the following information from the Borrower related to buildings within the Property's



MSA that are located in SFHAs:

- Property location (address)
- Number of stories
- Building type (Residential, Other Residential, Non-Residential)
- Building RCV
- Building Business Income/Rental Value (BI/RV)
- Borrower-owned business personal property value
- NFIP limits in place
- Other coverage limits (excess flood) in place

The Seller Servicer may also need the following information to estimate values required for evaluation of the Blanket Insurance Limit for flood coverage:

- Total building RCV for each property
- Total BI/RV for each property
- Total number of buildings at each property
- Number of buildings at each property that are located in a SFHA

d. Maximum deductible for flood insurance (12/14/18)

The following are maximum deductibles allowed for flood insurance policies:

For first-layer building coverage:

- \$50,000 per building for a Property with 10 buildings or less located in SFHAs
- \$500,000 per occurrence for a Property with more than 10 buildings located in SFHAs

For Business Income/Rental Value coverage:

- 15 day waiting period when expressed as a time-elements deductible
- \$100,000 per occurrence when expressed as a monetary deductible

When NFIP policies are used as part of the coverage, the maximum deductible available under the NFIP for the type of building being insured is acceptable.

e. Seller/Servicer monitoring responsibilities (05/07/07)

The Seller/Servicer must have a process in place that allows it to:

- Identify any FEMA NFIP map changes, and
- Determine whether buildings that are part of any Property in a community affected by a map change are now located in, or are no longer located in, an SFHA as a result of the map change

f. Evaluating the need for flood insurance coverage (12/15/22)

1. No change in the flood map, the Property remains in an SFHA



If all or any of the buildings that are part of the Property were previously in an SFHA and remain in an SFHA, flood insurance must remain in force.

2. Change in the flood map, the Property is now in an SFHA

If all or any of the buildings that were not previously in an SFHA are now in an SFHA, Freddie Mac requires the Property to be covered by the required amount of flood insurance no later than 120 days after the effective date of the FEMA NFIP map change. Flood insurance may be obtained from NFIP and/or a private insurance company meeting Freddie Mac's requirements.

3. Documentation required for coverage discontinuation

Freddie Mac will not require flood insurance for buildings at a Property that are no longer in an SFHA if the Servicer receives any one of the following:

- Letter of Map Amendment (LOMA) from FEMA excluding the insurable improvements or the entire Property from the SFHA, or
- Letter of Map Revision (LOMR) from FEMA removing the community's SFHA designation, or
- Letter of Determination Review (LODR) concluding that the insurable improvements are not in the SFHA

The Borrower must maintain flood insurance on the insurable improvements until FEMA issues a LOMA, LOMR or LODR. Upon issuance of a LOMA, LOMR or LODR, the Borrower may request from FEMA a refund of paid flood insurance premiums through the insurance agent servicing the flood insurance policy. A copy of the LOMA, LOMR or LODR, as applicable, must be maintained in the Mortgage File.

Within 10 days of authorizing the Borrower to discontinue flood insurance coverage, the Servicer must give written notice to Freddie Mac by emailing MF_Insurance_Compliance@FreddieMac.com noting the property name, loan number, and the changes. The Servicer must also complete and submit a Summary Update record in ~~Insurance Compliance Tool (ICT)~~ with documentation including a copy of the LODR, LOMA, or LOMR and any other applicable documentation.

31.9 Earthquake insurance (12/15/22)

a. Earthquake terms used in this chapter (12/15/22)

These terms, when used in this chapter, have the following meanings:

- **Seismic Risk Assessment (SRA)**

The Seismic Risk Assessment (SRA) uses modeling techniques to assess the risk to a Property from seismic events. It takes into consideration proximity to known faults,



construction type and quality, building configuration, soil condition and other factors. See Chapter 64 or Chapter 64SBL, as applicable, for Freddie Mac’s requirements for an SRA.

- **Scenario Expected Loss-475 (SEL-475)**

The SEL-475 is defined as the SEL corresponding to the mean level loss resulting from the damage experienced due to a 475-year return period earthquake. For additional details regarding the determination of the SEL-475, see Section 64.8 or Section 64SBL.8, as applicable.

For the purposes of this chapter, the term SEL-475 is used instead of the older term Probable Maximum Loss (PML).

b. Earthquake insurance requirements (12/15/22)

In accordance with Chapter 64 or Chapter 64SBL, as applicable, Freddie Mac requires an SRA at the Borrower’s expense for a Property located in an Elevated Seismic Hazard Region. For Properties where multiple building construction types are present (for example, Properties that have buildings with and without tuck-under parking), a SEL-475 estimate is required for each building construction type. If any single building has a SEL-475 greater than 20 percent, then earthquake insurance or seismic retrofit is required for that building.

1. Required earthquake coverage

Earthquake insurance is required per the table below:

SEL-475	Building Stability Concern*	
	No	Yes
≤ 20%	Insurance not required	Ineligible for purchase until seismic retrofit completed unless otherwise approved by Freddie Mac
> 20% & ≤ 40%	Insurance required, and seismic retrofit optional; if the retrofit results in a SEL-475 ≤ 20% at completion, then insurance will no longer be required	Ineligible for purchase until seismic retrofit completed unless otherwise approved by Freddie Mac
> 40%	The affected building(s) must have a seismic retrofit prior to the Mortgage being submitted to Freddie Mac for consideration	

***See Section 64.9 or Section 64SBL.9, as applicable, for Freddie Mac’s requirements for the evaluation of building stability.**

For a Property or buildings for which Freddie Mac requires earthquake insurance, the coverage must be the greater of \$1 million or 150 percent of the difference between the projected loss for the Property or buildings using the actual SEL-475 and the projected loss of the 20 percent SEL-475.



Business Income/Rental Value Insurance and Ordinance and Law coverage is required if the earthquake insurance does not provide that coverage for earthquake damage.

2. Maximum deductible

The maximum deductible for earthquake insurance is as follows:

Borrower Equity	Maximum Deductible (a reserve account is required for certain deductibles)	Reserve Account
≤ 30 percent	5 percent of coverage	Not required
≤ 30 percent	10 percent of coverage	Required for 5 percent of the coverage amount
≤ 30 percent	15 percent of coverage	Required for 10 percent of the coverage amount
> 30 percent	15 percent of coverage	Not required

3. Seismic risk changes subsequent to Freddie Mac’s purchase of the Mortgage

The requirements of this section apply to Mortgages that have been purchased by Freddie Mac.

a. Updates to the National Seismic Hazard Maps

If the United States Geological Survey (USGS) updates the National Seismic Hazard Maps data on its website such that a Property previously not located in an Elevated Seismic Hazard Region subsequently has a PGA (as calculated via the USGS website) equal to or greater than 0.15g, the Seller/Servicer must, within 60 days of the USGS update

- Obtain an updated PGA calculation in accordance with Section 64.2(b) or Section 64SBL.2(b), as applicable
- Obtain an SRA in accordance with the requirements of Chapter 64 or Chapter 64SBL, as applicable
- Submit the seismic risk documentation described in Section 55.2 or Section 55SBL.2, as applicable, to *Multifamily Asset Management, Asset Performance and Compliance*

The Servicer must retain all such documentation in the Mortgage File. In addition, the engineer or firm completing the SRA must send a resume or statement of qualification with the completed SRA. Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* will determine if and/or how much earthquake insurance is required.



If the USGS updates the National Seismic Hazard Maps data on its website such that a Property previously located in an Elevated Seismic Hazard Region now has a PGA less than 0.15g, and earthquake coverage was required based on the results of the previous SRA, the Seller/Service may request Freddie Mac approval to discontinue or reduce that earthquake coverage.

The Seller/Service must document the updated PGA calculation described in Section 64.2(b) or Section 64SBL.2(b), as applicable, and submit the documentation to Freddie Mac via the Property Reporting System (PRS) in order to request permission from Freddie Mac to discontinue or reduce earthquake insurance.

Closure of the Loan Item Tracking entry for the PGA calculation documentation will constitute Freddie Mac's notification to the Seller/Service that earthquake coverage may be discontinued or reduced.

The Service must retain all such evidence in the Mortgage File.

b. After a Property undergoes seismic retrofit

If a Property undergoes a seismic retrofit that results in a SEL-475 of less than or equal to 20 percent and addresses building stability concerns, if applicable, the Seller/Service may request Freddie Mac approval to discontinue or reduce the earthquake coverage.

The Seller/Service must:

- Obtain an SRA in accordance with the requirements of Chapter 64 or Chapter 64SBL, as applicable
- Upload the SRA documentation for the related Loan Item Tracking (LIT) entry via the Property Reporting System (PRS) and select "Send to Freddie Mac"
- Freddie Mac will review the SRA and close the Loan Item Tracking entry if the SRA confirms that the SEL -475 is less than or equal to 20 percent and there are no building stability concerns, if applicable
- Closure of the Loan Item Tracking entry for the SRA will constitute Freddie Mac's notification to the Seller/Service that earthquake coverage may be discontinued or reduced.

The Service must retain all such documentation in the Mortgage File.

31.10 Boiler and Machinery insurance (02/22/24)

Boiler and Machinery insurance provides coverage for damage to the

- Central heating, ventilation and cooling system (HVAC)
- Other portions of the Property, if the damage is the result of an explosion of steam boilers, pressure vessels and/or other steam equipment



Freddie Mac requires comprehensive Boiler and Machinery insurance for a Property with a central HVAC system where steam boilers and/or other pressurized systems are in operation and are regulated by the State where the Property is located. The insurance must cover loss or damage from explosion of steam boilers, pressure vessels and/or other steam equipment now or installed at a later date.

Coverage for Boiler and Machinery insurance must be in place for the buildings housing the central HVAC system, including the RCV of the central HVAC system and must meet the requirements in Sections 31.5 and 31.6. If the Boiler and Machinery insurance is provided by a different insurance carrier than the primary insurance carrier providing the property damage policy, Freddie Mac recommends that both policies include a Joint Loss Agreement.

The maximum per occurrence deductible for Boiler and Machinery insurance is

- For a policy providing Specific Insurance Limits:

RCV of the Property	Maximum per occurrence deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

- For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties to a maximum deductible of \$250,000.

31.11 Builder’s Risk insurance (02/22/24)

The term Builder’s Risk insurance, when used in this chapter, means a policy that insures against loss to buildings, materials, equipment and fixtures during construction, rehabilitation, addition, significant alteration or repair. Freddie Mac requires such construction projects to be fully insured in accordance with the requirements of this Chapter 31. If insurance for such projects is not provided by the Borrower’s primary property insurance policies, a separate Builder’s Risk policy is required.

Coverage must be for at least 100 percent of the sum of the project contract or contracts and all materials to complete the work, as well as applicable soft costs.

Once construction is complete, Builder’s Risk coverage may be discontinued.

The maximum per occurrence deductible for Builder’s Risk insurance is

- For a policy providing Specific Insurance Limits:

Total Project Value	Maximum per occurrence deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

- For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties, to a maximum deductible of \$250,000.

Guide Bulletin Update 02/22/24 02/27/25 Chapter 31 – Page 24

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



31.12 Ordinance and Law insurance (07/01/14)

Ordinance and Law coverage is not required for any property that is legally conforming under current building, zoning or land use laws.

Ordinance and Law coverage is required for any property that is non-conforming under current building, zoning or land use laws or ordinances unless the municipality or other governing authority will permit the Property to be rebuilt 100 percent to the specifications of the Property that existed at the time of the loss. The Seller/Servicer must provide evidence of 100 percent rebuild allowance to Freddie Mac to demonstrate the coverage is not required.

If the zoning law rebuild allowance is restricted to less than 12 months under which the reconstruction must be under permit or construction, then Ordinance and Law coverage is required.

If required, Ordinance and Law coverage must include the following:

- a. Coverage “A” – Loss to the undamaged portion of the Property:** Coverage no less than the estimated Replacement Cost Value (RCV) of the Property; provided, however, if the damage threshold percentage of the zoning laws is known, the minimum for coverage A may be determined as follows:

$$\text{Minimum for Coverage "A"} = (\text{RCV} - (\text{RCV} \times \text{damage threshold percentage}))$$

For example:

- If the RCV of the Property is \$20 million and the damage threshold percentage is 60 percent, the Coverage “A” limit must be at least \$8 million (\$20 million – (\$20 million X 60 percent) = \$8 million).
- If the damage threshold percentage is unknown, the minimum coverage must be no less than the estimated RCV of the Property, which is \$20 million in this example.

- b. Coverage “B” – Demolition cost:** The cost to demolish and clear the site of undamaged parts of the Property if such demolition is required by enforcement of any zoning laws. Coverage “B” must equal no less than 10 percent of the estimated RCV of the Property.

- c. Coverage “C” – Construction cost:** Increased cost of construction to allow the Borrower to rebuild the Property to meet all applicable zoning laws. Coverage “C” must equal no less than 10 percent of the estimated RCV of the Property.

Ordinance and Law Coverage must include an Increased Period of Restoration endorsement that extends business income and extra expense coverage to provide additional time to restore operations when delayed due to enforcement of building or zoning laws.

31.13 Terrorism insurance (06/27/19)

Terrorism insurance is required for all Mortgages, including those being refinanced, to ensure the improvements are protected against loss or damage due to acts of terrorism. If terrorism



coverage is excluded from the primary property insurance policy, separate terrorism coverage must be obtained either through an endorsement or a separate policy.

a. Terrorism coverage must meet all of the following requirements:

- Property damage insurance in an amount and with maximum deductibles in accordance with Section 31.4 and 31.5,
- Business Income/Rental Value Insurance in accordance with Section 31.6, and
- Liability insurance in accordance with Section 31.16 (not including Professional Liability Insurance).

b. Blanket Terrorism Insurance

For policies providing terrorism insurance using Blanket Insurance Limits, the Seller/Service must, to its satisfaction, determine, support, and document that the Blanket Insurance Limits for terrorism coverage are adequate for the applicable risks. In evaluating whether the terrorism limits provide adequate coverage for concentrations of insurable value, the Seller Service must take into consideration the TIV of nearby properties that are covered by the same blanket limit. The Seller Service must maintain a copy of its blanket-limit analysis in the associated loan file.

The blanket terrorism limit must be no less than the greater of the following:

- The largest individual TIV covered by the Blanket Insurance Limit, or
- The aggregate TIV of the Property, any adjacent properties sharing a boundary with the Property, any properties separated from the Property by a street, alley, or public space, and any other properties within 100 feet of the Property and covered by the same blanket limit.

31.14 Localized perils insurance (02/22/24)

A Property located in an area prone to localized perils, such as sinkhole, mine subsidence, volcanic eruption, and avalanche, must have one or more insurance policies in place to cover these perils. Sinkholes are particularly common in Florida. Mine subsidence may occur in any location where there is, or has been, subterranean mining, but is particularly common in Pennsylvania, Ohio, Illinois and Colorado.

If this insurance is not available and the Property is at risk for one or more of these perils, the Seller/Service must inform, as applicable,

- The *Applicable Freddie Mac Multifamily Regional Office*,
- The *Multifamily TAH Underwriter*, or
- *Freddie Mac Multifamily Asset Management, Borrower Transactions*.



Coverage must meet the requirements in Sections 31.5 and 31.6 for the buildings affected by the localized peril.

The maximum deductible for localized perils insurance is:

- For a policy providing Specific Insurance Limits:

RCV of the Property	Maximum Deductible
< \$10 million	\$50,000
≥ \$10 million	\$100,000

- For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties, to a maximum deductible of \$250,000.

31.15 Sewer and drain insurance (01/01/13)

If the Property is prone to periodic sewer or drain back-ups caused by ground water, public or private water systems, or public sewers external to the Property, the Seller/Service must require the Borrower to obtain sewer and drain backup insurance.

Coverage and the deductible must be consistent with the coverage obtained by other lenders in the area.

31.16 General liability insurance (~~12/14/23~~02/27/25)

Standard Commercial General Liability (CGL) insurance on an “occurrence-based” policy form insuring against liability resulting from bodily injury, property damage, personal injury, advertising injury and contractual liability is required with no exclusions for claims related to assault and battery, molestation, sexual abuse, animal attacks, or firearms. The policy must cover all of the following on the Property:

- Buildings
- Common areas and elements
- Commercial spaces
- Public ways (roads, driveways, alleys, walks, paths, and other similar areas)
- Home Sites and any Borrower-owned structures at an MHC Property

If the Borrower changes from a “claims made” policy form to an “occurrence-based” policy form, a Supplemental Extended Reporting Period (also known as a Tail) endorsement must be obtained to prevent a gap in coverage.

a. Required CGL and umbrella or excess coverage (12/15/20)

1. Borrower must maintain primary CGL coverage for



- \$1 million per occurrence, and
- \$2 million in the general aggregate

If the CGL policy covers multiple locations, Freddie Mac requires that the general aggregate limits apply per location with no aggregate cap.

2. In addition, the Borrower must maintain, at a minimum, the following umbrella or excess liability coverage:

Aggregate number of residential units covered	Minimum umbrella or excess liability limits
Up to 250	\$1 million
251 to 500	\$2 million
501 to 1,000	\$3 million
1,001 to 2,000	\$5 million
2,001 to 5,000	\$10 million
5,001 to 10,000	\$15 million
10,001 to 20,000	\$20 million
20,001 to 35,000	\$25 million
More than 35,000	\$50 million

If the CGL layer includes an aggregate limit cap, then additional umbrella/excess liability limits above the minimum amount required must be contemplated to determine whether the liability coverage adequately addresses the casualty risk for the insured portfolio.

The minimum coverage limits in this section are to be evaluated based upon the aggregate number of residential units covered by the umbrella and/or excess liability policy, and may be satisfied with any combination of primary CGL, umbrella and/or excess.

b. Maximum deductible and Self-Insured Retention (SIR) for liability insurance (12/15/20)

The following maximum deductible or SIR, or combined deductible and SIR, apply to all forms of general liability insurance on the Property, including CGL, umbrella and/or excess policies:

- \$35,000 for policies with individual or combined mortgage balances less than or equal to \$25 million



- \$50,000 for policies with individual or combined mortgage balances greater than \$25 million
- \$250,000 for Blanket Insurance Limits
- \$10,000 for umbrella/excess liability policies

c. Vehicle liability insurance (12/14/23)

The Borrower must maintain commercial auto liability insurance for vehicles owned, hired, or used by anyone for business at the Property. The commercial auto liability insurance coverage must be at least \$1 million per accident.

31.17 Professional liability insurance requirements for certain Seniors Housing Mortgages (12/15/20)

a. Professional liability (PL) insurance requirements (12/15/20)

If the Property has assisted living, Alzheimer’s care, and/or skilled nursing units, the Borrower must obtain professional liability insurance.

The professional liability policy may be written on a “claims made” policy form or an “occurrence-based” policy form. If the Borrower changes from a “claims made” policy form to an “occurrence-based” policy form, a Supplemental Extended Reporting Period (also known as a Tail) endorsement must be obtained to prevent a gap in coverage.

1. Borrower must maintain primary professional liability coverage of:
 - \$1 million per occurrence
 - \$2 million in the general aggregate

If the professional liability policy covers multiple locations, Freddie Mac requires that the aggregate limits apply per location with no aggregate cap.

2. In addition, the Borrower must maintain the following minimum umbrella or excess professional liability coverage:

Total number of licensed beds covered by the policy	Minimum Umbrella/Excess Coverage
Less than or equal to 100	\$1 million
101 to 500	\$5 million
501 to 1,000	\$10 million
Greater than 1,000	\$25 million

If the primary PL layer includes an aggregate limit cap, then additional umbrella/excess liability limits above the minimum amount required must be contemplated to determine

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



whether the liability coverage adequately addresses the casualty risk for the insured portfolio.

The minimum coverage limits in this section may be satisfied with any combination of primary PL, umbrella and/or excess. If CGL and PL insurance coverages are combined, the required umbrella and/or excess liability limit is the higher of the two requirements.

b. Additional insured (01/01/13)

Freddie Mac may not be named as an additional insured on professional liability insurance policies.

c. Deductibles and self-insured retention (SIR) (12/15/20)

Freddie Mac allows the following maximum deductible or SIR, or combined deductible and SIR for Professional Liability:

- \$100,000 for policies that insure 500 or fewer licensed beds
- \$250,000 for policies that insure more than 500 licensed beds

31.18 Cooperative (Co-op) Requirements (01/01/13)

a. Fidelity bond/crime insurance coverage (01/01/13)

The Seller/Servicer must ensure that each Co-op Borrower maintains fidelity bond/crime insurance coverage for the Co-op's employees, officers and board members. The minimum coverage required is the greater of

- Two times the monthly gross association fees plus reserves, or six times the monthly gross association fees
- The maximum deductible is \$25,000.

b. Co-op directors' and officers' liability insurance (01/01/13)

The Seller/Servicer must ensure that each Co-op maintains directors' and officers' liability insurance as follows:

- Minimum coverage of \$1 million per occurrence
- Maximum deductible of \$25,000

31.19 Insurance records for origination and Servicing (~~12/14/23~~02/27/25)

The Seller/Servicer must evaluate the Borrower's property and liability insurance coverage at loan origination and at each policy renewal throughout the term of the Mortgage to determine compliance with the Guide. Seller/Servicers and their vendors must use the ~~Insurance Compliance Tool (ICT)~~ to document their assessment of the Borrower's insurance compliance and any recommended waiver requests.

Guide Bulletin Update ~~02/22/24~~02/27/25 Chapter 31 – Page 30

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



a. Documentation of Borrower insurance compliance at loan origination (02/17/22)

Seller/Servicers must complete the Form 1133, *Certification of Borrower Insurance Compliance*, to document the insurance coverage that is or will be in place at loan closing. If any element of the Borrower’s insurance coverage is not in compliance with the Guide and the Seller/Servicer recommends a waiver, the Seller/Servicer must indicate the noncompliance on the Form 1133 and submit a “New Origination Waiver Request” via the ICT for review and approval.

The Form 1133 and any waiver requests must be submitted via the ICT as follows:

- Form 1133 “Underwriting record”. Seller/Servicers must submit the Form 1133 “Underwriting record” with the Full Underwriting Package. This version is a draft of the insurance compliance record that Seller/Servicers and their vendors may update throughout the underwriting process.
- New Origination Waiver Requests. Seller/Servicer must submit any recommended waiver requests with the Full Underwriting Package. All waiver requests must be reviewed and processed final prior to rate lock for Standard Delivery loans and prior to final Acceptance Letter or Modification Letter, as applicable, for Early Rate-Lock loans.
- Form 1133 “Delivery record”. Seller/Servicers must submit the Form 1133 “Delivery record” when the final insurance compliance review is complete, but no later than the Origination Date. This version is the final Seller/Servicer record of insurance compliance.

The Form 1133 and waiver records must include Evidence of Insurance and supporting documentation, as appropriate, uploaded via the ICT. When the Form 1133 “Delivery record” is processed final by Freddie Mac, a PDF image of the form, along with any waiver requests, attached Evidence of Insurance, supporting documents, and Public Notes is automatically transferred to the Freddie Mac loan file in DMS.

b. Documentation of Borrower insurance compliance for Transfers of Ownership (02/27/25)

Seller/Servicers must complete the Seller/Servicer Certification of Insurance Coverage Form (Assumption Form 1133), Certification of Borrower Insurance Compliance, to document the insurance coverage that is or will be in place on the Transfer of Ownership closing date. If any element of the Borrower’s insurance coverage is not in compliance with the Guide and the Seller/Servicer recommends a waiver, the Seller/Servicer must indicate the noncompliance on the Assumption 1133 and submit an “Assumption Waiver Request” via the ICT for review and approval.

The Assumption 1133 and any waiver requests must be submitted via the ICT as follows:

- Assumption 1133 “Underwriting record”. Seller/Servicers must submit the Assumption 1133 “Underwriting record”. The record should be submitted at least 10 Business Days prior to the Transfer closing date.

Formatted: Indent: Left: 0.88", Hanging: 0.31", Outline numbered + Level: 3 + Numbering Style: a, b, c, ... + Aligned at: 0.6" + Indent at: 0.95"

Formatted: Indent: Left: 1.19", Bulleted + Level: 2 + Aligned at: 1" + Indent at: 1.25"



- Assumption Waiver Requests. Seller/Servicer must submit any recommended waiver requests at least 10 Business Days prior to the Transfer closing date.
 - Assumption 1133 "Delivery record". Seller/Servicers must submit the Assumption 1133 "Delivery record" when the final insurance compliance review is complete, and any Assumption Waivers have been finalized but no later than the Transfer closing date. This version is the final Seller/Servicer record of insurance compliance.
 - Records are to be submitted with MF Borrower Transactions selected as FM Underwriter.
- The Assumption 1133 and waiver records must include Evidence of Insurance and supporting documentation, as appropriate, uploaded via the ICT. When the Assumption 1133 "Delivery record" is processed as final by Freddie Mac, a PDF image of the form, along with any waiver requests, attached evidence of insurance, supporting documents, and public notes is automatically transferred to the Freddie Mac loan file in DMS.

Formatted: Indent: Left: 1.19", Bulleted + Level: 2 + Aligned at: 1" + Indent at: 1.25"

Formatted: Indent: Left: 1.19", Bulleted + Level: 2 + Aligned at: 1" + Indent at: 1.25"

Formatted: Indent: Left: 1.19", Bulleted + Level: 2 + Aligned at: 1" + Indent at: 1.25"

b.c. Post-purchase reporting of Borrower insurance compliance (12/14/23)

Formatted: Indent: Left: 0.88", Hanging: 0.31", Outline numbered + Level: 3 + Numbering Style: a, b, c, ... + Aligned at: 0.6" + Indent at: 0.95"

For all Mortgages serviced by Seller/Servicers on behalf of Freddie Mac, Seller/Servicers must evaluate the Borrower's insurance coverage as policies renew and provide updates to insurance records in ICT as set forth below.

- Update Summary Function. The Seller/Servicer must complete the Update Summary form to identify renewed or changed insurance coverage details, attach updated Evidence of Insurance and other supporting documentation, and submit the "Update Summary." Once the update has been submitted, a PDF image of the form, along with any attached Evidence of Insurance, supporting documents, and Public Notes is automatically transferred to the Freddie Mac loan file in DMS.
- Renewal Waivers. If any element of the Borrower's insurance coverage is not in compliance with the Guide and the Seller/Servicer recommends a waiver, the Seller/Servicer must submit a Renewal Waiver request in ICT for review and approval.

For Mortgages that have been securitized, Seller/Servicers are to evaluate coverage as policies renew and follow the processes established by the Master Servicer for updating coverage information and recommending waivers. Seller/Servicers are to use the ICT for processing updated records for loans for which Freddie Mac is Master Servicer.

31.20 Evidence of insurance (12/15/22)

The Seller/Servicer must obtain temporary or permanent evidence of Borrower's required property and liability insurance for the closing of new loans and for each renewal. This is applicable to all required insurance policies associated with the Property. After Freddie Mac loan purchase and after each insurance renewal, the Seller/Servicer must require the Borrower to provide copies of insurance policies in accordance with the Loan Agreement. The Seller/Servicer must maintain copies of all required evidence of insurance in its loan file.

a. Temporary evidence of insurance (12/15/22)

The following are acceptable forms of temporary evidence of property insurance:



- ACORD 28, Evidence of Commercial Property Insurance (most recent version)
- ACORD 27, Evidence of Property Insurance (most recent version)
- Mortgage Bankers Association (MBA) Evidence of Insurance – Commercial Property Form
- ACORD 75, Insurance Binder
- Declaration pages from Property insurance policy
- Property insurance policies, including all endorsements and exclusions
- Other equivalent documentation issued by an insurance company or agent/broker that does not use ACORD forms (such as a certificate of insurance or evidence of insurance) that is deemed acceptable by the lender
- For NFIP flood insurance, NFIP policy declaration page or completed and executed NFIP Flood Insurance Application plus a copy of the paid receipt for the Borrower's premium payment
- For private flood insurance, policy declaration page, copy of flood insurance policy including all endorsements and exclusions, copy of policy binder, or copy of quote of flood insurance that will be in place

The following are acceptable forms of temporary evidence of liability insurance:

- ACORD 25, Certificate of Liability Insurance (most recent version)
- ACORD 75, Insurance Binder
- Liability insurance policies, including all endorsements and exclusions
- Other equivalent documentation issued by an insurance company or agent/broker that does not use ACORD forms (such as a certificate of insurance or evidence of insurance) that is deemed acceptable by the lender

b. Permanent evidence of insurance (12/15/22)

The following are acceptable forms of permanent evidence of property and liability insurance:

- Copy of the insurance policy(ies), including all endorsements and exclusions
- For insurance programs using layered insurance policies, copy of the primary insurance policy(ies), including all endorsements and exclusions
- Mortgage Bankers Association (MBA) Evidence of Insurance – Commercial Property Form
- For NFIP flood insurance, NFIP policy declaration page

Guide Bulletin Update [02/22/24](#) [02/27/25](#) Chapter 31 – Page 33

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



- For private flood insurance, copy of the flood insurance policy(ies)

31.21 General requirements applicable to all property and liability insurance documentation (12/17/19)

The Seller/Servicer must ensure that all of the following elements are included in the evidence of insurance documentation:

- Borrower, Borrower Principal, or affiliated management company as Named Insured
- Complete Property address
- Mortgagee and Additional Insured endorsements
- Policy effective dates evidencing current coverage
- Policy notice of cancellation provisions
- Coverage limits, sublimits, and deductibles
- Information clearly stating whether terrorism coverage is included
- If flood insurance is required, information indicating limits and deductibles specifically applicable to buildings located in [Special Flood Hazard Areas SFHA](#)

31.22 Verification of required and continuing property and liability insurance coverage (12/17/19)

a. Required coverage (04/30/19)

The Servicer must ensure that all insurance coverage required by the Purchase and Servicing Documents is in place for the life of the Mortgage. This may include:

- Adding coverage that is not currently in place (for example, FEMA has determined the Property is now in an SFHA and flood insurance is now required), and/or
- Increasing the coverage (for example, the RCV of the improvements on the Property has increased and the insurance coverage must be updated).

In addition, if there is insurance coverage in force on the Property that is no longer required by Freddie Mac (for example, FEMA has determined the Property is no longer in an SFHA and flood insurance is not required) the Servicer must provide the appropriate documentation to notify Freddie Mac *Multifamily Asset Management, Borrower Transactions* and explain that the insurance is no longer required.

b. Continuing coverage (12/17/19)

At least annually, and prior to the expiration of each required insurance policy, the Servicer must verify that the Borrower will renew the existing coverage and/or obtain new insurance

Guide Bulletin Update [02/22/24](#)[02/27/25](#) Chapter 31 – Page 34

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



coverage in compliance with the Purchase and Servicing Documents. The Servicer must retain in the Mortgage File a copy of the applicable renewal and/or new insurance documentation.

The Servicer must require the Borrower to provide evidence of renewed insurance prior to the expiration date of each policy. The documentation required by Freddie Mac at renewal is as follows:

- A legible copy of the current continuation certificate, provided that the Servicer has the original policy on file and the coverage is renewed with the same insurer and under the same policy number(s), coverage terms and conditions
- The documents listed in Sections 31.20(a) and 31.20(b), as applicable

31.23 Reserved (12/14/18)

31.24 Ensuring continuous insurance coverage (04/30/19)

a. General requirements for ensuring continuous insurance coverage (01/01/13)

If the Seller/Servicer determines that a Property's insurance has lapsed, is cancelled, is inadequate, or is not in force for any reason, the Seller/Servicer must prevent a gap in insurance by one or more of the following means:

- Contacting the Borrower and working with the Borrower to resolve the deficiency
- Having in place or obtaining a portfolio insurance policy and/or other insurance vehicle or vehicles designed to provide required coverage if one or more policies lapses, is cancelled, is inadequate or is not in force
- Implementing forced placed insurance

Any insurance policy intended to prevent a gap in insurance coverage, or to supplement inadequate coverage, must:

- Provide retroactive and/or automatic coverage
- Cover the Mortgages serviced for Freddie Mac
- Include deductibles no greater than those required by the Purchase and Servicing Documents
- Provide all property damage and liability insurance required by the Purchase and Servicing Documents
- Be provided by an insurance carrier meeting the requirements of Section 31.3, based on the total unpaid principal balance (UPB) of the Mortgages insured under the policy by the Seller/Servicer



b. Forced placed insurance (04/30/19)

Under certain circumstances, Freddie Mac requires the use of forced placed insurance to prevent a lapse in insurance coverage. If the required forced placed insurance is not available, the Seller/Servicer must contact Freddie Mac *Multifamily Asset Management, Borrower Transactions*.

1. If one or more of the following conditions exists, the Seller/Servicer must force place insurance:
 - The required insurance has not yet lapsed or been cancelled, but will lapse within three days (or over an intervening weekend or holiday), and
 - The Servicer determines that the renewal of the existing insurance or new insurance is not forthcoming, or
 - The Servicer has not been able to determine that the renewal of the existing insurance or new insurance is forthcoming
 - Any insurance obtained by the Servicer to prevent a lapse in coverage is no longer in force or will no longer be in force within three days (or over an intervening weekend or holiday)
2. If both of the following conditions exist, the Seller/Servicer must contact the Borrower within two days of the Servicer’s learning of the condition and must work with the Borrower to resolve the deficiency:
 - The insurance currently in force provides less than 80 percent of the required coverage (see Note below)
 - A lapse in coverage is not imminent

If the issue is not resolved with 15 days, the Servicer must either:

- Force place insurance to the limits required in Purchase and Servicing Documents, or
- Request a waiver of the insurance coverage from Freddie Mac or recommend an alternative solution to the insurance issue.

The waiver request or recommendation must be submitted to Freddie Mac via the ICT. The Servicer must provide justification for the recommendation. *Multifamily Asset Management, Borrower Transactions* may accept the Servicer’s recommendation, recommend an alternative solution, or require the Servicer to force place increased insurance coverage to the limits required in this chapter.

Note: The percentage of coverage refers to the actual dollar amount of insurance coverage in force for a Property and not the deductible amounts. For example, if a Property has property damage insurance of \$7 million, but the RCV is \$10 million, the coverage is 70 percent of the required coverage.



3. If one or more of the following conditions exist, the Seller/Servicer must contact the Borrower within five days of the Servicer's learning of the condition and must work with the Borrower to resolve the deficiency:

- The insurance coverage currently in force is greater than 80 percent, but less than 100 percent, of the required coverage (see Note above)
- Deductible amounts do not comply with the requirements
- Any other failure of the insurance policy to be comply with the requirements of the Purchase and Servicing Documents

If the issue is not resolved with 30 days, the Servicer must either:

- Force place insurance to the limits required in the Purchase and Servicing Documents, or
- Request a waiver of the insurance coverage or recommend an alternative solution to the insurance issue.

The waiver request or recommendation must be submitted to Freddie Mac via the ICT. The Servicer must provide justification for the recommendation. Freddie Mac *Multifamily Asset Management, Borrower Transactions* may accept the Servicer's recommendation, recommend an alternative solution, or require the Servicer to force place increased insurance coverage to the limits required in this chapter.

c. Notice to Freddie Mac of forced placed insurance (04/30/19)

If coverage is forced placed as described in 31.24(b), the Servicer must immediately send written notification to Freddie Mac *Multifamily Asset Management, Borrower Transactions* detailing the insurance issues, the forced placed coverage and the deductibles. The Servicer must retain in the Mortgage File a copy of the written notification regarding forced placed insurance.

d. Payment for forced placed insurance (04/30/19)

The Servicer must adjust the Borrower's insurance Reserve payments for the forced placed insurance if the Borrower is required to make periodic Reserve deposits for insurance premiums or bill the Borrower to recover the advance (if the Servicer does not maintain an insurance Reserve for the Borrower). If an insurance Reserve account is not currently required, Freddie Mac may require the Servicer to set up a Reserve. If the Borrower refuses to reimburse the Servicer for the forced placed insurance, the Servicer must submit a completed Legal Referral Form, Form 1101, to the Director of Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance*. Freddie Mac will reimburse the Servicer for any advances that the Servicer has made for premiums for such forced placed insurance to the same extent that Freddie Mac would reimburse the Servicer for advances to pay required insurance premiums.



31.25 Indemnification (07/01/11)

Pursuant to Chapter 47, Freddie Mac may require the Seller/Servicer to indemnify Freddie Mac for any loss, damage or expense it may incur as a result of the Seller/Servicer's failure to:

- Obtain and maintain all insurance required by this chapter, or
- Ensure that each Property is adequately insured as required in this chapter

31.26 Reserved (06/30/16)

31.27 Captive insurance companies (04/30/19)

For information regarding the use of captive insurance companies, contact the following:

- Prior to the Origination Date: the *Applicable Regional Office* or the *Multifamily TAH Underwriter*, as applicable
- After the Freddie Mac Funding Date: *Freddie Mac Multifamily Asset Management, Borrower Transactions*

31.28 Manufactured Housing Communities (07/01/14)

All MHC Properties must meet the requirements of this Chapter 31.

Generally, any improvements owned by the Borrower must be insured against loss or damage from relevant perils including fire, wind, hail, flood, and other related perils within the scope of a "Special Causes of Loss" or "All Risk" policy, in an amount not less than the RCV of the improvements, per Section 31.4. In addition, the Borrower must carry business income/rental value insurance for all relevant perils in an amount not less than the effective gross income attributable to the Property per Section 31.6.

Properties located partially or fully in a ~~Federal Emergency Management Agency (FEMA) Special Flood Hazard Area (FEMA SFHA)~~ must meet the insurance requirements in Section 31.8, especially with regard to full business income/rental value relevant to flood losses.

The Borrower must carry Commercial General Liability (CGL) insurance against legal liability resulting from personal and bodily injury, property damage, and contractual liability, per Section 31.16.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:10:15 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 31 - Insurance reqs GB-02-22-24.docx	
Modified filename: 31 - Insurance reqs GB-02-27-25.docx	
Changes:	
Add	45
Delete	30
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	75

Multifamily Seller/Servicer Guide

Chapter 43

Specific Servicing Responsibilities



- 43.1 Specific Servicing responsibilities; delivery of documents (04/18/24)
- 43.2 IRS Form 1098, Mortgage Interest Statement (09/28/12)
 - a. Completing IRS Form 1098 (05/06/05)
 - b. Retention of IRS Form 1098 (05/06/05)
 - c. Penalties (09/28/12)
- 43.3 IRS Form 1099-A and 1099-C requirements (10/21/21)
 - a. General instructions for filing IRS Forms 1099-A and 1099-C with IRS (10/21/21)
 - b. Instructions for filing IRS Form 1099-A, Acquisition or Abandonment of Secured Property (06/29/17)
 - c. Instructions for filing IRS Form 1099-C, Cancellation of Debt (06/29/17)
 - d. Instructions for filing Freddie Mac Form 1065M, Report of IRS Form 1099-A and Form 1099-C Filings (04/15/21)
- 43.4 IRS Form 1099-MISC, Miscellaneous Income, and IRS Form 1099-NEC, Nonemployee Compensation (08/18/22)
- 43.5 Continuation of Uniform Commercial Code (UCC) financing statements; termination (06/27/19)
 - a. UCC continuation statements (12/14/18)
 - b. Termination statements (05/06/05)
 - c. Freddie Mac signature (05/31/12)
 - d. Copies to Freddie Mac (04/18/24)
 - e. Limited power of attorney (06/27/19)
- 43.6 Unauthorized transfers (04/18/24)
- 43.7 Late charges; default interest (04/18/24)
 - a. Mortgages originated on or after July 8, 1992 (06/30/16)
 - b. Mortgages originated prior to July 8, 1992 (08/30/13)
 - c. Collection of late charges and default interest (04/30/13)
 - d. Waiver of the collection of a late charge (04/18/24)
 - e. Request for waiver (04/18/24)
- 43.8 Casualty losses and natural disaster losses (09/14/23)
 - a. Form 1140, Hazard Loss Notification (09/14/23)
 - b. Reserved (03/30/12)
 - c. Use of insurance proceeds (06/30/16)
 - d. Servicer responsibilities following a casualty loss (09/14/23)
 - e. Freddie Mac Annual Inspection Form (AIF) (06/28/13)
 - f. Notice of completion of restoration of the Property (09/14/23)
 - g. Servicer responsibility following a natural disaster loss (09/14/23)
- 43.9 Reserved (06/30/16)



43.10 Easements (04/18/24)

- a. Easements the Servicer is permitted to approve (04/18/24)
- b. Documentation for an easement not requiring Freddie Mac approval (04/18/24)
- c. Recordation of an easement not requiring Freddie Mac approval (09/22/17)
- d. File retention requirements for an easement not requiring Freddie Mac approval (09/22/17)
- e. Procedure for an easement requiring Freddie Mac approval (04/18/24)
- f. Recordation of an easement requiring Freddie Mac approval (09/22/17)
- g. Required documentation for an easement requiring Freddie Mac approval (04/18/24)

43.11 Request for partial release of Property (04/18/24)

- a. Partial releases the Servicer is permitted to approve (06/30/16)
- b. Documentation required following Servicer's delegated approval of a partial release (09/18/14)
- c. Information required with a request for Freddie Mac approval of a partial release (04/30/19)
- d. Freddie Mac approval (04/30/19)
- e. Recordation (05/07/07)
- f. Documents required after partial release (04/18/24)

43.12 Condemnation/eminent domain (06/30/16)

- a. Requirements applicable to both non-SBL and SBL Mortgages (06/30/16)
- b. Additional requirements applicable to SBL Mortgages (06/30/16)

43.13 Maturing Mortgages (04/18/24)

- a. Refinance candidates (06/27/19)
- b. Monitoring of payoff plans (04/18/24)
- c. Transfer of Servicing of a matured Mortgage (10/07/08)

43.14 Modification; release; waivers (06/17/21)

- a. Limits on Servicer (04/30/13)
- b. Collateral release (06/17/21)
- c. Waivers (06/17/21)

43.15 Rate Reset Mortgages (04/30/19)

- a. Submission of information to Freddie Mac (04/30/19)
- b. Conditions for approval of extension/reset request (05/06/05)
- c. Notification and determination of eligibility for Rate Reset and extension (05/06/05)
- d. Execution of extension documentation (05/06/05)
- e. Delivery of extension documentation to Freddie Mac (05/31/12)
- f. Reimbursement of Servicer's costs (05/06/05)
- g. Borrower's failure to complete extension process (05/06/05)

43.16 Risk detection and notification; Risk Ratings and monitoring responsibilities (06/29/17)

- a. Loan compliance and risk detection responsibilities (05/01/14)
- b. Risk outlook, notification and recommendation (09/28/12)
- c. Risk Ratings and monitoring (05/31/12)
- d. Quarterly reporting based on Risk Rating (06/29/17)



- 43.17 Mortgages paid in full (12/14/18)
 - a. Mortgage paid in full at maturity (04/30/15)
 - b. Mortgage paid in full prior to the maturity date (05/06/05)
 - c. Requests for Freddie Mac execution of documents (12/07/07)
 - d. Documentation delivered after payment-in-full (12/14/18)
- 43.18 Noncompliance fees (06/12/23)
- 43.19 Property management (10/17/24)
 - a. General property management requirements (10/17/24)
 - b. When full Freddie Mac review of a property management change (including delegation to a sub-manager) is not required (10/17/24)
 - c. When Freddie Mac review of a property management change (including delegation to a sub-manager) is required; review process (10/17/24)
 - d. Freddie Mac's review of the property management change request (including delegation to a sub-manager) (10/17/24)
 - e. Documentation required following approved property management change (including delegation to a sub-manager) (10/17/24)
- 43.20 Advance written notice to the Borrower for ARM payments (06/30/16)
- 43.21 Third-party cap agreement (07/01/14)
 - a. Payments by cap provider (07/01/14)
 - b. Collection of cap agreement payments for conventional Mortgages (02/07/08)
- 43.22 Subsequent cap agreements for cash Mortgages (02/28/18)
 - a. Deposits to cap fee Reserves (02/28/18)
 - b. Interest on cap deposits (09/25/15)
 - c. Excess cap deposits (09/25/15)
 - d. Terms of subsequent cap agreements (07/01/14)
 - e. Cap deposits Reserve Custodial Account (09/25/15)
 - f. Cap agreement and cap provider requirements (02/07/08)
- 43.23 Property Improvement Alterations for non-SBL Mortgages (06/16/22)
 - a. Notifying Freddie Mac of Property Improvement Alterations (02/27/15)
 - b. Monitoring ongoing Property Improvement Alterations (04/30/19)
 - c. Completion of Property Improvement Alterations (06/16/22)
- 43.24 Commercial/non-residential leases (04/18/24)
 - a. When Freddie Mac approval is required (04/18/24)
 - b. Servicer's request for Freddie Mac approval (05/05/17)
 - c. Freddie Mac's review of lease approval request (05/05/17)
 - d. Required documentation following Freddie Mac approval (05/05/17)
 - e. Nonresidential Leases the Servicer is permitted to approve for an SBL Mortgage (06/15/23)
- 43.25 Product-specific general Servicing requirements (09/18/14)



- 43.26 Radon and what to report to Freddie Mac (09/14/23)
- 43.27 Delivery of written notice of incomplete application or confirmation of withdrawn application (11/30/12)
- 43.28 Office of Foreign Assets Control (OFAC) screening (02/18/21)
- 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)
 - b. Information required with a request for Freddie Mac approval of Subordinate Financing (04/13/23)
 - c. Freddie Mac approval (04/30/19)
 - d. Documents required after settlement of Subordinate Financing (04/18/24)
 - e. Warranties (09/28/18)
 - f. Unauthorized Subordinate Financing (08/30/13)
- 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)
 - b. Information required with a request for Subordinate Financing (06/30/16)
 - c. Approval of the Subordinate Financing (06/30/16)
 - d. Documents required after settlement of Subordinate Financing (04/18/24)
 - e. Unauthorized Subordinate Financing (06/30/16)
- 43.31 General Servicing requirements for Credit Facilities (revolving lines of credit) (06/29/17)
 - a. Defined terms (06/29/17)
 - b. Undertaking to Service (06/29/17)
 - c. Additional collateral (06/29/17)
 - d. Release (06/29/17)
 - e. Release of a Collateral Pool Property followed by a Securitized Loan (06/29/17)
 - f. Annual Property valuations (06/29/17)
 - g. Annual Borrower and Guarantor evaluation (06/29/17)
 - h. Material Adverse Change to Borrower or Mortgaged Property (06/29/17)
 - i. Debt Service Coverage Ratio (06/29/17)
 - j. Loan to Value Ratio (06/29/17)
 - k. Transfers (06/29/17)
 - l. Monitoring of Borrower Covenants (06/29/17)
 - m. Expansions (06/29/17)
 - n. Contractions (06/29/17)
 - o. Commitment fees (06/29/17)
 - p. Servicing requests (06/29/17)
 - q. Credit Agreements (06/29/17)
- 43.32 Infrastructure Telecommunications Agreement Servicing Requests (04/18/24)
 - a. Permitted Infrastructure Agreements not requiring consent (04/18/24)
 - b. Infrastructure Agreement Servicing Requests the Servicer is permitted to approve (04/18/24)



- c. Documentation for an Infrastructure Agreement Servicing Request not requiring Freddie Mac approval (04/18/24)
- d. File retention requirements for an Infrastructure Agreement Servicing Request not requiring Freddie Mac approval (04/18/24)
- e. Infrastructure Agreement Servicing Request requiring Freddie Mac approval (04/18/24)
- f. Recordation of an Infrastructure Agreement requiring Freddie Mac approval (04/18/24)
- g. Required documentation for an Infrastructure Agreement Servicing Request requiring Freddie Mac approval (04/18/24)

43.33 Deadlines in Article I (Key Loan Terms) and Exhibits and Riders to the Loan Agreement (10/20/22)

43.34 Reporting of Property and Borrower news and events (04/18/24)

[43.35 Nonstandard processing fees payable by borrower in Loan Documents \(02/27/25\)](#)



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

Guide Bulletin Update 10/17/24 02/27/25 Chapter 43 – Page 6

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



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:

Guide Bulletin Update ~~10/17/24~~02/27/25 Chapter 43 – Page 9



- **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 judgement 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 judgement 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 sale). Freddie Mac will advise the Servicer if

Guide Bulletin Update [40/47/2402/27/25](#) Chapter 43 – Page 11



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 (04/18/24)

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 (04/18/24)

For all fixed-rate Mortgages, the Servicer has the authority to waive, without the consent of Freddie Mac, the collection of a late charge for a payment received less than 30 days after the scheduled payment date. The Servicer may grant this waiver up to three times during the life of a Mortgage, provided that:

- 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~~ *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 delivering to Freddie Mac the 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, an SBL Hybrid ARM, or a TAH bond credit enhancement Mortgage.

e. Request for waiver (04/18/24)

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 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 (04/18/24)

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 (04/18/24)

1. During any period in which Freddie Mac owns the Mortgage, the Servicer may approve the types of easements described in Section 43.10(a)(3) if all the following conditions are satisfied:
 - 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 Borrower is not requesting that Freddie Mac subordinate 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 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.



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.freddie.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 (04/18/24)

a. Partial releases the Servicer is permitted to approve (06/30/16)

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 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, 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)

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 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

Guide Bulletin Update [40/47/2402/27/25](#) Chapter 43 – Page 29



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 (06/17/21)

a. Limits on Servicer (04/30/13)

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.

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

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).

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 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.freddie.mac.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:

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 Cancelled". 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~~*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

Guide Bulletin Update [10/17/2402/27/25](#) Chapter 43 – Page 41



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

Formatted: Indent: Left: 1.25", Bulleted + Level: 1 + Aligned at: 1.98" + Indent at: 2.23"

Formatted: Indent: Left: 1.25", Bulleted + Level: 1 + Aligned at: 1.98" + Indent at: 2.23"

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 (02/28/18)

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

Guide Bulletin Update ~~10/17/24~~02/27/25 Chapter 43 – Page 44

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 (09/25/15)

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, unless authorized by Freddie Mac to release the funds to the Borrower. 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, ~~Custodial Accounts~~.

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)

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)

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
- 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)

During any period in which Freddie Mac owns an SBL Mortgage until the Servicer receives notification from Freddie Mac that the SBL Mortgage has been designated for inclusion in a Securitization, the Servicer may approve a non-residential lease provided that the non-residential lease satisfies each of the following requirements:

- 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

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 (09/14/23)

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, 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.

The Seller/Servicer’s engagement with the environmental consultant for an environmental report that is entered into after September 14, 2023 must require the environmental consultant to report certain radon data elements to the designated data collection website provided to the Seller/Servicer by Freddie Mac. For an environmental consultant who needs access to the website, the Seller/Servicer must reach out to MF_PhysicalRisk@freddiemac.com to obtain access. Instructions for the environmental consultant on submitting the required data elements are available on such website.

Radon Follow-Up Test Results - Environmental Consultant Determination	Required Action
If the environmental consultant determines based on the follow-up test results that no further action is necessary	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).



<p>If the environmental consultant determines based on the follow-up test results that remediation is necessary</p>	<p>Remediation will be required along with the following steps:</p> <p>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.</p> <p>Step 2. Servicer must provide Borrower with a Radon Remediation Notice (as defined in the Loan Documents) within two Business Days.</p> <p>Step 3. Servicer must upload copy of the Radon Remediation Notice to PRS, naming the file as Radon Remediation Notice.</p> <p>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.</p> <p>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.</p>
---	--

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 Office of Foreign Assets Control (OFAC) screening (02/18/21)

The Servicer must periodically and at least annually screen Borrowers, Borrower Principals, Guarantors and Non-U.S. Equity Holders related to Mortgages that the Servicer services for Freddie Mac against the most current OFAC Specially Designated Nationals and Blocked Persons (“SDN”) List and the OFAC Consolidated Sanctions List. The frequency of such screening must be based on

Guide Bulletin Update [40/47/2402/27/25](#) Chapter 43 – Page 50

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



the Servicer's OFAC compliance program and be commensurate with the Servicer's OFAC risk analysis.

In addition to the periodic screenings required above, upon receipt of any Borrower request for lender consent to a transaction, the Servicer must screen Borrowers, Borrower Principals, Guarantors and any Non-U.S. Equity Holders against the most current OFAC SDN List and OFAC Consolidated Sanctions List prior to approving, or requesting approval from Freddie Mac for, such Servicing-related transaction.

A Servicer that identifies a valid match against the OFAC SDN List or Consolidated Sanctions List must notify Freddie Mac via an email to the *Investigation Unit* within 24 hours of a valid Borrower, Borrower Principal or Non-U.S. Equity Holder OFAC SDN List or Consolidated Sanctions List match. Such email notification must also provide the following information:

- Freddie Mac loan number
- Borrower, Borrower Principal, Guarantor and any Non-U.S. Equity Holder identifying information
- Name, title, email address, and telephone number for the point of contact at the Servicer who will be able to discuss the OFAC SDN List or Consolidated Sanctions 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 OFAC match and any potential next steps. Freddie Mac may also require the Servicer to provide documentation or additional information regarding the OFAC match.

Notifying Freddie Mac of a confirmed match against the OFAC SDN List or Consolidated Sanctions List does not absolve the Servicer from its responsibility to file any reports with OFAC, as required by OFAC Regulations.

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 guarantor 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

Guide Bulletin Update [40/17/2402/27/25](#) Chapter 43 – Page 55

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 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

Guide Bulletin Update [40/47/2402/27/25](#) Chapter 43 – Page 58



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 ~~of the Guide.~~
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 ~~of the Guide.~~

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

Guide Bulletin Update [40/47/2402/27/25](#) Chapter 43 – Page 62

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.freddie.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 (04/18/24)

This ~~Section~~ **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 (04/18/24)

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 8.11(g) (Non-Residential Leases), 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.freddie.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 (04/18/24)

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.

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, Lender Review, Processing and Consent Fee Schedule, the Servicer must charge the Borrower the fee in the amount specified in the Loan Documents to cover such review and/or processing.

Formatted: Indent: Left: 0", Hanging: 0.56", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Aligned at: 0.25" + Indent at: 0.85"



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.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:15:03 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 43 - Specific Servicing GB-10-17-24.docx	
Modified filename: 43 - Specific Servicing GB-02-27-25.docx	
Changes:	
Add	44
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	52

Multifamily Seller/Service Guide

Chapter 55

Documentation and Deliveries



55.1 Use of Chapter 55 (12/14/23)

- 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)

55.2 ~~Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (12/12/24)~~ Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (02/27/25)

55.3 Requirements for documents contained in the prescreen package (04/13/23)



55.1 Use of Chapter 55 (12/14/23)

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/Service 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/Service 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/Service, or
 - The *Applicable Freddie Mac Multifamily Regional Office*, for all other Seller/Service.
- 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/Service 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.

55.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~42/42/24~~02/27/25)

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.

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
<p>Access easement and Essential Facilities and/or Recreational Facilities easement documentation</p>	<p>The Seller must provide Freddie Mac with the following documentation:</p> <ul style="list-style-type: none"> • 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.”
<p>Aged Receivables Report</p>	<p>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.</p> <p>Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time.</p> <p>The document(s) must be certified using the Borrower and Key Borrower Principal Blanket Certification, Form 1112.</p>
<p>Application fee</p>	<p>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/Serviceers.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
(for Bond Credit Enhancement Mortgages)	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	<p>The Seller 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.</p> <p><u>Seniors Housing Mortgages</u> For a Seniors Housing Mortgage, the Appraisal must meet the requirements of Chapter 60 and Section 21.16.</p> <p><u>Forward Commitments</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.30 for requirements specific to Forward Commitments.</p> <p><u>Mod Rehab</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Mod Rehab Mortgages.</p> <p><u>Preservation Rehabilitation</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Preservation Rehabilitation Mortgages.</p> <p><u>Mortgage with Green Up® or Green Up Plus® loan option</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.29 for requirements specific to Mortgages with the Green Up or Green Up Plus loan option.</p>
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

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>telephone numbers and e-mail addresses.</p>
<p>Borrower and Key Borrower Principal Blanket Certification, Form 1112</p>	<p>Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation:</p> <ul style="list-style-type: none"> • 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.) <p>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).</p> <p>The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.</p>
<p>Borrower and Key Borrower Principal Certificate, Form 1115</p>	<p>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.</p> <p>Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals:</p> <ol style="list-style-type: none"> 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings <p>Form 1115 must not be dated more than 60 days prior to the date of submission of the applicable underwriting package.</p>



Document	Requirements
	<p>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.</p> <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1115 unless specifically requested by Freddie Mac.</p>
<p>Borrower’s budgeted property financial statements</p>	<p>See “property financial statements.”</p>
<p>Breakdown of construction costs</p>	<p>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.</p> <p>For current or planned construction, see “capital improvement documentation.”</p> <p>The document(s) must be certified using Borrower and Key Borrower Principal Blanket Certification, Form 1112.</p>
<p>Building code violation documentation</p>	<p>The Seller must provide building code violation documentation in one of two ways:</p> <ul style="list-style-type: none"> • In the form of a letter or other documentation from the local building code enforcement office which must verify that: <ul style="list-style-type: none"> ○ Any prior building code violations have been corrected ○ The Property is currently in compliance with all applicable building codes • 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: <ul style="list-style-type: none"> ○ 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

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>in the aggregate</p> <ul style="list-style-type: none"> o The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage <p>If the local building code enforcement office will not provide such a letter, Freddie Mac will accept a certified verification from the Borrower.</p>
Calculation of prepayment premium	<p>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.</p>
Capital improvement documentation	<p>When required by Freddie Mac, the Seller must submit:</p> <ul style="list-style-type: none"> • 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. <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Certification — Organizational Chart, Form 1114	<p>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.</p>
Certificate of Good Standing from the Construction Lender	<p>A letter or other documentation certifying that the Borrower is in good standing under the terms of the Construction Loan.</p>
Certification Regarding Payment of Fees and	<p>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</p>



Document	Requirements
Expenses of Freddie Mac's Outside Counsel	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	<p>The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property.</p> <p>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.</p> <p>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.freddie.com.</p> <p>See Section 8.11 for requirements regarding commercial lease SNDAs, subordinations, and estoppels; see Section 8.2(b) for commercial use requirements.</p>
Complete Borrower/Key Borrower Principal Due Diligence Package	<p>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; and Liquidity verification documentation, if applicable. It is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.</p> <p>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.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
<p>Condominium Analysis</p>	<p>If the Property is subject to a condominium regime, the Seller must submit the following information to Freddie Mac:</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> ○ 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 <p>This information may be included in the Mortgage Transaction Narrative Analysis.</p>
<p>Confirmation of compliance or a request for approval of shared facilities or access</p>	<p>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.</p>
<p>Construction completion documents</p>	<p>The Seller must include the following documents in the Forward Commitment underwriting package for Conversion:</p>



Document	Requirements
	<ul style="list-style-type: none"> • Post-construction analysis report <ul style="list-style-type: none"> ○ 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 <p>See Section 63.5 for additional information.</p>
<p>Construction documentation for Forward Commitments</p>	<p>For a review by Freddie Mac, the Seller must provide:</p> <ul style="list-style-type: none"> • The final pre-construction analysis report described in Section 63.3(a)



Document	Requirements
	<ul style="list-style-type: none"> • A narrative summary, prepared by the Seller's Chief Architect/Engineer, with the following content: as outlined in Section 63.3(c) <ul style="list-style-type: none"> ○ Property and site description, including <ul style="list-style-type: none"> • Adequacy of budget and schedule • Environmental issues/resolution • Seismic issues/resolution • Other outstanding issues/resolution • If a substantial rehabilitation of the Mortgaged Property, statements regarding the adequacy of the scope to address any deficiencies identified in the property condition report and Phase I Report ○ A summary analysis of the development team's qualifications, including the capability of the architect, contractor and developer to execute the plan <p>See Section 19A.1(e), 25A.1(e), or 28A.1(e) for construction documentation that must be delivered via the Document Management System (DMS) after the date of the Forward Commitment for Forward Commitments.</p>
<p>Cooperative analysis</p>	<p>If the Property is owned by a cooperative housing corporation, the Seller must submit to Freddie Mac a cooperative analysis that includes</p> <ol style="list-style-type: none"> 1. The following information as it pertains to the sellout of the cooperative: <ul style="list-style-type: none"> • 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

Formatted: h1-body, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Formatted: h1-body, Bulleted + Level: 1 + Aligned at: 0.5" + Indent at: 0.75"

Formatted: h1-body, Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

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 (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> • Percentage of units held by sponsor or sponsor-related entities <ol style="list-style-type: none"> 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 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	<p>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:</p> <ol style="list-style-type: none"> 1. Be reviewed by the Seller



Document	Requirements
	<ol style="list-style-type: none"> 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 Housing (EPSH) Borrower Certification, Form 1134	<p>Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification, must be used to certify that the Borrower has a discounted employee unit/units at the Property that is/are subject to the EPSH Partnership Agreement (included as an exhibit to Form 1134).</p> <p>The Form 1134 will include the number of EPSH units at the Property as well as the total annualized discounted rent for those units.</p> <p>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.</p>
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 current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>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.</p>
<p>Environmental report and alternatives</p>	<p>The Seller must provide to Freddie Mac an environmental report meeting the requirements of Chapter 61.</p> <p><u>Supplemental Mortgages</u> An environmental report is required under this product when</p> <ul style="list-style-type: none"> • 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. <p><u>For each Supplemental Mortgage for which Freddie Mac does not require an environmental report, the Seller must</u></p> <ul style="list-style-type: none"> • 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 • 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. <p>For TAH 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.</p>
<p>EPA Energy Star Score</p>	<p>A score obtained using the U.S. Environmental Protection Agency's (EPA's) Portfolio Manager®, used by Borrowers seeking Green Advantage benefits.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
<p>Equity Conflict of Interest statement</p>	<p>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:</p> <ul style="list-style-type: none"> • 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>
<p>Evidence of Insurance</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>If the Borrower's insurance will not meet the Freddie Mac insurance requirements, the Seller/Servicer must request a waiver prior to the Origination Date from the</p> <ul style="list-style-type: none"> • <i>Multifamily TAH Underwriter</i>, for Targeted Affordable Housing Mortgages • <i>Applicable Freddie Mac Multifamily Regional Office</i>, for all other Mortgages.
<p>Evidence of Tax Abatement</p>	<p>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:</p>



Document	Requirements
	<ul style="list-style-type: none"> • 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 <p>See the Tax Abatement/Exemption/PILOT Questionnaire for additional details concerning the documentation to be provided in the underwriting package for all tax abatements.</p> <p>The Tax Abatement/Exemption/PILOT Questionnaire is found on the legal document pages of mf.freddie.com.</p>
Exclusionary List	See Section 2.18.
Financial statements of Borrower and Key Borrower Principals – certified	<p>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.</p> <p>Each financial statement must include the following:</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>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.</p>



Document	Requirements
	<p>In addition, the Seller must provide a list of:</p> <ul style="list-style-type: none"> • 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 or Key Borrower Principal's financial position immediately or during the term of the Mortgage <p>The Seller must review the financial statements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit financial statements unless specifically requested by Freddie Mac.</p> <p>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.</p>
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)
Green Building Certificate	<p>Any industry-standard green rating or certification, when required for Green Certified buildings. Acceptable green ratings or certifications include</p> <ol style="list-style-type: none"> 1. EarthCraft, South Face

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 (with a paid subscription).



Document	Requirements
	<ol style="list-style-type: none"> 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 9. Passive House Institute (PHI) Certified and/or 10. Any other approved certification provided by the applicable authority
<p>Green Retrofits Certification, Form 1209</p>	<p>The Seller must provide Freddie Mac with Form 1209, Green Retrofits Certification, executed by the Borrower, (i) if the Borrower seeks to qualify for a Green Retrofits benefit; or (ii) in connection with a TAH TEL Conversion.</p> <p>Form 1209 requests certification of the energy and/or water efficiency improvements currently in place at the Property as of the completion date of Form 1209 and made during the then current calendar year and the preceding two calendar years.</p> <p>The executed and completed Form 1209 must be submitted as part of the full underwriting package (or as part of the preliminary underwriting package in the case of an early rate lock option). For TAH TEL conversions, the executed form must be submitted as part of the full underwriting package at the time of the TAH TEL Conversion.</p>
<p>Ground lease documentation</p>	<p>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.</p> <ul style="list-style-type: none"> • A copy of the ground lease and all existing amendments



Document	Requirements
	<ul style="list-style-type: none"> • 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."
Housing Assistance Payments (HAP) contract	<p>The Seller must provide, if applicable:</p> <ul style="list-style-type: none"> • Copies of the original Section 8 HAP 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) or the HAP Contract administrator • Section 8 Housing Assistance Payments Contract Questionnaire (available at mf.freddie.mac.com), completed by both Seller and Seller's counsel • Evidence of 2530 clearance for Borrower, Borrower Principals and Management Agent • Management and Occupancy Review MOR Form • Current REAC Score • The most recent HUD Inspection Report, if the current REAC Score is less than 80 and the Property is required to undergo an annual HUD inspection <p>See "rent, income and use restriction documentation."</p>
Land Use Restriction Agreement (LURA)/ regulatory agreement	<p>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).</p> <p>See also "rent, income and use restriction documentation."</p>
Legal Issues Analysis (LIA) form	<p>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.freddie.mac.com/lenders/legal.</p>



Document	Requirements
	<p>See the entry for preliminary legal issues memorandum (PLIM), below, for the analysis required for Servicing transactions.</p>
<p>Liquidity verification documentation</p>	<p>Each Key Borrower Principal in a position ofwith Ultimate Control and each Guarantor who is meeting the definition of (i) a First-Time Sponsor-or, (ii) Limited Multifamily Experience <u>Sponsor, or (iii) Rapid Growth</u> Sponsor must provide bank or brokerage statements to validate the Liquidity reported in the certified financial statements either (i) reflecting an average balance for the preceding 12-month period or (ii) from each of the preceding three consecutive months.</p> <p>EachThe bank or brokerage statement(s) must be certified and 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).</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>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.</u></p> <p><u>Additionally, the bank or brokerage statements provided must support the Liquidity represented in the Key Borrower Principal's certified financial statement. Material deviations require an explanation, acceptable to Freddie Mac, which must be included in the Mortgage Transaction Narrative Analysis.</u></p> <p>Liquidity verification for a Private Investment Fund that is also a First-Time Sponsor-or, Limited Multifamily Experience <u>Sponsor, or Rapid Growth</u> 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.</p> <p>U.S. Public Companies and Governmental Entities that are First-Time Sponsors-or, Limited Multifamily Experience Sponsors, <u>or Rapid Growth Sponsors</u> are not required to submit Liquidity verification documentation.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
<p>Low-Income Housing Tax Credit (LIHTC) Compliance/Monitoring for Income Averaging documentation</p>	<p>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.</p>
<p>Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation</p>	<p>The Seller must provide a copy of:</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>See also "rent, income and use restriction documentation."</p>
<p>Management plan or management agreement</p>	<ul style="list-style-type: none"> • The Seller/Servicer 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

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> 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
<p>Manufactured Housing Community (MHC) (unless MHROC, government-owned, or non-profit-owned)</p>	<p>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:</p> <p>a. Form of Agreement with MHC Tenant Protections that will be executed or acknowledged by the Applicable MHC Residents. 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 acknowledgement from the Applicable MHC Residents of the above Form of Agreement is required. See the MHC Tenant Protections section in the LIA.</p> <p>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.</p>
<p>Manufactured Housing Resident-Owned Community (MHROC) Analysis</p>	<p>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>.</p>
<p>Market study</p>	<p>The Seller must provide an independent, third-party market study including the following information:</p> <ol style="list-style-type: none"> Market area definition

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ol style="list-style-type: none"> 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 <p>Freddie Mac will also accept a market study incorporated into the Appraisal, per the requirements of Section 60.20.</p> <p>For a Forward Commitment, the market study must support the underwriting assumptions.</p>
Master lease documentation	<p>For a Property subject to a master lease, the Seller must provide:</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>a. The mortgage transaction narrative analysis must contain the following:</p> <ol style="list-style-type: none"> 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)



Document	Requirements
	<ol style="list-style-type: none"> 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: <ul style="list-style-type: none"> • An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor or 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. <p>For Senior Housing Mortgages:</p> <ul style="list-style-type: none"> • The State and / or regional location of all properties under management • The type and number of acuity of the units managed or owned, and • 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
	<p>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)</p> <p>11. Loan history if there is an existing mortgage on the Property</p> <p>12. Proposed sources and uses of funds</p> <p>13. 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) (this item is not required for Seniors Housing Mortgages)</p> <p>14. Cash equity at risk</p> <p>15. Any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7</p> <p>16. Any exception requests</p> <p>The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8.15(a).</p> <p>b. <u>In addition to items a. 1 – 15 above, for Seniors Housing Mortgages include:</u></p> <ol style="list-style-type: none"> 1. Property information, including <ol style="list-style-type: none"> a. Property type (Independent Living Property, Assisted Living Property, Alzheimers/Dementia Care Property or Continuing Care Retirement Community (CCRC)) b. Number of units and beds c. Average monthly rent d. Percentage of skilled nursing beds, if applicable e. Percentage of net income derived from skilled nursing beds, if applicable 2. An evaluation of the Borrower's and Third-party Operator's (if any) experience at the Property and its other properties 3. The discussion of surrounding property uses must also include hospitals, seniors centers, libraries, restaurants and hotels

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>4. 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.</p> <p><u>c. In addition to items a. 1 – 15 above, for a Supplemental Mortgage behind a Securitized First Mortgage, include:</u></p> <ol style="list-style-type: none"> 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 <p><u>d. In addition to items a. 1 – 15 above, for a Mortgage securing a Property subject to a condominium regime:</u></p> <p>See “Condominium Analysis.”</p> <p><u>e. In addition to items a. 1-15 above, for a Mod Rehab Mortgage:</u></p> <ol style="list-style-type: none"> 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.
<p>Occupancy history</p>	<p>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.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
<p>Optigo Lender's Fee Certification – Conventional and Targeted Affordable Housing form</p>	<p>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.</p>
<p>Organizational Charts – Borrower, Guarantor (not in Borrower's organizational structure), Master Tenant, Operator, or Pre-Approved Transferee (not in Borrower's organizational structure)</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>100 percent of the ownership interest in Borrower must be shown.</p> <p>The Seller/Servicer's counsel must review the Organizational Chart.</p>



Document	Requirements
	See Guidance – Organizational Charts at mf.freddie.mac.com/lenders/uw .
Payroll schedule	<p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
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	<p>The Seller/Service 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:</p> <ul style="list-style-type: none"> • 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	<p>A post-construction analysis report meeting the requirements of Section 63.5 is required.</p> <p>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.</p>



Document	Requirements
<p>Pre-construction analysis report</p>	<p>A pre-construction analysis report meeting the requirements of Section 63.3(a) is required.</p> <p>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.</p>
<p>Preliminary legal issues memorandum (PLIM)</p>	<p>The Legal Issues Analysis form is used to prepare the preliminary legal issues memorandum (PLIM) prior to loan origination.</p> <p>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.</p>
<p>Property condition report</p>	<p>The Seller must provide to Freddie Mac a property condition report meeting the requirements of Chapter 62.</p> <p>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.</p>
<p>Property financial statements</p>	<p>The Seller must provide to Freddie Mac financial statements as specified below.</p> <p>Each operating statement must be dated and expressly identify within the document itself the time period to which it relates.</p> <ul style="list-style-type: none"> • Historical property financial statements <p>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.</p> <p>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</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>the month in which the Borrower has made the financing request.</p> <p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <ul style="list-style-type: none"> 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. <p>The Seller must review the property financial statements, which must include income and expense statements.</p> <p>If the financial statements are audited, they must include a statement of changes in financial position and all notes.</p> <p>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.</p> <p>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.</p>
<p>Property inspection documentation</p>	<ul style="list-style-type: none"> 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)

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> • Prior to commitment under a Forward Commitment, the Seller must conduct a Forward Commitment Property Inspection 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) <p>The inspection requirements must be completed within 90 days of Freddie Mac’s receipt of the applicable underwriting package.</p> <p>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.</p> <p>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.</p> <p>See Section 8.15 for additional information regarding property inspection requirements.</p> <p><u>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.</u></p>
Proposed transaction schedule	<p>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.</p>
Purchase agreement documentation	<p>For acquisition loans, the Seller must submit to Freddie Mac:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>



Document	Requirements
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.
Real Estate Schedule, Form 1116	<p>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 a <u>direct or indirect current ownership interest as a Borrower or Key Borrower Principal</u>.</p> <p><u>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.</u></p> <p><u>An Excel version of the Real Estate Schedule is preferred and must be submitted for (i) First-Time Sponsors, (ii) Limited Multifamily Experience Sponsors, or (iii) Rapid Growth Sponsors.</u></p> <p>NOTE: A Form 1116 <u>Real Estate Schedule</u> is not required for the Seller/Service or its affiliate when the Seller/Service 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.</p> <p>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.</p> <p>The Key Borrower Principal must:</p> <ul style="list-style-type: none"> • Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: <ul style="list-style-type: none"> ○ 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 <p>• State whether the Key Borrower Principal owns other properties in the market where the Property is located</p>

Formatted: h1-body, Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25"



Document	Requirements
	<p>LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1116 unless specifically requested by Freddie Mac.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>If the Property is a Cooperative or MHROC, the Form 1116 may be waived.</p>
Real Estate Schedule Addendum – Seniors Housing	See “Seniors Housing Real Estate Schedule Addendum.”
Real estate tax bill	<p>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.</p> <p>If the Mortgage is being originated for the purpose of new construction, a real estate tax bill is not required.</p>
Registration of rental units (rent control/ stabilization)	The Seller must provide to Freddie Mac 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. 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	<p>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.</p> <ul style="list-style-type: none"> • Construction budget – hard costs and material quantities • Development budget – total project costs, including soft costs, financing costs, land acquisition expenses and hard costs



Document	Requirements
	<ul style="list-style-type: none"> • 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 • 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 <p>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.</p> <ul style="list-style-type: none"> • Sponsor certification regarding all work completed and costs expended • All executed change orders to date • All construction monitoring reports to date. <p>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.</p>



Document	Requirements
	See Chapter 63 for additional information about renovation documentation.
Rent, income and use restriction documentation	<p>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.</p> <p>If applicable, see also:</p> <ul style="list-style-type: none"> • 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 • Housing Assistance Payments (HAP) contract • Registration of rental units (rent control/stabilization)
Rent roll	<p>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.</p> <ul style="list-style-type: none"> • Is dated within 30 days of the underwriting package submission. • Is complete with respect to the required information below for each unit: <p><u>For a Property that is not secured by a Seniors Housing Mortgage:</u></p> <ol style="list-style-type: none"> 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)



Document	Requirements
	<ol style="list-style-type: none"> 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 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 <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>For a Property secured by a Seniors Housing Mortgage:</u></p> <ol style="list-style-type: none"> 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)



Document	Requirements
	<ol style="list-style-type: none"> 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 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 <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>For Mortgages originated under a Forward Commitment:</u></p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> 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 <p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
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	<p>The Seller must provide to Freddie Mac the following certification in a letter on the Seller’s stationery:</p> <p>“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 to make with respect to each Mortgage and related information delivered to Freddie Mac.”</p>



Document	Requirements
<p>Seller's mortgage loan application with Borrower</p>	<p>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).</p> <p>For any Mortgage, the mortgage loan application must include the following authorization by the Borrower:</p> <p style="padding-left: 40px;">"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."</p> <p>For any cash execution Mortgage, the mortgage loan application must also include the following acknowledgements by the Borrower:</p> <ul style="list-style-type: none"> • "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." <p>For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement program, the mortgage loan application must include the following authorization by the Borrower:</p>



Document	Requirements
	<p>“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.”</p>
<p>Seller's pro forma property financial statements</p>	<p>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.</p>
<p>Seniors Housing agreements and contracts</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>Generally, copies of contracts for routine maintenance such as landscaping, snow removal or general office equipment are not required.</p> <p>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.</p> <p>The Legal Issues Analysis must specify (i) any contracts that should be considered material for purposes of the Loan Agreement, and (ii) recommendations regarding assignments of contracts that are not in the Borrower’s name.</p>



Document	Requirements
<p>Seniors Housing Liability Assessment</p>	<p>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.</p> <p>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.</p> <p>The Seniors Housing Liability Assessment must address the following topics:</p> <p>1. Professional Qualifications</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 1. Scope of work 2. Quality of recommendations given 3. Quality of resources provided 4. Timeliness of work product d. Sample work product: <ul style="list-style-type: none"> 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



Document	Requirements
	<ul style="list-style-type: none"> 4. Training programs offered 5. Monitoring programs offered <p>2. Employee Practices</p> <ul style="list-style-type: none"> 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 <p>3. Management Practices</p> <ul style="list-style-type: none"> a. Key Topics <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 1. Identify whether home health services are being used at the Property

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> 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 4. Identify whether the home health provider leases space or not at the Property 5. Type of services offered by home health agency <p>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.</p> <p>e. Corporate / Regional Support and Quality Assurance:</p> <ul style="list-style-type: none"> 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 <p>4. Resident Practices:</p> <ul style="list-style-type: none"> a. The following must be provided, documented, and analyzed regarding resident practices: <ul style="list-style-type: none"> 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:

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ol style="list-style-type: none"> 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 10. Physical notification for change in resident condition 11. Medication management 12. Smoking 13. Transfer/Discharge 14. Infectious Control <p>c. Collection of Resident Turnover data by care type to calculate the turnover ratio for the most current year available</p> <p>5. Regulatory Compliance:</p> <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 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



Document	Requirements
	<p>should be noted and whether it will occur at the next standard licensure inspection or earlier date.</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 1. State health licenses 2. Business licenses 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: <ul style="list-style-type: none"> 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. <p>Recommendation / Summary:</p> <ul style="list-style-type: none"> 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



Document	Requirements
<p>Seniors Housing licenses and certificates</p>	<p>The Seller must provide the following to Freddie Mac:</p> <ul style="list-style-type: none"> • 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 <p>See Section 21.3(e) for additional license requirements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
<p>Seniors Housing list of furniture, fixtures, equipment and motor vehicles</p>	<p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>If all FF&E is owned by the Borrower, the Seller must provide a certification from the Borrower to that effect.</p> <p>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.</p>
<p>Seniors Housing Management Assessment</p>	<p>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.</p> <p>The Seniors Housing Management Assessment is a narrative report that describes and assesses the experience and capabilities of the</p>



Document	Requirements
	<p>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.</p> <p>The Seller may prepare the Seniors Housing Management Assessment or may contract for its preparation by a third-party.</p> <p>The Seniors Housing Management Assessment must address each of the categories outlined below:</p> <ol style="list-style-type: none"> 1. Management structure and experience <ol style="list-style-type: none"> 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 2. Employee / Management Practices <ol style="list-style-type: none"> 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 <p>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.</p> 4. Risk Management Program <ol style="list-style-type: none"> a. Corporate policies and procedures for reviewing, investigating, and reporting incidents and accidents b. Corporate level assessment of operations and clinical issues



Document	Requirements
	<p>c. Corporate GL/PL insurance overview</p> <p>5. Regulatory Compliance</p> <p>Corporate quality assurance program practices.</p> <p>6. Summary and Conclusion</p> <p>Overall conclusion on the competency of Manager or Operator experience and capabilities and whether they meet, exceed, or fall short of industry standards.</p>
<p>Seniors Housing operating lease</p>	<p>For any operating lease at the Property that will be in place on the Origination Date, the Seller must provide:</p> <ul style="list-style-type: none"> • 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
<p>Seniors Housing Real Estate Schedule Addendum</p>	<p>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:</p> <ol style="list-style-type: none"> 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 <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>



Document	Requirements
<p>Sources and Uses</p>	<p>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.</p> <p><u>For acquisitions, 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 will be assessed against the funds needed to close (purchase price plus closing costs). In the event the 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></p> <p><u>U.S. Public Companies and Governmental Entities are exempt from this additional verification analysis.</u></p> <p>Sources and uses may be included in the mortgage transaction narrative analysis.</p>
<p>Student Housing Questionnaire, Form 1120</p>	<p>The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire, for each Student Housing Property.</p>
<p>Subordinate debt documentation</p>	<p>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.</p>
<p>Summary of interest rate hedge terms</p>	<p>The Seller must provide to Freddie Mac a summary of interest rate hedge terms.</p>
<p>Survey</p>	<p>A current survey of the Property meeting the requirements of Section 29.5. If the Mortgage is being originated for the purpose of new construction, an as-built survey is not required.</p>



Document	Requirements
<p>Verification of Collections, Form 1144</p>	<p>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.</p>
<p>Wood-damaging insect inspection documentation</p>	<p>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.</p> <p>For any Property with wood framing or structural members as described above, the Seller must provide the following documentation to Freddie Mac:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Notwithstanding the above, the documentation listed above is not required if the following three conditions are satisfied:</p> <ul style="list-style-type: none"> • 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 • There is no evidence of wood damage per the Property Condition Report (if applicable);



Document	Requirements
	<p>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.</p>
<p>Zoning documentation</p>	<p>The Seller must provide a zoning report by a third-party reporting company. See Section 8.5 for additional documentation and analysis requirements if:</p> <ul style="list-style-type: none"> • 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 <p>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.</p> <p>The zoning report may also include documentation of building code violations.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 <p>See Section 8.5 for complete requirements.</p>



55.3 Requirements for documents contained in the prescreen package (04/13/23)

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	<p>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.</p> <p>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).</p>
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.freddie.mac.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.freddie.mac.com/lenders/uw/loan_submission_template.html .



<p>Market study</p>	<p>The Seller must provide an independent, third-party market study including the following information:</p> <ol style="list-style-type: none"> 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
<p>Prescreening Executive Summary</p>	<p>The Seller must include a completed copy of the Prescreening Executive Summary form provided to the Seller by Freddie Mac.</p>
<p>Property condition report</p>	<p>The Seller must, to the extent available, provide an analysis of the property condition report meeting the requirements of Chapter 62.</p>
<p>Real Estate Schedule, Form 1116</p>	<p>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 currently has a direct or indirect interest.</p>
<p>Rent comparables summary</p>	<p>The Seller must provide a list of comparable properties in the market/submarket, detailing rents, unit size, unit mix, etc.</p>
<p>Resumes of Borrower and Key Borrower Principals</p>	<p>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.</p>

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:19:20 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 55 - Doc and Deliveries GB-12-12-24.docx	
Modified filename: 55 - Doc and Deliveries GB-02-27-25.docx	
Changes:	
Add	33
Delete	44
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	77

Multifamily Seller/Service Guide

Chapter 55SBL

SBL Documentation and Deliveries



55SBL.1 Use of Chapter 55SBL (12/14/23)

- 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)

55SBL.2 ~~Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (12/12/24)~~ Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (02/27/25)



55SBL.1 Use of Chapter 55SBL (12/14/23)

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.

55SBL.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~42/42/2402/27/25~~)

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	<p>The Seller must provide Freddie Mac with the following documentation:</p> <ul style="list-style-type: none"> • If the Property shares primary ingress and/or egress with adjacent or neighboring properties <ul style="list-style-type: none"> ○ Documentation in accordance with Section 8SBL.6 ○ 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



Document	Requirements
	<p>owner</p> <ul style="list-style-type: none"> ○ Documentation in accordance with Section 8SBL.6 ○ A PLIM, if required by Freddie Mac <ul style="list-style-type: none"> ● See also “confirmation of or a request for approval of shared facilities or access.”
<p>Aged Receivables Report</p>	<p>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.</p> <p>Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
<p>Appraisal</p>	<p>The Seller 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.</p> <p>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.</p>
<p>Borrower and Key Borrower Principal Blanket Certification, Form 1112</p>	<p>Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation:</p> <ul style="list-style-type: none"> ● Property Financial Statements (Historical and Budgeted) ● Rent Roll ● Real Estate Schedule



Document	Requirements
	<ul style="list-style-type: none"> • 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.) <p>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).</p> <p>The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.</p>
<p>Borrower and Key Borrower Principal Certificate, Form 1115</p>	<p>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.</p> <p>Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals:</p> <ol style="list-style-type: none"> 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings <p>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").</p> <p>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.</p>
<p>Borrower's budgeted property financial statements</p>	<p>See "property financial statements."</p>



Document	Requirements
<p>Breakdown of construction costs</p>	<p>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.</p> <p>For current or planned construction, see “capital improvement documentation.”</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
<p>Calculation of prepayment premium</p>	<p>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.</p>
<p>Capital improvement documentation</p>	<p>When required by Freddie Mac, the Seller must submit:</p> <ul style="list-style-type: none"> • 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 <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
<p>Certification — Organizational Chart, Form 1114</p>	<p>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.</p>
<p>Certified Organizational Chart</p>	<p>An Organizational Chart that is certified using Certification – Organizational Chart, Form 1114.</p>
<p>Commercial lease documentation</p>	<p>The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property.</p> <p>To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the</p>



Document	Requirements
	<p>residential and commercial lease portions of the Property's income.</p> <p>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.</p> <p>The Commercial Leases Analysis and Estoppel – SBL form is available at mf.freddiemac.com.</p> <p>See Section 8SBL.11 for commercial lease SNDAs and subordinations; see Section 8SBL.2(b) for commercial use requirements.</p>
<p>Complete Borrower/Key Borrower Principal Due Diligence Package</p>	<p>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.</p>
<p>Condominium Analysis</p>	<p>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.</p>
<p>Confirmation of compliance or a request for approval of shared facilities or access</p>	<p>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.</p>
<p>Credit reports</p>	<p>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</p>



Document	Requirements
	<ol style="list-style-type: none"> 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.
Equity Conflict of Interest statement	<p>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:</p> <ul style="list-style-type: none"> • 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	<p>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:</p> <ul style="list-style-type: none"> • Fully completed Form 1133, Seller/Servicer Certification of Insurance Coverage, via the Insurance Compliance Tool

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>(ICT)</p> <ul style="list-style-type: none"> The documents listed in Sections 31.20(a) and 31.20(b), as applicable <p>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.</p>
<p>Evidence of Tax Abatement</p>	<p>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:</p> <ul style="list-style-type: none"> 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 <p>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.</p> <p>The Tax Abatement/Exemption Analysis - SBL is found on the legal document pages of mf.freddie.com.</p>
<p>Financial statements of Borrower and Key Borrower Principals – certified</p>	<p>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.</p> <p>Each financial statement must include the following:</p> <ul style="list-style-type: none"> 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



Document	Requirements
	<ul style="list-style-type: none"> • Federal income tax returns for the Borrower for the most recent taxable year, if requested <p>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.</p> <p>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.</p> <p>In addition, the Seller must provide a list of:</p> <ul style="list-style-type: none"> • 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 or Key Borrower Principal's financial position immediately or during the term of the Mortgage <p>The Seller must review the Borrower financial statements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><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.</p>



Document	Requirements
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	<p>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).</p> <ul style="list-style-type: none"> • 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.freddie.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.”
Land Use Restriction Agreement (LURA)/ regulatory agreement	<p>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.freddie.com/lenders/legal).</p> <p>See also “rent, income and use restriction documentation.”</p>
Liquidity verification documentation	<p>Each Key Borrower Principal with Ultimate Control and each Guarantor who (i) is a First-Time Sponsor, or (ii) does not meet the requirements of Section 9SBL.2(c)(2), <u>or (iii) is a Rapid Growth Sponsor</u>, must provide bank or brokerage statements to validate the Liquidity reported in the certified financial statement <u>either (i) reflecting an average balance for the preceding 12-month period or (ii) from each of the preceding three consecutive months.</u></p> <p>Each <u>The</u> bank or brokerage statement(s) must be certified and <u>dated</u> within 60 days of delivery of the full underwriting package <u>(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</u></p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p><u>the average of the three months will be used).</u></p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>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.</u></p> <p><u>Additionally, the bank or brokerage statements provided must support the Liquidity represented in the Key Borrower Principal's certified financial statement. Material deviations require an explanation, acceptable to Freddie Mac, which must be included in the Mortgage Transaction Narrative Analysis.</u></p> <p>Liquidity verification for a Private Investment Fund that is also a First-Time Sponsor or Limited Multifamily Experience <u>Sponsor, or Rapid Growth</u> 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.</p> <p>U.S. Public Companies and Governmental Entities that are First-Time Sponsors or Limited Multifamily Experience Sponsors <u>or Rapid Growth Sponsors</u> are not required to submit Liquidity verification documentation.</p>
<p>Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation</p>	<p>The Seller must provide a copy of:</p> <ul style="list-style-type: none"> • 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.



Document	Requirements
	<p>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.</p> <p>See also “rent, income and use restriction documentation.”</p>
<p>Management plan or management agreement</p>	<ul style="list-style-type: none"> • 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 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.
<p>Mortgage transaction narrative analysis</p>	<p>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.</p> <p>The mortgage transaction narrative analysis must contain the following:</p> <ol style="list-style-type: none"> 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



Document	Requirements
	<ol style="list-style-type: none"> 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 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 or, a Limited Multifamily Experience Sponsor, <u>or a Rapid Growth Sponsor</u> 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. Loan history if there is an existing mortgage on the Property 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. Any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7



Document	Requirements
	<p>18. Any exception requests</p> <p>The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8SBL.15(a), as applicable.</p> <p><u>In addition to items 1 – 16 above, for a Mortgage securing a Property subject to a condominium regime:</u></p> <p>See “Condominium Analysis.”</p>
<p>Organizational Charts – Borrower, Guarantor (not in Borrower’s organizational structure), or Pre-Approved Transferee</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>100 percent of the ownership interest in Borrower must be shown.</p> <p>Single Counsel must review the Organizational Chart.</p>



Document	Requirements
	See Guidance – Organizational Charts at mf.freddie.com/lenders/uw .
Payroll schedule	<p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
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	<p>The Seller must provide to Freddie Mac financial statements for the Property as specified below:</p> <p>Each operating statement must be dated and expressly identify within the document itself the time period to which it relates.</p> <ul style="list-style-type: none"> o Historical property financial statements <p>The Seller/Servicer must submit a certified operating statement that includes the prior three full years. However, if a Year 3 statement is not available, the Seller/Servicer must submit:</p> <ul style="list-style-type: none"> o Year 1 back statement, and o Year 2 back statement, if available o Current property financial statements (T-12 format or YTD) <p>Freddie Mac strongly prefers the Seller/Servicer to submit a T-12 operating statement. However, if a T-12 operating statement is not available, the Seller/Servicer must submit a YTD statement.</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<p>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.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <ul style="list-style-type: none"> ○ Monthly Collections <p>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.</p> <p>As applicable, the aforementioned collections will either be covered by Form 1144, Verification of Collections, or via the Form 1112.</p> ○ Borrower’s budgeted property financial statements <p>The Borrower’s budget for the following 12-month period.</p> <p>The document(s) must be certified using Form 1112.</p> <p>The Seller must review the property financial statements, which must include income and expense statements.</p> <p>If the financial statements are audited, they must include a statement of changes in financial position and all notes.</p> <p>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.</p>
<p>Property inspection and Lease Audit documentation</p>	<p>At full underwriting, the Seller must complete and document the property inspection described in 8SBL.15.</p> <p>The inspection requirements must be completed within 90 days of Freddie Mac’s receipt of the applicable underwriting package.</p>



Document	Requirements
	<p>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.</p> <p>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.</p> <p>See Section 8SBL.15 for additional information regarding property inspection requirements.</p>
<p>Purchase agreement documentation</p>	<p>For acquisition loans, the Seller must submit to Freddie Mac:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
<p>Real Estate Schedule, Form 1116</p>	<p>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 a direct or indirect <u>current ownership</u> interest <u>as a Borrower or Key Borrower Principal</u>.</p> <p><u>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.</u></p> <p><u>An Excel version of the Real Estate Schedule is preferred and must be submitted for (i) First-Time Sponsors, (ii) Sponsors not meeting the requirements of Section 9SBL.2(c)(2), or (iii) Rapid Growth Sponsors.</u></p> <p>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.</p> <p>The Key Borrower Principal must:</p>

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Document	Requirements
	<ul style="list-style-type: none"> • Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: <ul style="list-style-type: none"> ○ 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 <p style="color: red;">• State whether the Key Borrower Principal owns other properties in the market where the Property is located</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
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 Seller must provide to Freddie Mac 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. 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	<p>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.</p> <p>If applicable, see also:</p> <ul style="list-style-type: none"> • Land Use Restriction Agreement (LURA)/Regulatory Agreement (for LIHTC) • Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation

Formatted: h1-body, Bulleted + Level: 1 + Aligned at: 0" + Indent at: 0.25"



Document	Requirements
	<ul style="list-style-type: none"> • Registration of rental units (rent control/stabilization)
Refinance Analysis	<p>If applicable, the following documentation may be required for SBL Mortgages that are refinances exceeding the existing unpaid principal balance:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ Photos ○ Schedule of completion ○ Paid receipts/contracts ○ Building permits ○ Post-completion inspection reports ○ Additional evidence required by Lender
Rent roll	<p>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.freddie.com/docs/rent_roll_template.xls.</p> <ul style="list-style-type: none"> • Is dated within 30 days of the underwriting package submission • Is complete with respect to the required information below for each unit: <ol style="list-style-type: none"> 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 7. Identification of any employee units, model units, corporate units and units used as rental offices 8. Monthly contract rent



Document	Requirements
	<ol style="list-style-type: none"> 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 <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
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	<p>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.</p> <p>The mortgage loan application must include the following authorization by the Borrower:</p> <p>“The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the</p>



Document	Requirements
	<p>"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."</p> <p>The mortgage loan application must also include the following acknowledgements by the Borrower:</p> <ul style="list-style-type: none"> • "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	<p>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.</p>
Sources and uses	<p>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.</p> <p>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.</p> <p><u>For SBL Mortgages that are acquisitions, 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 will be assessed against the funds needed to close (purchase price plus closing</u></p>



Document	Requirements
	<p><u>costs). In the event the 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.</u></p>
<p>Student Housing Questionnaire, Form 1120</p>	<p>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.</p>
<p>Verification of Collections, Form 1144</p>	<p>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.</p>
<p>Zoning documentation</p>	<p>See Section 8SBL.5 for complete requirements.</p>

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:25:08 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 55SBL - SBL Documentation and Deliveries GB-12-12-24.docx	
Modified filename: 55SBL - SBL Documentation and Deliveries GB-02-27-25.docx	
Changes:	
<u>Add</u>	25
<u>Delete</u>	15
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	40

Multifamily Seller/Servicer Guide

Chapter 60

Appraiser and Appraisal Requirements



- 60.1 General requirements; Additional Requirements (04/18/24)
 - a. Appraisal requirements (04/18/24)
 - b. Purpose of Appraisal (04/18/24)
- 60.2 ~~Appraiser Independence Requirements (06/13/24)~~ Appraiser Independence Requirements (02/27/25)
 - a. General requirements (04/18/24)
 - b. ~~Independent Party engagement (06/13/24)~~ Independent Party engagement (02/27/25)
 - c. Reporting Appraisal misconduct (06/13/24)
 - d. Compliance; Policies (06/13/24)
- 60.3 Market value definition (09/28/18)
- 60.4 Appraisers (09/28/18)
 - a. Appraiser qualifications (09/28/18)
 - b. Conditions for an appraisal trainee to co-sign (06/30/15)
 - c. Unacceptable appraisers (07/01/14)
 - d. Representations to third parties by appraisers and appraisal services (09/08/04)
- 60.5 ~~Appraiser certification and signatures (06/16/22)~~ Appraiser certification and signatures (02/27/25)
 - a. Certification (06/16/22)
 - b. ~~Signing the Appraisal (10/14/16)~~ Signing the Appraisal (02/27/25)
- 60.6 Information provided to appraiser by the Seller/Servicer (09/30/20)
- 60.7 ~~Seller/Servicer supervision of appraisers (09/28/18)~~ Seller/Servicer supervision of appraisers (02/27/25)
- 60.8 Non-discrimination (12/14/23)
- 60.9 Effective date of Appraisal (04/18/24)
- 60.10 ~~Updated Appraisals (09/28/18)~~ Updated Appraisals (02/27/25)
- 60.11 Appraisal form (06/27/19)
- 60.12 Appraisals (04/18/24)
 - a. Completeness (06/16/22)
 - b. Inspection (04/18/24)
 - c. Tax information (07/01/14)
 - d. Sales and other concessions (09/28/18)
 - e. Property condition report (10/14/16)
 - f. Zoning and other legal issues (06/25/20)



- 60.13 Environmental reports (12/14/23)
- 60.14 Valuation methodology (04/18/24)
 - a. Cost approach (07/01/14)
 - b. Sales comparison approach (04/18/24)
 - c. Income approach (04/18/24)
- 60.15 Area information (06/16/22)
- 60.16 Rental competition (09/28/18)
- 60.17 Income and vacancy (09/08/04)
 - a. Market feasibility analysis (09/08/04)
 - b. Vacancy (09/08/04)
 - c. Rental factors (09/08/04)
 - d. Seasonal and cyclical influences (09/08/04)
 - e. Income (09/08/04)
- 60.18 Improvements (09/30/20)
- 60.19 Commercial space and other nonresidential leases (02/17/22)
- 60.20 Attachments to the Appraisal (09/28/18)
- 60.21 Insurable value (07/01/14)
- 60.22 Student Housing Appraisal requirements (06/16/22)
- 60.23 Collateral evaluation for tax abatement (07/01/14)
- 60.24 Affordable Housing and Targeted Affordable Housing (12/14/23)
- 60.25 Seniors Housing Properties (12/14/23)
- 60.26 Manufactured Housing Communities value (07/01/14)
- 60.27 Appraisals for lease-up programs (09/25/15)
- 60.28 Appraisals for Moderate Rehabilitation (Mod Rehab) Mortgages and Preservation Rehabilitation Mortgages (02/28/20)
- 60.29 Appraisals for Mortgages with a Green Up® or a Green Up Plus® loan option (10/12/17)
- 60.30 Appraisals for Forward Commitment Mortgages (12/17/19)
- 60.31 Ground leases (12/12/24)
 - a. Valuation conclusions (12/12/24)



- b. Sale of other multifamily properties that were subject to ground leases (04/15/21)
- c. Additional data and analysis requirements (04/15/21)
- d. Report documentation (04/15/21)



60.1 General requirements; Additional Requirements (04/18/24)

For all multifamily purchase programs and products, the Seller/Servicer must submit a written Appraisal on the Property with the full underwriting package submission or in connection with certain Special Servicing requests.

a. Appraisal requirements (04/18/24)

Freddie Mac requires that the Appraisal be in a narrative format. The Appraisal must be ordered by the Seller/Servicer and it must be completed by and signed by an appraiser approved by the Seller/Servicer. Freddie Mac will not accept Appraisals ordered by and/or prepared for anyone other than the Seller/Servicer.

To support Freddie Mac's evaluation of the [LoanMortgage loan](#), Freddie Mac requires that the Appraisal contain transparent data analysis in a concise but comprehensive report format. It is important that Freddie Mac receive only quality Appraisals and analyses, supported by the Seller/Servicer's selection of well-qualified appraisers and the Seller/Servicer's critical review of the appraiser's Appraisals.

Note, effective for [MortgagesMortgage loans](#) taken under Seller Application on or after February 20, 2023, Seller/Servicers must also comply with the policies set forth in the [Additional Appraisal Requirements MemorandumAdditional Appraisal Requirements Memorandum](#) available at mf.freddie.com. To the extent there is any conflict between the Additional Appraisal Requirements Memorandum and the requirements of this chapter, the provisions of the Additional Appraisal Requirements Memorandum govern.

b. Purpose of Appraisal (04/18/24)

Appraisals must estimate the as-is leased fee market value of the Property ("leased fee" as defined in the current edition of The Appraisal of Real Estate, published by the Appraisal Institute) as of the effective date of the Appraisal, subject to stated assumptions and limiting conditions. The as-is leasehold value of the Property (defined in The Appraisal of Real Estate) must be estimated if the ownership of the Property is subject to a ground lease. Although other valuation scenarios may be appropriate for a particular Appraisal, at minimum, all Appraisals must provide an as-is estimate of market value.

In addition, for transactions involving affordable housing Mortgages and Targeted Affordable Housing (TAH) Mortgages, Freddie Mac requires the additional values outlined in Section 60.24, Items 5-8.

60.2 Appraiser Independence Requirements (06/13/2402/27/25)

The Freddie Mac Appraiser Independence Requirements provided in this chapter herein set forth standards to safeguard the independence, objectivity and impartiality of appraisers and other Independent Parties (as defined below) throughout the valuation process. The valuation process must not be directed or influenced in any way by Conflicted Appraisal Parties (as defined below). Compliance with these Appraiser Independence Requirements is the responsibility of the Seller/Servicer.



For purposes of these Appraiser Independence Requirements, the term “Independent Party” refers to the appraisal company, any entity or person related to the appraiser, appraisal company, or any other party that is part of the appraisal process.

For the purposes of these Appraiser Independence Requirements, the term “Conflicted Appraisal Parties” refers to:

- All members of the Seller/Service’s Mortgage origination staff, including any person who is an immediate supervisor of origination staff;
- Any person who is compensated on a commission basis upon the successful closing of a Mortgage, including but not limited to, mortgage brokers, loan production staff and real estate agents.

Seller/Service personnel involved in the underwriting, credit risk management or closing of the Mortgage who are not under the supervision of production or loan origination staff are not considered Conflicted Appraisal Parties.

For purposes of this chapter, any reference to Independent Parties or Conflicted Appraisal Parties will be deemed to include any Freddie Mac employee or contractor.

a. General requirements (04/18/24)

No person is allowed to influence or attempt to influence the development, reporting, result, or review of an Appraisal through coercion, extortion, collusion, compensation, inducement, intimidation, bribery, or any other manner including, but not limited to:

1. Withholding or threatening to withhold timely full or partial payment to an Independent Party;
2. Withholding or threatening to withhold future business from or demoting or terminating or threatening to demote or terminate an Independent Party;
3. Expressly or impliedly promising future business, promotions, or increased compensation to an Independent Party;
4. Conditioning the ordering of an Appraisal or the payment of an appraisal fee, salary or bonus on the opinion, conclusion, or valuation to be reached by, or on a preliminary value estimate requested from, an Independent Party;
5. Requesting from or providing to an Independent Party any of the following:
 - Comparable sales prior to engaging the Independent Party to perform an Appraisal;
 - An anticipated, estimated, encouraged, or desired value or value range for the Property, with the exception that a copy of the sales contract for purchase transactions may be provided to an Independent Party that has been engaged to complete an Appraisal;
 - An anticipated, estimated, encouraged, or desired targeted loan ratio (*i.e.*, debt coverage ratio, loan to value, etc.), expense conclusions or income conclusions;

Guide Bulletin Update [4242/2402/2725](#) Chapter 60 – Page 5



6. Providing stock or other financial or non-financial benefits to an Independent Party or any entity or person related to the Independent Party;
7. Establishing a list of approved Independent Parties or adding an Independent Party to an exclusionary list of disapproved Independent Parties designated to perform Appraisals for specific loan production staff, loan officer or mortgage broker, except as otherwise provided in subsection b.5 below;
8. Directing an Independent Party to perform an Appraisal using a specific scope of work that is contrary to what the Independent Party has determined is necessary to produce credible results; or
9. Any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, impartiality or compliance with any law or regulation, including, but not limited to, the Truth-in-Lending Act (TILA) and Regulation Z, or the Uniform Standards of Professional Appraisal Practice (USPAP).

b. Independent Party engagement ([06/13/2402/27/25](#))

Sections 60.2(b)1, 2, 3 and 5 below may be implemented immediately but are only required for [Mortgage](#) loans taken under Seller Application as of **September 2, 2024**.

1. The Seller/Servicer must separate its sales and Mortgage origination functions from its appraisal functions. An agent or employee of the Seller/Servicer involved in the Seller/Servicer's sales or Mortgage origination function must not be involved in the operations of the Seller/Servicer's appraisal functions.

If absolute lines of independence between the Seller/Servicer's appraisal functions and its Mortgage origination process cannot be achieved due to staffing limitations, the Seller/Servicer must clearly demonstrate within its written policies that it has prudent safeguards in place to isolate its appraisal functions from influence or interference by its Mortgage origination process.

2. Conflicted Appraisal Parties are prohibited from:
 - Ordering, managing, or defining the scope of work for an Appraisal;
 - Selecting, retaining, recommending, or influencing the selection of any appraiser for a particular Appraisal or for inclusion on a list or panel of appraisers approved or forbidden to perform Appraisals for the Seller/Servicer; or
 - Having any substantive communications with an appraiser relating to or having an impact on valuation

Notwithstanding the foregoing, any party, including any Conflicted Appraisal Party, may request an Independent Party to provide additional information or explanation about the basis for a valuation, or to correct factual errors in an appraisal report.



- 3. Any person involved in substantive Appraisal review or in the selection of Independent Parties for inclusion on a list of approved Independent Parties must ~~be:~~
 - Be appropriately trained and qualified ~~in Appraisals, and~~
 - Complete all Freddie Mac required Appraisal training
- 4. Seller/Service leadership responsible for managing Appraisal ordering and review functions must complete all Freddie Mac required Appraisal training.
- 5. For training requirements that are applicable, see the *Additional Appraisal Requirements Memorandum* available at mf.freddie.com, as referenced in Section 60.1(a).
- 4.6. The Seller/Service or any third-party specifically authorized by the Seller/Service (including, but not limited to, appraisal companies and correspondent lenders) will be responsible for selecting, retaining and providing for payment of all compensation to the appraiser. The Seller/Service must not accept any Appraisal completed by an appraiser selected, retained, or compensated in any manner by the Borrower or any other third party (including mortgage brokers, loan production staff and real estate agents) unless specifically permitted by the Freddie Mac loan documents. For the sake of clarity, the foregoing does not prohibit the Borrower from reimbursing the Seller/Service for the cost of the Appraisal, or for paying for the cost of the Appraisal at closing if such payment is shown on the settlement statement.
- 5.7. The Seller/Service may maintain lists of approved Independent Parties only if:
 - The Seller/Service has in place a written policy that requires such lists for bona fide administrative or quality control purposes; and
 - Any employee or vendor of the Seller/Service involved in the selection of Independent Parties for such lists must be wholly independent of the Seller/Service's Mortgage origination staff and process and of the appraiser and the Independent Parties.

c. **Reporting Appraisal misconduct (06/13/24)**

- Section 60.2(c)2 below may be implemented immediately but is only required for Mortgage loans taken under Seller Application as of **September 2, 2024**.
- 1. If the Seller/Service has a reasonable basis to believe an Independent Party is violating State licensing requirements, applicable laws or is otherwise engaging in unethical conduct, the Seller/Service must promptly refer the matter to Freddie Mac and the applicable State appraiser certifying and licensing agency or other regulatory body.
 - 2. The Seller/Service's engagement for Appraisals with Independent Parties must provide a notice that if the Independent Party has a reasonable basis to believe a Conflicted Appraisal Party or Seller/Service is violating Appraiser Independence Requirements, the Independent Party must promptly refer the matter to either the Freddie Mac *Investigation Unit* or the *Multifamily Appraisals* team.

Formatted: Indent: Left: 1.44", Hanging: 0.31", Bulleted + Level: 1 + Aligned at: 1.7" + Indent at:

Formatted: Indent: Left: 1.44", Hanging: 0.31", Bulleted + Level: 1 + Aligned at: 1.7" + Indent at:

Formatted: Indent: Left: 1.2", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Indent: Left: 1.2", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.13" + Indent at: 1.38"

Formatted: Indent: Left: 1.2", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1.13" + Indent at: 1.38"

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



d. Compliance; Policies (06/13/24)

This Section 60.2(d) may be implemented immediately but is only required for [Mortgage](#) loans taken under Seller Application as of **September 2, 2024**.

The Seller/Servicer must adopt written policies, procedures and disciplinary rules and implement adequate training programs to ensure compliance with these Appraiser Independence Requirements. Additionally, the Seller/Servicer must ensure that any third parties involved in the appraisal functions including, but not limited to, appraisal management companies or correspondent lenders, involved in the origination of a mortgage or the sale and delivery of a Mortgage to Freddie Mac are also in compliance with these Appraiser Independence Requirements.

60.3 Market value definition (09/28/18)

Appraisers must use the definition of market value set forth below, which conforms to the definition of market value adopted in the Uniform Standards of Professional Appraisal Practice (USPAP). The Appraisal must be completed in accordance with the definition below, as defined within the Financial Institutions Reform, Recovery, and Enforcement Act ("FIRREA") of 1989:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of the title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

60.4 Appraisers (09/28/18)

Freddie Mac does not select or approve specific appraisers for Freddie Mac's Multifamily programs or products. The Seller/Servicer selects and approves appraisers and is responsible for maintaining an active file on each appraiser's qualifications. The file must be updated annually and is subject to inspection by Freddie Mac.

The appraiser may not be involved or affiliated with any individual or institution involved in the Mortgage submission other than the Seller/Servicer. Appraisers who are staff appraisers of the Seller/Servicer must be independent of the lending, investment and collection functions of the Seller/Servicer.



In those instances where the appraiser and/or the appraisal firm is affiliated with or related to the Seller/Servicer, Appraisals performed for Freddie Mac's Multifamily programs and products must include statements of disclosure from both the Seller/Servicer and from the appraiser that:

- Are signed and dated on the same date as the Appraisal,
- Describe the nature of the relationship between the appraiser and the Seller/Servicer (or other entity),
- State that there is no conflict of interest between these firms, and
- State that there are no fees, payments or compensation between the firms other than that disclosed in the engagement letter between the appraiser and the Seller/Servicer (or other entity), or, if there is compensation in addition to the appraisal fee, provide a description of those fees, payments or compensation

The disclosure from the Seller/Servicer must be included with the Appraisal as an attachment in the Addenda or following the report's Letter of Transmittal. The disclosure from the appraiser must also be included

- As a statement in the Letter of Transmittal of the Appraisal, and
- In the appraiser's Certification, as required by the Uniform Standards of Professional Appraisal Practice (USPAP).

a. Appraiser qualifications (09/28/18)

For Appraisals submitted for Small Balance Loan (SBL) program Properties, at least one of the appraisers signing the Appraisal must meet all of the requirements outlined in 1-10 below. For all other Properties, each appraiser signing the Appraisal must meet the requirements outlined in 1-10 below.

1. Be a certified general appraiser under the appraiser certification requirements of the State in which the Property is located (or a certified appraiser if that State does not confer the designation of certified general appraiser)
2. Appear on the State roster in good standing under the requirements of Title XI of FIRREA

For all programs and products, if the Appraisal Subcommittee of the Federal Financial Institutions Examination Council has disapproved the licensing and certification requirements of the State in which the Property is located, pursuant to Title XI of FIRREA, the Seller/Servicer must contact the *Applicable Freddie Mac Multifamily Regional Office* for instructions. The TAH Seller/Servicer must contact the *Multifamily TAH Underwriter*.

3. Be actively and regularly engaged in the appraisal of multifamily properties
4. Have at least three consecutive years of income property appraisal experience

5. Have completed at least two multifamily Appraisals in the past year in the geographic market area where the Property is located
6. Be knowledgeable concerning current real estate market conditions and financing trends in the geographic market area where the Property is located
7. Be experienced in appraising multifamily properties with complexity and characteristics similar to those of the Property (such as the number of units and type of property—garden, mid-rise, high-rise, etc.)
8. Have a working knowledge of construction costs, materials, methods and standards in the geographic market area where the Property is located
9. Have a strong educational background in appraising income properties

Appraisers must have completed successfully several courses relating to income properties. These courses must have been completed through a nationally recognized appraisal organization or accredited college or university.

10. Have insurance meeting the requirements of Section 11.5.

b. Conditions for an appraisal trainee to co-sign (06/30/15)

An appraisal trainee may co-sign an Appraisal if the appraisal trainee is currently registered as an appraisal trainee in the State in which the Property is located and the Appraisal clearly and prominently:

- States that the appraisal trainee is an appraisal trainee or equivalent job title,
- Identifies the appraisal trainee's trainee license or certification identification number in the Appraisal, preferably in the Letter of Transmittal and in the Certification, and
- States, in the Letter of Transmittal, the appraisal trainee's specific role in the appraisal project and describes in which parts of the appraisal process the trainee had a contribution and the extent of that contribution. The statement must specifically address whether or not the trainee inspected the Property.

All appraisers that sign the Certification in the Appraisal must take professional responsibility for the appraisal trainee's content, conclusions, and discussions within the Appraisal.

c. Unacceptable appraisers (07/01/14)

The Seller/Servicer must send written notification immediately to the *Applicable Freddie Mac Multifamily Regional Office* if the Seller/Servicer, for cause, discontinues the use of any appraiser who has completed Appraisals within the past 12 months for Mortgages purchased or credit enhanced by Freddie Mac. A TAH Seller/Servicer must send written notification immediately to the *Multifamily TAH Underwriter*.

In addition, Freddie Mac reserves the right to refuse to accept Appraisals completed by any specific appraiser. Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily



Restricted Vendor List. If an appraiser appears on the Multifamily Restricted Vendor List, the Seller/Service may not use that appraiser for Multifamily Mortgages offered to Freddie Mac until notified otherwise by Freddie Mac. The decision to place a third-party vendor on the Multifamily Restricted Vendor List is solely within Freddie Mac's discretion.

The Multifamily Restricted Vendor List is made available to Seller/Service for the sole purpose of ensuring that unacceptable appraisers do not prepare Appraisals for Multifamily and will constitute "Confidential Information" as defined in Section 2.8.

d. Representations to third parties by appraisers and appraisal services (09/08/04)

Appraisers and appraisal services may not represent themselves to third parties as being Freddie Mac-approved appraisers or appraisal services.

60.5 Appraiser scope of work, certification and signatures (06/16/2202/27/25)

a. Certification (06/16/22)

The appraiser must attach all of the following to the Appraisal:

- All assumptions and limiting conditions
- A certification that states that the report complies with the requirements of the USPAP, promulgated by the Appraisal Standards Board of the Appraisal Foundation, that are in effect at the time of certification, including USPAP's requirements that the Appraisal was conducted in compliance with all relevant laws, including the Fair Housing Act and Equal Credit Opportunity Act
- A certification that states that the Appraisal complies with the current version of the FIRREA of 1989, including its Title XI regulations

b. Signing Scope of work and signing the Appraisal (40/44/4602/27/25)

There are requirements in this Section 60.5(b), announced in the February 27, 2025 Bulletin, that are effective for Mortgage loans under Seller Application on or after June 2, 2025 and for conversion packages delivered on or after June 2, 2025 that require an updated Appraisal.

For all Properties, (i) all persons signing the Appraisal and/or the Appraisal's Certification must have reviewed and approved the Appraisal, and (ii) at least one of the persons signing the Appraisal must meet all of the following requirements:

- Comply with all of the requirements in this chapter including, with the exception of appraisal trainees, being a Certified General Appraiser in the State in which the Property is located (or that State's equivalent licensing classification that also meets Freddie Mac's minimum appraiser experience requirements)



- Inspect the Property ~~(except for)~~ in accordance with the requirements set forth in Section 60.12(b) (other than the appraisal trainee co-signer requirement)
- Complete the final selection and adjustments of land, rent, expense and sales comparables
- Complete the final development of the appraiser's proforma and capitalization rate selection in the Income Approach
- Complete the final reconciliation and value conclusion
- Accept full responsibility for the contents, analyses and conclusions of the Appraisal

Formatted: Indent: Left: 1.13", Bulleted + Level: 1 + Aligned at: 0.95" + Indent at: 1.2"

Formatted: Indent: Left: 1.13", Bulleted + Level: 1 + Aligned at: 0.95" + Indent at: 1.2"

Formatted: Indent: Left: 1.13", Bulleted + Level: 1 + Aligned at: 0.95" + Indent at: 1.2"

~~With the exception of appraisal trainees, each~~ Each person signing the appraisal report and/or the Appraisal's Certification ~~must be a General Certified Appraiser in the State in which the Property is located and, by signing the Appraisal, accept~~ will be deemed to have accepted full responsibility for the contents, analyses and conclusions of the Appraisal.

Refer to Section 60.4(b) for requirements regarding the co-signing of an Appraisal by an appraisal trainee.

60.6 Information provided to appraiser by the Seller/Servicer (09/30/20)

To reduce the need for administrative revisions to the Appraisal following submission of the Appraisal to Freddie Mac for non-valuation related property identification or classification issues, the Seller/Servicer must provide the appraiser with accurate Property identification prior to submission of the Appraisal to Freddie Mac, including:

- Specific requirements for the Mortgage loan program for which the appraisal will be used (i.e., Small Balance Loans, Seniors Housing, Students Housing, Green Up, Mod Rehab, Conventional, etc.)
- For appraisals in the Small Balance Loans (SBL) program, the Seller/Servicer must ensure that the appraiser complies with the page limit described in Section 60.11
- Current property ownership
- Property address
- Property zip code
- Complete legal description (see Section 29.3)
- Accounting of the Property's unit inventory, including management's use of units for offices, model units, down/off-line units and commercial space

The Seller/Servicer must provide the appraiser with the following additional information on the Property:

1. Survey, if available (see Section 29.5)



2. Rent roll dated within 30 days of the appraisal inspection date, certified by the Borrower as accurate and correct, and containing, at a minimum:
 - Unit number
 - Unit type, name, or description and/or unit design (i.e., 2BR/1BA, 1BR/1BA/Den, commercial)
 - Unit size in square feet
 - Lease commencement date
 - Contract rent
 - Concessions, if any
 - Additional fees or charges (i.e., pet fees and garage fees)
3. Income and Expense Statements for the previous three calendar or fiscal years, as applicable, certified by the Borrower as complete and accurate
4. Year-to-date Income and Expense Statement, certified by the Borrower as complete and accurate
5. Copies of executed commercial leases, amendments and attachments, if applicable
6. Property condition report as soon as available but prior to the Seller/Service's transmittal of the Appraisal to Freddie Mac if there are issues identified by the consultant that could materially affect the value of the Property. If the Seller/Service and Freddie Mac do not agree if an issue is material, Freddie Mac will make the final decision of materiality on a case-by-case basis.

Draft versions of the property condition report are acceptable to meet these time constraints but if the final version is materially different than the draft version, the appraiser must be given the final version and the valuation must be amended to reflect this new information.
7. Environmental report as soon as available but prior to the Seller/Service's transmittal of the Appraisal to Freddie Mac if there are issues identified by the consultant that could materially affect the value of the Property. If the Seller/Service and Freddie Mac do not agree if an issue is material, Freddie Mac will make the final decision of materiality on a case-by-case basis.

Draft versions of the environmental report are acceptable to meet these time constraints but if the final version is materially different than the draft version, the appraiser must be given the final version and the valuation must be amended to reflect this new information.
8. Copy of ground leases, if applicable
9. Copy of current sales contracts, if applicable



10. Final architectural plans and specifications, if the Property is to be built
11. Copies of shared access agreements or easements
12. Regulatory agreements such as HAP contracts or other agreements that might affect the Property's rents or expenses
13. For SBL Properties, evidence of capital expenditures or construction costs as described in Section 55SBL.2
14. Any other information that the Seller/Servicer knows may affect the value of the Property

60.7 Seller/Servicer supervision of appraisers (~~09/28/18~~02/27/25)

The Seller/Servicer must evaluate and select appraisers based on qualifications and quality of the appraisal product. The Seller/Servicer must collect information and documentation from appraisers and applicable regulatory authorities to ensure that each appraiser completing Appraisals for multifamily Mortgages offered to Freddie Mac complies with the requirements set forth in this chapter.

Each file must contain sufficient information to document and demonstrate that the appraiser meets the qualification requirements in Section 60.4(a), including:

1. The appraiser's resume
2. Letters of reference from current and/or past clients
3. Documentation showing that the appraiser possesses the certified general classification or certified classification in good standing in accordance with applicable State law
4. Copies of Appraisal sample(s) if appropriate under the ethics provision of USPAP
5. An original certificate(s) of liability insurance meeting the requirements of Section 11.5

Each file must document that the appraiser complies with the requirements of this chapter and that the Seller/Servicer verified the experience information provided by the appraiser to the Seller/Servicer.

Effective as of June 2, 2025, the Seller/Servicer must ensure that any appraisal firm engaged by the Seller/Servicer for a Freddie Mac Mortgage agrees to adopt and maintain security measures sufficient to protect and safeguard its Electronic Signature from loss, theft and unauthorized or improper disclosure or use.

The Seller/Servicer must design an internal management control system to ensure compliance with the requirements set forth in this chapter. If the Seller/Servicer identifies a problem area, the Seller/Servicer must take appropriate action to correct the problem. The Seller/Servicer must keep written records of any activity under this internal control system and provide them to Freddie Mac upon request.



60.8 Non-Discrimination (12/14/23)

The appraiser must describe the Property and the neighborhood in factual, unbiased and specific terms. The appraiser may not consider any information about the geographic area, neighborhood, occupants, owners or prospective owners of the Property that involves the following prohibited factors (“Prohibited Factors”):

- Race
- Color
- Religion
- National origin
- Sex, sexual orientation, and gender identity
- Marital status
- Age
- Receipt of income derived from any public assistance program
- Exercise of any federally protected civil right
- Familial status
- Disability

As a matter of corporate policy, Freddie Mac reserves the right to reject any Mortgage supported by an Appraisal that makes reference to Prohibited Factors or incorporates subjective terminology or veiled language that may indicate underlying bias or discrimination.

60.9 Effective date of Appraisal (04/18/24)

For additional requirements that are applicable, see the *Additional Appraisal Requirements Memorandum* available at mf.freddie.com, as referenced in Section 60.1(a).

The effective date of the most current Appraisal must be within six months before the date on which the Mortgage’s full underwriting package is delivered to Freddie Mac. The Seller/Service also must submit all other Appraisals completed on the Property in the past three years, if available to the Seller/Service and appropriate under the ethics provision of USPAP. See also Section 60.10.

60.10 ~~Updated~~Revised and updated Appraisals (09/28/1802/27/25)

1. For Mortgage loans taken under Seller Application on or after **June 2, 2025** or for conversion packages delivered on or after **June 2, 2025** that require an updated Appraisal, an Appraisal

Formatted: Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Aligned at: 0.85" + Indent at: 1.2"



Revision Summary detailing the changes between the initial Appraisal delivered to the Seller/Service and the Appraisal delivered in the full underwriting package to Freddie Mac must be provided if there is any of the following:

- More than a 2% increase in value between the two versions of the Appraisal;
- Change to the income approach (e.g., changes to income, rent comparables, vacancy, expense(s), expense comparables, and/or capitalization rates)
- Change to the sales comparison approach (i.e.: adding or removing sales comparables and/or changes to the adjustment grid)

Formatted: Indent: Left: 1.19", Bulleted + Level: 1 + Aligned at: 0.85" + Indent at: 1.1"

If the Appraisal is revised during the underwriting process to trigger any of the above conditions, the Appraisal Revision Summary must be updated to detail the change(s) between the Appraisal delivered in the full underwriting package and the final Appraisal accepted by Freddie Mac.

2. If Freddie Mac receives an Appraisal with an effective date that is more than six months before the date on which the full underwriting package is delivered to Freddie Mac, the Seller/Service must obtain an updated Appraisal from the appraiser. For the updated Appraisal, the appraiser must, at minimum:

Formatted: Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Aligned at: 0.85" + Indent at: 1.2"

- Reinspect the Property,
- Resurvey the rental comparables, and
- Review the market for any additional sales comparables or changes in capitalization rates

The documentation that provides the updated Appraisal must clearly indicate the steps that the appraiser performed for the updated Appraisal and discuss the changes, if any, between the original Appraisal and the updated Appraisal.

A letter or abbreviated report such as the Restricted Report from the appraiser stating general conclusions (for example, that the value of the Property has not decreased since the original Appraisal) is not acceptable.

In addition to these requirements, the report must comply with the requirements and advice provided in USPAP for an update of a prior Appraisal.

60.11 Appraisal form (06/27/19)

Freddie Mac expects that the Appraisal will be in a narrative format written to comply with the Appraisal development and report content requirements of the USPAP.

Appraisals submitted to Freddie Mac for Mortgage loan origination in the Small Balance Loan (SBL) program must be 50 pages or less. Addenda to these Appraisals are not included in the 50-page count.

Effective with underwriting packages delivered to Freddie Mac on or after August 1, 2019, appraisals submitted to Freddie Mac for Mortgage loan origination in the Targeted Affordable

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 (with a paid subscription).



Housing Express (TAHX) program and with an appraisal effective date of value on or after August 1, 2019 must be 75 pages or less. Addenda to these appraisal reports are not included in the 75-page count.

The page count for SBL and TAHX Appraisals begins with the Title Page of the report and ends with the page prior to the Addenda of the appraisal report.

Addenda material can include:

- Insurable value
- Assumptions and Limiting Conditions
- Appraiser's Certification / Signature
- Subject Photos
- Comparable sales outlines
- Comparable rental outlines
- Rent roll
- Historical financials
- Floor plans
- Site plans / Plat / Survey
- Qualifications of the appraiser and state Certification certificate
- Engagement letter

The Seller/Servicer may contract with the appraiser for an SBL Appraisal that is exempt from the 50-page length limitation or for a TAHX Appraisal that is exempt from the 75-page length limitation under limited circumstances, such as when:

- The Property is located in a tertiary market which requires additional discussion by the appraiser
- The Property has substantial repairs that need to be evaluated and discussed by the appraiser
- There are environmental issues reported by the third-party consultant that need to be evaluated and discussed by the appraiser

If the page-length limit is exceeded, Form 6011, Waiver of the Page Limit for SBL and TAHX Appraisals, executed by Seller/Servicer's Chief Underwriter or Deputy Chief Underwriter, must be submitted with the Appraisal in the underwriting package. The Seller/Servicer must also upload

the completed Form to the Third-Party Report section of Freddie Mac's Document Management System (DMS).

Regardless of the report format, the appraiser must comply with all applicable Freddie Mac, federal, and State appraisal development and reporting requirements.

60.12 Appraisals (04/18/24)

When the Seller/Servicer delivers an Appraisal to Freddie Mac, the Seller/Servicer is deemed to make the warranties regarding the Appraisal set forth in Section 5.4. The Seller/Servicer must review each Appraisal in detail for its completeness, accuracy, appraising logic and adherence to the requirements of this chapter. The Seller/Servicer must ensure that the Appraisal submitted to Freddie Mac incorporates corrections and/or resolution of any material errors or omissions found during the Seller/Servicer's review of the Appraisal. If required by Freddie Mac, the Seller/Servicer must provide to Freddie Mac a copy of its review of the Appraisal concurrent with the transmittal of the Appraisal to Freddie Mac.

Each Appraisal must:

- Comply with and state its compliance with the USPAP in effect as of the date of the Appraisal
- Comply with and state its compliance with the current version of the FIRREA, including its Title XI regulations
- Disclose any steps taken by the appraiser to comply with the competency provision of the USPAP, if required; and
- Specifically disclose any extraordinary assumptions and/or hypothetical conditions, or explicitly state the lack of any such conditions

The Seller/Servicer must direct the appraiser to include the following language verbatim in the letter of transmittal above the appraiser's signature and/or on the appraiser's Certification page above the appraiser's signature:

"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.”

The appraiser must perform the functions stated in this section and in Sections 60.13 through 60.19 to ensure the completeness of each Appraisal.

a. Completeness (06/16/22)

The Appraisal must adequately describe the geographic area, neighborhood, rental competition, sales comparables, site and improvements. Generally, regardless of report format, the Appraisal must demonstrate a market value supported by the reconciliation of the three recognized approaches to value: Income Approach, Sales Comparison Approach, and Cost Approach.

For appraisals submitted to Freddie Mac for [Mortgage](#) loan origination in the Small Balance Loan (SBL) program, if the Property is more than five years old, the appraiser must include both the Income Approach and Sales Comparison Approach. However, Freddie Mac will not require a Cost Approach or a separate analysis of land value.

For all other Properties, the appraiser must thoroughly explain and support the exclusion of any of the three approaches to value.

If the Property is not operating at stabilized operations, appropriate consideration must be given in each of the approaches to value.

The appraiser must consider, analyze and report all information that appropriately and lawfully influences value even if not specifically requested by the Seller/Servicer or, Freddie Mac.



b. Inspection (04/18/24)

For additional requirements that are applicable, see the *Additional Appraisal Requirements Memorandum*, as referenced in Section 60.1(a).

At least one appraiser signing the report must have made both an interior and exterior inspection of the Property. The interior inspection must include interior common areas, community amenities, a sample of unit interiors and commercial suites. In addition to exterior inspections of residential units, the exterior inspection must also include any accessible areas that are subject to nonresidential leases as defined in Section 8.11(a) and Section 8SBL.11(a).

Since the Seller/Service's delivery of the property condition report and environmental report to the appraiser is optional under certain circumstances (see Sections 60.12(e) and 60.13 for a description of these circumstances), it is important that the appraiser's inspection of the Property be sufficiently detailed to adequately incorporate property-specific physical and economic characteristics into the Appraisal's discussion, analyses, and valuation conclusion.

1. For Properties with fewer than 25 units, the appraiser must inspect:

- A minimum of two units
- All vacant units to determine their state of readiness for occupancy
- All Down Units to determine and comment on the amount of repairs/renovations necessary to make them ready for occupancy
- A representative sample of the commercial units, chosen by the appraiser. The appraiser must include in the report which units were inspected and a description of the level of finish

If this requirement results in more than 5 residential units to be inspected, the appraiser may sample the vacant units, but all Down Units must still be inspected regardless of the number of Down Units. The appraiser must clearly state in the Appraisal how this sample was selected.

2. For Properties with 25 to 50 units, the appraiser must inspect:

- A minimum of three units
- All vacant units to determine their state of readiness for occupancy
- All Down Units to determine and comment on the amount of repairs/renovations necessary to make them ready for occupancy
- A representative sample of the commercial units, chosen by the appraiser. The appraiser must include in the report which units were inspected and a description of the level of finish



If this requirement results in more than five residential units to be inspected, the appraiser may sample the vacant units, but all Down Units must still be inspected regardless of the number of Down Units. The appraiser must clearly state in the Appraisal how this sample was selected.

3. For Properties with more than 50 units, the appraiser must inspect:

- A minimum of five units
- All vacant units to determine their state of readiness for occupancy
- All Down Units to determine and comment on the amount of repairs/renovations necessary to make them ready for occupancy
- At least one unit of each unit type and comment on the marketability of each unit type's floor plan, design, layout, amenities, and level of finish
- A representative sample of the commercial units, chosen by the appraiser. The appraiser must include in the report which units were inspected and a description of the level of finish

If this requirement results in more than 15 residential units to be inspected, the appraiser may sample the vacant units, but all Down Units must still be inspected regardless of the number of Down Units. The appraiser must clearly state in the Appraisal how this sample was selected.

4. The Appraisal must identify the specific units inspected and into which category each unit falls.
5. For SBL Properties, the appraiser must inspect the improvements (if able to be visually inspected) and report if they are generally aligned with evidence of capital expenditures or construction provided by the Seller.
6. The appraiser must report any physical condition concerns with the Property's land or improvements observed during the appraiser's inspection of the Property or known to the appraiser.
7. The appraiser must report any known or observed environmental conditions that affect the Property's value or marketability observed during the appraiser's site inspection or known to the appraiser through third-party reports, regulatory authorities, or geographic competency.
8. It is not acceptable for the appraiser to merely state that the appraiser did not notice any physical and/or environmental issues during their inspection; the appraiser must discuss the extent of the appraiser's inspection for these issues.
9. Appraisers must report the extent of their due diligence and describe their environmental observations, analysis and conclusions in the Appraisal. It is not acceptable for the appraiser to only state that the appraiser is not qualified to detect environmental issues and thus has made no observations during their physical inspection of the Property.

c. Tax information (07/01/14)

The appraiser must consider, analyze and report property tax and assessment requirements of the jurisdiction where the Property is located. The appraiser must verify that the Property has been fully or partially assessed and provide the most recent assessment date and the next scheduled assessment date of the Property. The appraiser must consider, analyze, adequately support and report any effect on value due to future scheduled assessments, property tax abatements or other property tax benefits.

Property tax comparables must be part of the discussion of the Property's appropriate level of tax liability. The appraiser should identify the taxing jurisdiction of each of the property tax comparables and include in the discussion any differences in valuation methodology, tax rates, and/or reassessment schedules between these and the Property's taxing jurisdiction.

The risk of the Property's reassessment must be considered and appropriately analyzed and reported. Any adjustment to the capitalization rate must have adequate support and discussion.

d. Sales and other concessions (09/28/18)

- 1) The Seller/Service must provide to the appraiser and the appraiser must consider, analyze and report any
 - Current or expired sales contracts, option contracts, contracts for deed, master lease and/or listings of the Property known to the appraiser, and the contract or listing price.
 - Sales of the Property within the past three years

The appraiser must analyze and discuss any material difference between the final appraised value and any recent sale, contract, option and/or master lease of the Property.

- 2) The appraiser must identify the current owner of the Property as described in the local land records
- 3) If the Property is subject to a current sales contract, the appraiser must identify the potential purchaser
- 4) If available to the appraiser, the appraiser must report:
 - a. How long the Property was on the market
 - b. Number of offers
 - c. The owner rationale for selecting the buyer's offer

e. Property condition report (10/14/16)

The appraiser must consider how the results of the property condition report or the appraiser's observations during property inspection affect the value of the Property.



If there are issues identified by the consultant that could materially affect the value of the Property, prior to the Seller/Service's transmittal of the Appraisal to Freddie Mac, the Seller/Service must provide the appraiser with the property condition report ordered by the Seller/Service as part of the [Mortgage](#) loan transaction process. For expediency, the report can be delivered to the appraiser in draft form, as long as the appraiser notes in the Appraisal report that it was provided with a draft property condition report. If the final version is materially different from the draft version, the appraiser must be given the final version and the valuation must be amended to reflect this new information.

If the Seller/Service and Freddie Mac do not agree if an issue is material, Freddie Mac will make the final decision of materiality on a case-by-case basis.

The appraiser must derive the Property's market value in as-is condition on the date of value. Therefore, even if an escrow account with cash or insurance proceeds has been established to address a Property condition issue, the appraiser must still consider that issue's effect on market value since the availability of cash to the Property owner for repairs or renovations should not affect the Property's market value.

If provided with a third-party property condition report, the appraiser must:

- Identify the engineering/consulting firm that prepared the property condition report, the effective date of the report, and whether it was a final version or a draft
- Report the conclusions and recommendations of the property condition report
- Consider the incremental cost to cure, maintain, or operate the Property due to the physical condition factor(s) and incorporate them into the value of the Property
- Use the property condition report as the starting point for its estimate of Replacement Reserve deposits unless the appraiser otherwise documents and discusses an alternative reserve figure in the Appraisal

If not provided with a third-party property condition report, the appraiser must do all of the following:

- Apply the observations regarding Property condition or obsolescence from the appraiser's property inspection
- Consider the incremental cost to cure, maintain, or operate the Property due to the physical condition factors and incorporate them into the value of the Property
- Base its estimate of Replacement Reserves on specific market evidence or other substantive basis

In addition, the appraiser must provide market data, analysis, and discussion to support any opinion of the effect or non-effect on value of an identified physical condition issue. If there is an issue identified in the property condition report, it is not acceptable for the appraiser to merely state that there is not a loss in value; the appraiser needs to discuss why the appraiser has drawn that conclusion.



f. Zoning and other legal issues (06/25/20)

1. For all Mortgages, the appraiser must consider, support, and discuss how zoning and other legal issues (including shared access agreements, easements, and compliance with local rent control statutes) affect the value of the Property.

The appraiser must, reference the authoritative zoning source in the Appraisal, comparing the Property to competing properties, and addressing at a minimum:

- Parking ratio compliance
 - Density compliance
 - Rebuildability restrictions in the event of substantial damage or casualty loss to the Property
2. If a Mortgage meets either of the following conditions, a third-party zoning consulting report might not be part of the underwriting package, so it is important that the Freddie Mac underwriter and the appraiser have pertinent information regarding the Property's compliance with local zoning regulations and other legal considerations on the Property and the effect these regulations or issues have on the Property's market value:
 - The Mortgage
 - Is a non-SBL Mortgage with an initial principal balance of \$20 million or less, or 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, and
 - Is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage.

Furthermore, if the Mortgage meets any of the above conditions, the appraiser must include an opinion as to the legality of the zoning of the Property. The Property is either:

- Legal
- Legally non-conforming
- Illegal
- Other, with explanation

The preferred method is for the appraiser to provide a quote or reference from an appropriate local zoning office official or employee as to the concluded zoning status (i.e., "Ms. Johnson, XYZ County Zoning employee stated in an email on XYZ date that the subject property is legally non-conforming..."). Without such a quote or reference, the appraiser must provide its professional opinion as to the legality of the zoning of the Property, (i.e., "Based on the subject's actual use, its developed density, parking ratio, (and whatever else that might be appropriate), it appears that the subject property is legally non-conforming.")

The appraiser cannot merely state that they are not experts in this field or that the client should consult a legal expert. Freddie Mac is requiring that the appraiser use its



professional expertise to either consult the appropriate local governmental authority or to render a professional opinion on the legality of the zoning of the Property although it is acceptable for the appraiser to provide a disclaimer around its professional opinion.

The following chart, or a similarly constructed chart containing this information, must be completed for and included in each Appraisal for which a zoning report is not submitted:

General Zoning Information			
Property Name			
Property Jurisdiction			
Existing Zoning Classification			
Date of Existing Zoning Ordinance			
Special permitting or condition(s): (i.e., site plan approval, PUD, or other variance)			
Category	Actual	Required	Conforming Status
Current use			
Minimum Lot Size			
Maximum Density/ Permitted Units			
Minimum Parking Required			
Additional Zoning Compliance Information (if a survey or other materials are available):			
Minimum Lot Width/Frontage			
Maximum Height			
Setbacks:			
Front/Street			
Side			
Rear			
Landscape buffers			
Appraiser's Conclusion on Conformity:			
Other information pertinent to the Property's zoning classification:			
Reconstruction clause, including rebuildability threshold:			

If the Property is legally non-conforming or illegal, the appraiser must discuss whether the subject can be rebuilt to its current configuration and, if not, analyze the effect on market value in the Sales Comparison Approach, the Cost Approach, and in the Income

The current official electronic version of the Guide is published by AllRegs® and accessible via either mf.freddie.com (for free) or the AllRegs web site of ICE Mortgage Technology (with a paid subscription).



Approach. If the Property is not subject to a rebuildability requirement, the appraiser must state so.

60.13 Environmental reports (12/14/23)

The appraiser must consider how the results of the environmental report or the appraiser's observations during the property inspection affect the value of the Property.

If there are issues identified by the environmental consultant that could materially affect the value of the Property, then prior to the Seller/Service's transmittal of the Appraisal to Freddie Mac, the Seller/Service must provide the appraiser with the environmental report ordered by the Seller/Service as part of the [Mortgage](#) loan transaction process and any other environmental reports on the Property retained by the Seller/Service. For expediency, the environmental report can be delivered to the appraiser in draft form, as long as the appraiser notes in the appraisal report that the appraiser was provided with a draft. If the final version is materially different from the draft version, the appraiser must be given the final version and the valuation must be amended to reflect this new information.

If the Seller/Service and Freddie Mac do not agree if an issue is material, Freddie Mac will make the final decision of materiality on a case-by-case basis.

The appraiser must derive the Property's market value in as-is condition on the date of value. Therefore, even if an escrow account with cash or insurance proceeds has been established to address an environmental issue, the appraiser must still consider that issue's effect on market value. The availability of cash to the Property owner to correct an environmental issue should not affect the Property's market value.

If provided with a third-party environmental report, the appraiser must:

- Identify the environmental consulting firm that prepared the report and the effective date of the report, and whether it was a final version or draft
- Report the conclusions and recommendations of the environmental report
- Consider the incremental cost to cure, maintain, or operate the Property due to the environmental factor(s) and incorporate them into the value of the Property
- Report any known or observed environmental conditions that affect the Property's value or marketability observed during the appraiser's site inspection or known to the appraiser through third-party reports, regulatory authorities, or geographic competency.
- Analyze and discuss how the identified environmental conditions affect the value and marketability of the Property based on market data relating to increased risk and uncertainty, environmental stigma, reduced occupancy and rent levels, limitations on property use, cost of remediation, and any other relevant characteristics or environmental risk factors.

If not provided with a third-party environmental report, the appraiser must do all of the following:



- Apply the observations regarding environmental issues from the appraiser's property inspection
- Consider the incremental cost to cure, maintain, or operate the Property due to the environmental factor(s) and incorporate them into the value of the Property

In addition, the appraiser must provide market data, analysis, and discussion to support any opinion of the impact or non-impact on value of an identified environmental issue. If there is an issue identified in the environmental report, it is not acceptable for the appraiser to merely state that there is not a loss in value; the appraiser must discuss why it has drawn that conclusion.

60.14 Valuation methodology (04/18/24)

Since the Appraisal must, at minimum, estimate the as-is leased fee market value of the Property, appropriate adjustments are required to any analysis of fee simple data within the Appraisal. Examples include:

- Capitalization rates extracted from comparable sales must be consistently applied to the Property based upon actual or pro forma income. When appropriate, an adjustment must be made to reflect the Property's leased fee ownership interests being appraised.
- The traditional Cost Approach is typically developed as a fee simple value; as such, the methodology must be appropriately adjusted to reflect the Property's leased fee ownership interest.
- An analysis with 100 percent market rents, without consideration of the Property's actual in-place rents, is not a leased fee value estimate [see Section 60.14(c)].

a. Cost approach (07/01/14)

If developed, the cost approach conclusion must reflect the leased fee ownership interest in the Property (or leasehold interest if the Property is subject to a ground lease), and the appraiser must include proper adjustments for any items adverse to the Property's marketability, such as deferred maintenance, physical deterioration and functional and economic obsolescence. The Appraiser must specifically describe the estimates of accrued depreciation and entrepreneurial profit. The estimated land value must indicate the market value of the land, recognizing its highest and best use.

If the cost approach is omitted in the Appraisal, the appraiser must adequately provide a Property-specific explanation for its omission. Generic statements such as "investors typically do not consider the cost approach when they purchase this type of property" or "there is difficulty estimating depreciation due to current market conditions" are not acceptable and miss the point of the benefits of a cost approach analysis.

If the appraiser uses cost comparables as part of the estimate of replacement cost, it must include sufficient descriptions including, where appropriate, a photograph of the comparable properties to allow the reader of the Appraisal to adequately understand the construction similarities between those comparables and the Property.



b. Sales comparison approach (04/18/24)

For additional requirements that are applicable, see the *Additional Appraisal Requirements Memorandum* available at mf.freddiemac.com, as referenced in Section 60.1(a).

The appraiser must support the value indicated by the sales comparison approach by analyzing the sales of at least four comparable properties.

The appraiser may use the Property as a comparable sale as long as the appraiser provides four additional comparables to the Property.

The sales comparables must be physically and locationally similar to the Property and must have been sold recently. The appraiser must make proper adjustments, when necessary, to the sales comparables for such items as real property rights conveyed, financing terms, conditions of sale, date of sale, location, physical characteristics and amenities. The appraiser must adequately explain those adjustments.

If there is an absence of recent comparable improved sales, the appraiser must consider that absence in estimating the market value. Current contracts and competitive property listings can be helpful to round out the appraiser's analysis if they are indicative of the state of the current market. The weight given to a contract or listing might be different from the weight given to the actual sales transactions, and the appraiser must discuss these differences in the Appraisal.

For each comparable used, the appraiser must identify the primary data source(s) used to verify comparable sales data, for example, whether the comparable property's financial and transaction information was gathered as part of the site visit or obtained from an earlier written appraisal by the appraiser's firm, a sales brochure, an individual associated with the sale, or a combination of sources. If the appraiser obtained the comparable property's information from an individual, the appraiser must identify the name, company and title of the individual, if available.

The appraiser may use a multiplier, either a potential gross rent multiplier or an effective gross income multiplier if the multiplier is customarily used in the Property's market area. The appraiser must derive the multiplier from recent sales of comparable properties in the market area of the Property. The appraiser must properly analyze the multiplier based on the overall quality and reliability of the gross income the Property has produced or is reasonably expected to produce. If the appraiser develops a valuation from a multiplier analysis, it should be reported in the Income Approach (See Income Approach requirements in Section 60.14(c) for additional information.).

The appraiser must not apply an adjustment to the comparable sales for differential net operating income or develop a net income multiplier for the sales since these methodologies duplicate the techniques or value indicators used in direct capitalization in the Income Approach. The Sales Comparison Approach must focus on similarities and differences that affect value, which may include variations in property rights, financing terms, market conditions, and physical characteristics and the causes of income variation, not just that net operating income of the comparable is different than the Property's (either on a per-unit basis or applying a net income multiplier). The appraiser must discuss and adjust for the causes of the differences in NOI, not just note that a difference exists.



The appraiser must refrain from adjusting the comparable properties' sale prices for expenses, costs, or renovation that are to be incurred by the buyer after the date of the sale transaction since these costs and expenditures are not typically part of the transaction/consideration price for the property.

c. Income approach (04/18/22)

For additional requirements that are applicable, see the *Additional Appraisal Requirements Memorandum* available at mf.freddiemac.com, as referenced in Section 60.1(a).

The appraiser must derive the value indicated by the income approach by considering the following economic factors:

1. The forecasted gross income must consider historical rents of the Property, current rents of the Property and rents currently obtained from comparable units (similar in amenities, location, size, type, style and quality) adjusted for market concessions, rent abatements, discounts and the like. The influence and limitations of rent control, rental concessions, historical trends and other relevant factors must be reviewed and analyzed relative to the forecasted gross income of the Property.

The appraiser must analyze and discuss the difference, if any, between the Property's actual recent contract rents and the appraiser's estimate of the Property's market rents, and their impact on the leased fee value of the Property. If the appraiser's estimate of market rent is dissimilar to the recent leasing at the Property, the appraiser must provide an adequate discussion and explanation of the variance.

2. The estimated vacancy and collection loss must consider historical data of the Property, current data of the Property, rental comparables in the market area and anticipated changes of regional market conditions.
3. The forecasted expenses and Replacement Reserves must be comparable with the historical data of the Property and comparable with known and verified expenses in the market area, measured, at a minimum, on a per-unit basis and as a percentage of effective gross income. The identification of the expense comparables must include, at minimum, the comparable property's number of units, the age of the Property (year built and/or renovated), its physical condition, its location and the time period indicated by the expenses. The forecasted expenses and Replacement Reserves must consider future changes in expense or reserve levels.
4. The Capitalization Rate must be based on factors reflecting the investment characteristics of typically knowledgeable investors for properties similar to the Property.

The appraiser must develop the Capitalization Rate using each of the following techniques, if practicable:

- Extraction from comparable sales with analysis of the comparables' variations, if any, from the Property's economic and physical characteristics. Capitalization rates extracted by pro forma income or with actual income must be reconciled consistently



with the appraiser's estimate of the Property's income.

- Published sources (preferably more than one published data source, and preferably a source that focuses on the Property's local market, not general national data).
- Personal surveys and interviews with market participants, with date of survey and names/titles of the individuals surveyed.
- Band of Investment model (also known as mortgage equity technique) with specific reference to the sources of the financial data assumptions.
- Debt coverage ratio model - with specific reference to the sources of the financial data assumptions.
- For Appraisals submitted to Freddie Mac for [Mortgage](#) loan origination in the Small Balance Loan (SBL) program, the capitalization rate must be supported with comparable sales and with the appraiser's survey/interviews of local real estate participants for knowledge of the Property's submarket and investment considerations. These surveys and/or interviews should be documented with the date of survey (month/year is sufficient) and if not confidential, the name, title, and company of the individual surveyed or interviewed. If these items are confidential, the appraiser must provide a description of the position or background of the individual in the Appraisal report.

Development of capitalization rates from Ackerson or Ellwood methodologies is not appropriate for Appraisals for Freddie Mac.

5. When a multiplier analysis is developed, the appraiser should adequately analyze and discuss the comparability of the comparable sales' multipliers in terms of expense ratios and expenses per unit. Additionally, comparability of operating expenses should be analyzed and discussed both with and without inclusion of real estate taxes since taxes may vary materially between the Property's taxing jurisdiction and that of the comparable sale. This variability may have a material effect on the observed multiplier and comparability with the Property.

The development of a multiplier analysis for the valuation of the Property does not exempt the appraiser from adequately analyzing and discussing the Property's operating expenses as required by Section 60.14(c)(3).

For Properties with more than 30 units, a multiplier analysis is not recommended; the appraiser should develop a direct capitalization approach.

A net operating income multiplier is not acceptable.

6. A discounted cash flow analysis (DCF) is typically redundant and not required in the development of the income approach for a multifamily property unless the Property is not functioning at stabilized operations and/or occupancy.
 - If developed, the cash flow period for the DCF must reflect the period necessary to achieve stabilized operations, unless local practice dictates otherwise, and may be



developed with monthly, quarterly, or annual cash flows, depending on the time period of unstabilized property operations

- In lieu of, or as a supplement to, a DCF analysis for an unstabilized property, the appraiser can consider the present value of lost revenue, operating expenses, and necessary repairs, renovations, alterations as adjustments to value
- Key assumptions used to develop the DCF must be adequately discussed and supported in the Appraisal including rent and expense changes, discount rate, reversion capitalization rate, and absorption period

7. In the Income Approach, the value can be developed with either a gross income analysis or direct capitalization analysis; it is not a requirement to include both methodologies in an Appraisal report.

60.15 Area information (06/16/22)

The appraiser must report and accurately explain appropriate and lawful positive or negative factors about the Property's neighborhood, including all relevant adverse influences that affect the Property's market value.

The appraiser must

- Consider, analyze and report current and prospective regional economic trends, such as population, employment concentration and diversification, changes in supply and demand, and housing development
- Explain how regional economic trends affect appraised value

In describing the Property's market, the appraiser should emphasize the Property's neighborhood and submarket influences. Regional, State, and metropolitan market descriptions are not necessary for Appraisals submitted to Freddie Mac for [Mortgage](#) loan origination in the Small Balance Loan (SBL) program and should be eliminated from these Appraisal reports unless there is a specific market influence on the Property that transcends the immediate neighborhood. In these instances, the appraiser should describe those larger influences with specificity, and inclusion of "boilerplate" market, metropolitan, or regional descriptions in the report is discouraged.

60.16 Rental competition (09/28/18)

The appraiser must identify the primary data source for each rental comparable, such as the name and telephone number of the contact person.

The appraiser must use at least four rental comparables. The appraiser must include current rental competition that affects the Property's economic performance, for each rental comparable. The appraiser must identify and describe projects under construction, planned or proposed, that will likely affect the Property's economic performance.



60.17 Income and vacancy (09/08/04)

a. Market feasibility analysis (09/08/04)

The appraiser must include a market feasibility analysis if the Property is new construction or if the Property has recently undergone major rehabilitation. The market feasibility analysis can be included as a section of the Appraisal or it can be a separate report. The market feasibility analysis must

- Consider, analyze and report the Property's current rental competition and future rental competition, including a review of projects under construction, planned or proposed that may affect the Property's economic performance
- Explain the expected stability and longevity of the Property's current rent levels and occupancy
- Support forecasted rent levels and occupancy
- Analyze rental concessions and absorption rates

b. Vacancy (09/08/04)

If the appraiser forecasts a vacancy percentage that is higher or lower than the current vacancy percentage, the appraiser must adequately explain the reasons for the difference in the current vacancy and forecasted vacancy. One-line explanations, such as "the market is improving," "the property has updated units" or "the competition is becoming stronger," are unacceptable.

c. Rental factors (09/08/04)

The appraiser must consider, analyze and report rental concessions, rental discounts and rental abatements of the Property and market area and explain how these factors affect the Property's economic performance. If the appraiser does not know of any rental concessions, rental discounts or rental abatements, the appraiser must state this fact in the Appraisal.

The appraiser must consider, analyze and report any rent control or rent stabilization of the Property or market area and explain how these factors affect the Property's economic performance.

d. Seasonal and cyclical influences (09/08/04)

The appraiser must consider, analyze and report seasonal and cyclical influences that may affect annual rental income and occupancy of the Property.

e. Income (09/08/04)

The appraiser may include income from sources other than residential units when calculating total gross income if such income is supported by at least three years' historical operations, is common in the market and is expected to continue in the future. Such other sources include commercial space, laundry, parking, cable television, vending and application fees.



60.18 Improvements (09/30/20)

The appraiser must report and explain any building, health and fire code violations at the Property that are known to the appraiser and explain how the code violations affect appraised value. If the appraiser does not know of any known violations, the appraiser must state so in the Appraisal.

The appraiser must report and explain any deferred maintenance known to the appraiser at the Property and explain how the deferred maintenance affects appraised value.

If the Appraisal is subject to the completion of repairs or replacements, the appraiser must report the appraised value before required repairs are completed ("as is" value) and report the appraised value after the required repairs are completed ("as completed") value. The appraiser must estimate the cost to complete the needed repairs.

If the Appraisal indicates the presence of any defects or conditions with respect to the Property, such as dampness, infestation or abnormal settlement, the appraiser must describe the effects of these deficiencies on the appraised value and marketability of the Property.

For SBL Properties, the appraiser must review any information provided by the Seller regarding major past renovations or construction and identify any effect on the appraised value and marketability of the Property.

The appraiser must:

- Estimate the cost to complete the required repairs and any accompanying entrepreneurial profit, if applicable, and
- Estimate the prospective date that repairs are to be completed, and
- Analyze and describe any prospective vacancy issues resulting from the repair process, and
- Estimate the prospective date that lease-up due to repairs is estimated to be completed, and
- Adequately describe, analyze, and discuss the effect of the repairs on market value

The appraiser may rely on the data, discussion, and conclusions of the property condition report and the environmental report in analyzing and reporting on the property's improvements.

60.19 Commercial space and other nonresidential leases (02/17/22)

For Appraisals of Properties containing commercial space and other nonresidential leases as defined in Section 8.11(a) or Section 8SBL11(a), the appraiser must include a rental analysis containing at least three comparable rentals for each type of tenant.

For each comparable commercial and other nonresidential lease, the appraiser must provide:

1. Name of the tenant



2. Type of business
3. Address or unit number(s)
4. Leased square feet
5. Annual prospective contractual rent for each of the next three years
6. Concessions (if any)
7. Lease commencement date
8. Length of lease
9. Renewal option, if any
10. Any other material lease terms

Property lease abstracts must contain, at a minimum, the following basic data, as applicable:

1. Term
2. Lease commencement date
3. Lease expiration date
4. Exact name of tenant
5. Type of business
6. Base square footage
7. Core or conversion factors
8. Calculation of gross rent
9. Calculation of percentage rent
10. Calculation of expenses
11. Expense stop
12. Reimbursement of expenses
13. Option to purchase clause

For Appraisals submitted to Freddie Mac for [Mortgage](#) loan origination in the Small Balance Loan (SBL) program, the depth and detail of information required in this section may not be available to the appraiser. In these instances, the appraiser must use its best efforts to comply with the intent



and scope of this section. If the appraiser varies from the requirements of this section, there must be an explanation of the variance in the Appraisal Report.

For all Properties that contain commercial space, the appraiser must segregate rental income, vacancy and collection loss, operating expenses and Replacement Reserves attributed to commercial rental space from rental income, vacancy and collection loss, operating expenses and Replacement Reserves attributed to residential rental space. If the appraiser is unable to segregate commercial space and residential rental space, the appraiser must explain why the space cannot be segregated. Separate values for the commercial space and residential space are not required but must be provided if the commercial space can be marketed and sold separately from the residential space.

The appraiser must provide data that support the appraiser's estimate of the property's commercial vacancy rate, a discussion of tenant rollover risk, and cost of tenant improvements to re-lease the space.

60.20 Attachments to the Appraisal (09/28/18)

The appraiser must attach the following, if applicable, to the Appraisal:

1. A copy of any current sales contracts, option contracts, contracts for deed or listings of the Property
2. A legible, certified current rent roll provided to the appraiser by the Seller/Service, legible Income and Expense Statements for the past three calendar or fiscal years (as applicable), if available, and legible year-to-date Income and Expense Statements for the Property, all dated within 30 days before the Appraisal
3. Color photographs of the Property's exterior, interior common areas, typical unit interiors, surrounding area, rental comparables, sales comparables and commercial rental comparables. The date and source of each photograph (i.e., the appraiser's original photograph, photocopied from the internet, and photo scanned from a marketing brochure) must be clearly identified in the Appraisal.
 - Unless otherwise identified within the Appraisal, the photographs of the sales comparables must be reflective of the property at the time of sale.
 - Unless otherwise identified within the Appraisal, the photographs of the Property must be reflective of the Property as of the effective date of the appraisal value.
4. Maps showing the location of the Property relative to the location of the land comparables, current rental comparables, future rental comparables and sales comparables
5. If the Property contains commercial space, legible copies of all executed commercial leases, riders and amendments
6. A complete legal description of the Property (see Section 29.3)
7. A survey or recorded plat of the Property, if available (see Section 29.5)



8. If the Property is subject to ground leases, a copy of all ground leases
9. Any other information that ensures the completeness of the Appraisal
10. The appraiser's qualifications and the supervising or review appraiser's qualifications
11. A copy of the complete, signed engagement letter and a copy of any other communications about the scope of the Appraisal between the appraiser and the Seller/Service

Freddie Mac will also accept a market study incorporated into the Appraisal.

60.21 Insurable value (07/01/14)

Insurable value must be provided in all Appraisals.

The Replacement Cost is the cost to reconstruct a Property of an equal number of units with equal quality of building materials with equal utility that would be acceptable to the typical investor and tenant in the market in which the Property is located. Replacement Cost is not the cost to construct a replica of the Property.

For insurance purposes, the Replacement Cost may not include goodwill or other intangibles such as value/cost of the land, a deduction for depreciation, cost of site improvements, (e.g., driveways, parking lots, sidewalks, or landscaping), or cost to reconstruct the foundation(s).

60.22 Student Housing Appraisal requirements (06/16/22)

In addition to the other requirements of this chapter, the following requirements apply to Appraisals of Student Housing Properties. The Appraisal must be prepared by an appraiser who has experience in valuing Student Housing Properties, as demonstrated by the qualifications statement provided by the appraiser in the addendum to the Appraisal.

The appraiser must consider the following:

- Trends in student population or enrollment,
- Changes in the supply of on- or off-campus housing, whether sponsored by the school or planned and built by private developers (such as dormitories, for-profit or not-for-profit apartments, and fraternity or sorority housing),
- Distance from the Student Housing Property to the school, and available transportation,
- Any school policies affecting student residency (for example, requirements for freshmen and sophomores to live on campus), and
- Changes to school-sponsored amenities, whether on- or off-campus.

Freddie Mac requires the use of comparable properties that were purchased, developed or leased for student housing. If comparable student housing properties are not available in the local market, the appraiser may use comparable regional student housing properties. The appraiser must evaluate the comparable property and the school it serves with the Student Housing

Property based on the factors described above: student population trends, supply of student housing, distance and transportation between school and housing, amenities, school policies affecting student residency and so forth. These requirements apply to building sales, land sales and rental comparables.

If comparable local or regional student housing properties are not available, non-student housing may be used as a comparable property. However, the appraiser must discuss in sufficient detail the adjustments necessary to correlate non-student housing to the Student Housing Property.

60.23 Collateral evaluation for tax abatement (07/01/14)

For all Appraisals of a Property with a tax abatement, the preferred Freddie Mac valuation methodology is as follows:

- First, full, stabilized real estate taxes are used to calculate the NOI that is used to determine the property value with full taxes.
- Next, the present value of the tax savings over the term of the tax abatement is determined using a discount rate supported fully by the appraiser.
- The present value of the tax savings is then added to the property value with full taxes to determine the value of the Property with the tax abatement.

Note: If local practice is different from the Freddie Mac preferred methodology, the appraiser may use the local methodology, provided that any differences in technique are fully discussed in the Appraisal.

The appraiser must demonstrate in the Appraisal that the tax abatement is likely to continue for its stated term. This can be accomplished by a variety of methods including a review and discussion within the Appraisal of the tax abatement agreement and/or documented conversation and confirmation of the tax abatement by the Appraiser with the local property tax authority or tax abatement-granting agency.

60.24 Affordable Housing and Targeted Affordable Housing (12/14/23)

In addition to the other requirements of this chapter, the following requirements are for Appraisals of affordable housing properties:

1. The Appraisal must be prepared by an appraiser who has experience in valuing affordable housing properties, as demonstrated by the qualifications statement provided by the appraiser in the addendum to the Appraisal and also retained in the Seller/Service's files.
2. The appraiser must consider and analyze factors that affect the supply and demand of affordable housing in the subject's market area, including the following:
 - Demand:
 - Trends in household income, especially related to Area Median Income (AMI) tranches applicable to the subject's affordable rental structure



- Trends in occupancy of competing/similar affordable housing properties and market rent properties in the subject's market area
 - Proximity to public/mass transportation
 - Other statistical or researched demand factors that might have an effect on affordable housing occupancy, rents, expenses, or investment in the subject's market area
- Supply:
 - Proposed, ongoing, and recent changes in the supply of affordable housing properties within the Property's market area
 - Supply considerations could include research from governmental records, news sources, press releases, or primary/secondary data sources on proposed construction, material renovation projects, re-purposed competing properties, construction starts, 'Grand Openings' and the like in the subject's market
 - Other statistical or researched supply factors that might have an effect on affordable housing occupancy, rents, expenses, or investment in the subject's market area
3. Freddie Mac requires the use of comparable properties that were purchased, developed or leased as affordable housing. If comparable affordable housing properties are not available in the local market, the appraiser may use comparable regional affordable housing properties. These requirements apply to building sales, land sales, rental comparables and capitalization rate comparables.
 4. If a sufficient number of comparable local or regional affordable housing properties are not available for analysis, non-affordable housing may be used as a comparable property. However, the appraiser must discuss in sufficient detail the adjustments necessary to correlate non-affordable housing to the affordable housing Property, including marketing time and information derived from the most recent U.S. Census for the location of the Property, such as employment statistics and population, but excluding any information that references the Prohibited Factors noted in Section 60.8.
 5. If the Property has restricted units, the appraiser must include an estimate of market value with the restricted units in place and an estimate of hypothetical market value without the restricted units. For Appraisals directly ordered by Freddie Mac for asset management purposes, the appraiser must also opine, describe and support if the highest and best use of the Property is to phase out restricted rents in favor of non-restricted rents, and, if so, develop an estimate of market value considering the time period necessary to phase in non-restricted rents.

In the Appraisal, the appraiser must document the source of the Property's restricted rent roll and provide adequate support, analysis and discussion for the continuation of the restricted rents. If the appraiser concludes that the restricted rents will expire or not continue, the appraiser must use the appropriate methodology to value the Property considering the likelihood of the restricted rents expiring.

6. If the Property has HUD Project-based Section 8, the appraiser must include the following values:
 - The value using the project-based contract rents, and



- The value using the lower of market, project-based contract rents, or achievable LIHTC rents (if applicable) for each type of unit
7. If the Property has not achieved stabilized operations, the appraiser must develop both an “as-is” and an “as-stabilized” value.
 8. If the Property is to be built and is collateral for a Forward Commitment, the appraisal must meet the requirements of Section 60.30.

60.25 Seniors Housing Properties (12/14/23)

In addition to the other requirements of this chapter, the following requirements apply to Appraisals of Seniors Housing Properties:

1. The Appraisal must be prepared by an appraiser who has experience in valuing seniors housing properties (i.e., independent living properties and assisted living properties) as demonstrated by the qualifications statement provided by the appraiser in the addendum to the Appraisal and also retained in the Seller/Service’s files.
2. The appraiser must consider the following:
 - Demand:
 - Trends in the target service area of the subject property indicative of the depth of residency eligibility such as senior population growth or retraction, changes/trends in income and/or net worth of individuals eligible for residency in the subject property, and other factors of seniors housing demand
 - Trends in occupancy of competing/similar seniors housing properties and market rent properties in the subject’s market area
 - Other statistical or researched demand factors that might have an effect on seniors housing occupancy, rents, expenses, or investment in the subject’s market area
 - Supply:
 - Proposed, ongoing, and recent changes in the supply of seniors housing properties within the property’s market area.
 - Supply considerations could include research from governmental records, news sources, press releases, or primary/secondary data sources on proposed construction, material renovation projects, re-purposed competing properties, construction starts, ‘Grand Openings’ and the like in the subject’s market area
 - Other statistical or researched supply factors that might have an effect on seniors housing occupancy, rents, expenses, or investment in the subject’s market area
3. Freddie Mac requires the use of comparable properties that were purchased, developed or leased as seniors housing. If comparable seniors housing properties are not available in the local market, the appraiser may use comparable regional seniors housing properties. These requirements apply to building sales, land sales, rental comparables, and capitalization rate comparables.



4. If a sufficient number of comparable local or regional seniors housing properties are not available for analysis, non-seniors housing properties may be used as a comparable property. However, the appraiser must discuss in sufficient detail the adjustments necessary to correlate non-senior housing to the Senior Housing Property including, but not limited to, marketing time and information obtained from the most recent U.S. Census, such as employment statistics and population, but excluding any information that references the Prohibited Factors noted in Section 60.8.
5. If the Property has restricted units, the appraiser must include an estimate of market value with the restricted units in place and an estimate of hypothetical market value without the restricted units. In addition to the hypothetical value if leased at non-restricted rents, the appraiser must opine and support its opinion if the Highest and Best Use of the property is to phase out restricted rents in favor of non-restricted rents, and, if so, develop an as-is estimate of market value considering the time period necessary to phase in non-restricted rents.

In the Appraisal, the appraiser must document the source of the Property's restricted rent roll and provide adequate support, analysis and discussion for the continuation of the restricted rents. If the appraiser concludes that the restricted rents will expire or not continue, the appraiser must use the appropriate methodology to value the Property considering the likelihood of the restricted rents expiring.

The Appraisal will clearly and prominently report the total market value of the Property as well as an allocation for contributory business value, personal property and/or other non-real estate items. The appraiser will clearly, adequately and comprehensively discuss the value segregation process and provide market-derived data for the value allocations, including, where applicable, surveys of market participants, comparable sales data and authoritative sources for the appraiser's allocation methodology.

60.26 Manufactured Housing Communities value (07/01/14)

In addition to the requirements in this chapter, specific appraiser and Appraisal requirements for Manufactured Housing Communities can be found in Section 22.5.

60.27 Appraisals for lease-up programs (09/25/15)

Freddie Mac has two types of lease-up offerings: Acquisition Lease-Up and Refinance Lease-Up.

For Properties to be specifically underwritten in either of these two programs, the Appraisal must provide the as-is value of the Property as of the effective date of the Appraisal report (i.e., the current date) and the prospective as-stabilized value as of the prospective future date of stabilized operations for the Property. The Freddie Mac Underwriting Value is based on the prospective as-stabilized value.

The Seller must provide guidance to the appraiser should these values be required.

60.28 Appraisals for Moderate Rehabilitation (Mod Rehab) Mortgages and Preservation Rehabilitation Mortgages (02/28/20)

1. For a Mod Rehab Mortgage, the appraiser must provide the following two values of the Property based on all applicable approaches to value:

Guide Bulletin Update [4242/2402/27/25](#) Chapter 60 – Page 40



- As-is market value
 - Hypothetical as-if renovated and stabilized today market value
2. For a Preservation Rehabilitation Mortgage, the appraiser must provide the following five values of the Property based on all applicable approaches to value:
- As-Is market value with current restricted rents (i.e., rents in-place on the date of value).
 - As-Is market value with the proposed restricted rents that will be in-place subsequent to or concurrent with origination of the Mortgage but prior to construction completion. This is a hypothetical value and does not assume that the renovations are completed on the date of value; just that the proposed restricted rents are in place.
 - As-is market value without restricted rents. This valuation scenario is based on market rents and is a hypothetical value.
 - Hypothetical as-if renovated and stabilized at current market value with restricted rents that will be in-place when the Property is renovated and stabilized. This is a hypothetical value.
 - Hypothetical as-if renovated and stabilized at current market value without restricted rents. This valuation scenario is based on market rents and is a hypothetical value.

The as-is market value is the market value of the Property as of the day of the appraiser's inspection, assuming no renovation work has been done. Standard appraisal approaches and industry best practices in accordance with this chapter apply. This value provides a baseline to determine how much additional value the renovation project might generate.

The hypothetical as-if renovated and stabilized current market value assumes that all planned renovations are complete and the Property has achieved stabilized operations as of the date of the appraiser's inspection. This valuation scenario should not simply add the renovation budget total to the as-is market value, as this calculation might not be indicative of actual contributory value of the planned renovation.

The as-is market value and hypothetical as-if renovated and stabilized current market value are imperative to the credit and underwriting analysis of the Freddie Mac transaction. The Seller/Servicer must provide the appraiser with the pre-construction analysis report, as described in Chapter 63, and the appraiser must provide its opinion on all of the following:

- The specific elements of the renovation that would or might affect market value
- The time needed to complete the planned renovations
- The time needed to achieve stabilized operations after completion of the planned renovations

The appraiser must analyze the effects of the renovation on each of the approaches to value used in the appraisal report. For example, by installing new stainless steel energy saving appliances, the rent might increase, utility expense might decrease, Replacement Reserves might increase



and/or the capitalization rate might change due to investor's perception of the quality of the renovations, causing an impact to the appraiser's income approach and change in market value.

The appraiser must provide rents, property taxes, operating expenses, and capitalization rates data from properties that have recently experienced renovations similar to the subject or are comparable to the proposed renovated Property. If these benchmarks are not available in the local market, the appraiser must explain the extent of research to obtain this type of data and provide an adequate discussion about how these items might impact the value from the as-is market value scenario.

The appraiser must provide separate sales and rent comparables for the as-is market value and the hypothetical as-if renovated and stabilized current market value, as the renovation might promote the Property into a higher class of property.

60.29 Appraisals for Mortgages with a Green Up® or a Green Up Plus® loan option (10/12/17)

If the Seller/Servicer requests a Prospective As-Improved Market Value, the Appraisal must include both an As-Is Market Value and Prospective As-Improved Market Value.

- The As-Is Market Value is the market value of the Property, assuming no Green Improvements have been completed. Standard appraisal approaches and industry best practice per this chapter apply. This value provides a baseline to determine how much additional value the Green Improvements might generate.
- The Prospective As-Improved Market Value must assume that all Green Improvements are completed as of the current date of value.

To develop the Prospective As-Improved value, the appraiser must review the list of Green Improvements that the Borrower has committed to execute at the Property, and consider the contribution of these Green Improvements to the Property's prospective market value. The appraiser should not merely add the projected cost of the Green Improvements to the As-Is value and consider this a complete valuation.

The appraiser must consider how rents, expenses and the capitalization rate will be affected by the Green Improvements and the time it will take to implement the Green Improvements.

The appraiser must reference Form 1106, Green Assessment, including the date of the report and a summary of the report's conclusions and recommendations.

Freddie Mac prefers that the Prospective As-Improved Market Value be supported by comparable sales that also had a similar scope of Green Improvements as well as by the appraiser's survey of investors, lenders, property owners and/or brokers familiar with capitalization rates and investor considerations of Green properties.

In addition, Freddie Mac recommends that the appraiser complete the "Valuation of Sustainable Buildings – Commercial" professional development program offered through the Appraisal Institute. A registry of appraisers who have completed this training can be found at the Appraisal Institute's website.



60.30 Appraisals for Forward Commitment Mortgages (12/17/19)

1. For a Forward Commitment Mortgage, the Appraisal must include the following valuation types:
 - a. As-Is current market value
 - b. Hypothetical current restricted value as-if renovated/constructed and stabilized today, with current restricted rents. This is a hypothetical value.
 - c. Hypothetical current market value as-if renovated/constructed and stabilized today, without restricted rents. This valuation scenario is based on market rents and is a hypothetical value.
 - d. All other requirements of Chapter 60
2. A new or updated Appraisal will not be required at Conversion for a Forward Commitment Mortgage except if:
 - a. A request has been made for a loan amount in excess of the original committed amount, or if
 - b. The Forward Commitment has been extended to a maturity date that is one year beyond the original Forward Commitment Maturity Date, or if
 - c. The appraisal is dated more than 48 months prior to the date the Conversion package is submitted.

60.31 Ground leases (12/12/24)

Freddie Mac purchases [Mortgage](#) loans on the leasehold interest in a subject property; *i.e.*, the ownership interest receiving the monthly rent from the property's tenants. It is important, then, that the appraiser adequately model the financial impact of the ground lease payments on the multifamily operations component and consider all aspects of the valuation risk associated with that ground lease on the subject property.

a. Valuation conclusions (12/12/24)

At a minimum, Freddie Mac requires the appraiser provide an as-is estimate of the leasehold market value of the subject Property on the date of value (See Section 60.1(b)).

If the Ground Lessor will not join in the Mortgage (unsubordinated ground lease), the appraiser must also provide an as-is estimate of the leased fee market value of the subject Property on the date of value.

Additionally:

- If the ownership interests will be separated by a ground lease after the date of value, the appraisal must provide both the as-is market value of the property as a whole as well as



the hypothetical market value of the leasehold interest of the subject improvements subject to the ground lease, on the same/current date of value as the as-is value

- The appraisal's ground lease value might be the same or different from the negotiated terms between the ownership entities so Freddie Mac requires that the appraisal support the market value of the ground lease, not the investment value to a specific user or owner
- Copies of ground leases and amendments, even if only in draft form, must be provided to the appraiser (See Section 60.6), and the appraiser must include them in the Addenda to the appraisal report (See Section 60.20(8)).

b. Sale of other multifamily properties that were subject to ground leases (04/15/21)

For a valuation of the leasehold ownership interests, the appraisal must include sales of other multifamily properties that were also subject to ground leases, where available, as the basis for the Sales Comparison Approach and for the capitalization development in the Income Approach.

Additionally:

- These sales should be as similar to the subject as possible, both physically and in terms of its lease characteristics
- The search for comparable leasehold sales can be local, regional or national, depending on the transaction and property characteristics. The appraiser must discuss the scope of the search used for the comparable leasehold sale transactions.
- If these types of transactions are not available to the appraiser, the appraiser must provide transparency in the report of how they adapted leased fee transactions to the leasehold valuation of the subject property. (See Sections 60.14(b) and 60.14(c)).

c. Additional data and analysis requirements (04/15/21)

In addition to the requirements above:

- The appraisal must comply with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) regarding the value of an assemblage and not merely add the components together to derive the value of the whole.
- If the appraiser concludes that there is a value enhancement due to the separation of the ownership estates, the appraisal must explicitly provide an adequate discussion, analysis, and data to support their opinion of the incremental value of the bifurcation of the ownership
- The format of the appraisal's cash flow model would be dependent on the structure of the ground lease payments (e.g., regular cash flows, a lump sum or irregular series of cash flows)



d. Report documentation (04/15/21)

For the subject property's ground lease and for any ground lease or leasehold comparables, the appraiser must provide sufficient transactional information so the transaction can be validated, including, where available:

- Name of Ground Lessor and name of Ground Lessee
- Date of lease execution
- Public record reference of the deed or lease, if applicable, including parcel identification(s) for the land component and the building component
- Description of the site's improvements at the time of lease commencement
- Length and terms of lease and extensions, if any
- The structure of the lease payments
- Identification of any related-party transaction, a sale-leaseback, purchase option, or prior financing history between the parties
- Reversion: What does the ground lease require when the lease expires?
- Indicated capitalization rate, rate of return, and/or discount rate (IRR) from the transaction
- With whom this transactional information was verified

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:27:50 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 60 - Appraiser and Appraisal Reqs GB-12-12-24.docx	
Modified filename: 60 - Appraiser and Appraisal Reqs GB-02-27-25.docx	
Changes:	
Add	73
Delete	28
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	101

Multifamily Seller/Service Guide

Chapter 63 Construction Reports



- 63.1 Construction reports (12/14/17)
 - a. General requirements for construction reports (12/14/17)
 - b. Specific requirements for construction reports (12/14/17)
 - c. Reliance for construction reports (06/28/13)
- 63.2 Retaining an Architectural Consultant (05/05/17)
 - a. Requirements and qualifications of the Architectural Consultant (05/05/17)
 - b. The Seller/Service's duties and responsibilities with respect to retaining an Architectural Consultant (05/05/17)
 - c. Unacceptable Consultants (04/29/16)
- 63.3 ~~Pre construction analysis report (10/21/21)~~[Pre-construction analysis report \(02/27/25\)](#)
 - a. Scope of the pre-construction analysis report (06/27/19)
 - b. The Architectural Consultant duties and responsibilities with respect to the preconstruction analysis report (09/30/20)
 - c. ~~The Seller/Service's duties and responsibilities with respect to the pre-construction analysis report (10/21/21)~~[The Seller/Service's duties and responsibilities with respect to the pre-construction analysis report \(02/27/25\)](#)
- 63.4 Construction monitoring reports (11/01/20)
 - a. Scope of the construction monitoring reports (05/05/17)
 - b. Architectural Consultant duties and responsibilities regarding the construction monitoring reports (02/28/18)
 - c. The Seller/Service's duties and responsibilities regarding the construction monitoring reports for Forward Commitments (11/01/20)
 - d. The Service's duties and responsibilities regarding the construction monitoring reports for Mod Rehab Mortgages (05/05/17)
- 63.5 Post-construction analysis report (09/30/20)
 - a. Scope of the post-construction analysis report (09/30/20)
 - b. Architectural Consultant duties and responsibilities regarding the post-construction analysis report (05/05/17)
 - c. The Seller/Service's duties and responsibilities regarding the post-construction analysis report (05/05/17)
- 63.6 Representations and warranties (09/28/18)



63.1 Construction reports (12/14/17)

a. General requirements for construction reports (12/14/17)

Freddie Mac requires the following construction reports for Forward Commitments and Moderate Rehabilitation (Mod Rehab) Mortgages:

- Pre-construction analysis report (also called the pre-construction plan and cost review), as described in Section 63.3
- Construction monitoring reports, as described in Section 63.4
- Post-construction analysis report (also called the construction completion report), as described in Section 63.5

With respect to the construction reports and the inspections that provide information for the reports:

- The construction reports must be prepared by the Architectural Consultant meeting the requirements of Section 63.2(a)
- The inspections must be completed by either of the following:
 - An Architectural Consultant meeting the requirements of Section 63.2(a)
 - A property condition consultant meeting the requirements of Section 62.8(a)

The Seller/Service's responsibilities with respect to the hiring of an Architectural Consultant are outlined in Section 63.2(b). The responsibilities of the Seller/Service with respect to the hiring of the property condition consultant are outlined in Section 62.2.

For a Forward Commitment, the Seller/Service must maintain on its staff a Chief Architect/Engineer in accordance with Section 3.13 to evaluate the construction reports and the construction documentation.

For a Mod Rehab Mortgage, the Seller/Service must maintain staff that are knowledgeable about construction monitoring and construction draw processing.

b. Specific requirements for construction reports (12/14/17)

Each construction report must:

- Clearly state any limiting conditions and the intended purpose of the report
- Identify deviations from the Guide requirements

Freddie Mac may require that a pre-construction analysis report be updated if it is dated more than six months prior to the date that the full underwriting package is delivered. If a pre-construction analysis report relies on a property condition report that is dated more than six months prior to the date the full underwriting package is delivered, Freddie Mac may



require a new inspection by the property condition consultant or the Architectural Consultant to verify the current property condition.

The timeline for preparing and completing the post-construction analysis report is detailed in Section 63.5(b).

Freddie Mac may require other specialized reports to address specific issues, when needed.

c. Reliance for construction reports (06/28/13)

Each construction report must include the following language:

“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.”



63.2 Retaining an Architectural Consultant (05/05/17)

a. Requirements and qualifications of the Architectural Consultant (05/05/17)

The Architectural Consultant inspecting the Property and preparing the construction reports must meet the qualifications and requirements specified in this section.

The Architectural Consultant cannot be employed by or affiliated with the Seller/Servicer, the Borrower, the general contractor, the tax credit investor or the syndicator, or with any party related to the land acquisition or development of the Property. The Architectural Consultant must not be engaged to perform any design or construction services associated with the Property.

In general, the Architectural Consultant must be able to understand the construction process and construction documentation, including, but not limited to, plans, specifications, contracts, cost estimates, schedules, payment requisitions, change orders, codes and other governmental requirements, construction completion documentation and the roles of the participants in the construction process. The Architectural Consultant must be able to monitor construction progress.

The Architectural Consultant must have, at a minimum, the following qualifications:

- A professional undergraduate degree in architecture/engineering from an accredited institution
- Architectural registration
- Ten years of professional experience with at least five years of experience with multifamily properties
- A working knowledge of construction processes, building materials and methods of design and construction and the ability to develop cost estimates
- References that address the Architectural Consultant's:
 - Experience with projects of similar scope and complexity to the Property
 - Quality of work product
 - Timeliness of work product

Membership in one or more of the following professional organizations is highly desirable:

- American Institute of Architects
- Urban Land Institute
- Construction Specifications Institute



The Architectural Consultant must provide the Seller/Servicer with an original certificate of insurance that indicates that the Architectural Consultant is, at his or her own expense, covered by insurance meeting the requirements of Section 11.5.

b. The Seller/Servicer's duties and responsibilities with respect to retaining an Architectural Consultant (05/05/17)

The Seller/Servicer is responsible for retaining and directing an Architectural Consultant meeting the requirements of Section 63.2(a). The Seller/Servicer is responsible for selecting the Architectural Consultant and is solely accountable for the Architectural Consultant's performance. Because Freddie Mac does not approve Architectural Consultants, the Seller/Servicer must not consider any representation made by the Architectural Consultant or others that the Architectural Consultant is approved or qualified by Freddie Mac to prepare construction reports.

The Seller/Servicer must review and verify the Architectural Consultant's credentials, licensing, certifications, memberships and affiliations. The Seller/Servicer must check at least three references from the Architectural Consultant's previous lenders to sufficiently evaluate the consultant's capabilities and performance. The Seller/Servicer must maintain a separate Architectural Consultant file for Freddie Mac's use that includes the Seller/Servicer's ongoing evaluations of its performance, as well as the Architectural Consultant's current resume, required references and original certificate(s) of liability insurance per the requirements of Section 11.5.

For a Forward Commitment, the Architectural Consultant may be the same as the Architectural Consultant retained by the construction lender as long as this Architectural Consultant is engaged directly by the Seller/Servicer as evidenced by a consulting services agreement. However, if the consultant retained by the construction lender is not qualified per the requirements of Section 63.2(a) or if that consultant is unable or unwilling to provide reports that meet the requirements of this chapter, the Seller/Servicer must directly engage its own Architectural Consultant to prepare new or revised construction reports meeting Freddie Mac's requirements.

c. Unacceptable Consultants (04/29/16)

The Seller/Servicer must send written notification immediately to the *Applicable Freddie Mac Multifamily Regional Office* if the Seller/Servicer, for cause, discontinues the use of an Architectural Consultant who has completed construction reports within the past 12 months for Mortgages purchased or credit enhanced by Freddie Mac. The TAH Seller/Servicer must send written notification immediately to the *Multifamily TAH Underwriter*.

In addition, Freddie Mac reserves the right to refuse to accept reports completed by any specific consultant. Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily Restricted Vendor List. If an Architectural Consultant appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that consultant for multifamily Mortgages offered to Freddie Mac until notified otherwise by Freddie Mac. The decision to place a third-party vendor on the Multifamily Restricted Vendor List is solely within Freddie Mac's discretion.

The Multifamily Restricted Vendor List is made available to Seller/Servicers for the sole purpose of ensuring that unacceptable consultants do not prepare construction reports for Multifamily and will constitute "Confidential Information" as defined in Section 2.8.

Guide Bulletin Update [40/24/24-02/27/25](#) Chapter 63 – Page 5



63.3 Pre-construction analysis report (~~40/24/24~~02/27/25)

a. Scope of the pre-construction analysis report (06/27/19)

The pre-construction analysis report replaces the standard property condition report for a Forward Commitment and a Mod Rehab Mortgage. However, if a property condition report meeting the requirements of Chapter 62 was completed prior to the engagement of the Architectural Consultant, then the Architectural Consultant may rely on this property condition report in lieu of performing an inspection. The age of the report must be considered as noted in Section 63.1(b).

In order to prepare the pre-construction analysis report, the Architectural Consultant must analyze sufficient construction documentation to understand the scope and quality of the proposed project and to determine the likelihood that the project can be successfully delivered as proposed. The Architectural Consultant or the property condition consultant must make an inspection as required in Section 62.5.

For Forward Commitments that involve rehabilitation and Mod Rehab Mortgages, the Architectural Consultant must analyze the Property in accordance with the requirements of Sections 62.3-62.7. If conflicts exist between these sections and the requirements of this Chapter 63, the requirements of this Chapter 63 will prevail.

If the Forward Commitment is for new construction, then the Architectural Consultant:

- Must include a Replacement Reserve schedule for the life of the loan plus two years, up to a maximum of 12 years (10-year loan term plus two years).
- May make the professional opinion that a site visit is not necessary, and instead may rely on imagery from a reputable and appropriate source that is no more than six months old as of the date of engagement. Examples of existing land uses for which a site visit is not necessary include vacant land, parking lots and, at the consultant's discretion, any land with permanent structures that will not be re-purposed as part of the project.

The pre-construction analysis report must provide the Architectural Consultant's conclusion and recommendations regarding the adequacy and accuracy of the following:

- Functionality, adequacy and completeness of the building design and plans
- Quality, functionality and adequacy of building materials
- Compliance with zoning laws, restrictions and all governmental requirements
- Compliance with the geotechnical engineer's recommendations
- General construction contract(s)
- Reasonableness and adequacy of the projected costs, contingencies and reserves



- Reasonableness of project schedule and budget
- Seismic analysis (if applicable)
- All relevant environmental reports
- The capacity of the developer, contractor and architect to successfully complete the project, and
- Any other issues that might impact the ability of the developer, contractor or architect to successfully complete the project

b. The Architectural Consultant duties and responsibilities with respect to the pre-construction analysis report (09/30/20)

The Architectural Consultant must base the pre-construction analysis report on a review and analysis of all applicable pre-construction documentation, including the following:

- Final plans and specifications
- Construction contract
- Construction budget
- Construction schedule
- Development budget
- Development team's qualifications
- Boundary and topographic surveys
- Geotechnical report
- Zoning and utility information
- Permits and other governmental approvals
- Environmental reports
- Seismic risk assessment (SRA), if required, including Form 1102, Seismic Risk Assessment Summary

If construction has commenced prior to the Origination Date, the Architectural Consultant must provide an independent assessment of all factors as identified in Section 63.4(a).

In addition, the pre-construction analysis report for a Forward Commitment with rehabilitation work or a Mod Rehab Mortgage must:



- Provide a determination of whether all Priority and PR-90 Repairs identified during the property inspection will be appropriately addressed by the proposed scope of work; provide costs for repairs not included in the scope of work
- Discuss the results of any wood-damaging insect inspection reports (e.g., any report on damage by termites, powderpost beetles, carpenter ants, etc.)
- Identify any issues not addressed in the rehabilitation plan that warrant additional investigation, such as structural, roof or electrical work
- Confirm the adequacy of the amount of construction contingency available to complete the rehabilitation
- Provide an evaluation of the remaining economic life of the Property following the completion of the rehabilitation
- Address any functionality and building code issues that may exist if the Property was not originally multifamily housing or if building codes have changed since the original construction
- If applicable, confirm whether the appropriate approvals for historic rehabilitation have been obtained from the Department of the Interior and all local and State authorities

The Architectural Consultant must note significant issues identified in previous construction monitoring reports and state how they were resolved.

For a Mod Rehab Mortgage, the pre-construction analysis report must:

- Provide two replacement reserve tables over the term of the Mortgage:
 - As-is replacement reserve table in accordance with Section 62.6(d)
 - As-stabilized replacement reserve table assuming all rehabilitation has been completed
- Verify the reasonableness of the lease-up schedule compared to the unit delivery schedule

c. The Seller/Service's duties and responsibilities with respect to the pre-construction analysis report (40/24/2402/27/25)

The Seller/Service is responsible for obtaining the pre-construction analysis report and for determining if the report meets Freddie Mac's requirements.

For Forward Commitments that involve rehabilitation work or Mod Rehab Mortgages, the Seller/Service must conduct inspections of the Property that will enable the Seller/Service to evaluate the report findings with respect to the Borrower's scope of work, ensuring that it meets the immediate and near-term needs of the Property.



The Seller/Servicer must provide the Architectural Consultant with the following documents to review for adequacy and accuracy, and to analyze as part of the pre-construction analysis report:

- Construction budget
- Development budget
- Construction schedule
- Lease-up schedule (verify reasonableness compared to unit delivery schedule)
- Final plans and specifications
- Construction contract
- Development team's qualifications
- All relevant environmental reports
- Building permits and other governmental approvals
- Seismic risk assessment (SRA), if required, including Form 1102, Seismic Risk Assessment Summary
- Boundary and topographic surveys, if applicable
- Geotechnical report, if applicable
- Zoning and utility information, if applicable
- Anything else that might impact the ability of the Borrower, contractor or architect to successfully complete the project

The Seller/Servicer must review the pre-construction analysis report to determine whether:

- The report is complete and accurate
- The proposed scope and quality of the improvements reflect the market so that the income projections can be achieved
- The project as proposed will result in an investment quality Property, and
- There are no substantive risks to the timely completion or stabilization of the Property as budgeted

If the Seller/Servicer identifies any substantive risks to timely completion or stabilization of the Property, the Seller/Servicer must document such findings and how they were resolved in the applicable underwriting package.



For a Forward Commitment only, the Seller/Service’s Chief Architect/Engineer must prepare a narrative summary based on the construction documentation and the pre-construction analysis report and containing all of the following:

- Confirmation that the pre-construction analysis report meets all requirements as noted in this Chapter 63
- Identification and status of all documents reviewed (draft, final, etc.)
- Identification of any missing, incomplete or inadequate information
- A property and site description, as described in Section 55.2 including:
 - Adequacy of budget and schedule
 - Environmental issues/resolution
 - Seismic issues/resolution
 - Other outstanding issues/resolution
 - If a substantial rehabilitation of the Property, statements regarding the adequacy of the scope to address any deficiencies identified in the property condition report and Phase I Report
- A summary analysis of the development team’s qualifications, including the capability of the architect, contractor and developer to execute the plan

The following underwriting checklists apply to Forward Commitments:

- Section 1.30 of Exhibit 1 for TAH Cash Mortgages
- Section 1.32 of Exhibit 1 for TAH Bond Credit Enhancement Mortgages

The underwriting checklist for Mod Rehab Mortgages can be found in Exhibit 1, Section 1.1.

63.4 Construction monitoring reports (11/01/20)

a. Scope of the construction monitoring reports (05/05/17)

The Architectural Consultant must prepare the construction monitoring reports. The construction monitoring reports must summarize the Architectural Consultant’s findings from each site visit and state whether the project is progressing in a satisfactory manner.

The construction monitoring reports must address the following items, as applicable to the particular scope and circumstances of the construction project:

- Progress of the work completed to date

Formatted: Indent: Left: 1.44", Bulleted + Level: 2 + Aligned at: 1.7" + Indent at: 1.95"

Formatted: Indent: Left: 1.44", Bulleted + Level: 2 + Aligned at: 1.7" + Indent at: 1.95"

Formatted: Indent: Left: 1.44", Bulleted + Level: 2 + Aligned at: 1.7" + Indent at: 1.95"

Formatted: Indent: Left: 1.44", Bulleted + Level: 2 + Aligned at: 1.7" + Indent at: 1.95"

Formatted: Indent: Left: 1.44", Bulleted + Level: 2 + Aligned at: 1.7" + Indent at: 1.95"



- Percent of the project completion (both actual work completed and budget spent)
- Compliance with the final plans and specifications (including any material deviations)
- Opinion of the quality of work
- Compliance with construction schedule (including any revisions)
- Analysis of the contractor's application for payment
- Impact of all proposed and approved change orders
- Adequacy of remaining hard cost funds
- Any factors that may delay completion
- Resolution of any identified construction-related problems
- Color photos that are mounted and labeled to indicate the general status of the construction and/or specific areas of concern
- Test results, if applicable
- Materials storage, if applicable

b. Architectural Consultant duties and responsibilities regarding the construction monitoring reports (02/28/18)

The Architectural Consultant or the property condition consultant must make periodic site visits to the Property to evaluate the progress, workmanship, budget and other factors. Site visits must be coordinated on a monthly basis with the contractor's submission of payment applications. In connection with these site visits, the Architectural Consultant must review the following documentation:

- Contractor's executed payment application
- Change orders
- Updated project schedule
- Test results, if applicable
- Inspection reports by local building authorities and the architect of record

Following each visit, the Architectural Consultant must summarize the findings in a construction monitoring report in accordance with the requirements in Section 63.4(a) and must provide the Seller/Service with copies of such reports

- On a monthly basis, for Forward Commitments



- With each Disbursement Request, for a Mod Rehab Mortgage (see Section 39.9)

c. The Seller/Servicer's duties and responsibilities regarding the construction monitoring reports for Forward Commitments (11/01/20)

During the construction phase, the Seller/Servicer must monitor the progress of construction and notify Freddie Mac of any material issues.

Project progress, including lease-up schedules, must be reported using Form 5150. This form must be completed in its entirety and only reflect active deals; any deals that have converted or have broken their Forward Commitment should be removed.

Form 5150 is due by the 25th of each month and must be updated with the most current information received through the end of each preceding month. Once completed, Form 5150 must be emailed to Forward_Commitment_Monitoring@freddiemac.com.

The Seller/Servicer must maintain the construction monitoring reports in the Mortgage File, review them to determine if the reports are complete and accurate and, using professional judgment, evaluate whether the construction project has or may have problems that could:

- Create risks that negatively affect successful completion and stabilization
- Have an adverse effect on project scope or quality
- Result in a request to extend the Forward Commitment, or
- Create risk beyond that of other construction projects that the Seller/Servicer has monitored

The Seller/Servicer must review all change orders and the Seller/Servicer's Chief Architect/Engineer must review all material change orders to ensure that the revisions do not negatively impact the:

- Developer's ability to complete the project as initially presented during underwriting
- Scope or quality of the construction
- Marketability of the project
- Ongoing operational costs of the Property

A material change order involves any change that:

- Contains one or more single line items that reduce the construction contract by more than \$100,000 or two percent of total construction costs, whichever is less, or
- Significantly affects the scope or quality of the Property, its marketability, income potential or long-term viability



d. The Servicer's duties and responsibilities regarding the construction monitoring reports for Mod Rehab Mortgages (05/05/17)

During the construction phase, the Servicer must monitor the progress of construction and notify Freddie Mac of any material issues. The Servicer must review all monitoring reports and work to resolve any outstanding issues identified in the reports.

The Servicer must review all change orders to ensure that the revisions do not negatively impact the:

- Developer's ability to complete the project as initially presented during underwriting
- Scope or quality of the construction
- Marketability of the project
- Ongoing operational costs of the Property

See Section 39.9 for a description of additional Servicer responsibilities during renovation.

63.5 Post-construction analysis report (09/30/20)

a. Scope of the post-construction analysis report (09/30/20)

The post-construction analysis report must include the results of a property inspection meeting the requirements of Sections 62.3 through 62.7 and a narrative evaluation completed by the Architectural Consultant. In addition, it must include a certification that all of the following is true:

- The project was completed substantially in conformance with the plans and specifications included in the full underwriting package submitted to Freddie Mac prior to the issuance of the commitment
- The quality and workmanship is acceptable
- The project is substantially in compliance with all applicable federal, State and local laws, ordinances and codes related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters and fire safety
- Certificates of occupancy and any other required permits were issued
- Either no deferred maintenance or life safety hazards were observed; or, if such observations are made, identification of the cost to cure each deferred maintenance or life safety hazard
- For a Forward Commitment, the pre-construction reserve analysis is still valid, or an updated reserve table has been provided



All relevant documentation must be attached to the post-construction analysis report, including, but not limited to:

- Architect's certificate of substantial completion
- Final punch list from the architect of record or confirmation from the architect of record that all punch list items have been completed
- 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, and
- 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)

b. Architectural Consultant duties and responsibilities regarding the post-construction analysis report (05/05/17)

For a Forward Commitment, once the Borrower has provided all of the construction completion documentation and no more than six months prior to the Conversion, the Architectural Consultant must inspect the Property and submit to the Seller/Servicer a post-construction analysis report in accordance with the requirements of Section 63.5(a).

For a Mod Rehab Mortgage, once the Borrower has provided all of the construction completion documentation, the Architectural Consultant must inspect the Property upon completion, and, within two weeks of receipt of all construction completion documentation, must submit to the Seller/Servicer a post-construction analysis report in accordance with the requirements of Section 63.5(a).

c. The Seller/Servicer's duties and responsibilities regarding the post-construction analysis report (05/05/17)

The Seller/Servicer must review the Architectural Consultant's post-construction analysis report and ensure that it is accurate and meets the requirements of Section 63.5(a).

The Seller/Servicer may also review the final construction reports of the construction lender, the architect of record and governmental inspectors. However, the Seller/Servicer must make its own assessment of the Property and market, and provide written documentation of its findings using the Property Inspection and Lease Audit form, available at mf.freddie.com/lenders/guide. In the underwriting package, the Seller/Servicer must



document all of the following:

- The impact of all change orders, as defined in Section 63.4(c)
- Any material findings from the construction monitoring reports and how they were resolved
- Any unusual risks with the Property or its operations

For a Forward Commitment, the Seller/Service's Chief Architect/Engineer must provide a summary analysis indicating that the finished project has been completed, lien-free and in accordance with all appropriate governmental requirements, substantially in accordance with the plans and specifications reviewed at the issuance of the Forward Commitment.

For a Forward Commitment, the Seller/Service must submit the post-construction analysis report, the construction completion documents and the summary analysis to Freddie Mac as specified in Section 1.31 of Exhibit 1 for a transaction under the Targeted Affordable Housing Cash Forward Commitment Program, or Section 1.33 of Exhibit 1 for a transaction under the Multifamily Targeted Affordable Housing Bond Credit Enhancement Forward Commitment Program. For additional information regarding the construction completion documents, see Section 55.2.

63.6 Representations and warranties (09/28/18)

The Seller/Service is deemed to make the representations and warranties regarding the other third-party reports and the construction reports set forth in Section 5.4.

Summary report:	
Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:31:37 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 63 - Construction Reports GB-10-21-21.docx	
Modified filename: 63 - Construction Reports GB-02-27-25.docx	
Changes:	
Add	17
Delete	6
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	23

Multifamily Seller/Servicer Guide

Glossary and List of Commonly Used Acronyms



Glossary and List of Commonly Used Acronyms (~~12/12/24~~02/27/25)

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.

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.

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.

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

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.

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

An insurance policy that covers claims first made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a “claims-made” contract. This form is in contrast to the Occurrence-based Policy Form.

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 in the Forward Commitment, Section 19A.12 (for Forward Commitments under Chapter 19A) or Section 25A.7 and 25A.8 (for Forward Commitments under Chapter 25A), and any other condition which may otherwise be required by Freddie Mac in connection with Conversion.

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 Chapter 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.

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.

Disabled-Owned Business

A Disabled-Owned Business is:

- Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
- An entity within the Borrower structure or having direct or indirect Control of the Borrower in which:
 - At least 50 percent of the ownership or Control is held by one or more persons with a Disability; and
 - At least 50 percent of the net profit or loss accrues to one or more persons with a Disability

For the purposes of this definition, “Disability” has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 – Interpretive Guidance on Title I of the Americans with Disabilities Act.

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.

Diverse Borrower

A Diverse Borrower is a Borrower or a Borrower that has a Borrower Principal that meets the following conditions:

- A Minority-Owned Business, Women-Owned Business, Disabled-Owned Business, LGBTQ+-Owned Business or Veteran-Owned Business; or
- An entity in which:
 - At least 50 percent of the ownership or Control is held by a combination of individuals who are Minorities, women, have a Disability, identify as LGBTQ+, or are Veterans; and
 - At least 50 percent of the net profit or loss accrues to a combination of individuals who are Minorities, women, have a Disability, identify as LGBTQ+, or are Veterans

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 Green 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.

Exception(s)

Any exceptions to the Seller/Servicer 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, 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 Sections 29.2 and 29SBL.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 19A.2, as supplemented by Chapter 25A for TEL.

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 under a Forward Commitment. The requirements for a Forward Commitment Property Inspection 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/Serviceicers 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 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/Servicers at mf.freddiemac.com.

Funded Forward Commitment

See Section 28A.2.

General Loan Information

See Sections 40.11, 41.1(a), and 41SBL.1(a).

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 Advantage[®]

Green Advantage[®] is a Freddie Mac suite of offerings providing benefits to Borrowers who have made or plan to make their Properties more energy and water efficient.



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 Assessment Plus®

Green Assessment Plus® is report that contains the same information as the Green Assessment® but provides a more detailed analysis of projected savings in terms of utility consumption and dollars saved at the Property. It uses the ASHRAE Level 2 standard and otherwise meets the requirements set forth in Chapter 65.

Green Certified

Green Certified is a benefit available for Properties that have a Green Building Certificate as set forth in Section 55.2 and that meet Freddie Mac affordability requirements.

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 Rebate

Green Rebate is a benefit available to a Borrower who provides an ENERGY STAR® Score but has not chosen any other Green Advantage® offering.

Green Retrofits®

Green Retrofits is a loan option with benefits that may be available if the Borrower can certify that energy and/or water efficiency improvements are in place at the Property.

Green Up®

Green Up® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment®.

Green Up Plus®

Green Up Plus® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment Plus®.



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/Servicer 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 judgement 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).

Insurance Compliance Tool

A Multifamily Software Application for Sellers to submit documentation related to Borrower’s insurance compliance.

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.

LGBTQ+-Owned Business

An LGBTQ+-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more persons who identify as LGBTQ+; and
- At least 50 percent of the net profit or loss accrues to one or more persons who identify as LGBTQ+

“LGBTQ+” means any individual who identifies as lesbian, gay, bisexual, transgender, queer or questioning or +.

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 judgement 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.freddie.mac.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.freddie.mac.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.



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).

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 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.



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.

Minority-Owned Business

A Minority-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more Minority individuals; and
- At least 50 percent of the net profit or loss accrues to one or more Minority individuals

“Minority” is any individual who is Black or African American, American Indian or Alaska Native, Hispanic (or Latino) American, Asian, or Native Hawaiian or other Pacific Islander

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 a bond credit enhancement meeting the requirements of Chapter 28 or Chapter 28A, the mortgage loan securing a TEL meeting the requirements of Chapter 25 or Chapter 25A. 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/Service 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/Service providers 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/Service provider 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)
- General Loan Information (GLI)
- Insurance Compliance Tool (ICT)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Service provider Guide via AllRegs[®] Online (Guide)
- myOptigoSM
- Origination and Underwriting System (OUS)
- Property Reporting System (PRS)
- Small Balance Loan Production Pipeline Manager (PPM)

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

A policy covering claims that arise out of damage or injury that took place during the policy period, regardless of when claims are made. Most property and commercial general liability insurance is written on an Occurrence-based Policy Form, which may also be referred to as a "per occurrence" policy form.



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 judgement 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

An agreement with a governmental entity that places income, rent or other use restrictions on all or selected units of a Property for a given period.

Rejection; Reject

A Rejection is Freddie Mac's determination that it will not accept the early rate lock application submitted by the Seller.

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 Cost Value

See Section 31.1(d).



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

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(d).

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.



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.

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.

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



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.

Single Asset Entity

An 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, 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.



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.

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.



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 (a) for each non-SBL Mortgage, the requirements in Chapter 29 and the Title Policy and Endorsement Requirements, or (b) for each SBL Mortgage, the requirements in Chapter 29SBL.

Total Insurable Value

See Section 31.1(d).

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 Section 28A.2.

Value-Add Mortgage

See Section 17.2.Add

Veteran-Owned Business

A Veteran-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more Veterans; and
- At least 50 percent of the net profit or loss accrues to one or more Veterans

“Veteran” has the meaning defined in 38 C.F.R. § 3.1(d).

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.

Women-Owned Business

A Women-Owned Business is an entity within the Borrower structure or having direct or indirect Control of Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more women; and
- At least 50 percent of the net profit or loss accrues to one or more women

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

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

GLI

General Loan Information

ICT

Insurance Compliance Tool



LIA

Legal Issues Analysis

LIHTC

Low-Income Housing Tax Credit

LMF

Loan Management Form

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



NOI

Net Operating Income

OFAC

Office of Foreign Assets Control

OUS

Origination and Underwriting System

PC

Participation Certificate

PLIM

Preliminarily Legal Issues Memorandum

PPM

Small Balance Loan Production Pipeline Manager

PRS

Property Reporting System

RCV

Replacement Cost Value

REIT

Real Estate Investment Trust

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

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 2/26/2025 4:34:09 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: Glossary GB-12-12-24.docx	
Modified filename: Glossary GB-02-27-25.docx	
Changes:	
<u>Add</u>	15
<u>Delete</u>	5
<u>Move From</u>	0
<u>Move To</u>	0
<u>Table Insert</u>	0
<u>Table Delete</u>	0
<u>Table moves to</u>	0
<u>Table moves from</u>	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	20