Freddie Mac MULTIFAMILY

Appendix B to June 23, 2026 Bulletin: Redlined Guide Chapter Changes

A combined redlined file of all Guide chapter changes made with the June 23, 2026 Bulletin

Redlined Guide Chapter Changes

Compilation of redlined Guide chapters

This PDF is a compilation of redlined changes to each revised Guide chapter, the Glossary and Directory that were announced with the June 23, 2026 Bulletin. It does not contain redlined changes of the full Guide. The redlined changes are only of the chapters that have been revised with this Bulletin.

Review in conjunction with the Bulletin and Guide Updates Spreadsheet

These redlined changes must be reviewed in conjunction with the June 23, 2026 Bulletin and Appendix A to June 23, 2026 Bulletin, Guide Updates Spreadsheet. The redlined changes may appear more extensive than the change is, as text may have moved or formatting may have changed. The footers are updated by chapter.

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2.1 Requirements related to Financial Crimes and the integrity of parties involved in Freddie Mac business (07/01/25)

The Seller/Servicer must comply with the provisions of Chapter 7, which set forth, among other matters, Freddie Mac's requirements regarding the detection, prevention and reporting of Financial Crimes, and regarding the integrity of the parties involved in Freddie Mac business.

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 (12/16/25)

Freddie Mac reserves the right to limit the number and/or aggregate dollar amount of multifamily Mortgages it will purchase.

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

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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 Confidential information (10/21/25)

a. Receipt and treatment of confidential information (10/21/25)

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

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- Expressly required or consented to by Freddie Mac in writing, or
- Ordered by a court or administrative agency of competent jurisdiction

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,* and provide reasonable cooperation to Freddie Mac, 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 without violation of the provisions of this Section 2.8
   - 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 or derivative information

b. Use of confidential information (10/21/25)

Freddie Mac may use, reproduce and disclose any documents, images, data, or other information submitted by Seller/Servicer (“Submitted Information”) for the purposes for which the Submitted Information was provided to Freddie Mac and for Freddie Mac’s other business purposes. Without limiting the foregoing, Freddie Mac may use Submitted Information for analytics, modeling, and risk management, including aggregating data from multiple Seller/Servicers for broader analysis. Freddie Mac may disclose Submitted Information: (a) as necessary for Freddie Mac’s business purposes, including to investors, servicers, and regulators, (b) to the Federal Housing Finance Agency and Freddie Mac’s other regulators, and (c) as otherwise required by applicable law. Providing Submitted Information constitutes consent to such use and sharing.

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For information about how Freddie Mac uses and protects personally identifiable information, review the Freddie Mac Privacy Policy.

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.freddiemac.com/lenders/legal/.

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

Freddie Mac legal forms that are not available at mf.freddiemac.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~~23/26)

a. Optigo® Lenders (06/~~27/19~~23/26)

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~~,~~ and 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~~including news releases promoting completed deals or executed loans, the Optigo Lender must provide Freddie Mac with a copy of the materials for Freddie Mac’s review and approval prior to using these materials.

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:

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- 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 web page 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 web page, 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/Servicers regarding such changes.

b. Freddie Mac Multifamily Approved Structured Lenders (06/23/26)

1. Approval to use the Freddie Mac Multifamily logos

A Seller/Servicer approved as a Freddie Mac Multifamily Approved Structured Lender may use the Freddie Mac Multifamily graphics in advertising, marketing or other promotional materials, provided that the Approved Structured 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 name

Without review by Freddie Mac, a Seller/Servicer approved as a Freddie Mac Multifamily Approved Structured Lender may advertise themselves using the "Freddie Mac Multifamily Approved Structured Lender" designation. If the name "Freddie Mac Multifamily" is used in any other context, including news releases promoting completed deals or executed loans, the Approved Structured Lender must provide Freddie Mac with a copy of the materials for Freddie Mac's review and approval prior to using these materials.

Approved Structured Lenders that are not approved Optigo Lenders are prohibited from using the "Optigo" name, logo or graphics within any advertising, marketing or other promotional materials.

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3. Approval to use Freddie Mac Multifamily offering terms and other offering information

An Approved Structured Lender may use Freddie Mac Multifamily offering terms and offering information in whole or in part in its branded marketing materials if the following conditions are met:

- The Approved Structured Lender has not modified any Freddie Mac Multifamily trademarks or registered marks
- The Approved Structured Lender has not changed any program terms
- The Approved Structured 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 Approved Structured Lender may post direct web links from its branded web page to Freddie Mac Multifamily program terms located on mf.freddiemac.com.

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

If an Approved Structured Lender uses Freddie Mac offering terms or information in its marketing materials or posts direct web links from its web page, it is the obligation of the Approved Structured 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 Approved Structured Lenders of any such changes beyond Freddie Mac's standard communications to all Freddie Mac Seller/Servicers regarding such changes.

~~b.~~c. Seller/Servicers not approved to sell to Freddie Mac (06/~~27/19~~23/26)

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

~~c.~~d. 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.

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~~d.~~e. Delivery of materials or requests for approval (06/~~27/19~~23/26)

Optigo Lenders and Approved Structured 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 and Approved Structured 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.~~f. Withdrawal of approval (06/~~27/19~~23/26)

Freddie Mac may withdraw an approval to use the Freddie Mac Optigo Lender designation, the Approved Structured 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 or Approved Structured 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 or Approved Structured 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 (10/21/25)

a. Authorization to use the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (08/26/25)

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)

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- Freddie Mac Access Manager (FAM)
- Insurance Compliance Tool (ICT)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Servicer Guide via AllRegs® Online (Guide)
- myOptigo®
- Origination and Underwriting System (OUS)
- Property Reporting System (PRS)
- Small Balance Loan Production Pipeline Manager (PPM)

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

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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 (10/21/25)

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

The Seller/Servicer agrees that Freddie Mac shall be the sole and exclusive owner of any actual or proposed changes, modifications, upgrades or enhancements in functionality, design or otherwise, to the Multifamily Software Applications and any successor products or systems (collectively, the "Enhancements"), and the Seller/Servicer hereby assigns, and agrees to assign, to Freddie Mac all rights in the Enhancements, without any recourse to the Seller/Servicer. The Seller/Servicer understands and acknowledges that Freddie Mac shall not be under any obligation to consider or implement any Enhancements it may suggest or recommend to Freddie Mac.

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/Servicer'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/Servicer.

2.13 System administrator requirements (08/26/25)

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

Prior to the Seller/Servicer's implementation of any of the Freddie Mac Multifamily Software Applications and/or the Freddie Mac Approved Third Party Applications, the Seller/Servicer 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

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The Seller/Servicer 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 (08/26/25)

The system administrator is required to identify:

- Each Seller/Servicer 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 myOptigo and Multifamily secure content
- Enter the user's contact information in both FAM and in OUS, to provide access to OUS and to facilitate myOptigo digital loan submissions
- Complete the DMS New User Setup, Reactivation, Modification 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 ICT User Access Request and submit it to MF_Service_Desk@freddiemac.com, to provide access to the Insurance Compliance Tool
- 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/Servicer leaves the Seller/Servicer'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

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- 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
- 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 (08/26/25)

At least twice a year, Freddie Mac will provide a user listing to the Seller/Servicer'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/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 email 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 twice a year. 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 email 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 (08/26/25)

At least twice a year, 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

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- All system administrator contact information, including the system administrator's email 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 (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, websites, 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

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- A scanned copy of a Record
- A paper Record converted into an Electronic Record
- An email
- 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 website 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

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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 (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

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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/Servicer's agreement regarding Electronic Records and Electronic Signatures (06/25/20)

1. The Seller/Servicer consents to the use of Electronic Records and/or Electronic Signatures whenever expressly required or permitted by Freddie Mac.

2. The Seller/Servicer agrees to adopt any Electronic Signature required or provided by Freddie Mac.

3. The Seller/Servicer 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/Servicer 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/Servicer 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/Servicer 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/Servicer representation or warranty regarding the same.

5. Before Freddie Mac requires or permits the Seller/Servicer to send any Electronic Transaction to Freddie Mac, Freddie Mac may specify its requirements for the

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Seller/Servicer's Computer System and ISP, in which event the Seller/Servicer must ensure that it complies with those requirements.

6. The Seller/Servicer agrees that it is able to readily print, store and retrieve any Electronic Record transmitted by Freddie Mac to it; and the Seller/Servicer is able to transmit or submit Electronic Records to Freddie Mac.

7. The Seller/Servicer 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/Servicer 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/Servicer'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

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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 (02/27/25)

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

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- 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

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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 (07/01/25)

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/Servicers as a document as part of the Multifamily secure content. The Seller/Servicer must ensure that it uses only the most current version of the Exclusionary List. The Seller/Servicer may obtain access to the Multifamily secure content and the Exclusionary List by contacting its system administrator. Seller/Servicers can access the Exclusionary List under "Quick Links" on the Originate and Underwrite and Asset Management web pages.

c. Use of the Exclusionary List (07/01/25)

The Seller/Servicer 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 or in Chapter 7 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/Servicer 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/Servicer 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/Servicer must maintain evidence in the Mortgage File that the Seller/Servicer 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/Servicer.

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The Seller/Servicer must comply with the provisions of Chapter 7 with respect to the screening against the Exclusionary List of individuals and entities employed by or contracted to the Seller/Servicer for the purpose of working on any origination or servicing transactions involving Freddie Mac Mortgages.

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

   Seller/Servicer must use the Exclusionary List to screen each applicable individual and entity that is a Borrower Transaction Party or a Third-Party Vendor 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 and Chapter 7.

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 and in Chapter 7 in the Transfer of Ownership or in the underlying real estate transaction.

   The Servicer must use the Exclusionary List to screen each applicable individual and entity that is a Borrower Transaction Party or a Third-Party Vendor 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 and Chapter 7.

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

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 (07/01/25)

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:

- Financial Crimes or possible Financial Crimes
- Misrepresentations, misstatements or omissions of facts
- Theft or misappropriation of funds

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- 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 (07/01/25)

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 Financial Crimes 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 (07/01/25)

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.

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The Servicer must make such request to the Freddie Mac Multifamily Financial Crimes 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 (07/01/25)

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 Financial Crimes 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.

l. 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 (07/01/25)

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

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

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- 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 (07/01/25)

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.

Except as otherwise agreed in writing by Freddie Mac, the CCO must 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:

- Financial Crimes and other Suspicious Activity (see Chapter 7)
- Business continuity and recovery (see Section 2.20)
- Vendor risk management (see Section 2.27)
- Data security (see Section 2.26)

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- Other compliance and regulatory matters (including Section 2.19(a) above)

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

2.20 Business continuity and recovery (~~07~~09/01/26)

a. Business Continuity Plan (~~07~~09/01/26)

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
- A business impact analysis (BIA) of the organization's critical processes. At a minimum, the BIA must specify critical systems, Freddie Mac data, key locations, key resources (employees), third parties, single points of failure, recovery time objectives, recovery point objectives and maximum acceptable outages.

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

The Seller/Servicer must implement and maintain metrics and controls to track and/or determine any need for changes to the Business Continuity Plan.

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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)

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 (07/01/26)

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 36 hours after the Business Disruption is discovered notify Freddie Mac of the Business Disruption via email at MultifamilySSCompliance@freddiemac.com and:
1a.	Provide the name, phone number and email address of the contact leading the Business Disruption investigation
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 MultifamilySSCompliance@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

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Business Disruption notification requirements	
The Seller/Servicer must...	
2.	Once known, email Freddie Mac at MultifamilySSCompliance@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 Bank Secrecy Act compliance (07/01/25)

a. Seller/Servicers subject to the Bank Secrecy Act (07/01/25)

Freddie Mac requires Seller/Servicers subject to 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.

b. Seller/Servicers not subject to the Bank Secrecy Act (07/01/25)

Freddie Mac requires Seller/Servicers that are not subject to the Bank Secrecy Act to establish and maintain a compliance program similar to that required by the Bank Secrecy Act to ensure sufficient controls are in place to prevent, identify and report mortgage fraud, money laundering activities, and other Financial Crimes and Suspicious Activity.

The compliance program should consist of the following:

- Policies, procedures, and internal controls based on the Seller/Servicer's assessment of Financial Crimes risk, including fraud, money laundering and terrorist financing risks associated with its products and services (see Section 7.5(a))
- A Chief Compliance Officer responsible for ensuring that the program is implemented effectively, updated as necessary, and appropriate persons are educated and trained (see Section 2.19(b))
- On-going training of appropriate persons concerning their responsibilities under the program (see Section 7.2(e))

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- Collection, identification, verification, and maintenance of ownership records for individuals who own 25% or more of a legal entity (whether direct or indirect)

- Independent testing to monitor and maintain an adequate program

c. Notifications of non-compliance (07/01/25)

The Seller/Servicer must, as permitted by law, notify the Freddie Mac Multifamily Financial Crimes Mailbox within five Business Days of confirmation of any instances of the Seller/Servicer's own non-compliance or compliance failure related to (i) the Bank Secrecy Act or the requirements of this Section 2.22 (ii) the Money Laundering Control Act, or (iii) Title III of the USA PATRIOT Act, and (iv) all applicable implementing federal regulations.

2.23 Office of Foreign Assets Control (OFAC) compliance (07/01/25)

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 Lists. Seller/Servicer's compliance program must include written practices and procedures for conducting searches of the OFAC Lists 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 OFAC Lists 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 must 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) (07/01/25)

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 enter into or extend any contract, agreement, or financial or business relationship with any Named Parties for any purpose in connection with a Freddie Mac Mortgage, subject to any conditions or exclusions set forth in each Named Party's final suspension order.

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Seller/Servicers are responsible for reviewing the FHFA SCP List and related final suspension orders, which can be found on the FHFA's website 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.

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

2.25 Equity Conflicts of Interest (~~05/22/25~~06/23/26)

(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 five 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. Additionally, such Employee-Level Owner may not be the sole representative of the Seller/Servicer participating in the inspection.
- If there are multiple Employee-Level Owners with equity interests in the same Borrower, the five 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.

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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).

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(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. Notwithstanding the foregoing, if approved by Freddie Mac as provided in the Letter of Commitment, a Transfer of Servicing will not be required on or prior to Freddie Mac's purchase of the Mortgage, in which case, such Transfer of Servicing must occur on or prior to Seller/Servicer, or an affiliate of Seller/Servicer, assumes Control of the Borrower.

(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 (~~07~~09/01/26)

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 International Organization for Standardization~~/~~(ISO)/International Electrotechnical Commission (IEC) Standards provide detailed guidance on their public websites 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.)

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- **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~~Authentication, Encryption and Vulnerability Management, and the other requirements of this Section 2.26, to Freddie Mac upon request.

a. Information security minimum requirements (~~07~~09/01/26)

(i) Information security program

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 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/Servicers 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/Servicers 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 ISO/IEC and NIST). Seller/Servicers must make their information security program policies and procedures available to Freddie Mac upon request.

(ii) Human resources security

Seller/Servicers must meet the following human resources security requirements:

- **Pre-employment screening**: Each Seller/Servicer 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.

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- **Confidentiality and acceptable use**: Before granting access to Freddie Mac information or systems, a Seller/Servicer 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**: Annually, each Seller/Servicer must provide information security awareness training to all employees of its organization, and, where relevant, contractors of the Seller/Servicer'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/Servicer, 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/Servicer 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

- An ongoing and updated inventory of individuals gaining access to buildings and facilities containing information systems with periodic review of such access at least annually

- Steps and controls to limit access to sensitive and restricted areas (network rooms, vaults, etc.) only to authorized individuals on an as-needed basis following least privileged access protocols

- 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

- A clean desk policy that ensures that Freddie Mac confidential information and Protected Information are stored securely

(iv) Communications and operations management

The Seller/Servicer 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 ISO/IEC or NIST), whichever is more stringent.

(v) Data transmission and data loss prevention

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The Seller/Servicer 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.

- Establish an incident response plan for data loss prevention policy violations. Ensure staff are trained to respond to potential data loss incidents.

(vi) Anti-virus program/updates

The Seller/Servicer 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/Servicer 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

- Implement mechanisms to monitor network traffic and detect anomalous network traffic

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- Formally recertify and authorize firewall rules upon each significant change in infrastructure and otherwise at least annually

- Establish a comprehensive strategy and process for endpoint detection and response (EDR) that includes continuous monitoring of EDR and remote access technologies to detect any misuse or abuse

- Define a network segmentation strategy, commensurate with the Seller/Servicer's risk profile, that is documented in policies and procedures and requires physical and logical segmentation from the user environment

(viii) Mobile computing

The Seller/Servicer 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/Servicer must control, secure and monitor wireless access points. In addition, a Seller/Servicer 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 ISO/IEC) 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~~Management and penetration testing

The Seller/Servicer 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/Servicer 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

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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~~As needed, document a remediation plan and remediate identified vulnerabilities within commercially reasonable timelines
- Maintain a record of all identified vulnerabilities and their ~~status and a plan for~~ remediation status

(xi) Configuration and patch management

The Seller/Servicer 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 ISO/IEC)
- 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
- Document a process to identify and respond to malicious domains, taking immediate action to block access to these domains across all network and endpoint security systems.
- 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/Servicer 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.

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- 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/Servicer 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/Servicer develops ~~applications~~or acquires any application or software that ~~either store, access, process or transmit~~stores, accesses, processes or transmits Freddie Mac information, the Seller/Servicer must develop, implement and maintain written SDLC requirements that ~~include, at minimum~~:

- ~~Management~~Establish roles and responsibilities defining who is responsible and accountable for each phase and step of the development process

- Standardize the stages (e.g., planning, analysis, design, development, testing, deployment, maintenance) for all projects and adhere to separation of non-production, testing and ~~development~~production environments ~~that reflect contemporary best~~

- Integrate security practices~~. For example, the Seller/Servicer must:~~

  - ~~Employ configuration management practices to track and control changes to software during development and ensure that only authorized changes are made~~

  - ~~Apply least privilege access controls and restrict production access to essential personnel only~~

- ~~Secure coding requirements. For example, the Seller/Servicer must:~~

- ~~Ensure that~~ throughout the ~~software application~~process of development ~~process includes measures to address~~ (e.g., DevSecOps) as follows:

  - Adherence to formal and industry recognized standards must be included. Where applicable, these standards may include (among others):

    - Open Web Application Security Project Top 10 ~~security risks and that these measures are clearly defined in policies and procedures~~,

  - ~~Apply security and privacy engineering principles in the specification, design, development, implementation and modification of the system~~

  - ~~Use established development processes, standards and tools that incorporate threat modeling, security reviews and testing as appropriate~~

    - ~~Open-source requirements. For example, the~~The NIST Secure Software Development Framework,

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- ISO and IEC 27034,
- Computer Emergency Response Team Secure Coding, and
- Computer Information Systems Controls

  - When incorporating open-source code, a dependency inventory Software Bill of Materials must be documented and maintained
  - Vulnerability testing during all phases prior to moving code into production must be conducted

- Establish formal quality assurance practices, including rigorous testing during all phases. At a minimum, Seller/Servicer must~~:~~

- ~~Ensure that the software application development process includes requirements to~~ perform Dynamic Application Security Testing and/or Static Application Security Testing scans on code and document results.

  - ~~Conduct security testing and evaluation to identify vulnerabilities and weaknesses in the developed or procured software. This testing and evaluation must include code reviews, vulnerability assessments and penetration testing, where applicable.~~

- ~~Testing to validate functional and non-functional requirements are met prior to production~~

- ~~A process to manage, remediate and report on defects~~

- ~~Requirements for documenting and assuring an accurate software bill of materials~~

- ~~Code development and security scanning pre- and post-deployment~~
- Establish a formal, documented and accountable change management process

(xiv) Treatment of personal information and Data Encryption

(i) Treatment of sensitive information

The Seller/Servicer 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/Servicer 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

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The Seller/Servicer 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 ISO/IEC) 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
- Maintain an encryption solution that enables the recovery of a compromised database administrator account
- Maintain encryption solutions that allow privileged administrators to complete required actions without the ability to decrypt data
- 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/Servicer 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

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- 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 (01/01/26)

(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, including third parties, 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

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- 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/Servicers 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/Servicers must require employees to authenticate or prove their identity to the system with a multifactor authentication method or process which includes:

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

Ensure that this process is fatigue resistant. Ensure that all access to Freddie Mac data requires multifactor authentication.

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.

Seller/Servicers must utilize password vaults with multifactor authentication and ensure that no passwords are stored in unsecured files.

(iv) Asset management

Seller/Servicers 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.

Seller/Servicers must develop procedures for continuous monitoring of access and usage of Freddie Mac confidential information and potentially sensitive personal information to detect and respond to any unauthorized access or anomalies.

(v) Cloud computing

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When a Seller/Servicer 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/Servicer 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 and understand concentration risk dependencies when using cloud computing
- **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 (01/01/26)

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,

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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 (email 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

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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 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

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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/Servicer'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/Servicer is appropriate, as a condition to such access restoration, Seller/Servicer 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/Servicer's environment or any system or technology used by the Seller/Servicer (whether or not such system or technology is developed by the Seller/Servicer or by a third party and used by the Seller/Servicer).

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

2.27 Vendor risk management (10/19/23)

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

2.28 Public Records Searches (04/22/25)

Seller/Servicers 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, 7, 21, 29, 41, 41SBL, 43, 55 and 55SBL and the Public Records Search Requirements posted on

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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/Servicers 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/Servicer'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/Servicer must retain evidence of destruction. Upon request, Seller/Servicers 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/Servicer may have with respect to the destroyed information.

2.30 Use of artificial intelligence and machine learning (07/01/26)

a. Compliance with applicable law (07/01/26)

Seller/Servicers 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/Servicer's development, implementation and maintenance of policies and procedures for the use of AI/ML, which must at a minimum:

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- Be approved by Senior Management, including, at a minimum, the Chief Information Officer, Chief Technology Officer, Chief Information Security Officer, Chief Risk Officer, or Head of Artificial Intelligence (or the equivalents thereof)
- Be communicated to appropriate personnel who have job responsibilities 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/Servicer'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)

Seller/Servicer 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/Servicer's use of AI/ML. Freddie Mac shall provide the Seller/Servicer with notice of any such claim after it comes to Freddie Mac's attention.

c. Governance framework (07/01/26)

Seller/Servicer must establish clear governance frameworks for AI/ML adoption that address the following:

- Policies, processes, procedures and practices across the organization related to the mapping, measurement and management of AI risks are in place, transparent and implemented effectively
- Legal and regulatory requirements involving AI are understood, managed and documented
- The characteristics of trustworthy AI are integrated into organizational policies, processes, procedures and practices
- Processes, procedures and practices are in place to determine the level needed of risk management activities based on the organization's risk tolerance
- Establish clear policies and codes of conduct to ensure the following:
  - The characteristics of trustworthy AI are integrated into organizational policies, processes, procedures and practices
  - Processes, procedures and practices are in place to determine the level needed of risk management activities based on the organization's risk tolerance

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  - The risk management process and its outcomes are established through transparent policies, procedures and other controls based on organizational risk priorities

- Apply segregation of duties to prevent conflicts of interest and ensure the following:

  - Accountability structures are in place so that the appropriate teams and individuals are empowered, responsible and trained for mapping, measuring and managing AI risks

  - Roles and responsibilities and lines of communication related to mapping, measuring and managing AI risks are documented and are clear to individuals and teams throughout the organization

Seller/Servicer must perform the following:

- Assess AI/ML for specific threats such as data poisoning and adversarial inputs

- Conduct regular internal and external audits to identify any potential vulnerabilities or deviations from established policies. Ongoing monitoring and periodic review of the risk management process and its outcomes must be planned and organizational roles and responsibilities clearly defined, including determining the frequency of periodic review.

- Regularly monitor AI systems for performance, security breaches and biases

- Conduct audits to ensure compliance with standards like National Institutes of Standards and Technology 800-53 and International Organization for Standardization 27001

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Multifamily Seller/Servicer Guide

Chapter 3

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

~~All~~Each Freddie Mac Seller/~~Servicers~~Servicer 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

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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~~Transactions (06/23/26)

1. Structured Transaction Seller/Servicer

Freddie Mac may approve a Seller/Servicer ~~to originate Mortgages~~ for ~~sale to Freddie Mac, and to service those Mortgages, only in connection with~~ a one ~~or more Structured Transactions. This designation includes Seller/Servicers who have been~~ -time structured transaction Securitization that is comprised of seasoned collateral originated by the Seller/Servicer. If approved ~~for tax-exempt bond securitization (TEBS) transactions. Such a~~, the Seller/Servicer will be ~~designated as a~~an approved Freddie Mac Multifamily ~~Approved~~ Structured Transaction Seller/Servicer for that specific deal. Structured Transaction Seller and Structured Transaction Servicer approvals are separate approvals. Receiving one approval does not guarantee the applicant will receive the other.

2. Approved Structured Lender

Freddie Mac may approve a Seller/Servicer for an Approved Structured Lender designation to originate mortgages specifically for Freddie Mac Structured Transactions and act as Servicer, if approved for this role. Additionally, an Approved Structured Lender will have the ability to complete Structured Transactions on a continuous basis with rolling term sheets and market themselves as having this designation.

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 (02/24/26)

To begin the process to become an approved Freddie Mac Seller/Servicer, the applicant must submit the Notification of Interest Form found at https://mf.freddiemac.com/lenders/eligibility/.

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The web form requires confirmation that the applicant has reviewed Freddie Mac's eligibility requirements in this Chapter 3.

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

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

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

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

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

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

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		Conventional Forward Commitment designation

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

Application fee to become an approved Structured Transaction Seller/Servicer		
Designation	**Fee**	**Notes**
Structured Transaction Seller/Servicer	$30,000	• Structured Transaction Seller/Servicers will be charged a one-time fee during the approval process • Returning counterparties will not be charged a fee
Structured Transaction Seller-only	$15,000	Same notes as above plus: • The servicing must be performed by a current Optigo Seller/Servicer • The fee must be paid by the Structured Transaction Seller, not the current Optigo Seller/Servicer performing the servicing
Low Income Housing Tax Credit ("LIHTC") Syndicator	$10,000	LIHTC Syndicators will be charged a one-time fee during the approval process

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,

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reducing the geographic area of the Conventional Seller/Servicer, and/or placing the Conventional Seller/Servicer on probation.

3.3 Financial eligibility and minimum servicing volume and experience requirements (~~10/17/24~~06/23/26)

a. Minimum net worth and other financial eligibility requirements, and minimum servicing volume and experience requirements (~~10/17/24~~06/23/26)

These requirements are effective for financial reporting for the period ending ~~June 30, 2025~~December 31, 2026.

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 $2 million in Liquid Assets *AND* Cash-over-expenses (COE) ratio equal to or greater than 5%
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

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~~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.~~

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

- COE is calculated as the ratio of rolling four-quarter average of unrestricted cash and cash equivalents over total gross non-interest expenses that are reported in Form 1055, Mortgage Bankers Financial Reporting Form.

- Eligible ~~liquid assets~~Liquid Assets can include any or all of the following:

    - ~~Cash~~ Unrestricted cash and cash equivalents, and unpledged Treasury bills, money market investments or certificates of deposit with maturities of one year or less, or allowable unpledged marketable securities which include short-term, investment-grade

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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

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- 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.

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

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

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

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

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

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

- For reporting periods ending March 31, June 30 or September 30, the Seller/Servicer must file Form 1055 no later than 30 days after the end of the reporting period. For reporting periods ending on December 31, the Seller/Servicer must file Form 1055 no later than 60 days after the end of the reporting period. Mortgage bankers with fiscal years that do not end on December 31 should refer to the instructions that accompany Form 1055 online at www.mbfrf.org before completing the report.

- The Seller/Servicer must complete and submit Form 1055 online at https://www.mbfrf.org. Seller/Servicers may print Form 1055 from the website, as well as obtain instructions on how to complete the form.

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

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

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

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

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

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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

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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

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- 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

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2. The Seller/Servicer will change any of its banking relationships, including a change in the institution to which or from which Freddie Mac funds are wired

3. Any contract between a Seller/Servicer and a vendor, that will have or is reasonably likely to have a Material Adverse Effect, which for the purposes of this Section 3.8, shall mean any event or circumstance having a material adverse effect on:

   - The Seller/Servicer's ability to perform its obligations under the Purchase and Servicing Documents
   - Freddie Mac's interests as an assignee
   - A class or significant group of Borrowers, and/or
   - The economic interests of Freddie Mac or an investor of a Securitization

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

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

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

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

1. The Seller/Servicer or a Seller/Servicer Parent has:

   - Filed a voluntarily bankruptcy petition under the United States Bankruptcy Code
   - Become the subject of an order for relief issued in any involuntary bankruptcy proceeding, or
   - Become the subject of any reorganization, receivership, insolvency or similar proceeding under State or federal law

2. A trustee, receiver, custodian, conservator, liquidator or similar entity or individual has been appointed for the Seller/Servicer or a Seller/Servicer Parent or its property

3. Any agency of the federal or State government has placed the Seller/Servicer or a Seller/Servicer Parent on probation or restricted its activities in any manner

4. The Seller/Servicer or a Seller/Servicer Parent has become subject to any judgment, order, finding or regulatory action that would adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase and Servicing Documents

5. The Seller/Servicer has changed its fiscal year-end, not in connection with a transaction addressed in Section 3.8(a)

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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

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- secondary marketing
- servicing

- Additionally, for changes to Seller/Servicer managing executives, key operating personnel, or the membership of its board of directors, the Seller/Servicer must submit a resume for each new individual or individual entering a new role, whether or not Freddie Mac approval is required.

2. There has been a change in the Seller/Servicer's top five major investors.
3. There has been a change in the Seller/Servicer's external auditor.
4. There has been a change to the Seller/Servicer email domain name.

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

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

For the purposes of this Section 3.9:

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

Refer to the Material Vendors web page on mf.freddiemac.com for more details and examples of Material Vendors.

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

a. Special terms (02/07/08)

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

1. Acquired Entity

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

2. Loan-in-Process

A Mortgage that has been assigned a Freddie Mac loan number

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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.

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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

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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/Servicer must demonstrate that its current staffing plan is able to meet forecasted volumes.

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

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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 (~~12/16/25~~06/23/26)

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

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

c. Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (~~12/16/25~~06/23/26)

1. **Broker; Correspondent.** The terms "broker" and "correspondent" refer to any individual and/or entity who arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer on behalf of the Borrower or the Seller/Servicer, whether such individual or entity is referred to as a broker, mortgage broker or a correspondent. For the purposes of this chapter, the terms "broker" and "correspondent" may sometimes be referred to together as "broker/correspondent."

    - For acquisition financing, an investment sales team, investment sales team representative or listing agent retained by the Property seller and not otherwise engaged by the borrower in connection with the loan financing (for the purposes of these policies, individually or collectively referred as the "investment sales team") will not be considered a "broker/correspondent" for the purposes of this chapter.

2. **Disclosure of agreements.** When requested by Freddie Mac, each Seller/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.

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

    A. **Non-Small Balance Loans.** For any Mortgage that is not a Small Balance Loan:

        i. Broker and correspondent firms and individual names must be disclosed to Production at loan submission for a Quote request in the Loan Submission Template (LST).

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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.

iv. Sponsor Meeting requirements in Section 11.8.

B. **Small Balance Loans.** For Small Balance Loans:

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.

iii. Sponsor Meeting requirements in Section 11.8.

C. **Inspection process.** The broker/correspondent must not be involved in the Property inspection process. The Seller/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 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.

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iii. When a broker/correspondent arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer, the Seller/Servicer must preserve emails or other documentation regarding the Seller/Servicer's compliance with the due diligence and underwriting documentation chain of custody requirements set forth in this section.

iv. By submission of source documents, due diligence or other underwriting documentation to Freddie Mac, the Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with the requirements of this subsection.

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

i. The Seller/Servicer must either (a) have conducted a preliminary property inspection of the Property, consisting of the elements described in Section 8.15(a), or (b) for a refinance of a Freddie Mac Mortgage, have reviewed a servicing inspection of the Property completed in accordance with Chapter 40 and dated within 120 days from Index Lock and determined it was acceptable.

ii. The Seller/Servicer must have received source documentation and other due diligence directly from the Borrower as noted in Section 3.15(c)2.D. above, and in addition, for first-time sponsors only, financial statements for the proposed Borrower Principal(s) and, when applicable, the proposed Guarantor(s).

iii. The Seller/Servicer must submit the Optigo Lender's Index Lock Agreement Certification for Broker/Correspondent Loans.

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

A. The Seller/Servicer must develop and implement internal policies and procedures to address the broker/correspondent firm's business, including qualifications for determining acceptability, which must be periodically reviewed, as well as performance monitoring and quality control reviews.

B. The Seller/Servicer must complete ~~a~~ Web Searches on the broker/correspondent ~~background search periodically for both the~~ firm and the individuals employed at the ~~firms~~broker/correspondent firm who are involved in the applicable Mortgage ~~transactions~~transaction (the "Broker Parties") in accordance with the Public Records Search Requirements. The Seller/Servicer must maintain evidence that it has performed the Web Searches on the Broker Parties in compliance with the requirements of this section. Such evidence must include the date the Web Searches were conducted and screenshots or copies of the Web Searches.

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,

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or other commercial manner without the prior written consent of Freddie Mac, (ii) the broker/correspondent must accurately represent their role in the lending process in any broker-published and/or distributed information, and (iii) the broker/correspondent must not represent itself as an approved Freddie Mac lender or as a direct provider of Freddie Mac's offerings.

- NOTE: When a Seller/Servicer refers a Mortgage loan to another Seller/Servicer, the referring Seller/Servicer is not subject to the requirements in this subsection "4."

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

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

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

3.16 Seller/Servicer's fidelity and errors & omissions insurance coverage (~~02/16~~06/23/26)

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

a. Acceptable insurer (~~09~~06/23/26~~/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/Servicer is located. Such insurers must meet or exceed at least one of the requirements below:

1. Minimum ~~A.M.~~ AM Best rating:
   - ~~Financial Strength Rating of "A~~~~", AND~~
   - ~~Financial Size Category of "VII"~~ ~~"~~

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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/Servicer fidelity insurance coverage (09/26/19)

1. General fidelity insurance requirements

The Seller/Servicer 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:

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

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

- Not limit any improper financial benefit required by the definition of dishonesty solely to the employee's own improper personal gain

2. Fidelity insurance requirements – single loss limit of liability

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

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

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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.

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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	*The lesser of:* $3.5 million + 0.05% * Base over $1 billion *or* $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:

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- 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

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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.

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2. Obligation to compensate

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

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

3. Notice of loss

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

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

4. Annual certification

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

3.17 Non-discrimination (12/16/25)

1. Freddie Mac requires all Seller/Servicers to:
   - Practice the principles of equal employment opportunity and non-discrimination in all its business activities. As such, each Seller/Servicer must not discriminate on the basis of race, color, religion, sex, age, marital status, disability, veteran status, genetic information (including family medical history), pregnancy status, national origin, ethnicity, familial status, sexual orientation, gender identity or other characteristic protected by law.
   - Contractually require each subcontractor it engages to provide services or goods for the use of Freddie Mac to practice the principles of equal employment opportunity and non-discrimination in all its business activities.
2. Upon request by Freddie Mac, a Seller/Servicer must provide Freddie Mac with information and appropriate certifications necessary to comply with all Housing and Economic Recovery Act (HERA) obligations.

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6.1 Freddie Mac reliance on Seller/Servicer's legal counsel (09/08/04)

6.2 Qualifications of Seller/Servicer's legal counsel (02/28/13)

6.3 Availability of Seller/Servicer's legal counsel (09/08/04)

6.4 Preliminary legal issues memorandum (08/26/25)
- a. When a preliminary legal issues memorandum is required (10/12/17)
- b. Requirements for the PLIM (08/17/23)
- c. Disclosure of information by Seller/Servicer (02/28/13)
- d. Delivery of the PLIM to Freddie Mac (03/03/14)
- e. PLIM for Servicing requests (02/28/13)
- f. Freddie Mac request for additional analysis or information (02/28/13)
- g. PLIM not a legal opinion (02/28/13)
- h. Title and UCC matters (08/17/23)
- i. Cross-collateralized and cross-defaulted Mortgages (02/28/13)
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6.1 Freddie Mac reliance on Seller/Servicer's legal counsel (09/08/04)

Although many decisions in connection with the structuring of a Mortgage or a Transfer of Ownership or other Special Servicing Request may require Freddie Mac's approval, Freddie Mac, in making such decisions, may rely on the expertise of the Seller/Servicer and its legal counsel regarding legal matters.

6.2 Qualifications of Seller/Servicer's legal counsel (02/28/13)

An attorney who represents the Seller/Servicer in connection with the structuring, origination or delivery of a Mortgage or in connection with a Transfer of Ownership or other Special Servicing Request must have a minimum of two years' experience closing commercial or multifamily housing mortgage loans on behalf of lenders.

If the attorney retained by the Seller/Servicer in connection with a proposed transaction is not licensed to practice law in the State in which the Property is located or lacks experience with the laws of that State, the Seller/Servicer or the attorney must have available local counsel who is both licensed and experienced in that State. The Seller/Servicer or its legal counsel must consult with that local counsel as necessary to:

- In accordance with Section 6.4 or 6.5, identify for Freddie Mac any legal issues affecting the proposed Mortgage that arise under the laws of that State
- Respond in accordance with Section 6.6 to any questions Freddie Mac might have about those issues

The Seller/Servicer and its legal counsel need not seek confirmation from local counsel that the Multifamily Loan Documents (as they appear at mf.freddiemac.com/lenders/legal) are enforceable under the laws of that State, but must consult local counsel to:

- In accordance with Section 6.7, determine whether enforceability will be affected adversely by any negotiated changes to the Multifamily Loan Documents or by the structure of the Borrower or the transaction
- Identify whether, since the issue date of each Multifamily Loan Document, the law of that State has changed in a way that would adversely affect enforceability of that document

If the Seller/Servicer's legal counsel lacks expertise regarding special features of the transaction, such as government housing subsidies, the Seller/Servicer must have available special counsel who has the necessary expertise. The Seller/Servicer or its legal counsel must consult that special counsel as necessary to:

- Identify for Freddie Mac (in accordance with Section 6.4 or Section 6.5) any legal issues affecting the proposed Mortgage that arise from those features of the transaction
- Respond in accordance with Section 6.6 to any questions Freddie Mac may have about those issues

The Seller/Servicer 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

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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.

6.3 Availability of Seller/Servicer's legal counsel (09/08/04)

For each Mortgage that it sells to Freddie Mac and for each Transfer of Ownership and other Special Servicing Requests submitted to Freddie Mac for approval, the Seller/Servicer must have its legal counsel available at all times. This availability must continue from and after the commencement of consideration of the proposed transaction (including before the submission of an early rate-lock application to Freddie Mac, Freddie Mac's issuance of a Letter of Commitment or Freddie Mac's issuance of a letter approving a proposed Transfer of Ownership). Freddie Mac may need the Seller/Servicer's legal counsel to assist Freddie Mac with the structuring and negotiation of the proposed transaction. Among other things, the Seller/Servicer's legal counsel must be available to:

- 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 6.4 and 6.5)
- Respond to Freddie Mac's questions concerning legal issues (see Section 6.6)
- Provide analysis of certain legal documents affecting the Property (see Section 6.7)
- Participate in and assist Freddie Mac with any negotiations with the Borrower or transferee (see Section 6.8)

6.4 Preliminary legal issues memorandum (08/26/25)

a. When a preliminary legal issues memorandum is required (10/12/17)

The Seller/Servicer or its legal counsel must submit to Freddie Mac a memorandum ("preliminary legal issues memorandum" or “PLIM”), prepared by the Seller/Servicer's legal counsel, that meets each requirement set forth in Section 6.4(b) when the Seller/Servicer submits each of the following:

- An underwriting package
- An application for approval of a Transfer of Ownership
- Certain other Special Servicing Requests, as specified in the applicable provisions of this Guide

b. Requirements for the PLIM (08/17/23)

Each PLIM must do each of the following, based on the information then available to the Seller/Servicer and its counsel:

1. List legal risks or issues (if any) presented by characteristics of the proposed transaction ("nonstandard features") that are not contemplated by the Guide, or, for a transfer or other

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Special Servicing Request, were not contemplated by the original Loan Documents, and that, unless addressed in the transaction structure or in the legal documents could

- 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, or
- Materially increase the risks that would result from the Borrower or a guarantor becoming the subject of a bankruptcy or insolvency proceeding

2. State the proposed principal balance of the Mortgage
3. State whether the Borrower has already been formed and if newly formed, how long it has been in existence
4. Describe any nonstandard feature or provision that
   - Does not satisfy the requirements of Freddie Mac, is 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, and/or
   - Could result in an Exception to the Seller/Servicer Representations and Warranties
5. For a Transfer of Ownership or other Special Servicing Request, identify any nonstandard feature or provision that materially changes management or control of the Borrower
6. Briefly (in one or two sentences) describe the potential impact of each listed risk or issue of the proposed transaction
7. Analyze each title exception that requires analysis and approval pursuant to Section 29.2 (or make reference to a separate form of analysis that is required by the Guide with respect to such exception)

Any such risk or issue is referred to below as a "transaction legal issue." Transaction legal issues include issues that arise under the laws of the State in which the Property is located.

The PLIM prepared at the origination of the loan must be prepared using the most current version of the Legal Issues Analysis form (LIA), which is available at mf.freddiemac.com/lenders/legal.

For a Transfer of Ownership or other Special Servicing Request, the PLIM must be prepared using the most current applicable version of the Preliminary Legal Issues Memorandum Form – Servicing available at mf.freddiemac.com/lenders/legal.

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c. Disclosure of information by Seller/Servicer (02/28/13)

The Seller/Servicer must provide its legal counsel with all pertinent information about the proposed transaction then in the possession of the Seller/Servicer in order to enable its legal counsel to prepare the PLIM.

d. Delivery of the PLIM to Freddie Mac (03/03/14)

In addition to delivering the PLIM electronically, the Seller/Servicer or its legal counsel must send the PLIM to the applicable Freddie Mac *Multifamily Attorney*, and the Seller/Servicer must include a copy of the PLIM in the underwriting package or application for approval of a Transfer of Ownership or other Special Servicing Request, and in the Final Delivery Package.

If, at the time of submission of the underwriting package or application for approval of a Transfer of Ownership or other Special Servicing Request, the transaction does not include any nonstandard features or any such features present no transaction legal issues, the Seller/Servicer must nevertheless submit a PLIM, but it may be limited to a statement that the Seller/Servicer's legal counsel is not aware of any transaction legal issues.

e. PLIM for Servicing requests (02/28/13)

If the application is for the approval of a Transfer of Ownership or other Special Servicing Request, the PLIM must include the counsel's

- Analysis of whether the existing loan documents contain any modifications that must be deleted and/or whether the existing loan documents must be modified to add items in order to properly document the transaction

- Description and analysis of any additional modifications requested by the proposed transferee (However, Servicer's counsel must convey to the transferee's counsel that Freddie Mac's policy is not to permit additional modifications.)

f. Freddie Mac request for additional analysis or information (02/28/13)

After reviewing the PLIM, Freddie Mac may request that the Seller/Servicer's legal counsel provide further written information or analysis with regard to any of the transaction legal issues.

g. PLIM not a legal opinion (02/28/13)

Freddie Mac does not consider the PLIM to be a legal opinion. The Seller/Servicer's legal counsel may prepare the PLIM on the assumption that the individuals reading and relying upon it will be Freddie Mac's attorneys; and, therefore, the PLIM need not be written in a manner that would be understandable by non-attorneys.

h. Title and UCC matters (08/17/23)

A title search and Uniform Commercial Code (UCC) search are not required to be completed before the PLIM is prepared, but the PLIM must identify any transaction legal issues arising from title or UCC matters of which the Seller/Servicer or its counsel have actual knowledge at that time. A transaction legal issue arising from title matters must be analyzed and approved, as set forth in Chapter 29.2.

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i. Cross-collateralized and cross-defaulted Mortgages (02/28/13)

If the Mortgage is to be cross-collateralized and/or cross-defaulted with other Mortgages, the PLIM must include the additional analysis set forth in Section 6.12.

j. Investment funds (05/05/17)

If any Borrower Principal or guarantor is an investment fund, the PLIM must include the additional analysis set forth in Section 9.10.

k. Regulatory Agreements (12/10/13)

If the Property is subject to any agreement that restricts the occupancy of all or a portion of the units at the Property (e.g. to seniors or low-income or disabled tenants) or limits the amount of rent that may be charged, Seller's counsel must complete the Regulatory Agreement Analysis form found on the Multifamily Loan Documents page at mf.freddiemac.com/lenders/legal. Seller's counsel must update the Regulatory Agreement Analysis if more information becomes available after the PLIM is completed.

l. Notices to third parties of origination of Mortgage and assignment to Freddie Mac (08/26/25)

The PLIM must include Seller/Servicer's legal counsel's analysis of whether, upon the origination of the Mortgage by Seller and/or the subsequent assignment of the Mortgage to Freddie Mac, 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, each in its capacity as a mortgagee of the Property, to any legal rights under such documents, instruments or agreements. Examples of such documents that Seller/Servicer's legal counsel must review to make this determination include ground leases, commercial leases, condominium declarations, Regulatory Agreements, reciprocal easement agreements, shared use agreements, homeowners' association documents, subordinate loan documents, and Rental Assistance Contracts.

m. LIHTC Properties electing the Income Averaging Set-Aside (06/15/23)

For LIHTC Properties electing the Income Averaging Set-Aside, the PLIM and/or the regulatory agreement analysis for the LIHTC Regulatory Agreement must include each of the following:

- Evidence that the LIHTC Investor has consented to the Income Averaging Set-Aside for the Property.

- Analysis of the regulations and/or Qualified Allocation Plan (QAP) implementing the Income Averaging Set-Aside by the tax credit allocating agency of the State in which the Property is located (for example, whether unit mixes are fixed at designation or can change over time), and whether the Property will be in compliance with such regulations and/or QAP, as well as any guidance published by the Internal Revenue Service regarding the same.

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6.5 Identification of legal issues as they arise (02/28/13)

If, during work on a proposed Mortgage or Transfer of Ownership or other Special Servicing Request, the Seller/Servicer's legal counsel becomes aware of any transaction legal issues that have not previously been identified in the PLIM, the Seller/Servicer's legal counsel must identify such issues to the applicable Freddie Mac *Multifamily Attorney* and briefly describe the possible impact of each such issue on the proposed transaction.

Freddie Mac may request that the Seller/Servicer's legal counsel provide further written information or analysis with regard to any such additional transaction legal issue.

6.6 Freddie Mac legal questions (09/08/04)

The Seller/Servicer's legal 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.

6.7 Document analysis by Seller's counsel (08/17/23)

If the Guide, the Letter of Commitment, the early rate-lock application or 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 Mortgage, or if Freddie Mac requests further written information about or analysis of a document, then the Seller/Servicer or its legal counsel must submit such a document, accompanied by an analysis of the document prepared by the Seller/Servicer's legal counsel, to the applicable Freddie Mac *Multifamily Attorney*.

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.

The document analysis must

- State the proposed principal balance of the Mortgage
- Identify and explain 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
- Identify any provision that would result in an Exception to the Seller/Servicer Representations and Warranties and provide a proposed Exception to be set forth in the Letter of Commitment
- Identify the parties to the document (and their relationship to the Borrower, where applicable)
- Summarize the document in enough detail that Freddie Mac's attorneys need not read the document itself
- Indicate where the document departs from local law, generally accepted local practice or any applicable standards in the Guide

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- Identify the advantages and disadvantages of approving the document
- Identify options for mitigating any such disadvantages

Each document analysis must include the degree of detail that a prudent mortgage lender originating the Mortgage for its own portfolio would need in order to make an informed decision about the document. If a document contains provisions that are either so important or so difficult to analyze that the Seller/Servicer's counsel believes Freddie Mac's attorneys should read those provisions themselves, rather than rely solely on the analysis, the analysis should identify such provisions and their significance.

The Seller/Servicer's legal 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 requires document analysis include:

- Ground leases (See Chapter 30 for the required format of ground lease documentation.)
- A title exception that requires written analysis pursuant to Section 29.2, or with respect to which Freddie Mac otherwise specifically requests an analysis
- Regulatory Agreements requiring that occupancy or tenant income standards be met for purposes of local, State or federal housing programs
- Subordinate Financing documents
- Preferred equity structures
- Merger agreements
- Master leases or operating leases
- Condominium documents (if the Borrower owns less than 100 percent of the condominium)
- Any other document for which Freddie Mac requests an analysis

No document analysis is required for

- A Multifamily Loan Document (including an Assumption Agreement)
- A title insurance commitment or policy

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- Tax-exempt bond documents

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

6.8 Negotiation of legal documents (03/03/14)

For any Mortgage, if the Borrower requests permission to make one or more changes in a Multifamily Loan Document (including an Assumption Agreement) or any Freddie Mac standard form document for a Bond Credit Enhancement transaction, the Seller/Servicer and its legal 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

In addition, if the Borrower requests permission to make one or more changes in a Multifamily Loan Document (including an Assumption Agreement), the Seller/Servicer and its legal counsel must:

- State the proposed principal balance of the Mortgage
- 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 Seller/Servicer Representations and Warranties and provide the wording of the proposed Exception to be set forth in the Letter of Commitment

If the Borrower requests more than five such changes that are not essential to the implementation of the proposed transaction structure and have not been incorporated in prior transactions with the same Borrower, the Seller must submit to the applicable Freddie Mac *Multifamily Attorney:*

- A letter from the Borrower or its legal counsel, addressed to the Seller or its legal counsel, that includes the language that the Borrower is requesting for each change and an explanation of why the Borrower is making the request
- The following information from the Seller/Servicer's legal counsel (in the form of a letter, an email, or clear and legible notations on the letter from the Borrower or its legal counsel):
    - The advantages and disadvantages of granting each request
    - Options for mitigating any such disadvantages
    - An explanation of any feature of local law from which the need for a change arises or that has a material impact on a requested change

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In a case where such requests for changes are numerous, 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.

6.9 Legal work performed by Freddie Mac's attorneys (~~09/08/04~~06/23/26)

Freddie Mac may charge a fee to the Seller/Servicer for any legal work that in-house or outside attorneys representing Freddie Mac must perform as a result of the failure of the Seller/Servicer or the Seller/Servicer's legal counsel to perform any task or provide any assistance required by this chapter or by any other provision of the Guide, the Letter of Commitment or early rate-lock application or the Freddie Mac letter approving a Transfer of Ownership or a Special Servicing Request. Freddie Mac reserves the right to charge the Seller/Servicer a fee for any legal work that in-house or outside attorneys representing Freddie Mac perform as a result of other legal issues that arise during a transaction.

Without limiting any other provision of this section, Freddie Mac may, at its sole option, require the Seller/Servicer to pay (or cause to be paid) Freddie Mac's outside counsel fees for the matters described in Freddie Mac Outside Counsel Legal Fees - Guidance, as and when described therein.

6.10 Mortgages purchased by Freddie Mac (08/17/23)

a. Attorney review requirements (07/30/10)

In connection with each Mortgage submitted to Freddie Mac for purchase, an attorney who represents the Seller and who has the qualifications required by Section 6.2 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 (08/17/23)

The documents that the Seller's counsel must review or prepare include the following items, as applicable, together with all applicable exhibits, attachments and amendments:

1. Note
2. Security Instrument
3. Guaranty
4. Loan Agreement
5. Financing statements
6. Repair and Escrow Agreement, Repair Escrow Agreement, or Repair Agreement
7. Replacement Reserve Agreement
8. Assignment of Management Agreement and Subordination of Management Fees

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9. Any other legal document required by the Letter of Commitment or the fully accepted early rate-lock application or executed in connection with the loan

10. Title insurance commitment and/or policy

11. Documents cited as exceptions in Schedule B of the title insurance commitment and/or policy

12. Analysis of title exceptions required under Section 29.2(b)

13. Organizational documents of each entity identified in Section 9.7

14. Opinion of the Borrower's and guarantor's legal counsel and, if applicable, any opinion of the SPE Equity Owner's legal counsel in accordance with Section 29.5

6.11 Transfers of Ownership (05/01/14)

a. Attorney review requirements (07/30/10)

In connection with any Transfer of Ownership or other Special Servicing Request, an attorney having the qualifications required by Section 6.2 must

- Perform the tasks and provide the assistance described in Sections 6.3 through 6.8

- 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 (03/03/14)

The documents that the Servicer's 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 a Transfer of Ownership involving a change in ownership of the Property)

2. Guaranty

3. Replacement Reserve Agreement

4. Repair and Escrow Agreement, Repair Escrow Agreement or Repair Agreement

5. Assignment of Management Agreement and Subordination of Management Fees, if required

6. Easement Agreement

7. Partial Release Agreement

8. Any other legal document required by the Letter of Commitment or the fully accepted early rate-lock application or executed in connection with the loan

9. Title insurance commitment and/or policy

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10. Organizational documents of each entity specified in Section 9.7

11. Opinion of the new Borrower's, new guarantor's, and if applicable, new SPE Equity Owner's legal counsel

12. Subordination Agreement

13. Purchase Contract

14. Deed

15. Affirmation by Borrower or guarantor

16. Borrower's Certificate of Representations and Warranties

c. Scope of Servicer and attorney review (07/30/10)

The Servicer and its counsel must ensure that

1. They have reviewed the documents in detail

2. The documents fully reflect all terms of Freddie Mac's approval and do not otherwise change any of the terms of the Mortgage

3. All statements set forth in the documents are accurate

4. The documents comply with all applicable federal, State and local laws

d. Payment of Servicer's counsel fees (05/01/14)

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 Mortgage, the Servicer may require that the Borrower reimburse it for the fees and expenses of its legal counsel.

6.12 Cross-collateralization analysis (04/18/24)

If a Mortgage is to be cross-collateralized and/or cross-defaulted with other Mortgages, Seller/Servicer's legal counsel must submit to the applicable Freddie Mac *Multifamily Attorney* a written analysis of and recommendation of how to best accomplish the cross-collateralization and/or cross-default of the Mortgage with the other Mortgages ("Cross Analysis"). The Cross Analysis is to be prepared in connection with the PLIM required in Section 6.4 and submitted to Freddie Mac in the applicable underwriting package. The Cross Analysis must include the following:

- Whether any issues or concerns have been identified in the applicable jurisdiction for the Mortgage or any of the other Mortgages, by the Title Company or by another reliable source (source must be identified to Freddie Mac's satisfaction), that would prohibit or restrict the cross-collateralization or cross-default of the Mortgage with the other Mortgages. Such issues or concerns may include limitations on using a Master Cross-Collateralization and Amendment to Security Agreement or recordation and/or mortgage tax restrictions.

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- Whether any restrictions or prohibitions have been identified in the applicable jurisdiction for the Mortgage or any of the other Mortgages, by the Title Company or by another reliable source (source must be identified to Freddie Mac's satisfaction), that would limit the availability of the endorsements to the title policy that are then required by Freddie Mac for cross-collateralized and cross-defaulted loans, and if so, the recommendation(s) for best addressing lack of the endorsement(s).

- A recommendation of how to best structure the cross-collateralization and cross-default of the Mortgage and the other Mortgages.

- A recommendation as to what documents, if any, must be recorded in the applicable jurisdiction for the Mortgage or any of the other Mortgages to effectively cross-collateralize and cross-default the Mortgages.

If Seller/Servicer's legal counsel has not identified any issues or concerns regarding the cross-collateralization and/or cross-default of the Mortgage with the other Mortgages, Seller/Servicer's legal counsel must nevertheless submit a Cross Analysis, but the Cross Analysis may be limited to a statement that the Seller/Servicer's legal counsel is not aware, after due diligence, of any issues or concerns regarding the cross-collateralization and/or cross-default of the Mortgages with the other Mortgages, including the title policy or any endorsements to be issued in connection with the title policy.

After reviewing the Cross Analysis, Freddie Mac may request that the Seller/Servicer's legal counsel provide further written information or analysis.

If Seller/Servicer's legal counsel becomes aware of any issues or concerns regarding the cross-collateralization and/or cross-default of the Mortgage with any of the other Mortgages that have not previously been identified in the Cross Analysis, Seller/Servicer's legal counsel must inform the applicable Freddie Mac *Multifamily Attorney* of these issues and briefly describe the possible impact of each such issue on the proposed transaction. Freddie Mac may request that the Seller/Servicer's legal counsel provide further written information or analysis with regard to any cross collateralization and/or cross-default issue.

Seller/Servicer's legal counsel must obtain Freddie Mac's approval of any recommendations in the Cross Analysis prior to origination of the Mortgage.

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8.1 Introduction (09/08/04)

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

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

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

8.2 Structure (12/17/19)

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

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

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

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

b. Commercial use (04/30/13)

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

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

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

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

c. Reserved (05/01/14)

d. Aluminum wiring (02/28/18)

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

1. Certification from the appraiser indicating whether the wiring has any adverse impact on the value of the Property, if required by Freddie Mac

2. A cost estimate from a licensed electrician for any repairs or corrections due to unsafe conditions or as required by any applicable code

3. Certification of completion for all repairs and corrections to the wiring in the Property due to unsafe conditions or as required by any applicable code

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

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

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

- A wood-damaging insect inspection report stating that there is no evidence of wood-damaging insect infestation, or

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

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

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

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

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

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

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

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

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

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

For more detailed information on creating a Moisture Management Plan that meets Freddie Mac's requirements, Seller/Servicers should consult the Moisture Management Plan Handbook.

Note:

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

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

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

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

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

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

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

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

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

2. The third-party property condition consultant who performs the Special Moisture or Mold Issues Inspection must

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a. Conduct a visual and olfactory inspection for evidence of current or past moisture or Mold issues

b. Look for evidence of moisture or Mold issues in all areas customarily inspected in accordance with Section 62.5(d)

c. Make inquiries of the Borrower or property manager regarding past and current water intrusion or potentially damaging leaks; any known Mold problems; or any tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks

d. Examine any areas where water intrusion or leaks have been reported

e. Examine all building components or areas most typically associated with water intrusion or potentially damaging leaks

f. Identify any defective building conditions that would likely lead to future water intrusion or potentially damaging leaks

g. Provide Freddie Mac with a comprehensive report on the inspection which includes recommendations to correct all issues reported and observed with cost estimates for the repair work.

8.4 Occupancy (02/07/05)

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

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

a. For a Mortgage to be eligible for purchase by Freddie Mac, the Property securing it must conform to all applicable zoning, subdivision and use laws, ordinances or codes and local building and housing codes.

b. The Seller must submit a zoning report as specified on the applicable underwriting checklist. The zoning report must be satisfactory to Freddie Mac, and must include clear determinations with respect to the following:

- Whether all Certificates of Occupancy required for the use, operation and occupancy of the Property for its presently-contemplated use have been issued and are in effect or, if all Certificates of Occupancy are not available, a statement in accordance with Section 8.5(e),

- Whether the applicable municipality or other jurisdiction has on record any notice of violations of applicable zoning laws and ordinances and building codes, and

- If not fully addressed in the property condition report delivered pursuant to Chapter 62, whether the applicable municipality or other jurisdiction has on record any notice of

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

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

c. If the zoning report states that the Property does not conform to current zoning regulations, including those governing density, building restriction lines, size or parking, Freddie Mac may purchase the Mortgage for the Property if the Property meets one of the following requirements:

- The zoning report states that the improvements may be rebuilt to predamage size, density and configuration in the event of partial or full destruction by fire or other casualty ("statement of full restoration"). The statement of full restoration must be satisfactory to Freddie Mac and must be from the zoning or housing authority or other authorized agency representative or official ("zoning authority").

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

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

  1. The zoning report must contain a damage restoration statement from the zoning authority that

     a. States the requirements of the current zoning classification (*i.e.,* number of units that could be rebuilt or the set back that would be required under current zoning), and

     b. Specifies the percentage of damage to the Property's market, replacement or appraised value that could occur (the "damage threshold level") that would still allow the owner to rebuild the Property to predamage size and density without having to comply with current zoning requirements. The percentage of destruction must not be based on the Property's taxation assessed value.

  2. The Seller must submit an evaluation of the likelihood that a fire or other casualty could damage the Property beyond the damage threshold level by evaluating

     a. The number of buildings on the Property and their proximity to one another

     b. The type of construction materials used

     c. The presence of smoke detectors and sprinklers

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d. Whether any flame-retardant material has been used

e. The proximity of the Property to natural hazards such as flood zones, earthquake zones or tornado alleys

f. The proximity of the buildings to fire hydrants and fire stations

g. Whether the damage threshold level applies to the Property as a whole or is applied building-by-building

3. The Seller must submit an evaluation of the availability of Ordinance and Law insurance, in accordance with the requirements of Section 31.12, to mitigate the risk of

a. Increased demolition cost

b. Increased cost to construct

c. Loss of value due to operation of zoning laws

4. The Seller must submit an analysis of the impact on the Property if more than the damage threshold level of the Property was destroyed and had to be restored to current zoning requirements [*i.e.,* the number of units that could be rebuilt under current zoning requirements and the resulting Debt Coverage Ratio (DCR) and Loan-to-Value (LTV) Ratio].

5. The Seller must submit an analysis of any other risk to Freddie Mac and how the risk could be mitigated and whether the risk has been mitigated.

6. If requested by Freddie Mac, the Seller's counsel must submit a PLIM.

d. If a zoning report is not available in the jurisdiction in which the Property is located, Freddie Mac may purchase the Mortgage for the Property if one of the following requirements is met:

- The Seller must submit documentation that the improvements may be rebuilt to predamage size, density and configuration in the event of partial or full destruction by fire or other casualty ("statement of full restoration"). The statement of full restoration must be satisfactory to Freddie Mac and must be from the zoning or housing authority or other authorized agency representative or official ("zoning authority").

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

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

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1. The Seller must submit a damage restoration statement from the zoning authority that

   a. States the requirements of the current zoning classification (*i.e.,* the number of units that could be rebuilt or the set back that would be required under current zoning), and

   b. Specifies the percentage of damage to the Property's market, replacement, or appraised value that could occur (the "damage threshold level") that would still allow the owner to rebuild the Property to predamage size and density without having to comply with current zoning requirements. The percentage of destruction must not be based on the Property's taxation assessed value.

2. The Seller must submit the evaluations, analysis and if applicable, the PLIM required in Section 8.5(c)(2) through 8.5(c)(6) above.

e. If not all Certificates of Occupancy are available for the Property, the Property's zoning report must include one of the following:

   1. The following statement:

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

      OR

   2. An explanation of why the statement in Section 8.5(e)(1) is not applicable, based on the particular facts and circumstances related to the Property or the requirements of the applicable jurisdiction.

f. Notwithstanding the above, a zoning report is not required if the zoning analysis described in Section 60.12(f)(2) is provided in the Appraisal and all of the following conditions are met:

   - The Mortgage has an initial principal balance of $20 million or less or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are $25 million or less in the aggregate

   - The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage

   - Copies of all available Certificates of Occupancy are provided to Freddie Mac in the final underwriting package

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

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

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- If the appraiser's conclusion on conformity states that the Property is legal non-conforming, Ordinance and Law Insurance per Section 31.12 and a non-conforming carveout are required

- If the appraiser's conclusion on conformity states that the Property is non-conforming or illegal, then the Seller/Servicer must propose additional mitigants to address the increased risk and Freddie Mac will determine whether such mitigants are satisfactory

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

8.6 Independent Properties (04/13/23)

a. Independent Property (06/30/15)

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

1. Has direct access to a publicly dedicated and maintained street for all improvements and parking spaces without reliance on a Shared Access Agreement, even if the Shared Access Agreement is perpetual and the right of access to and from the Property is fully insured by a title insurance policy (See Section 8.8).

2. Contains the Essential Facilities needed to operate independently (See Section 8.9 for a description of "Essential Facilities").

3. Contains Recreational Facilities needed to operate independently (See Section 8.9 for a description of "Recreational Facilities").

4. Is financially viable and independent of all other properties, including other properties in the same phased development, if applicable.

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

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

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

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

- Description of the Essential Facilities and Recreational Facilities located on the Property, which may include Essential Facilities and Recreational Facilities located on other properties if the Mortgage and the Mortgage for the other properties will be cross-collateralized, cross-defaulted and coterminous as set forth in Section 8.6(d)

- Either (i) confirmation from the Seller/Servicer's legal counsel in a preliminary issues memorandum that any Shared Access Agreement and/or Shared Use Agreement complies or will comply as of the Origination Date with the requirements set forth in Section 8.8 and/or 8.9, as applicable, or (ii) a detailed analysis of which requirements will not be satisfied, and the legal counsel's recommendation as to whether and why Freddie Mac should accept the Shared Access Agreement and/or Shared Use Agreement

- Seller's analysis of the feasibility and practicality of the creation/construction of Essential Facilities or Recreational Facilities on the Property, if not all Essential Facilities and Recreational Facilities are located on the Property (required even if the Property has access to Essential Facilities and/or Recreational Facilities through a Shared Use Agreement)

- Seller's analysis of the practicality and feasibility of the creation of direct access to a publicly dedicated and maintained right of way, if the Property's primary access is not directly to a publicly dedicated and maintained right of way (required even if the Property has access to a public right of way through a Shared Use Agreement)

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

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

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

- If Freddie Mac determines that it is feasible to create or construct Essential Facilities, Recreational Facilities or direct primary access, Freddie Mac may require the Borrower to make the necessary modifications so that the Property meets all of the requirements for an Independent Property

- Freddie Mac may require the Borrower to establish a Reserve of the funds necessary to make the required modifications at a later date, as determined by Freddie Mac

- Freddie Mac may require the Mortgage to be cross-collateralized and cross-defaulted with the mortgage(s) on the property(ies) on which the Essential Facilities, Recreational Facilities or direct access are located (See 8.6(d))

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

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

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

- The Mortgage is cross-defaulted and cross-collateralized with any mortgage for any property on which the Essential Facilities, Recreational Facilities, and/or direct access are located

- The Mortgage is coterminous with any mortgage for any property on which the Essential Facilities, Recreational Facilities, and/or direct access are located

- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located are operated as a single unit with the Property and the other property having unimpeded ingress and egress to each other and to the Essential Facilities and/or Recreational Facilities, regardless of whether such ingress and egress, Essential Facilities, and/or Recreational Facilities are located on the other property

- The Cross-Collateralization Agreement does not permit the release of any property unless each of the remaining properties is able to meet the requirements for an Independent Property

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

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

- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located must be owned and controlled by substantially the same Key Borrower Principals

- The Property and the property on which the Essential Facilities, Recreational Facilities, and/or direct access are located must together meet the requirements for an Independent Property

- For a Property that is part of a phased development, the Property must meet the tax parcel requirements of Section 8.7(a)

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

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

a. Tax parcels (03/31/11)

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

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

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

8.8 Access (06/29/17)

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

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

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

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

If the Shared Access Agreement fully satisfies all of the requirements listed below, the Seller/Servicer's legal counsel must confirm in a PLIM that all such requirements have been met. If the Shared Access Agreement fails to fully satisfy any of the requirements listed below and the Shared Access Agreement will not be modified prior to the Origination Date of the Mortgage to comply with all of the requirements, the Seller/Servicer's legal counsel must provide a legal analysis detailing which requirement(s) will not be satisfied and the counsel's recommendation as to whether and why Freddie Mac should accept the Shared Access Agreement without it being fully compliant with this Section 8.8.

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

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

3. Each party's responsibilities and share of expenses under the Shared Access Agreement must be stipulated.

4. The Shared Access Agreement must be recorded in the applicable records for the jurisdiction prior to the Freddie Mac Funding Date. If the Shared Access Agreement is not or will not be recorded, the Seller/Servicer's legal counsel must provide an explanation acceptable to Freddie Mac.

5. If shared access is evidenced only by a subdivision plat, deed restriction or similar instrument then there must not be anything in the plat, deed restriction or similar instrument or under the applicable laws in the jurisdiction that could result in the loss of use by the Borrower.

6. If the Property is not visible from the public street, the Shared Access Agreement or a separate sign agreement must permit signage to be placed in the easement area or in or about the private road in a location near the entrance to the Property or, if applicable, the phased development.

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

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

1. The easement or private road must provide safe ingress/egress to a publicly dedicated and maintained street.

2. The Property must have good visibility from the public street it accesses via the easement or private road.

3. The easement or private road must be wide enough to provide satisfactory fire/police/utility access and to handle all current and foreseeable types of traffic.

4. If the easement or private road represents a shared access with, or through, another property, the Property must be able to operate satisfactorily without adverse effects (now or in the future) from the other properties that share access.

5. Signage must be of sufficient size so that it is clearly visible from the public street.

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

d. Additional requirements (06/30/15)

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

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

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

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

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

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

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

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

b. Essential Facilities (03/31/11)

“Essential Facilities” include the following:

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

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- Any utilities (for example, electricity, gas, telephone, cable TV, water, sewer), as applicable, that are not provided by public utilities and/or local government

- Lawn/grounds maintenance and snow removal, including storage of equipment and contractual obligations to provide such services on the Property

c. Recreational Facilities (03/31/11)

"Recreational Facilities" include the following:

- Swimming pool(s)

- Tennis, basketball, and/or other hard-surface court(s)

- Playground(s)

- Indoor recreation center(s), club houses(s), and gym facilities

- Other recreational facilities

- Laundry facilities, if the units are not equipped with a washer/dryer

- View easement

- Air rights

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

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

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

If the Shared Use Agreement fully satisfies all of the requirements of this Section 8.9(e), the Seller/Servicer's legal counsel must confirm in a PLIM that all such requirements have been met. If the Shared Use Agreement fails to fully satisfy any of the requirements listed below and the Shared Use Agreement will not be modified prior to the Origination Date of the Mortgage to comply with all of the requirements, the Seller/Servicer's legal counsel must provide a legal analysis detailing which requirement(s) will not be satisfied and the counsel's recommendation as to whether and why Freddie Mac should accept the Shared Use Agreement without it being fully compliant with this Section 8.9(e).

1. The Shared Use Agreement must contain a stipulation that access to and use and enjoyment of the Essential Facilities and/or Recreational Facilities are perpetual and that such rights will inure to the benefit of all future owners of the Property.

2. Each party's remedies in the event of a breach by any other party must be generally acceptable to a prudent lender. The Shared Use Agreement may not allow for loss of

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

3. Each party's responsibilities and share of expenses under the Shared Use Agreement must be stipulated.

4. The Shared Use Agreement must be recorded in the applicable records for the jurisdiction prior to the Freddie Mac Funding Date. If the Shared Access Agreement is not or will not be recorded, the Seller/Servicer's legal counsel must provide an explanation acceptable to Freddie Mac.

f. Additional requirements (06/30/15)

- The Seller/Servicer must provide the appraiser with all information regarding the Shared Use Agreement

- The title insurance policy must fully insure the right of access to and from the Essential Facilities and Recreational Facilities, and the right of use and enjoyment of the Essential Facilities and Recreational Facilities

- The Seller/Servicer must notify Freddie Mac immediately if the Seller/Servicer learns of any circumstances that might limit the access to or the use or enjoyment of the Essential Facilities and/or Recreational Facilities

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

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

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

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

8.11 Nonresidential leases (04/22/25)

a. General (09/25/15)

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

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

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b. Analysis (09/25/15)

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

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

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

d. Tenant estoppels (09/25/15)

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

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

Tenant estoppels must confirm or explain the following items:

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

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6. No outstanding landlord obligations (tenant improvement allowance, repairs, unpaid annual adjustments, etc.)

7. No current default by landlord or tenant; no set-off or other pending claims or disputes by tenant against landlord

8. No option or right of first refusal to purchase the Property or any space; no right of first refusal to lease additional space

9. No rights of termination except as described in the estoppel, other than customary rights of termination due to substantial casualty or condemnation

10. A true, correct, and complete copy of the lease is attached to the estoppel

11. Any additional items which are necessary to address specific unique issues relating to the lease, including concerns identified in the Commercial Lease Analysis or the PLIM

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

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

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

- A commercial lease which provides for material liability or obligation (*e.g.,* significant unpaid tenant improvement allowances or non-customary indemnifications) or a right of first refusal to purchase the Property

- A commercial lease for which the tenant estoppel that was received in connection with the commercial lease identified material outstanding claims or offsets, any of which, if imposed upon a lender in the event of foreclosure, would not be acceptable

- A commercial lease that has rent that provides five percent or more of gross potential rent, and such lease does not provide that upon foreclosure or deed-in-lieu of foreclosure the tenant will attorn to the lender and any subsequent purchaser of the Property

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

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

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

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

8.12 Subordinate Financing (04/18/24)

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

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

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

1. The subordinate lender must be a financial institution or other lender that is not related to the Borrower.

2. The subordinate lender must enter into Freddie Mac's standard Subordination Agreement, which provides, among other things, that the subordinate lender will

   - Provide notice of default to Freddie Mac

   - Give Freddie Mac the right (but not the obligation) to cure defaults, and

   - Not exercise its remedies under the Subordinate Financing for the period specified in the Subordination Agreement after notice to Freddie Mac that sets forth the specific remedy that the subordinate lender intends to exercise

3. The Subordination Agreement must be recorded in the land records of the jurisdiction in which the Property is located.

4. The combined debt may not result in an LTV Ratio that exceeds 85 percent *and* the combined debt service may not result in a DCR that is below 1.20x.

5. The Subordinate Financing must be based on a fixed interest rate for the entire term or an adjustable interest rate with a rate cap.

6. If the Subordinate Financing is not fully amortizing, the term of the Subordinate Financing must be equal to or longer than the term of the Freddie Mac Mortgage.

7. The Seller must perform a refinance test acceptable to Freddie Mac on the combined debt.

8. The Seller must establish tax and insurance Reserves at the time of origination of the Freddie Mac Mortgage.

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

10. The Borrower must be a single asset entity.

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

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

1. Seller's analysis of the Subordinate Financing along with the Seller's recommendation for action

2. If the Subordinate Financing is not already in existence, a copy of the signed commitment from the subordinate lender, containing the Subordinate Financing amount, interest rate (including the factors relating to a floating rate), term to maturity and anticipated amount of annual debt service

3. Copies of the proposed or actual Subordinate Financing loan documents that have been completed with the applicable loan amount, interest rate, payment schedules, and all other transaction-related information (If the Subordinate Financing is not already in existence, all Subordinate Financing loan documents must be approved by Freddie Mac prior to execution.)

4. Payment histories for any existing Subordinate Financing on the Property, including the amount of annual debt service

5. A description of the proposed use of the Subordinate Financing proceeds

6. Information about the proposed or actual subordinate lender and its financial capacity

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

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

1. Recorded Subordination Agreement (certified copy)

2. Subordinate note (copy)

3. Recorded Subordinate Financing security instrument (certified copy)

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4. Any third-party guaranties executed in connection with the Subordinate Financing (copy)

5. Recorded or filed subordinate Uniform Commercial Code (UCC) financing statements (certified copy)

6. Settlement statement (copy)

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

8.13 General property management requirements (04/21/26)

At all times, the Borrower either must manage the Property or provide for professional management of the Property by a property management company meeting the requirements of the Loan Documents.

A third-party property management company is needed if all the following conditions are present:

1. UPB of $10 million or less on a single Mortgage or in aggregate for a First Lien and Supplemental Mortgage

2. Transaction includes a First-Time Sponsor, Rapid Growth Sponsor or Limited Multifamily Experience Sponsor, as outlined in Section 9.2

3. No individual or entity in the path of Control of the Borrower lives (individual) or has a corporate location (entity) within 100 miles of the subject property; and

4. No individual or entity in the path of Control of the Borrower has owned at least five properties for five years in the same market as the subject property

No property management company will be acceptable if the property management company appears on the Freddie Mac Exclusionary List or the Multifamily Restricted Vendor List, or on the most current U.S. Treasury Department Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) List, the OFAC Consolidated Sanctions List, or the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List.

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

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

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

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

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

A Mortgage is ineligible for sale to Freddie Mac if

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

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

8.15 Property inspections and lease audits (~~04/21~~06/23/26)

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

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

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

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

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

Prior to early rate-lock or Index Lock (if applicable), the Seller must complete and document these inspection requirements as part of the mortgage transaction narrative analysis or on the Property Inspection and Lease Audit form. The Seller must include the names of all parties participating in the property inspection and the management interview, including the company each individual represents.

b. Complete property inspection and lease audit (~~04/21~~06/23/26)

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

1. The unit inspection must include the following:

    a. For Properties with 30 units or less:

        (i) 80 percent of units, with no fewer than 5 units and no more than 15 units. This excludes Down Units and commercial units and must include:

            - A representative sample of vacant units and occupied units, of which at least 50 percent must be occupied, unit types and floor levels, including top floor and bottom floor units, and any owner-operated guest suites, units subject to corporate leases, or units rented by short-term stay operators.

                - If the calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 5-unit requirement is met (e.g., 5.9 units becomes 5 units)

                - Notwithstanding the above, if inspecting 80 percent of the total number of units results in an insufficient number of inspected units to meet lease audit requirements, then additional units must be inspected to meet those requirements

        (ii) All Down Units

        (iii) All commercial units

    b. For Properties with greater than 30 units:

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(i) 10 percent of units, with no fewer than 10 units and no more than 30 units. This excludes Down Units and commercial units and must include:

- A representative sample of vacant units and occupied units, of which at least 50 percent must be occupied, unit types and floor levels, including top floor and bottom floor units, and any owner-operated guest suites, units subject to corporate leases, or units rented by short-term stay operators.
    - If the calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 10-unit requirement is met (e.g., 10.9 units becomes 10 units)
    - Notwithstanding the above, if inspecting 10 percent of the total number of units results in an insufficient number of inspected units to meet lease audit requirements, then additional units must be inspected to meet those requirements

(ii) All Down Units

(iii) All commercial units

2. Prior to the inspection date, the Seller must instruct the Borrower to provide appropriate notification to the tenants and select units for inspection as follows:

    a. Properties with 30 units or less: The Borrower must provide notification to all tenants.

    b. Properties with 31 units or more: The Seller must select twice the required number of units for inspection, and the Borrower must provide notification to the tenants of those selected units.

    c. In all cases, a list of the units selected for inspection must be provided to Freddie Mac prior to the date of inspection.

3. On the day of the inspection, if Freddie Mac is on-site and participating in the inspection, Freddie Mac will identify an appropriate sample of units to inspect from the selected units, ensuring that the required number of units are inspected and that the inspected units are sufficient to meet lease audit requirements, which can be confirmed by the Seller. If Freddie Mac is not present, the Seller will select units to be inspected. Neither the Borrower nor the property manager may select or recommend units to be inspected.

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

4. The Seller must interview the property manager to discuss unit and property amenities, concessions, tenant mix, renovations, capital expenditures, marketing efforts, turnover, current competition, and any new supply that will compete with the Property. If unit renovations are reported, the Seller should request a list of such units.

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5. The Seller must inspect each building, including exteriors and all common spaces to include the following:

    a. Roof access should be gained if not clearly visible from the ground (flat roofs)

    b. Inspect a representative sample of ongoing or recently completed unit renovations, if applicable

    c. Verify reported completed or in process capital improvements

    d. Inspect amenities available to tenants at the Property

    e. Walk the Property and look for deferred maintenance and any easily recognizable need for environmental remediation

    f. Inspect the building's heating, ventilation and air conditioning (HVAC) and other systems

6. The Seller must include in the property inspection documentation the names of all parties participating in the property inspection and the management interview, including the company each individual represents.

7. The Seller must conduct a market analysis to include the following:

    a. Drive by the rental comparables identified for purposes of the preliminary site visit and identify any new rental comparables in the market

    b. Determine the Property's compatibility with the neighborhood and assess the Property's competitiveness in its submarket

    c. Take photographs of rental comparables

    d. If requested by Freddie Mac, inspect any other multifamily properties that are owned by the Borrower and/or Key Borrower Principal and are located in the Property's submarket

8. The Seller must document the complete property inspection and lease audit. At full underwriting, the Seller must submit the property inspection and lease audit documentation set forth below:

    a. Photographs representative of the Property. If Freddie Mac delegates the property inspection to the Seller, at least two photographs of each unit inspected must be provided

    b. Rent roll dated the day of inspection from the property manager consistent with the rent roll requirements as defined in Section 55.2

    c. A sample or unexecuted residential lease or an executed residential lease with any personal or private information redacted

    d. Completed applicable property inspection form

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e. Completed applicable lease audit form, reflecting the following:

- For Properties with 30 units or less:
  - A lease audit of 50 percent of total units, with no fewer than ~~5~~10 units and no more than 15 units *except for Properties with 10 units or less*, in which a lease audit of 100 percent of units is required
- For Properties with 31 units or more:
  - A lease audit of 10 percent of total units, with no fewer than 10 units and no more than 30 units
- At least 50 percent of leases audited must be units inspected; the remainder can be chosen randomly by the inspector after including representative samples of:
  - Leases from any inspected corporate units
  - Leases signed within the last 60 days

  If the calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 10-unit requirement is met (*e.g.,* 10.9 units becomes 10 units).
- Leases must also be validated against documentation reflecting actual rental payments received by the respective tenant, such as a tenant ledger, general ledger, copies of checks, or similar documentation. If discrepancies are identified, the applicable comments field must be used to provide an explanation, such as when a portion of the rental payment is in the form of a governmental subsidy (*e.g.*, Section 8 or Medicaid) or when the ledger reflects additional payments (*e.g.*, late fees or other one-time charges).

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

f. An indication of the number of units that were actually notified of the potential property inspection, as required by Section 8.15(b)

g. Documentation of complete property inspection in accordance with this section

h. If Freddie Mac delegates the property inspection to the Seller, acknowledgment that the inspection is a delegated inspection

9. If Freddie Mac delegates any inspection requirement to the Seller, the Seller may not further delegate the inspection requirement.

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

- When submitted as part of the preliminary underwriting package:

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

- When submitted as part of the full underwriting package:

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

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

8.16 Property inspections for Forward Commitments (02/24/26)

a. Complete property inspection conducted by the Seller at time of Conversion (02/24/26)

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

b. Property inspection prior to issuance of the Unfunded Forward Commitment (02/24/26)

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

1. General requirements for the Forward Commitment Property Inspection

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

2. Specific requirements for the Forward Commitment Property Inspection

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

- Inspect a representative sample of the units and all commercial space, if any
- Drive by the rental comparables that the Seller and/or the property manager and the appraiser have identified, and conduct an inside inspection, if the Seller deems such an inspection necessary
- Interview the property management for at least three market rate rental comparables. For Low-Income Housing Tax Credit (LIHTC) Forward Commitment Property

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Inspections, obtain three LIHTC comparables, if available

- Drive by any other multifamily properties owned by the Borrower or Key Borrower Principal that are located in the Property's submarket
- Include in the property inspection documentation the names of all parties participating in the property inspection and the management interview, including the company each individual represents
- Document the findings for the above information on the Property Inspection and Lease Audit form

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

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

3. Timing of the Forward Commitment Property Inspection

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

8.17 Property condition report (12/12/24)

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

- The property condition consultant's requirements for evaluating the physical condition of the Property and completing Form 1105, Property Condition Assessment

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- The Seller's requirements for retaining a property condition consultant and reviewing Form 1105

1. Freddie Mac requires the Seller/Servicer to submit a property condition report (also commonly referred to as an engineering report) meeting the requirements of Section 62.3 before Freddie Mac will issue a Letter of Commitment or accept the early rate-lock application to purchase a Mortgage.

2. Once the Seller has received and reviewed Form 1105, the Seller must disclose to Freddie Mac any Critical Repairs, as defined in Section 62.3(b), including actual or suspected structural, mechanical, electrical or other material physical deficiencies or Mold at the Property and inform the *Applicable Freddie Mac Multifamily Regional Office* or the *Multifamily TAH Underwriter* of unusual or questionable conditions.

3. Additionally, the Seller must:

   - Verify that all Critical Repairs have been addressed and provide evidence of completion to Freddie Mac prior to Freddie Mac's issuance of the Letter of Commitment or acceptance of the early rate-lock application

   - Prepare Loan Documents which include completion, reserve funding and other requirements for Capital Replacements and Repairs required by the Letter of Commitment, as applicable

   - If applicable, prepare a Repair Letter for all Operational Repairs if there are any identified by the property condition consultant, to be provided to the Borrower prior to or on the Origination Date

4. Each Priority Repair listed in the Loan Agreement, as required by the Letter of Commitment, must:

   - Clearly describe the work to be completed

   - Have a specific and realistic proposed completion date that reflects the urgency of the Priority Repair and the Borrower's plans and capacity

   - Be escrowed for when the total cost of all Priority Repairs exceeds 0.25 percent of the loan amount or $25,000, whichever is greater

   - Seismic retrofits are excluded from the waiver calculation above. Seismic retrofits must be escrowed at 125 percent of the estimated cost in the Seismic Risk Assessment, regardless of amount, as required in Section 64.14

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

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

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

Material repairs more likely to impact habitability are:

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

8.18 Condominiums (10/14/16)

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

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

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

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

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

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

The Seller/Servicer's legal counsel must confirm in a PLIM that the Condominium meets all of the requirements set forth below. If the Condominium fails to fully satisfy any of the requirements set forth below and the Condominium Documents will not be modified prior to the Origination Date of the Mortgage to comply with all of the requirements, the Seller/Servicer's legal counsel must provide a legal analysis detailing which requirement(s) will not be satisfied and the counsel's recommendation as to whether and why Freddie Mac should accept the Condominium without it being fully compliant with this Section 8.18(c).

- The Borrower must own a majority of the Condominium Units
- The Borrower must control a majority of the Condominium Association's board of directors
- The voting rights held by the Borrower must be sufficient to control voting for the following:

  1. Appointment of a majority of directors on the board of directors of the Condominium Association established under the Condominium Documents
  2. Amendments or modifications to the Condominium Documents
  3. Improvements to the buildings or common areas
  4. Approval of the operating budget (including special assessments and reserves) of the Condominium Association
  5. Removal of the board of directors or trustees with or without cause
  6. Filling any vacancy caused by the removal of a director or trustee
  7. Adoption of the budget
  8. Levying a special assessment
  9. Ability of the board of directors to spend beyond its budget

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10. Amending the Condominium Unit owners' right to the use of the recreational facilities or common areas

- The consent of at least a "super majority" of the lenders holding mortgages on the Condominium Units ("Condominium Mortgagee") must be necessary in order to amend the Condominium Documents concerning various rights, priorities, remedies and interests of the mortgagees including the following:

  1. Changing the voting rights of any owner
  2. Changing any restrictions on the use of the Condominium Units
  3. Changing the priority of liens for assessments
  4. Reallocating the undivided interest in common elements
  5. Encumbering the common elements
  6. Expanding, contracting or terminating the Condominium
  7. Materially modifying the insurance requirements
  8. Using any insurance or condemnation proceeds for anything other than the repair of the Condominium or distribution to the Condominium Unit owners
  9. Restricting the leasing of Condominium Units
  10. Altering any provision that decreases the rights of any Condominium Mortgagee

- There must be no limits on the rights of a Condominium Unit owner to alter its unit(s)

d. Legal issues (06/30/15)

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

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

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to partitioning the Property

- Any additional information that a prudent lender would consider in its review of the Condominium Documents

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

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

- Whether there are any statutes or case law that would prevent or impair the Borrower (or Condominium Mortgagee in the event of foreclosure) from exercising control over the Condominium and/or the Condominium Association

- Whether there are any state or local laws or regulations that prevent the developer of the Condominium, or anyone obtaining an interest in the developer of the Condominium, from obtaining control of the board of directors of the Condominium Association

- Whether the offering and disclosure requirements of the condominium statute apply to a bulk sale of Condominium Units

- Whether there is any statutory risk of the Borrower becoming a "developer in lieu" with legal liability for claims by existing Condominium Unit owners

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

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

a. Other than the restriction prohibiting the conversion of the Property into a condominium or cooperative development, there may be no other restrictions on the use or development of the Property in the agreement/restriction.

b. The term of the agreement/restriction and any obligations contained in it must be no longer than 10 years.

c. The lender's liability under the agreement/restriction must be limited solely to the period (if any) during which the lender has ownership of the Property. The lender (including the mortgagee and its affiliates) must not have any liability for a condominium or cooperative conversion that occurs (a) during the period that Borrower owns the Property, or (b) after the lender sells the Property.

d. The lender's liability under the agreement/restriction must be limited solely to its interest in the Property.

e. The lender (including the mortgagee and its affiliates) must not have any liability under the agreement/restriction for permitting or consenting to a condominium or cooperative

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conversion action (whether by Borrower or any other party).

f. The remedies for breach of the agreement/restriction may not include a right of reversion or repurchase by developer or any other party. If the remedies for breach are broadly defined (*i.e.,* any remedy available at law or in equity), or could be read to include a right of repurchase or reversion, the agreement/restriction must expressly provide that no such right is granted to the developer or any other party.

g. The agreement/restriction may not impose any notice obligations on the lender (including the mortgagee and its affiliates).

h. The agreement/restriction may not contain any terms, provisions or conditions that would be unacceptable to a prudent institutional commercial lender (*e.g.,* any waiver of construction defects, warranty claims, or other rights or remedies available at law or in equity binding on Borrower, the lender and/or future owners of the Property).

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

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

8.19 Tax abatements (10/21/25)

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

Properties that have been developed or redeveloped under a State or local economic development program often qualify for a reduction in their property taxes. As used in this Guide, the term "tax abatement" covers either of the following:

- A reduction of or exemption from taxes granted by a governmental body (typically local government)

- A payment made to compensate a local government for some or all of the tax revenue that it loses because of the nature of the ownership or use of a property (PILOT or payment in lieu of taxes)

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

1. Program eligibility

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

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- Obtain and review the documents required for program eligibility listed in the Tax Abatement/Exemption/PILOT Questionnaire, and

- Include in the applicable underwriting package the Tax Abatement/Exemption/PILOT Questionnaire and the applicable documentation required in the Tax Abatement/Exemption/PILOT Questionnaire

2. Statutory approval

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

3. Continuation of tax abatement

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

- The nature of the tax abatement, that is, the length of the abatement and phase-out, if any

- The requirements of the governing authority

- What happens to the tax abatement if the Property is transferred by sale or through foreclosure

- Whether the tax abatement is freely transferable upon sale, foreclosure or similar disposition of the Property, or dependent on the non-profit status of the Borrower and/or Borrower Principal or other non-profit entity in the ownership structure, or other criteria

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

1. At the time that the Seller/Servicer submits the full underwriting package to Freddie Mac, the Seller/Servicer must verify whether the Borrower and the Property have been approved for the tax abatement.

2. If both the Property and the Borrower have been approved for the tax abatement, then Freddie Mac will underwrite the Mortgage by calculating the monthly deposit to the Reserve for taxes using the abated tax amount.

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

3. If the Mortgage is for the acquisition of a Property that has previously received a tax abatement but as of the Origination Date the Borrower will not have been approved to

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assume the tax abatement, Freddie Mac may consider underwriting the Mortgage using the abated tax amount. However, Freddie Mac reserves the right to underwrite the Mortgage using the amount of the full unabated taxes.

4. If the Property does not have a tax abatement in place but the Borrower has applied or will apply for the tax abatement, then Freddie Mac may, in its discretion, underwrite the Mortgage using the abated tax amount. Freddie Mac will look at whether the potential tax abatement meets the following requirements:

   - The Borrower has an entity in its organizational structure that has at least one other property that has qualified for a tax abatement
   - The Borrower Principal has a record of qualifying for tax abatements
   - The Tax Abatement/Exemption/PILOT Questionnaire confirms that the Borrower is likely to obtain the tax abatement following origination

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

5. If Freddie Mac has underwritten a Mortgage with a tax abatement but the tax abatement has not been received as of the Origination Date, the monthly deposit into the Reserve for taxes will be calculated using the amount of the full taxes.

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

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

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

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

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

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

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

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

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

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

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

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

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

   Freddie Mac performs a refinance test as follows:

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

2. DCR calculation for all Mortgages underwritten with tax abatements

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

   - If any of the following conditions exist, Freddie Mac considers the tax abatement to be "infinite" and abated taxes can be utilized to derive the NOI and perform the refinance test:

     a. The abatement expires more than 10 years after Mortgage maturity date

     b. The abatement phases out at least 10 years after the Mortgage maturity date

     c. The abatement expires at least 20 years after the Origination Date

     d. The abatement is renewable annually and the applicable authority does not have discretion in determining whether the Borrower or Property qualifies for renewal

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- For all other Mortgages, the underwritten NOI must include the tax expense based on actual in-place taxes, whether fully or partially abated. Freddie Mac performs a cash flow analysis to show the effect on NOI of any decrease in the tax abatement for the term of the Mortgage. If the tax abatement expires or phases out within 10 years after the maturity date of the Mortgage, Freddie Mac performs a cash flow analysis for the 10-year period following loan maturity.

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

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

8.20 Student Housing Properties (06/13/24)

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

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

- A completed and executed Form 1120, Student Housing Questionnaire
- An Appraisal meeting the requirements of Section 60.22

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

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

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

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

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

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

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

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

8.21 Solar Agreements (04/18/24)

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

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

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

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

b. Analysis (04/18/24)

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

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

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

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

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

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

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

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

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

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

1. If the Solar Electric System is in place as of the Origination Date, Seller/Servicer must verify that the Property satisfies the applicable insurance requirements in Chapter 31.

2. If the Solar Electric System is not in place as of the Origination Date, Seller/Servicer must verify that the Property, after installation of the Solar Electric System, (i) will satisfy the applicable requirements in Chapter 31, and (ii) will not be subject to a material incremental increase in insurance premiums.

3. If the Solar Equipment is owned by a third-party (whether or not related to Borrower), the third-party must be obligated by the Solar Agreement (i) to maintain commercial general liability insurance, including personal injury and property damage coverage against claims arising out of or connected with the use, operation or occupation of the Property for installation, ownership and operation of the Solar Equipment, and (ii) to list Borrower as an additional insured party under such insurance policy.

4. If the Solar Electric System is installed or will be installed on the Property, the property condition report should at least include information on (i) its location, condition, and plan for its operations and maintenance, (ii) the anticipated useful life of the roof and whether that useful life is less than the term of the applicable Solar Agreement, and (iii) any roof warranty and whether the installation of the Solar Electric System voids or limits any roof warranty.

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

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

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

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

h. Reserved (12/14/23)

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

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

- An estoppel certificate
- An SNDA or subordination agreement pursuant to Section 8.21(g)
- A collateral assignment of an applicable Solar Agreement or rights, contracts, licenses, or permits associated with the Solar Agreement or Solar Electric System
- Credit enhancements to offset any recapture obligations of Borrower
- Modifications to one or more Loan Documents including the Solar Project – Completed Rider to Loan Agreement or the Solar Project – To Be Constructed Rider to Loan Agreement, as applicable

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

1. Any Solar Electric System on the Property must have permission to operate ("PTO") from the public utility for the jurisdiction in which the Property is located, the form and confirmation of which may vary among jurisdictions.

2. If the Solar Electric System is in place as of the origination of the Mortgage, Seller/Servicer must verify that: (i) the Solar Electric System has received PTO, (ii) the Property remains connected to the electric grid, and (iii) neither the Solar Electric System nor the Property is subject to regulation under the public utility code or any other similar statutes regulating public utilities for the jurisdiction in which the Property is located.

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3. If the Solar Electric System is not in place and in operation as of the Origination Date, Seller/Servicer must verify that the Property, after installation of the Solar Electric System: (i) will remain connected to the electrical grid, (ii) will not be subject to regulation under the public utility code or any other similar statutes regulating public utilities for the jurisdiction in which the Property is located, and (iii) has received PTO.

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

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

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

8.22 Infrastructure Agreements (04/22/25)

a. General (12/14/23)

As used in this Guide, the term "Infrastructure Agreement" collectively refers to any instrument or agreement, or combination of instruments and agreements (*e.g.*, license, lease, easement, covenant, security agreement, construction agreement, maintenance agreement) related to the design, ownership, financing, installation, operation and/or maintenance of infrastructure ("Infrastructure") impacting the Property and involving the provision of telecommunication services (including internet, high speed data, cable television, cellular/wireless tower, high speed data, personal communication systems, or similar services) or renewable energy (including solar photovoltaic or wind turbine systems).

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

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

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

1. An Infrastructure Agreement with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor) and encumbering the Property must be specifically subordinate to the lien of the Mortgage unless the applicable agreement contains a provision for termination by the owner of the Property without cause on 30 days' notice and without

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payment of a fee or penalty. The subordination agreement must be recorded if the applicable Infrastructure Agreement is recorded. In addition, Freddie Mac will not agree to a nondisturbance agreement with respect to an Infrastructure Agreement (other than a Solar Agreement in accordance with Section 8.21) that is with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor).

2. Freddie Mac will not subordinate the lien of the Mortgage to an Infrastructure Agreement with an Affiliate of the Borrower or any Borrower Principal (including any Guarantor).

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

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

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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 (~~04/21~~06/23/26)

a. General Borrower requirements (~~12/12/24~~06/23/26)

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
   - Limited liability limited 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

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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 (12/16/25)

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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, 11.8, 55.2, and/or the underwriting checklists:

- **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 five properties in the past five 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:

  (i) Controls at least 15 multifamily properties, and

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

  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.

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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/Servicer must evaluate each entity on its capacity to perform its particular function, for example, acquisition, development, ownership, asset management, property management or social service provider. The non-profit Borrower and/or 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/Servicer must apply a higher standard when the non-profit developer is involved in a large-scale development with complicated structures than in a small-scale development with simple structures.

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

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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.

h. Guarantor requirements specific to Mortgages less than $10 million in unpaid principal balance (04/21/26)

At least one Guarantor, if an individual, must have an average FICO® score of 680 or better with all three national credit bureaus (Equifax, TransUnion or Experian). If less than three FICO scores are available, all FICO scores must be 680 or better. Additionally:

- If the Borrower is a Tenancy-In-Common (TIC), this applies to the Guarantor(s) for each TIC Borrower
- For Supplemental Mortgages, this applies only when the combined UPB of the first Mortgage and the Supplemental Mortgage are less than $10 million in UPB

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9.3 Persons or entities unacceptable as Borrowers, Borrower Principals, SPE Equity Owners, Master Tenants, Operators, Guarantors and Non-U.S. Equity Holders (04/22/25)

a. Unacceptable persons or entities (04/22/25)

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

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

9.4 Land trusts (03/03/14)

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

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

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

9.5 Cooperatives (09/28/18)

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

9.6 Trusts (06/15/23)

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

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trustee.

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

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

1. Legal analysis

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

a. If the trust is the Borrower, there are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Borrower's ability to hold and manage the Property.

b. If the trust is the Borrower, there is no unusual risk of impairment of Lender's rights (for example, the trust agreement should only permit distributions to be made from net income remaining after payment of amounts due under the Mortgage).

c. The beneficiary does not need to grant written consent for the trust to borrow money or to guarantee the debt of another entity (as applicable); or, if the beneficiary must grant such consent, the beneficiary has granted the consent in writing for purposes of the Mortgage.

d. If the trust is the Guarantor, the trustee is authorized to guarantee the debts of another entity.

e. If the trust is the Guarantor, there are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Guarantor's ability to guarantee the Mortgage.

f. A lender can enforce its security interest in the trust property in the event of a default.

g. The title insurer will provide full title protection to Freddie Mac, without exception for the trust structure.

h. For a Massachusetts business trust, third parties may rely on a recorded certificate of the trustee certifying that he or she was authorized and directed by the beneficiary to execute and deliver deeds, mortgages, promissory notes, and all other documents required to be executed in connection with the Mortgage.

i. If the trust is the Borrower, the form of identification of the Borrower in the deed conveying the Property to the trustee or trust is the same as that in each Loan Document and the title policy is the same as the form in which the Borrower holds title to the Property.

2. Additional requirements

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

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

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.

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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 (06/24/25)

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

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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

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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

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- 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/Servicer's counsel must deliver the Equity Analysis no later than the delivery of the full underwriting package.

3. Seller/Servicer 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/Servicer'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 (06/24/25)

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 sum of the gross spread and the Amortizing Strike Rate set forth in the Loan Documents, 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

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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:

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- 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

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):

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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

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- 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

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- 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/Servicer'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/Servicer's legal counsel must confirm in a PLIM that all such requirements have been satisfied.

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11.1 Introduction (09/08/05)

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

11.2 Letters of credit (~~08/18/22~~06/23/26)

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.

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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

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- 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/Servicer's SBL Obligations under Chapter 46SBL; such letters of credit must also be renewable by amendment for a letter of credit issued as collateral

6. Provide that it may be drawn in whole or part by presentation to the issuer of a sight draft without any other requirements to the right to draw (The form of sight draft is found as Exhibit A to the form of letter of credit found at mf.freddiemac.com/lenders/legal)

7. Except for a letter of credit issued in connection with a Seller/Servicer's SBL Obligations under Chapter 46SBL, be in the form found at mf.freddiemac.com/lenders/legal

e. Seller/Servicer responsibilities regarding letters of credit (~~08/18/22~~06/23/26)

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/Servicer must:

1. For a letter of credit that the Seller/Servicer 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/Servicer'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/Servicer'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/Servicer must:

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- 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~~1 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.*

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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

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- 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.

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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.

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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."

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11.5 Insurance requirements for third-party consultants (~~12/16/25~~06/23/26)

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
  - Property inspections at time of conversion as described in Section 8.16
- Utility Efficiency Consultants

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

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

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

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/Servicer 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.

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

a. Verification applicability (02/27/25)

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

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

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

b. Verification sample (02/27/25)

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

(i) If Form 1116, Real Estate Schedule, reflects 10 assets or less (5 assets or less for SBL Mortgages), ownership in all properties must be verified (other than a personal residence).

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

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c. Verification requirements (02/24/26)

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

1. Documentation either independently obtained or received from the party completing the Form 1116, Real Estate Schedule, consisting of both of the following:

   - Evidence of the owner name of each asset provided by the party completing Form 1116, Real Estate Schedule, (such as a tax bill, title policy, property deed or other commercially reasonable evidence)

   - Organizational documents, provided by the party completing Form 1116, Real Estate Schedule, for the owner(s) of each asset evidencing the Key Borrower Principal or Guarantor ownership role (redacted copies are acceptable so long as the ownership role can be verified)

2. Federal tax return (Schedule K-1) for the parties listed in Section 11.6(a) confirming each party's ownership role in applicable assets identified on the Form 1116, Real Estate Schedule (redaction of non-relevant information permitted).

3. Other reasonable documentation approved by Freddie Mac (*e.g.*, website listing real estate assets for an SEC-registered entity or lender certification confirming Key Borrower Principal ownership role for those assets in which the lender was involved in the prior financing).

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

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

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

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

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

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

a. Reconciliation applicability (04/22/25)

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

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

b. Reconciliation requirements (02/24/26)

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

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

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

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

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

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

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

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

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

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

11.8 Sponsor Meetings (12/16/25)

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

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

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

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

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

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

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

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

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

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

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

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

a. Applicability (12/12/24)

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

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

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

1. For Conventional, Seniors, Targeted Affordable Housing (TAH) and Structured & Facility Mortgages in the quote stage, and for Small Balance Loans (SBL) under Seller Application that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property:

    - If the property condition consultant's physical inspection of the Property is taking place after the occurrence of the natural disaster or weather-related adverse condition, nothing further required.

    - If the property condition consultant's inspection has taken place prior to the occurrence of the natural disaster or weather-related adverse condition:

        - The Seller/Servicer must deliver the Borrower Certification of Weather-Related Event as part of the full underwriting package and must specifically address any impact to the Property sustained from the natural disaster or weather-related adverse condition.

        - Freddie Mac, in its sole discretion, may require additional information or further inspections of the Property.

2. For Mortgage loans that are in process at the time of a natural disaster or weather-related adverse condition (flood, hurricane, tornado, etc.) that has the potential to impact the condition of the Property (i) for which an underwriting package has been delivered to Freddie Mac, (ii) that are awaiting Index Lock, (iii) where a Letter of Commitment (or Early Rate Lock Application) has been accepted, or (iv) are in process at any point thereafter prior to Freddie Mac's purchase of the Mortgage, the following items must be submitted to Freddie Mac either as part of the full underwriting package or via a separate email communication:

    - Borrower Certification of Weather-Related Event specifically addressing any impact to the Property sustained from the natural disaster or weather-related adverse

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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 additional 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.

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17A.~~13~~14 Late delivery; nondelivery (10/21/25)
- a. Late delivery (10/21/25)
- b. Remedies for late delivery (10/21/25)
- c. Nondelivery (10/21/25)
- d. Remedies for nondelivery (10/21/25)

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17A.1 Overview (~~10/21/25~~06/23/26)

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

a. Description of Unfunded Forward Commitments (~~10/21/25~~06/23/26)

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

The Unfunded Forward Commitment is executed by the Seller and Freddie Mac. Freddie Mac commits to locking the interest rate or spread for the permanent Mortgage and the Seller commits to delivering a permanent Mortgage to Freddie Mac when the project is complete and has met each of the Conditions to Conversion (as defined in Section 17A.~~10~~11). Freddie Mac locks the rate or spread for the permanent Mortgage when the Forward Commitment is accepted by the Seller. The Property must meet the Conditions to Conversion before Freddie Mac purchases the Mortgage.

In an Unfunded Forward Commitment, Freddie Mac does not advance construction funds to the construction lender. See the Unfunded Conventional Forward Commitment Form and term sheet for details.

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

1. The applicable provisions of Chapter 27 apply regarding the LST, Quote, underwriting package, Commitment and Rate Lock.

2. See the following sections in Chapter 17, Originating a Mortgage under the Multifamily Conventional Cash Mortgage Purchase Program, for additional information and requirements:

   - Section 17.1(b): Investment quality
   - Section 17.1(f): Minimum Origination Fee
   - Section 17.1(g): Other requirements
   - Section 17.2: Fixed-rate Mortgage requirements
   - Section 17.3: Floating-Rate Mortgage requirements

~~d. Fees (10/21/25)~~

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

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

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

a. Eligible Seller/Servicers (10/21/25)

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

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

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

1. Mortgages eligible for purchase under a Forward Commitment

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

2. Mortgages ineligible for purchase under a Forward Commitment

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

3. Borrower Ownership of Property

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

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

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

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

17A.4 Forward Commitment Property Inspection (~~02/24~~06/23/26)

For an Unfunded Forward Commitment, a complete property inspection must be conducted prior to Conversion, as discussed in Section 17A.~~9~~10; however, a Forward Commitment Property Inspection is not required prior to the issuance of the Unfunded Forward Commitment unless requested by Freddie Mac in its discretion. If Freddie Mac makes such a request, then see Section 8.16.

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

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

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

17A.6 Fees (6/23/26)

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

~~17A.6~~17A.7 Construction monitoring (10/21/25)

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

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

~~17A.7~~17A.8 Requests for Freddie Mac approvals during construction phase (10/21/25)

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

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~~17A.8~~17A.9 Extending the Forward Commitment (10/21/25)

a. General (10/21/25)

1. The Forward Commitment Maturity Date may be extended for one six-month period, upon full and timely satisfaction of each and all of the conditions to extension set forth herein and payment of the extension fee as set forth in the Forward Commitment.

2. Any extension request beyond the first six months will be in Freddie Mac's sole discretion and approval may be based on the satisfaction of any conditions that Freddie Mac determines in its sole discretion, including the payment of an extension fee in an amount to be determined by Freddie Mac.

3. In connection with any extension, the Seller must confirm to Freddie Mac that:

   - The Seller has taken such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property, if applicable; and

   - The Seller has received the prior written consent of the Construction Lender, or to the extent applicable, the Seller has provided to Freddie Mac evidence as to why such consent is not required.

4. The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

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

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

- A synopsis of the deal

- A reason for the extension request

- Projected stabilization timeline

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

If the Forward Commitment Maturity Date is extended, the term "**Forward Commitment Maturity Date**" will mean the original Forward Commitment Maturity Date, as extended pursuant to the conditions in the extension approval letter.

The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the applicable letter of credit.

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~~17A.9~~17A.10 Complete property inspection (~~12/16/25~~06/23/26)

The Seller must conduct a complete property inspection of the Property ~~before submitting~~ no later than 30 days prior to the earlier of (i) the proposed date of the Conversion ~~Underwriting Package initiating Conversion pursuant to Section 17A.10~~, or (ii) the Forward Commitment Maturity Date. The Seller must be satisfied that the finished project has been completed as proposed in a workmanlike manner and that there have been no changes to the Property that would adversely affect its lease-up or ongoing operational costs as originally proposed. The Seller may make this determination by reviewing the final construction reports of the Architectural Consultant, the construction lender, the architect of record and government inspectors; however, the Seller must make its own determination of the Property and the market. For additional information on the complete property inspection, see Section 8.15(b).

Once the architect of record has executed the certification of substantial completion, the Architectural Consultant must submit to the Seller the post-construction analysis report with a final narrative evaluation. The Seller must review this report and ensure that it meets the requirements of Section 63.5(a).

~~17A.10~~17A.11 Conditions to Conversion (~~12/16/25~~06/23/26)

a. Conversion Underwriting Package and Conversion schedule (12/16/25)

Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the Conversion Underwriting Package and submit it along with the proposed Conversion schedule to Freddie Mac no later than 60 days prior to the earlier of (i) the proposed date of the Conversion or (ii) the Forward Commitment Maturity Date. The Conversion Underwriting Package must be approved by an underwriting supervisor as described in Section 3.15(d).

Freddie Mac uses the Conversion Underwriting Package to determine whether the Property has satisfied all Conditions to Conversion. Freddie Mac specifies the list of documents that the Seller must include in the Conversion Underwriting Package in Section 1.31 of Exhibit 1. Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

b. Underwriting criteria for Conversion (12/16/25)

By: (i) submission of a Conversion Underwriting Package and (ii) the Seller's execution of the Forward Commitment, the Seller represents and confirms to Freddie Mac that the Seller will underwrite the Mortgage described in the Forward Commitment and deliver the Mortgage in accordance with the standards set forth in the Guide, as modified by the Forward Commitment. Except as expressly set forth in the Guide or in the Forward Commitment, at Conversion Freddie Mac will apply its then-current Guide requirements with respect to the Mortgage.

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c. Time limit for meeting Conditions to Conversion (~~10/21/25~~06/23/26)

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. In such event, upon the payment of any applicable fees as provided herein and in the Forward Commitment, the Forward Commitment will terminate.

d. Definitions applicable to Conditions to Conversion (~~10/21/25~~06/23/26)

As used in this Section 17A.~~10~~11, the following terms have the following meanings:

- "*Acceptable Leases*" means legally valid, binding and enforceable written lease agreements with bona fide residential tenants (excluding employees of the Borrower or any affiliate of the Borrower) providing for initial lease terms of not less than six months and complying with all applicable laws and with the Guide.

- "*Approved Plans*" means the plans, specifications, drawings, sketches, reports, budget and completion schedule and materials specified in the Seller's full underwriting package for the Forward Commitment submitted to and approved by Freddie Mac prior to the Rate Lock date, together with such changes as have been approved for the Improvements pursuant to the terms of the Forward Commitment.

- "*Event of Insolvency*" means any of the following events with respect to the Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal: (a) any of the foregoing will: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or fail to vacate the appointment of a receiver or trustee for itself or for all or any part of its property or assets; (iii) file a petition seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; (iv) make a general assignment for the benefit of creditors; (v) admit in writing its insolvency, bankruptcy or inability to pay its debts as they come due; (vi) have all or any substantial portion of its assets attached, seized, subjected to a writ or distress warrant, or otherwise levied upon; or (vii) be unable to or fail to pay its debts as they mature; (b) any Governmental Authority will enter an order, judgment or decree appointing a receiver or trustee for the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal for all or any part of its property or assets; (c) a petition is filed against the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; or (d) any Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal is put on probation or its activities are restricted in any manner by any Governmental Authority, or becomes subject to any order, judgment, decree, finding or regulatory action that would adversely affect such person's ability to comply in all respects with the terms and conditions of the Forward Commitment, the Lender Permanent Loan Commitment, the Mortgage, the Construction Loan documents, or any other document, instrument or certificate executed and delivered, or required to be executed and delivered, pursuant thereto.

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- "*Governmental Authority*" means the United States of America, any State, district, territory, municipality, foreign state, or other foreign or domestic government, or department, agency, board, commission, or instrumentality of any of the foregoing.

- "*Improvements*" means the buildings, structures and improvements now constructed or at any time in the future constructed or placed upon the land, including any future alterations, replacements and additions.

- "*Lender Permanent Loan Commitment*" means the commitment to be executed by the Seller and the Borrower in respect to the Mortgage, the terms of which are consistent with the terms of the Forward Commitment.

e. Requirements for Conversion (~~12/16/25~~06/23/26)

By the Seller's acceptance of the Forward Commitment, the Seller has agreed to deliver to Freddie Mac a Mortgage in accordance with the standards set forth in the Purchase and Servicing Documents. In order for Freddie Mac to purchase the Mortgage, the following Conditions to Conversion must have been satisfied on the date of submission of the Conversion Underwriting Package (see checklist in Section 1.31 of Exhibit 1) by the Seller to Freddie Mac, and on the date of Conversion:

1. **Completion of Construction or Rehabilitation**. The Borrower will have completed the construction and/or rehabilitation of the Improvements on the Property (including all amenities, landscaping, signage, parking and the like, except for minor punch list and weather-sensitive items for which sufficient funds have been reserved in a repair escrow) (i) in a good and workmanlike manner and substantially in accordance with the Approved Plans, (ii) on a lien-free basis, (iii) in compliance in all material respects with all applicable legal requirements, including all applicable treaties, conventions, statutes, laws, regulations, ordinances, permits, licenses, variances, certificates, consents, clearances, closures, exemptions, injunctions, judgments, orders, decrees, settlement agreements, decisions, actions or requirements of any Governmental Authority, subdivision requirements, fire and safety laws, the requirements of the Americans with Disabilities Act and, if applicable, the design and construction requirements established pursuant to the Fair Housing Act, as amended, and (iv) in compliance with the environmental and other requirements of the Guide and the Forward Commitment. The Conversion Underwriting Package will contain evidence of such completion as may be requested by Freddie Mac.

2. **Requirements for Borrower; Guarantor(s); Designated Entity for Transfers; Borrower Principal**. Except in accordance with the requirements set forth below, the identity of the Borrower, and Guarantor(s) will remain as specified in the Forward Commitment. There will be no reduction in the direct or indirect ownership or control of the Borrower by any Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal. There will be no material adverse change in the condition, financial or otherwise, of the Borrower, any partner of the Borrower (if the Borrower is a partnership), any member of the Borrower (if the Borrower is a limited liability company), any Guarantor, Designated Entity for Transfers or Borrower Principal or any affiliate thereof from that which was disclosed to Freddie Mac in the Seller's full underwriting package for the Forward Commitment.

3. **Minimum Occupancy Requirement**.

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- The Property must have stabilized residential occupancy at 85 percent for the three consecutive months preceding the submission of the Conversion Underwriting Package

- For each month from and after completion of construction, through and including Conversion, the Borrower will provide to the Seller a current rent roll for that month, each certified as true and correct by the Borrower and the property manager for the Property, and such other information as may be reasonably required be the Seller and/or Freddie Mac to determine the physical occupancy of the Property.

4. **Debt Coverage Ratio Requirement**. The Property must have a Debt Coverage Ratio (DCR) that is:

   - Greater than or equal to the minimum DCR for the Mortgage product, and
   - Greater than or equal to the priced DCR

5. **Actual Mortgage Amount**.

   a. At Conversion, Freddie Mac will have determined the amount of the Mortgage, in its sole discretion, using Freddie Mac's underwriting standards and criteria as of the date of the Conversion ("**Actual Mortgage Amount**"). Unless waived in writing by Freddie Mac, which waiver will be made by Freddie Mac in its sole discretion, the Actual Mortgage Amount will not exceed the Maximum Mortgage Amount and will not be less than the Minimum Mortgage Amount at Conversion, each as set forth in the Confirmation Sheet of the Forward Commitment.

   b. If the Actual Mortgage Amount is less than the Maximum Mortgage Amount but greater than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower must demonstrate to Freddie Mac's satisfaction, prior to Conversion, that the Borrower has secured a source of funds acceptable to Freddie Mac ("Additional Source of Funds") to cover the difference between the Maximum Mortgage Amount and the Actual Mortgage Amount ("Loan Differential"). If the Actual Mortgage Amount is less than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower and/or Breakage Obligor must pay the Modified Breakage Fee (as defined in the Forward Commitment) and the Borrower must show an Additional Source of Funds; provided that in the event there is a nondelivery, the Borrower and/or Breakage Obligor must pay the Breakage Fee described in the Forward Commitment.

   c. Reserved.

   d. Additional Actual Mortgage Amount

      1. Upon completion and lease up of the Property, and prior to the origination of the Mortgage, if the performance of the Property exceeds the pro-forma rents, occupancy and other criteria used by Freddie Mac to underwrite the Mortgage prior to the issuance of the Forward Commitment, the Seller may request the Actual Mortgage Amount be greater than the Maximum Mortgage Amount by an amount that does not exceed the Additional Actual Mortgage Amount Percentage listed in the Confirmation Sheet (the "**Additional Actual Mortgage Amount**

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Percentage") of the Maximum Mortgage Amount (any such increase referred to as the "**Additional Actual Mortgage Amount**").

2. In connection with a request for Additional Actual Mortgage Amount, the Seller will include in the Conversion Underwriting Package (i) a calculation of the Actual Mortgage Amount supporting the requested Additional Actual Mortgage Amount and (ii) a new Appraisal which complies with the requirements of Chapter 60, and which Appraisal supports the requested Additional Actual Mortgage Amount.

3. Freddie Mac's approval of any Additional Actual Mortgage Amount in excess of the Maximum Mortgage Amount will be made in Freddie Mac's own discretion based on its underwriting criteria at the time of such request.

4. To the extent the requested Additional Actual Mortgage Amount is approved by Freddie Mac, (i) the interest rate on such Additional Actual Mortgage Amount will be equal to the Mortgage interest rate determined at Rate Lock and specified in the executed and delivered Confirmation Sheet and (ii) the Conversion Acceptance Letter delivered by Freddie Mac pursuant to Section 17A.~~10~~11 (the "**Conversion Acceptance Letter**") will also set forth: (a) the Additional Actual Mortgage Amount so approved, (b) any additional Application Fee that may be due as a result of the Additional Actual Mortgage Amount, and (c) any other updated terms and conditions related to the Additional Actual Mortgage Amount or otherwise with respect to the Mortgage.

6. **Equity Contributions; Other Funds**. The Conversion Underwriting Package will contain:

   a. Confirmation that the Borrower: (i) has received or will receive, fully and timely, all equity contributions as required by the Borrower's operating documents to be made to the Borrower as of the date of Conversion, and has properly applied such equity contributions, proceeds, and other cash to the Property to the extent received, and (ii) has funded or will fund, fully and timely, all cash required to be invested in the Property; and

   b. Reserved.

7. **Title and Survey**. The Conversion Underwriting Package will contain: (i) an update to the analysis of and recommendation as to the exceptions to title from the Seller and the Seller's counsel and (ii) an ALTA "as-built" survey of the completed construction and/or rehabilitation of the Improvements on the Property, prepared by a licensed surveyor, certified to the Seller, Freddie Mac and the title insurance company and which will otherwise conform with Freddie Mac's then-current survey requirements.

8. **Appraisal**. If required by the Guide, the Forward Commitment or the Conversion Acceptance Letter, the Seller will obtain, at the Borrower's sole expense a new Appraisal of the Property that complies with the requirements of Chapter 60.

9. **Updated Environmental Report and Post-Construction Analysis Report**. Freddie Mac will have received for review an updated Phase I environmental report, if required pursuant to the Forward Commitment and/or the Guide, and post-construction analysis report, which will include, among other things, an on-site inspection and identification of

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any Deferred Maintenance or Life Safety Hazards issues. Such documentation must be in form and substance acceptable to Freddie Mac.

10. **Updated Legal Analyses**. The Seller's counsel will have prepared updated legal analyses on the then-current forms acceptable to Freddie Mac and will have emailed those updated analyses to the Freddie Mac in-house counsel assigned to the specific transaction.

11. **Other Real Estate Due Diligence**. In addition to those items required by ~~this~~ Section 17A.~~9~~10, review of any other agreements, documents, instruments, certificates, reports, papers and matters which are subject to Freddie Mac's review and approval under the terms of the Forward Commitment and the Guide.

12. **Absence of Change in Law**. There will be no: (i) change in federal or State law, (ii) pending or proposed legislation, (iii) decision or pending decision of any court or administrative body, (iv) ruling or regulation (including any final, temporary or proposed federal regulation), (v) official pronouncement, or (vi) other action or event that, in Freddie Mac's sole judgment, materially adversely affects or may materially adversely affect, directly or indirectly, the Property, the Mortgage, or the other transactions to be effected pursuant to the Forward Commitment or Freddie Mac's ability to purchase the Mortgage.

13. **Compliance with Regulatory Agreement and Other Agreements**. The Conversion Underwriting Package will also contain any regulatory agreements and other material agreements affecting the Property as well as evidence, satisfactory to Freddie Mac, of the Property's compliance with the terms of each. The Seller's counsel will provide Freddie Mac with an analysis for each such agreement affecting the Property.

14. **Absence of Default**. There will be no uncured default, or the continuation of any event that may with the passage of time cause a default, under: (a) any of the Purchase and Servicing Documents, (b) the Mortgage Documents, (c) any approved Subordinate Financing or (d) any organizational document of the Borrower. Further, an Event of Insolvency will not have occurred at any time.

15. **Truth of Representations and Warranties**. There will be no material error or misstatement in, or omission from, any representation or warranty made by the Seller in the full underwriting package for the Forward Commitment or the Conversion Underwriting Package or by the Borrower in the Mortgage Documents.

16. **Payment of Fees and Expenses**. All fees and expenses required by the Forward Commitment and the Guide will be paid in a timely manner and in accordance with the requirements of the Forward Commitment and the Guide.

17. **Release of Construction Lien**. The release of the Mortgage and security interest of the construction lender must have been executed and recorded or delivered in escrow for recording under arrangements satisfactory to Freddie Mac.

18. **Gap or Bridge Financing Repaid**. The Conversion Underwriting Package will contain assurances and evidence that any gap or bridge financing provided to the Borrower has been or will be, as of the date of Conversion, paid in full and all liens imposed on the

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Borrower or on the Property in connection with such financing have been or will be released as of the date of Conversion.

19. **No Material Legal Action**. There must not have been any material litigation, investigation, proceeding, decree, judgment or settlement brought against or otherwise affecting the Property, the Borrower, any Borrower Principal, any partner or member (as applicable) of the Borrower, any managing officer of the Borrower, the Guarantor, or any affiliate of the foregoing, or the assets or properties thereof, from that which existed on the date of the Forward Commitment.

20. **Insurance**. All insurance required by Freddie Mac will be in place on or before Conversion, in form and substance acceptable to Freddie Mac.

f. Other Conversion criteria (~~12/16/25~~06/23/26)

Any special terms or additional Conditions to Conversion specified in the Forward Commitment must be satisfied. See Section 17A.~~10~~12 below and the Conversion Underwriting Package in Section 1.31 of Exhibit 1 for additional information about the items that must be submitted as part of the Conversion Underwriting Package.

~~17A.11~~17A.12 Conversion (10/21/25)

a. Conversion Acceptance Letter (10/21/25)

After Freddie Mac completes its underwriting, Freddie Mac will notify the Seller of its approval or rejection of the Conversion. Freddie Mac's approval or rejection is subject to Freddie Mac's determination that each of the Conditions to Conversion have been and remain satisfied or have been duly waived by Freddie Mac, in its sole discretion. If Freddie Mac approves the Conversion, Freddie Mac will execute and deliver to the Seller a Conversion Acceptance Letter specifying the Actual Mortgage Amount (including any Additional Actual Mortgage Amount) and any other terms and conditions of Conversion or as required by the Commitment or Guide. The Exhibits of the Forward Commitment will also be amended and restated to conform to the then-current Exhibits of the Freddie Mac commitment form in standard use by Freddie Mac at the time of Conversion.

To the extent applicable, any reference to the Forward Commitment after execution of any amendments and the Conversion Acceptance Letter will be deemed to include such amendments and the Conversion Acceptance Letter.

After Freddie Mac has executed the Conversion Acceptance Letter, the Seller must accept it, countersign it, upload it to DMS and notify the Freddie Mac Underwriter of the expected Conversion date. Upon Conversion, the Seller must notify Freddie Mac that the Conversion has occurred by providing written confirmation of the Conversion via email and DMS.

b. Loan Documents to be used at Conversion (10/21/25)

Any references in the Guide or in the Forward Commitment regarding the Loan Agreement, Security Instrument or any other documents applicable to the Mortgage will mean the then-current documents either located at mf.freddiemac.com or in standard use by Freddie Mac at the time of Conversion. Any modifications to the Loan Documents attached to the Forward

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Commitment will be included in the Conversion Acceptance Letter (see 17A.~~10~~11(d)) and, if applicable, updated to conform to the then-current Freddie Mac Loan Documents.

c. Release of Conversion Assurance Documents (10/21/25)

1. If the Seller requests that the Conversion Assurance Mortgage and Conversion Assurance Note be released at Conversion, then the Seller must send notification to Freddie Mac via email no later than 30 days prior to Conversion. The notification must contain the following information:

   - The name, address, telephone number and email address of the Title Company to be used for originating the Mortgage
   - A request for the cancellation and return of the Conversion Assurance Note, if applicable
   - A request for the release of the Conversion Assurance Mortgage along with a draft of the termination or satisfaction of Conversion Assurance Mortgage enforceable in the Property's jurisdiction and supplied by Seller's counsel, if applicable

2. Freddie Mac will coordinate with the Seller the delivery of the following collateral documents to the Title Company:

   - Conversion Assurance Note marked paid and cancelled, if applicable
   - Release of Conversion Assurance Mortgage, if applicable
   - Any other escrow documents held by Freddie Mac

3. Freddie Mac will authorize the release of the documents delivered by Freddie Mac to the escrow agent upon

   - The Seller's delivery to the escrow agent for recordation of the assignment of the Mortgage, assigning the Seller's interest to Freddie Mac,
   - The escrow agent's confirmation that it has in its possession the lender's final policy of title insurance to be delivered to Freddie Mac with the Final Delivery Package, which title policy meets the requirements of the Guide and insures the first lien priority of the Mortgage, and
   - The Seller's certification that the Seller has all of the items required by the Guide for final delivery of the Mortgage

~~17A.12~~17A.13 Final delivery; funding (10/21/25)

The provisions of Chapter 32 apply with respect to final delivery and funding.

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~~17A.13~~17A.14 Late delivery; nondelivery (10/21/25)

a. Late delivery (10/21/25)

The provisions of Section 27.26(a) apply.

b. Remedies for late delivery (10/21/25)

The provisions of Section 27.26(b) apply.

c. Nondelivery (10/21/25)

The provisions of Section 27.24(a) apply, except that for purposes of Section 27.24(a)(3), the determination will be made after the Forward Commitment becomes a Purchase Contract as described in the Forward Commitment.

d. Remedies for nondelivery (10/21/25)

Except as set forth in the Forward Commitment, the provisions of Section 27.24(c) apply. Additionally, Freddie Mac may charge any additional Breakage Fee as required by the Forward Commitment and take whatever action is necessary to collect the Conversion Assurance Fee (as defined in the Forward Commitment).

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~~b. Request for extension (08/18/22)~~

~~19A.11 Complete property inspection (08/18/22)~~

~~19A.12 Conditions to Conversion (12/16/25)~~
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c. Release of Delivery Assurance or Conversion Assurance Documents (06/23/26)

19A.15 Final delivery; funding (08/18/22)

19A.~~17~~16 Late delivery; nondelivery (06/~~13/24~~23/26)
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b. Remedies for late delivery (08/18/22)
c. Nondelivery (~~04/13/23~~06/23/26)
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~~19A.1~~ Overview (~~02/27/25~~)

~~19A.0~~19A.1 ~~Availability of Forward Commitments (05/31/11~~06/23/26~~)~~

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.

a. Description of Forward Commitments (06/23/26)

For purposes of this chapter, a Forward Commitment provides permanent financing for new construction or Substantial Rehabilitation of a multifamily property that qualifies for a Mortgage under the Targeted Affordable Housing program. 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.13). Freddie Mac locks the rate or spread for the permanent Mortgage when the Forward Commitment is accepted by the Seller. The Property must meet the Conditions to Conversion before Freddie Mac purchases the Mortgage 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. See the Unfunded Conventional Forward Commitment Form and term sheet for details.

c. Other Guide provisions (06/23/26)

1. 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.

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2. 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

19A.2 Eligibility (06/23/26)

a. Eligible Seller/Servicers (06/23/26)

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~~Types of Mortgages and Mortgage requirements (06/~~15/~~23/26)

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-~~may purchase either a fixed rate ~~Mortgages in which the interest rate is unchanged for the entire~~ Mortgage ~~term. Fixed-rate Mortgages may be partial term interest-only.~~

or a 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.~~under a Forward Commitment after Conversion.

Additionally, Freddie Mac ~~will~~may 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~~Affordable Forward Commitments provided in the term sheet.

2. Mortgages ineligible for purchase under a Forward Commitment:

- Preservation Rehabilitation Mortgages
- TAH Bridge Loans

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3. ~~Additionally,~~Borrower Ownership of Property

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

19A.3 Construction Documentation (06/23/26)

~~1. 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~~

~~2.1. Mortgages ineligible for purchase under a Forward Commitment:~~

- ~~Preservation Rehabilitation Mortgages~~
- ~~TAH Bridge Loans~~

~~c. Freddie Mac's review of construction documentation (02/27/25)~~

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

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

~~19A.2 Description and types of Forward Commitments (10/21/25)~~

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

~~A Forward Commitment provides a single source of construction, in the case of a Funded Forward Commitment, and/or permanent financing for new construction or Substantial Rehabilitation of a multifamily property that qualifies as a Targeted Affordable Housing Product, in the case of an Unfunded Forward Commitment. In this chapter, the term "construction" will include Substantial Rehabilitation.~~

~~A Forward Commitment is executed by the Seller and Freddie Mac. Freddie Mac commits to locking the interest rate or spread for the permanent Mortgage and the Seller commits to delivering a permanent Mortgage to Freddie Mac when the project is complete and has met each of the Conditions to Conversion (as defined in Section 19A.12). Freddie Mac locks the~~

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~~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.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 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~~19A.4 Forward Commitment Property Inspection (~~02/24~~06/23/26)

For an Unfunded Forward Commitment, a complete property inspection must be conducted prior to Conversion, as discussed in Section 19A.~~11~~12; however, a Forward Commitment Property Inspection is not required prior to the issuance of the Unfunded Forward Commitment unless requested by Freddie Mac in its discretion. If Freddie Mac makes such a request, then see Section 8.16 ~~for Freddie Mac's requirements~~.

For a Funded Forward Commitment, a Forward Commitment Property Inspection is required. See Section 8.16 for Freddie Mac's requirements. A complete property inspection must also be conducted prior to Conversion, as discussed in Section 19A.~~11~~12.

~~19A.4~~19A.5 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.

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~~c.a. Loan Submission Template (LST), Quote, underwriting package, Commitment and Rate Lock; approval by TAH Underwriting Supervisor (08/18/22)~~

~~2.1. 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.5~~19A.6 Fees (06/~~13/24~~23/26)

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 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~~23/26)

1. **Generally**: For 9% LIHTC Forward Commitments, in addition to the Application Fee and the Commitment Fee, and in order to ensure performance of the mandatory delivery obligation, the commitment to be executed by the Seller and the Borrower in respect to the Mortgage ("**Lender Permanent Loan Commitment**"), the terms of which are consistent with the terms of the Forward Commitment, will include: (a) a covenant by the Borrower to close the Mortgage with the Seller pursuant to the terms of the Lender Permanent Loan Commitment; and (b) a requirement for payment by the Borrower of the Delivery Assurance Fee, in the amount set forth in the Forward Commitment.

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2. **Freddie Mac to hold Delivery Assurance Fee**:- The Seller will deliver the Delivery Assurance Fee to Freddie Mac no later than the first Business Day immediately after the Construction Loan closing. The Delivery Assurance Fee will be held by Freddie Mac. The Delivery Assurance Fee will be retained by Freddie Mac if the Mortgage is not delivered to Freddie Mac. The Delivery Assurance Fee will be refunded to Borrower: (a) if the Mortgage is delivered to Freddie Mac on or before the Forward Commitment Maturity Date or (b) in accordance with the terms of the Forward Commitment.

3. **Form of Delivery Assurance Fee**:- The Delivery Assurance Fee for the Forward Commitment may be in the form of cash, a letter of credit or a secured note. A letter of credit must satisfy the requirements set forth in Section 11.2. The Delivery Assurance Fee in cash or letter of credit must be delivered to *Multifamily Purchase* not less than one Business Day after the Construction Loan closing.

   If a secured note is used for the Delivery Assurance Fee, then the Seller must provide a duly executed Delivery Assurance Note (in the form published on the Freddie Mac website) secured by a Delivery Assurance Mortgage (in the form published on the Freddie Mac website, and together with the Delivery Assurance Note, the "**Delivery Assurance Documents**") to evidence and secure the obligation to deliver the permanent Mortgage to Freddie Mac. The Seller must promptly notify Freddie Mac if any part of the form of Delivery Assurance Note or Delivery Assurance Mortgage is not enforceable under the laws of the applicable jurisdiction and recommend such changes as may be required to cause the Delivery Assurance Note or the Delivery Assurance Mortgage to be enforceable under applicable law. Freddie Mac agrees that the Delivery Assurance Mortgage will be subordinate to the security instrument securing the Construction Loan.

   The Borrower must execute the Delivery Assurance Note and the Delivery Assurance Mortgage upon the Borrower's execution of the Lender Permanent Loan Commitment. If, however, the Borrower will not acquire the Property until the Construction Loan closing, then the Borrower may execute the Delivery Assurance Mortgage at the Construction Loan closing. The Delivery Assurance Mortgage must be recorded at the time of the Construction Loan closing. Both the Delivery Assurance Note, endorsed to Freddie Mac, and the Delivery Assurance Mortgage, assigned to Freddie Mac, must be delivered to *Multifamily Purchase* no later than five Business Days after the Construction Loan closing.

4. **Payment or Release of Delivery Assurance Note**: -The Delivery Assurance Note will be due and payable by the Borrower on the earlier of: (a) the Forward Commitment Maturity Date or (b) the date on which the Commitment Fee and/or Breakage Fee (as defined in the Forward Commitment) are/is due. If the Delivery Assurance Fee is to be refunded pursuant to the provisions above, then the Seller will send notice to Freddie Mac pursuant to Section 19A.~~13~~14 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~~Affordable Forward Commitments (~~08/18/22~~06/23/26)

For ~~Non-LIHTC~~Affordable 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

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date of Conversion. The Standby Fee must be delivered to Freddie Mac by 2:00 p.m. Eastern 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 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.

19A.8 Requests for Freddie Mac approvals during construction phase (06/23/26)

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

~~19A.6~~19A.9 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

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- 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.7~~19A.10 Construction Loan closing for Funded Forward Commitments (05/01/14)

Freddie Mac, the Seller, the construction lender and the escrow agent execute an escrow agreement. The escrow agreement must meet the requirements of the Master Forward Financing Agreement and must be in form acceptable to Freddie Mac and the other parties to the escrow agreement. Each party to the escrow agreement must deliver an executed escrow agreement, together with other applicable documents and/or collateral, to the escrow agent not later than two Business Days prior to the Project Loan closing.

Upon the escrow agent's receipt of the executed escrow agreement, the escrow agent will email it to Freddie Mac in PDF form and will overnight the original executed escrow agreement to Freddie Mac at the address provided in the escrow agreement.

No later than the first Business Day immediately after the Construction Loan closing for a Forward Commitment, the Seller must deliver a Forward Commitment Initial Delivery Package to *Multifamily Purchase*. The requirements for the Forward Commitment Initial Delivery Package are found in the Initial Delivery Instructions – Forward Commitments, which is available at mf.freddiemac.com/lenders/purchase.

~~19A.8~~19A.1 ~~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 recordations 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.9~~19A.11 Extending the Forward Commitment (~~10/21/25~~06/23/26)

a. General (~~10/21/25~~06/23/26)

1. The Forward Commitment Maturity Date may be extended for one six-month period, upon full and timely satisfaction of each and all of the conditions to extension set forth herein and

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payment of the extension fee ~~(~~as ~~specified~~set forth in the Forward Commitment ~~with respect to the first extension and as required by Freddie Mac in connection with any additional extension).~~ .

~~1.~~2. Any extension request beyond the first six months will be in Freddie Mac's sole discretion and approval may be based on the satisfaction of any conditions that Freddie Mac determines in its sole discretion~~.~~, including the payment of an extension fee in an amount to be determined by Freddie Mac.

~~2.~~3. In connection with any extension, the Seller must confirm to Freddie Mac that:

- The Seller has taken such steps and acts as may be necessary or appropriate to perfect and continue Freddie Mac's liens upon and security interest in the Property~~;~~, if applicable;
- 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.

4. The Borrower is responsible for all fees and costs associated with such extensions, including letter of credit fees, legal fees and recording costs, as applicable.

~~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~~06/23/26)

~~1. **First extension**~~

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

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

~~Following Freddie Mac's receipt of the request~~If approved, Freddie Mac will ~~advise the Seller regarding its~~issue an extension approval ~~of the extension,~~letter, which will specify the amount of ~~the stand-by fee~~any required fees and ~~the amount of the extension fee as specified in the~~ any other applicable conditions.

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If the Forward Commitment ~~via an extension approval letter, which may be in the form of a PDF sent via Multifamily DMS or email~~Maturity Date is extended, the term "Forward Commitment Maturity Date" will mean the original Forward Commitment Maturity Date, as extended pursuant to the conditions in the extension approval letter.

The term of any letter of credit applicable to the transaction must be extended for the length of the extension plus 60 days. The Seller must provide Freddie Mac with amendments or replacements of the applicable letters of credit, extending their respective stated terms, no later than 30 days after the Forward Commitment Maturity Date and no later than 30 days prior to the expiration of the ~~Construction Phase Letter of Credit or any letters of credit for the Commitment Fee or the Delivery Assurance Fee, as applicable~~applicable letter of credit.

~~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.10~~19A.12 Complete property inspection (~~08/18/22~~06/23/26)

The Seller must conduct a complete property inspection of the Property ~~before initiating~~ no later than 30 days prior to the earlier of (i) the proposed date of the Conversion ~~pursuant to Section 19A.13.~~, or (ii) the Forward Commitment Maturity Date. The Seller must be satisfied that the finished project has been completed as proposed in a workmanlike manner and that there have been no changes to the Property that would adversely affect its lease-up or ongoing operational costs as originally proposed. The Seller may make this determination by reviewing the final construction reports of the Architectural Consultant, the construction lender, the architect of record and government inspectors; however, the Seller must make its own determination of the Property and the market. For additional information on the complete property inspection see Section 8.15(b).

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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.11~~19A.13 Conditions to Conversion (~~12/16/25~~06/23/26)

a. Conversion Underwriting Package and Conversion schedule (06/23/26)

Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the Conversion Underwriting Package and submit it along with the proposed Conversion schedule to Freddie Mac no later than 60 days prior to the earlier of (i) the proposed date of the Conversion or (ii) the Forward Commitment Maturity Date. The Conversion Underwriting Package must be approved by an underwriting supervisor as described in Section 3.15(d).

Freddie Mac uses the Conversion Underwriting Package to determine whether the Property has satisfied all Conditions to Conversion. Freddie Mac specifies the list of documents that the Seller must include in the Conversion Underwriting Package in Section 1.31 of Exhibit 1. Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.

b. Underwriting criteria for Conversion (~~12/16/25~~06/23/26)

By: (i) submission of a Conversion Underwriting Package and (ii) the Seller's execution of the Forward Commitment, the Seller represents and confirms to Freddie Mac that the Seller will underwrite the Mortgage described in the Forward Commitment and deliver the Mortgage in accordance with the standards set forth in the Guide, as modified by the Forward Commitment. ~~The underwriting criteria~~Except as expressly set forth in the Guide~~, as made applicable to the Mortgage by~~ or in the Forward Commitment ~~and as in effect on the date of the Forward Commitment, will not be changed or modified by~~, at Conversion Freddie Mac ~~prior to the Forward Commitment Maturity Date. Notwithstanding the foregoing, Freddie Mac reserves the right to effect changes in and modifications to~~will apply its ~~procedural~~then-current Guide requirements with respect to the ~~delivery and Servicing of any Mortgage and the Seller agrees to adhere to any such changes and modifications~~Mortgage.

~~b.~~c. Time limit for meeting Conditions to Conversion (~~08/18/22~~06/23/26)

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. In such event, upon the payment of any applicable fees as provided herein and in the Forward Commitment, the Forward Commitment will terminate.

~~c.~~d. Definitions applicable to Conditions to Conversion (~~08/18/22~~06/23/26)

As used in this Section 19A.~~12~~13, the following terms have the following meanings:

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- "*Acceptable Leases*" means legally valid, binding and enforceable written lease agreements with bona fide residential tenants (excluding employees of the Borrower or any affiliate of the Borrower) providing for initial lease terms of not less than six months and complying with all applicable laws and with the Guide.

- "*Approved Plans*" means the plans, specifications, drawings, sketches, reports, budget and completion schedule and materials specified in the Seller's full underwriting package for the Forward Commitment submitted to and approved by Freddie Mac prior to the Rate Lock date, together with such changes as have been approved for the Improvements pursuant to the terms of the Forward Commitment.

- ~~"*Conditions to Conversion*" means, collectively, each of the conditions precedent to Conversion set forth in the Forward Commitment, this Section 19A.12, and any other condition which may otherwise be required by Freddie Mac in connection with Conversion.~~

- "*Event of Insolvency*" means any of the following events with respect to the Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal: (a) any of the foregoing will: (i) voluntarily be adjudicated as bankrupt or insolvent; (ii) seek, consent to or fail to vacate the appointment of a receiver or trustee for itself or for all or any part of its property or assets; (iii) file a petition seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; (iv) make a general assignment for the benefit of creditors; (v) admit in writing its insolvency, bankruptcy or inability to pay its debts as they come due; (vi) have all or any substantial portion of its assets attached, seized, subjected to a writ or distress warrant, or otherwise levied upon; or (vii) be unable to or fail to pay its debts as they mature; (b) any Governmental Authority will enter an order, judgment or decree appointing a receiver or trustee for the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal for all or any part of its property or assets; (c) a petition is filed against the Borrower or any Guarantor, Designated Entity for Transfers or Borrower Principal seeking relief under the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq. or commencing any insolvency or other similar proceedings; or (d) any Borrower or any Guarantor, Designated Entity for Transfers (as identified in the Forward Commitment) or Borrower Principal is put on probation or its activities are restricted in any manner by any Governmental Authority, or becomes subject to any order, judgment, decree, finding or regulatory action that would adversely affect such person's ability to comply in all respects with the terms and conditions of the Forward Commitment, the Lender Permanent Loan Commitment, the Mortgage, the Construction Loan documents, or any other document, instrument or certificate executed and delivered, or required to be executed and delivered, pursuant thereto.

- "*Governmental Authority*" means the United States of America, any State, district, territory, municipality, foreign state, or other foreign or domestic government, or department, agency, board, commission, or instrumentality of any of the foregoing.

- "*Improvements*" means the buildings, structures and improvements now constructed or at any time in the future constructed or placed upon the land, including any future alterations, replacements and additions.

- "*Lender Permanent Loan Commitment*" means the commitment to be executed by the Seller and the Borrower in respect to the Mortgage, the terms of which are consistent with the terms of the Forward Commitment.

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- "*Units*" means, collectively, the residential rental housing in the Property.

~~d.~~e. ~~Property requirements~~Requirements for Conversion (~~12/16/25~~06/23/26)

By the Seller's acceptance of the Forward Commitment, the Seller has agreed to deliver to Freddie Mac a Mortgage in accordance with the standards set forth in the Purchase and Servicing Documents. In order for Freddie Mac to purchase the Mortgage, the following Conditions to Conversion must have been satisfied on the date of submission of the Conversion Underwriting Package (see checklist in Section 1.31 of Exhibit 1) by the Seller to Freddie Mac, and on the date of Conversion:

1. **Completion of Construction or Rehabilitation**. The Borrower will have completed the construction and/or rehabilitation of the Improvements on the Property (including all amenities, landscaping, signage, parking and the like, except for minor punch list and weather-sensitive items for which sufficient funds have been reserved in a repair escrow) (i) in a good and workmanlike manner and substantially in accordance with the Approved Plans, (ii) on a lien-free basis, (iii) in compliance in all material respects with all applicable legal requirements, including all applicable treaties, conventions, statutes, laws, regulations, ordinances, permits, licenses, variances, certificates, consents, clearances, closures, exemptions, injunctions, judgments, orders, decrees, settlement agreements, decisions, actions or requirements of any Governmental Authority, subdivision requirements, fire and safety laws, the requirements of the Americans with Disabilities Act and, if applicable, the design and construction requirements established pursuant to the Fair Housing Act, as amended, and (iv) in compliance with the environmental and other requirements of the Guide and the Forward Commitment. The Conversion Underwriting Package will contain evidence of such completion as may be requested by Freddie Mac.

2. **Requirements for Borrower; Guarantor(s); Designated Entity for Transfers; Borrower Principal**. Except in accordance with the requirements set forth below, the identity of the Borrower and Guarantor(s) will remain as ~~set forth~~specified 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 or any affiliate thereof 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 Underwriting Package

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- 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 consecutive months ~~prior to~~preceding the submission of the ~~underwriting package for~~ Conversion Underwriting Package

- For each month from and after ~~the date~~ completion of 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 ~~be~~by the Seller and/or Freddie Mac to determine the physical occupancy of the Property.

4. **Debt Coverage Ratio Requirement**. The Property must have a Debt Coverage Ratio (DCR) that is:

   - Greater than or equal to the minimum DCR for the Mortgage product, and

   - Greater than or equal to the priced DCR

5. **Actual Mortgage Amount**.

   a. At Conversion, Freddie Mac will have determined the amount of the Mortgage, in its sole discretion, using Freddie Mac's underwriting standards and criteria as of the date of the Conversion ("**Actual Mortgage Amount**"). Unless waived in writing by Freddie Mac, which waiver will be made by Freddie Mac in its sole discretion, the Actual Mortgage Amount will not exceed the Maximum Mortgage Amount and will not be less than the Minimum Mortgage Amount at Conversion, each as set forth in ~~Exhibit A~~the Confirmation Sheet of the Forward Commitment.

   b. If the Actual Mortgage Amount is less than the Maximum Mortgage Amount but greater than the Minimum Mortgage Amount at Conversion and Freddie Mac has agreed to purchase the Mortgage, the Borrower must demonstrate to Freddie Mac's satisfaction, prior to ~~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

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Mortgage, and the terms, conditions and documentation of the additional debt must meet the requirements for Subordinate Financing as set forth in the Guide.

d. Additional Actual Mortgage Amount

1. Upon completion and lease up of the Property, and prior to the origination of the Mortgage, if the performance of the Property exceeds the pro-forma rents, occupancy and other criteria used by Freddie Mac to underwrite the Mortgage prior to the issuance of the Forward Commitment, the Seller may request the Actual Mortgage Amount be greater than the Maximum Mortgage Amount by an amount that does not exceed the Additional Actual Mortgage Amount Percentage listed in the Confirmation Sheet (or, if not listed in the Confirmation Sheet, then for those Forward Commitments with revision dates of 2-27-2024 or earlier, 10%) (the "**Additional Actual Mortgage Amount Percentage**") of the Maximum Mortgage Amount (any such increase referred to as the "**Additional Actual Mortgage Amount**").

2. In connection with a request for Additional Actual Mortgage Amount, the Seller will include in the Conversion Underwriting Package (i) a calculation of the Actual Mortgage Amount supporting the requested Additional Actual Mortgage Amount and (ii) a new Appraisal which complies with the requirements of Chapter 60, and which Appraisal supports the requested Additional Actual Mortgage Amount.

3. Freddie Mac's approval of any Additional Actual Mortgage Amount in excess of the Maximum Mortgage Amount will be made in Freddie Mac's own discretion based on its underwriting criteria at the time of such request.

4. To the extent the requested Additional Actual Mortgage Amount is approved by Freddie Mac, (i) the interest rate on such Additional Actual Mortgage Loan/Amount will be equal to the Mortgage interest rate determined at Rate Lock and specified in the executed and delivered ~~Exhibit A~~Confirmation Sheet and (ii) the Conversion Acceptance Letter delivered by Freddie Mac pursuant to Section 19A.~~13~~14 (the "**Conversion Acceptance Letter**") will also set forth: (a) the Additional Actual Mortgage Amount so approved, (b) any additional Application Fee that may be due as a result of the Additional Actual Mortgage Amount, and (c) any other updated terms and conditions related to the Additional Actual Mortgage Amount ~~(including the deposit of a Breakage Fee related thereto)~~ or otherwise with respect to the Mortgage.

6. **Equity Contributions; Other Funds**. The Conversion Underwriting Package will contain:

a. ~~Assurances and evidence~~Confirmation that the Borrower: (i) has received or will receive, fully and timely, all equity contributions as required by the Borrower's operating documents to be made to the Borrower as of the date of Conversion, and has properly applied such equity contributions, proceeds, and other cash to the Property to the extent received, and (ii) has funded or will fund, fully and timely, all cash required to be invested in the Property; and

b. ~~Assurances and evidence~~Confirmation 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

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one or more of its partners in an amount equal to the Approved Subordinate Financing Shortfall as of the date of Conversion, and (ii) such amounts have been or will be applied to the Property.

7. **Low-Income Housing Tax Credits**. For LIHTC transactions only, the Conversion Underwriting Package will ~~contain assurances and evidence~~confirm that: (i) the Property is eligible for low-income housing tax credits; (ii) the Borrower has taken all steps necessary to obtain allocation of such low-income housing tax credits to the Property in the required amount; and (iii) the Property must: (A) meet the requirements of a "qualified low-income housing project" within the meaning of Section 42(g) of the Internal Revenue Code and of a "qualified residential rental project" within the meaning of Section 142(d) of the Internal Revenue Code and (B) at all times must have been in compliance with all: (1) federal, State and local low-income housing and other requirements applicable to the Property and (2) any applicable requirements of the Internal Revenue Code, and the final, proposed and temporary regulations issued under the Internal Revenue Code.

8. **Title and Survey**. The Conversion Underwriting Package will contain: (i) an update to the analysis of and recommendation as to the exceptions to title from the Seller and the Seller's counsel and (ii) an ALTA "as-built" survey of the completed construction and/or rehabilitation of the Improvements on the Property, prepared by a licensed surveyor, certified to the Seller, Freddie Mac and the title insurance company and which will otherwise conform with Freddie Mac's then-current survey requirements.

9. **Appraisal**. If required by the Guide, the Forward Commitment or the Conversion Acceptance Letter, the Seller will obtain, at the Borrower's sole expense, a ~~redocumentation of the value of the Property determined by the appraisal of the Property prepared for the Seller and Freddie Mac prior to the date of the Forward Commitment. Such redocumentation of value must be in form and substance acceptable to the Seller and Freddie Mac and prepared for the Seller and Freddie Mac by a State-certified appraiser approved by the Seller or, if required by the Seller, a~~ new Appraisal of the Property that complies with the requirements of Chapter 60.

10. **Updated Environmental Report and Post-Construction Analysis Report**. Freddie Mac will have received for review an updated Phase I environmental report, if required pursuant to the Forward Commitment and/or the Guide, and post-construction analysis report, which will include, among other things, an on-site inspection and identification of any Deferred Maintenance or Life Safety Hazards issues. Such documentation must be in form and substance acceptable to Freddie Mac.

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~~13, 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,

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materially adversely affects or may materially adversely affect, directly or indirectly, the Property, the Mortgage, or other transactions to be effected pursuant to the Forward Commitment or Freddie Mac's ability to purchase the Mortgage.

14. **Compliance with Regulatory Agreement and Other Agreements**. The Conversion Underwriting Package will also contain ~~all~~any 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~~such agreement affecting the Property.

15. **Absence of Default**. There will be no uncured default, or the continuation of any event that may with the passage of time cause a default, under: (a) any of the Purchase and Servicing Documents, (b) the Mortgage Documents, (c) any approved Subordinate Financing or (d) any organizational document of the Borrower. Further, an Event of Insolvency will not have occurred at any time.

16. **Truth of Representations and Warranties**. There will be no material error or misstatement in, or omission from, any representation or warranty made by the Seller in the full underwriting package for the Forward Commitment or the Conversion Underwriting Package or by the Borrower in the Mortgage Documents.

17. **Payment of Fees~~.~~ and Expenses**. All fees and expenses required by the Forward Commitment and the Guide will be paid in a timely manner and in accordance with the requirements of the Forward Commitment and the Guide.

18. ~~**Execution and Recordation**~~**Release of ~~Documents~~Construction Lien**. The release of the Mortgage and security interest of the construction lender must have been executed and recorded or delivered in escrow for recording under arrangements satisfactory to Freddie Mac.

19. **Gap or Bridge Financing Repaid**. The Conversion Underwriting Package will contain assurances and evidence that any gap or bridge financing provided to the Borrower has been or will be, as of the date of Conversion, paid in full and all liens imposed on the Borrower or on the Property 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.~~20. **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.

21. **Insurance.** All insurance required by Freddie Mac will be in place on or before Conversion, in form and substance acceptable to Freddie Mac.

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~~e.~~f. Other Conversion criteria (~~08/18/22~~06/23/26)

Any special terms or additional Conditions to Conversion specified in the Forward Commitment must be satisfied. See Section 19A.~~13~~14 below and the Conversion Underwriting Package in Section 1.31 of Exhibit 1 for additional information about the items that must be submitted as part of the Conversion Underwriting Package.

19A.14 ~~Loan Documents,~~ Conversion ~~Underwriting Package and notification of~~ (06/23/26)

a. Conversion ~~(12/16/25~~Acceptance Letter (06/23/26)

After Freddie Mac completes its underwriting, Freddie Mac will notify the Seller of its approval or rejection of the Conversion. Freddie Mac's approval or rejection is subject to Freddie Mac's determination that each of the Conditions to Conversion have been and remain satisfied or have been duly waived by Freddie Mac in its sole discretion. If Freddie Mac approves the Conversion, Freddie Mac will execute and deliver to the Seller a Conversion Acceptance Letter specifying the Actual Mortgage Amount (including any Additional Actual Mortgage Amount) and any other terms and conditions of Conversion or as required by the Commitment or Guide. The Exhibits of the Forward Commitment will also be amended and restated to conform to the then-current Exhibits of the Freddie Mac commitment form in standard use by Freddie Mac at the time of Conversion.

To the extent applicable, any reference to the Forward Commitment after execution of any amendments and the Conversion Acceptance Letter will be deemed to include such amendments and the Conversion Acceptance Letter.

After Freddie Mac has executed the Conversion Acceptance Letter, the Seller must accept it, countersign it, upload it to DMS and notify the Freddie Mac Underwriter of the expected Conversion date, which Conversion date will not exceed the Forward Commitment Maturity Date. Upon Conversion, the Seller must notify Freddie Mac that the Conversion has occurred by providing written confirmation of the Conversion via email and DMS.

~~a.~~b. Loan Documents to be used at Conversion (~~12/15/22~~06/23/26)

Any references in the Guide or in the Forward Commitment regarding the Loan Agreement, Security Instrument or any other documents applicable to the Mortgage will mean the then-current documents either located at mf.freddiemac.com or in standard use by Freddie Mac at the time of Conversion. Any modifications to the Loan Documents attached to the Forward Commitment will be included in the Conversion Acceptance Letter ~~(see Section 19A.13(d))~~ and, if applicable, updated to conform to the then-current Freddie Mac Loan Documents. Any Subordination Agreement which has been modified and attached to the Forward Commitment, however, will not need to conform to the then-current Freddie Mac Loan Documents at the time of Conversion, unless required by Freddie Mac.

~~b. Conversion Underwriting Package and Conversion schedule (12/16/25)~~

~~Once the Seller has completed all Conversion due diligence and analysis and all Conditions to Conversion have been satisfied, the Seller must prepare the Conversion Underwriting Package and submit it along with the proposed Conversion schedule to Freddie Mac no later than 60 days prior to the proposed date of the Conversion.~~

~~Freddie Mac uses the Conversion Underwriting Package to determine whether the Property has satisfied all Conditions to Conversion. Freddie Mac specifies the list of documents that the Seller~~

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~~must include in the Conversion Underwriting Package in Section 1.31 of Exhibit 1. Chapter 55 contains a complete description of Freddie Mac's requirements for each document in an underwriting checklist, including a description of the required content and whether the document must be certified. Chapter 55 also contains instructions for delivering underwriting packages to Freddie Mac.~~

~~The Conversion Underwriting Package must be approved by the Seller's TAH Underwriting Supervisor, as described in Section 3.13.~~

c. ~~Notification of release~~Release of Delivery Assurance or Conversion Assurance Documents (06/~~13/24~~23/26)

1. If the Seller requests that the Delivery Assurance Documents or Conversion Assurance Documents, as applicable, 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~~,~~ or Conversion Assurance Note, as applicable and if applicable
   - A request for the release of the Delivery Assurance Mortgage or Conversion Assurance Mortgage, as applicable, along with a draft of the ~~-~~termination or satisfaction of Delivery Assurance Mortgage or Conversion Assurance Mortgage, as applicable, 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.~~

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~~19A.13 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.~~

~~Freddie Mac's responsibilities (04/18/24)~~

2. Freddie Mac will coordinate with the Seller the delivery of the following collateral documents to the Title Company:

   - Delivery Assurance Mortgage Note or Conversion Assurance Note, as applicable, marked paid and ~~canceled~~cancelled, if applicable
   - Release of Delivery Assurance Mortgage~~,~~ or Conversion Assurance Mortgage, as applicable and if applicable
   - Any other escrow documents held by Freddie Mac

~~Release of documents from escrow (08/18/22)~~

3. Freddie Mac will authorize the release of the documents delivered by Freddie Mac to the escrow agent upon

   - The Seller's delivery to the escrow agent for recordation of the assignment of the Mortgage, assigning the Seller's interest to Freddie Mac,
   - The escrow agent's confirmation that it has in its possession the lender's final policy of title insurance to be delivered to Freddie Mac with the Final Delivery Package, which title policy meets the requirements of the Guide and insures the first lien priority of the Mortgage, and
   - The Seller's certification that the Seller has all of the items required by the Guide for final delivery of the Mortgage

19A.15 Final delivery; funding (08/18/22)

The provisions of Chapter 32 apply with respect to final delivery and funding.

19A.16 Late delivery; nondelivery (06/~~13/24~~23/26)

a. Late delivery (~~08/18/22~~06/23/26)

~~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.~~

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- ~~The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents.~~

The provisions of Section 27.26(a) apply.

b. Remedies for late delivery (08/18/22)

The provisions of Section 27.26(b) apply.

c. Nondelivery (~~04/13~~06/23/26)

~~For Mortgages delivered under~~ The provisions of Section 27.24(a~~-~~) apply, except that for purposes of Section 27.24(a)(3), the determination will be made after the Forward Commitment~~, Freddie Mac may,~~ becomes a Purchase Contract as described 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~~23/26)

~~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~~Except as set forth in the Forward Commitment~~ or in Chapter 4~~

- ~~Charging the Seller a Breakage Fee (including~~, the provisions of Section 27.24(c) apply. Additionally, Freddie Mac may charge any additional Breakage Fee as required by the Forward Commitment~~)~~

- ~~Taking~~ and take whatever action is necessary to collect the Delivery Assurance Fee

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~~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~~ or Conversion Assurance Fee, as applicable (as defined in the Forward Commitment~~.~~).

~~19A.17 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.~~

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Multifamily Seller/Servicer Guide

Chapter 25A

Originating a Targeted Affordable Housing Tax-Exempt Loan under a Forward Commitment

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25A.1 Overview of Forward Commitments for Tax-Exempt Loans (~~10/21/25~~06/23/26)

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.freddiemac.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.freddiemac.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.freddiemac.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, 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

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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 (10/21/25)

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~~06/23/26)

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~~

i. Section 19A.3: Construction Documentation

ii. Section 19A.4: Forward Commitment Property Inspection

iii. Section 19A.~~4~~5: Construction lender

iv. Section 19A.~~9~~7: Construction Monitoring

v. Section 19A.~~11~~12: Complete property inspection

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vi. Section 19A.~~17~~16: Late delivery; nondelivery (provided, however, that the ~~last bullet point of~~reference in Section 19A.~~17~~16(d) to the Delivery Assurance Fee or Conversion Assurance Fee is inapplicable to Forward TELs with Forward Commitments having a revision date of 5-1-2024 or earlier)

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

25A.2 Description of a Forward Commitment (10/21/25)

A Forward Commitment provides a single source of construction and permanent financing for new construction or Substantial Rehabilitation of a 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.

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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 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 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.

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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

25A.6 Extending the Forward Commitment (06/~~13/24~~23/26)

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The provisions of Section 19A.~~10~~11 apply, except for the following additional requirements:

- With respect to Section 19A.~~10~~11(a)(3), 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 (~~12/16/25~~06/23/26)

The provisions of Section 19A.~~12~~13 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 "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~~13 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

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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~~23/26)

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

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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~~23/26)

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

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- 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 (~~12/16/25~~06/23/26)

The provisions of Section 19A.~~13(b~~14(a) and 19A.~~13(d~~14(c) apply, except that (i~~) wherever there is a reference to "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, (ii) the Exhibits of the Forward Commitment will not be amended and restated to conform to the then-current Exhibits of the Freddie Mac commitment form in standard use by Freddie Mac at the time of Conversion, and (iii) the provisions of Section 19A.14(c) are inapplicable to Forward TELs with Forward Commitments having a revision date of 5-1-2024 or earlier.

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.freddiemac.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/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.

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31.1 General insurance requirements and insurance terms (07/15/25)

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. Form of coverage (05/22/25)

The required insurance coverage may be provided by one individual policy, separate individual policies, one or more Blanket Insurance Policies, a Master Insurance Policy, 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.

c. Additional insurance terms (07/15/25)

The following insurance terms when used in this chapter have the following meanings:

1. Actual Cash Value (ACV)

Actual Cash Value is a method used to determine the amount an insurer will pay in the event of loss. The ACV is intended as a proxy for the value of the property at the time of loss. It is typically calculated by establishing the cost to repair or replace damaged property with material of like kind and quality, and deducting the physical depreciation at the time of the damage or loss.

2. Agreed Amount Provision or Agreed Value Endorsement

An Agreed Amount Provision or Agreed Value Endorsement is an endorsement in a commercial property insurance policy in which the Borrower and the insurance company agree on the insurable value of a specific property. The provision has the effect of suspending the policy's Coinsurance Clause until a specified expiration date.

3. Blanket Insurance Limit

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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 insurance coverage for multiple locations, properties, or assets under a single, shared limit.

5. **Captive Insurance Company or Captive Insurer (Captive)**

   A Captive Insurance Company or Captive Insurer is wholly owned and controlled by its insureds, whose primary purpose is to insure the risks of its owners, and its insureds benefit from the captive insurer's underwriting profits. See Section 31.27.

6. **Claims Made Policy Form**

   A Claims Made Policy provides coverage that is triggered when a claim is made against the insured during the policy period.

7. **Coinsurance Clause**

   The Coinsurance Clause requires the Property to be insured for a specific percentage of the Property's Insurable Value (typically 80, 90 or 100 percent). 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.

8. **Insurable Value (IV)**

   Insurable Value is an estimate of the maximum amount to replace, repair, or reproduce a Property, but excluding any land value.

   The Seller/Servicer must use credible sources to determine Insurable Value. Below are examples of the most common resources:

   - **Insurance company –** the Insurable Value 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
   - **Appraisal –** a document prepared by 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 Insurable Value calculations or publishes data used for this purpose

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9. Joint Loss Agreement

A Joint Loss Agreement is a policy provision used when more than one insurer affords coverage to the same property to temporarily allocate losses to ensure prompt payment to the policyholder. When there is a loss that is covered by both policies, the Joint Loss Agreement provides that the insurers pay any undisputed amounts to the policyholder. All remaining sums are then paid in equal shares to the policyholder. The insurers then resolve disputes among themselves to determine final responsibility for those sums.

10. Localized Peril or Regional Peril

A localized peril refers to unique geographical phenomena such as sinkholes, mine subsidence, volcanic eruptions, or avalanches.

11. 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.

12. National Flood Insurance Program (NFIP)

The National Flood Insurance Program was established by the National Flood Insurance Act to offer primary flood insurance to properties with significant flood risk, and to reduce flood risk through the adoption of floodplain management standards.

13. Occurrence-based Policy Form

An occurrence-based policy is a policy covering claims that arise out of damage or injury that took place during the policy period, regardless of when claims are made.

14. 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 Insurance Policy with scheduled limits for each location.

15. Schedule of Values (SOV)

A Schedule of Values 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.

16. Total Insurable Value (TIV)

The Total Insurable Value is the sum of the full value of the insured’s covered property, business income values, and any other covered property.

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31.2 General requirements for Borrower's property damage and general liability insurance (~~12/16/25~~06/23/26)

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 policy term (07/15/25)

Insurance policies should be written for a term of at least 12 months. For a newly-originated Mortgage, a Property may be added mid-term to an existing 12-month policy. Policies of lesser terms may be accepted if, when the existing policy expires, the policy will be renewed for at least 12 months. Policies are to be in full force and effect on the Origination Date of the Mortgage and required coverage must be continuous throughout the term of the Mortgage.

See Section 31.22 for additional information on renewals.

c. Reserve (07/15/25)

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.

Unless Freddie Mac has deferred the collection of the Reserves for insurance premiums for Blanket Insurance Policies, Master Insurance Policies, 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 Limits

If the Servicer collects a Reserve for insurance premiums, the Servicer must pay the premiums for all required insurance when due.

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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 (12/16/25)

All insurance policies must list the Borrower as a named insured. If a property management company or Seniors Housing Operator provides insurance for the Borrower, the Seller/Servicer must verify the Borrower has a written management or operating agreement with the company providing insurance and confirm the Borrower is listed as an Additional Named Insured on the applicable policies.

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.

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~~06/23/26)

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~~lender as additional 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,

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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 (07/15/25)

The Seller/Servicer must ensure that the Borrower:

- Has paid all initial insurance policy premiums prior to final delivery of the Mortgage to Freddie Mac, and
- Pays all insurance policy premiums for all renewals or new policies, as applicable, when due throughout the term of the Mortgage, unless the Servicer collects Reserves for insurance in accordance with Section 31.2(c~~).~~)

Premium installment/direct bill arrangements are allowed as long as the Seller/Servicer verifies receipt of payments. Third-party premium financing is permitted as long as the Seller/Servicer reviews the financing agreement and verifies:

- The financing agreement has no negative impact on the Seller/Servicer, Freddie Mac, or the Mortgage collateral, and
- Does not include any conditions that could prevent the Seller/Servicer or Freddie Mac from receiving the insurance proceeds associated with losses at the Property~~.~~

The Seller/Servicer also must retain a copy of the financing agreement in the loan file, as well as verification of receipt of payments when due.

31.3 Blanket or Master Insurance Policies (12/16/25)

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; 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, including sub-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, covered by the same limits. The Seller/Servicer must collect appropriate documentation such as Statement of Values, 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 IV, business income/rental value, and business personal property, if any.

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In its analysis, the Seller/Servicer must:

- Review and analyze the Statement of Values and Geographical concentration of properties/Total Insurable Values under the Blanket Insurance Policy
- Confirm whether blanket limits reinstate; however, per-policy aggregate limits are acceptable for flood, earthquake and terrorism coverage
- Confirm whether the blanket limit is sufficient to cover the largest TIV

Note that the evaluation of whether the limit provides adequate coverage relevant to the associated risks must not rely solely on probable maximum loss results from risk modeling reports.

The coverage provided by a blanket "All-Risk" policy must be as good as, or better than, a single, stand-alone policy. The Seller/Servicer must provide a copy of its blanket-limit analysis in the Insurance Compliance Tool (ICT) record as well as retain a copy in the loan file.

31.4 Acceptable insurers (~~07/15/25~~06/23/26)

Each insurance carrier providing property damage and/or liability insurance, whether admitted or non-admitted, must maintain a minimum AM Best Company ~~rating of A- financial strength and a financial size category of VII or better. These rating requirements do~~Financial Strength Rating of A-. This rating requirement does not apply to policies issued through State-Sponsored Insurance programs or policies issued by insurers participating in National Flood Insurance Program (NFIP).

31.5 Property damage (All-Risk) insurance (12/16/25)

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. Policies must be written on a replacement cost value basis rather than actual cash value basis; however, coverage for roof coverings may be written on an actual cash value basis. Property damage (All-Risk) insurance coverage must:

- For properties with a single residential building, be written in an amount not less than 100 percent of the Insurable Value (IV) of the improvements without any deduction for depreciation, and
- For properties with multiple residential buildings, be written in an amount not less than 90 percent of the IV, 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 IV.

Additionally, Freddie Mac requires that the policy contain a Joint Loss Agreement if Boiler and Machinery or Equipment Breakdown Insurance is required and the insurance carrier providing the coverage is different from the carrier providing property damage insurance.

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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.)

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 as indicated in Section 31.3.

a. Property damage (All-Risk) deductible (12/16/25)

The maximum deductible per occurrence for property damage (All-Risk) insurance policies providing Specific Insurance Limits is:

IV of the Property	Maximum Deductible
< $10 million	$50,000
≥ $10 million	$100,000

The maximum per occurrence deductible when All-Risk coverage is provided by a Blanket Insurance Limit is $250,000.

Policies that include aggregate deductibles are acceptable, provided the Seller/Servicer confirms:

- The aggregate deductible amount is fully funded and held by the Borrower in a segregated bank account, the Seller/Servicer in a tax and insurance escrow, or a third party on behalf of the Borrower
- Any claim checks are required to list Seller/Servicer as payee c/o Freddie Mac
- Any claim checks are considered insurance loss proceeds per the Loan Documents

~~a.~~b. Expanded deductible (12/16/25)

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 or liability policies providing Specific Insurance Limits (other than NFIP, windstorm and earthquake insurance) if all of the conditions below have been met.

Expanded Deductibles	
IV of the Property	**Maximum Deductible**
< $10 million	$100,000
≥ $10 million	$150,000

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- 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 Liquidity at least four times the maximum 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.

31.6 Business Income/Rental Value Insurance (07/15/25)

Business Income/Rental Value Insurance is required for all applicable property damage perils within the scope of the "Special Causes of Loss" or "All Risk" policy form, regardless of whether the coverage is provided on an All-Risk or separate policy.

The coverage must be sufficient to cover the following:

- Income based on Actual Loss Sustained for 12 months; or
- 12 months of Effective Gross Income (EGI) based on the most recent annual EGI reported; or
- Annual NOI plus continuing expenses, with a completed business income worksheet provided by the Borrower's agent or broker

The maximum deductible for business income/rental value coverage is:

- The maximum deductible for the property insurance coverage, or
- A waiting period (also known as the deductible) of three days or 72 hours

For a Mortgage Loan with a UPB of $35 million or more, coverage must include a 90-day extended period of indemnity option.

When considering Business Income/Rental Value Insurance for Cooperative Properties, the calculation of the required amount must include routine maintenance fees and special assessments for the Property.

31.7 Windstorm insurance (12/16/25)

Windstorm insurance refers to coverage for damages caused by high winds, hail, tornados, and hurricane-force winds. Windstorm coverage in this chapter is identified as either Wind/Hail or Named Storm. If windstorm coverage is excluded from the primary property insurance policy,

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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 (12/16/25)

For Specific Insurance Limits:

- When expressed as a dollar amount:

IV of the Property	Maximum deductible
< $10 million	$50,000
≥ $10 million	$100,000

- When expressed as a percentage, five percent of the subject property's TIV with a stated minimum not to exceed $100,000

For Blanket Insurance Limits:

- When expressed as a dollar amount, $250,000
- When expressed as a percentage, five percent of the subject property's TIV, with a stated minimum not to exceed $250,000

The maximum deductible for Wind/Hail business income/rental value coverage is:

- When expressed as number of days, 15 days
- When expressed as a dollar amount, $100,000

c. Named Storm coverage (07/15/25)

For all properties located in Tier 1 Windstorm Risk counties, as defined by the insurer, Named Storm coverage for stand-alone policies must meet the requirements in Sections 31.5 and 31.6, with the exception of deductibles.

If the Named Storm coverage does not include flooding due to storm surge, then the Borrower is to maintain flood insurance for any buildings located in FEMA 500-year flood zones equal to or exceeding the maximum coverage available through NFIP policies or their equivalent.

If Named Storm coverage is provided as part of a Blanket Insurance Limit, the Seller/Servicer 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 per Section 31.5(c).

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The Blanket Insurance Limit for Named Storm may not be less than 90 percent of the largest individual TIV covered by the policy. The blanket limit must be per-occurrence and reinstate to the required limit after any losses.

d. Named Storm deductibles (12/16/25)

For Specific Insurance Limits:

- When expressed as a dollar amount:

IV of the Property	Maximum deductible
< $10 million	$50,000
≥ $10 million	$100,000

- When expressed as a percentage, 7.5 percent of the subject property's TIV, with a stated minimum not to exceed $100,000

For Blanket Insurance Limits:

- When expressed as a dollar amount, $250,000
- When expressed as a percentage, 7.5 percent of the subject property's TIV, with a stated minimum not to exceed $250,000

The maximum deductible for Named Storm business income/rental value coverage is:

- When expressed as number of days, 15 days
- When expressed as a dollar amount, $100,000

e. Windstorm insurance through a State Windpool (12/16/25)

If windstorm coverage is only available from a state-sponsored insurance program or State Windpool, the policy must:

- Be written in an amount no less than 100 percent of the TIV and meet the deductible requirements in this Section 31.7.
- If the policy contains a Coinsurance Clause, it must:
  - Include an Agreed Amount Provision equal to no less than 100 percent of the IV of the improvements, or
  - Contain a Coinsurance Clause less than or equal to 80 percent

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31.8 Flood insurance (12/16/25)

Flood insurance is required for any income-producing building that is part of the Property that is fully or partially located in a Special Flood Hazard Area (SFHA) Zones prefixed with A or V, as defined by FEMA, or when located in a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA).

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 (07/15/25)

For each Mortgage loan origination, Seller/Servicers 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/Servicers 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/Servicers must provide to the vendor supplemental information such as the Property's legal description or parcel descriptions. The resulting SFHDF and any subsequent versions, must be effective for the life of the related loan. In addition, the SFHDF should include a map image overlay. 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 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 (12/16/25)

For each income-generating building that is fully or partially located in a SFHA, Freddie Mac requires flood insurance equal to at least the following:

- The IV of the first two floors of the building above grade, plus
- The IV of any floors below grade, plus
- 12 months of business income/rental value associated with the building, and

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- The IV of Borrower-owned contents or business personal property within the building.

Seller/Servicers must 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. Business income/rental value coverage calculations should follow the guidelines in Section 31.6.

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/Servicers are responsible for 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 to determine the required coverage. Seller/Servicers must provide documentation of the presence or absence of Borrower-owned contents or business personal property in the Mortgage file.

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, 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 IV.

When an NFIP policy is used, the Seller/Servicer must consider the extent of recovery allowed under the NFIP policy for the type of building being insured 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, carports, laundry buildings, and gatehouses.

c. Flood coverage provided by Blanket Insurance Limit (07/15/25)

For policies providing flood 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 as indicated in Section 31.3.

The coverage provided by a Blanket Insurance Policy must be as good as, or better than, a single, stand-alone policy. The Seller/Servicer must provide a copy of its blanket-limit

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analysis in the ICT record as well as retain a copy in the loan file.

d. Maximum deductible for flood insurance (07/15/25)

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-based 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 flood zone monitoring responsibilities (12/16/25)

The Seller/Servicer must have a process in place that allows it to monitor any FEMA NFIP map changes and identify whether any buildings at the Property are newly designed in an SFHA. Flood insurance is required for all buildings located in SFHAs per this chapter.

For newly-designated buildings, flood insurance is to be in place no later than 120 days after the effective date of the FEMA NFIP map change.

For buildings no longer located in SFHAs, flood insurance may be discontinued. Within 10 days of notifying the Borrower that flood insurance is required for additional buildings, or authorizing the Borrower to discontinue flood insurance coverage, the Servicer must give written notice to Freddie Mac via email at MF_Insurance_Compliance@freddiemac.com. The email must note the property name, loan number and the changes. The Servicer must also complete and submit a Summary Update record in ICT with updated flood zone and flood coverage information. The Summary Update must also include a copy of the LODR, LOMA, or LOMR and any other applicable documentation.

f. Flood insurance during FEMA map change application (12/16/25)

Borrowers may submit requests to FEMA for map/flood zone designation changes at any time during the loan. The Servicer may remove a building from a SFHA only if the Servicer receives an updated FEMA SFHD based on any one of the following:

- Letter of Map Amendment (LOMA), or
- Letter of Map Revision (LOMR), or
- Letter of Determination Review (LODR)

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During the FEMA review of the map change requests, the Borrower may maintain flood coverage in amounts equal to the maximum available coverage from NFIP policies for the type of buildings insured. The Borrower must provide a copy of the map change requests submitted to FEMA along with information such as case number and status. If the results of the FEMA map change request are not successful, then compliant flood insurance is required for buildings in SFHAs. The Servicer must maintain a copy of the LOMA, LOMR or LODR in the Mortgage File.

The Borrower may apply to FEMA for map changes more than once only under the following conditions:

- The Borrower has new or corrected elevation data,
- The Borrower has made changes to the Property or obtained additional supporting documentation, or
- The Borrower is addressing a previous denial with updated information

If the Borrower re-applies for a FEMA map change that was denied based on incorrect or incomplete information, the Borrower will be required to maintain compliant flood coverage during the review process. The Borrower may not reapply for a denied FEMA map change if the denial was based on a fundamental issue such as the buildings being located below the Base Flood Elevation (BFE).

31.9 Earthquake insurance (12/16/25)

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 clarity, the term SEL-475 is used instead of the older term Probable Maximum Loss (PML).

b. Earthquake insurance requirements (12/16/25)

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

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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.**

~~Any~~For any Property or buildings ~~for which~~that Freddie Mac requires earthquake insurance, the coverage must be at least 100 percent of the IV of the building.

~~Plus~~ Business Income/Rental Value coverage may also be required, per Section 31.6.

2. Earthquake deductibles

For Specific Insurance Limits:

- When expressed as a dollar amount:

IV of the Property	Maximum deductible
< $10 million	$50,000
≥ $10 million	$100,000

- When expressed as a percentage, 7.5 percent of the subject property's TIV, with a stated minimum not to exceed $100,000

For Blanket Insurance Limits:

- When expressed as a dollar amount, $250,000

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- When expressed as a percentage, 7.5 percent of the subject property's TIV, with a stated minimum not to exceed $250,000

The maximum deductible for earthquake business income/rental value coverage is as follows:

- When expressed as number of days, 15 days
- When expressed as a dollar amount, $100,000

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/Servicer may request Freddie Mac approval to discontinue or reduce that earthquake coverage.

The Seller/Servicer 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.

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Closure of the Loan Item Tracking entry for the PGA calculation documentation will constitute Freddie Mac's notification to the Seller/Servicer that earthquake coverage may be discontinued or reduced.

The Servicer 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/Servicer may request Freddie Mac approval to discontinue or reduce the earthquake coverage.

The Seller/Servicer 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/Servicer that earthquake coverage may be discontinued or reduced~~.~~

The Servicer must retain all such documentation in the Mortgage File.

31.10 Boiler and Machinery or Equipment Breakdown insurance (07/15/25)

Boiler and Machinery or Equipment Breakdown insurance is required for any high-pressure, centralized heating, ventilation and cooling (HVAC), boiler, water heater, or other vessel that is in operation and regulated by the state or municipality where the Property is located. The insurance must cover loss or damage from explosion of steam boilers, pressure vessels and/or other steam equipment currently in place or installed at a later date.

Boiler and Machinery coverage amount must be at least 100 percent of the IV of each building housing the central HVAC system, including the IV of the central HVAC system, plus business income/rental value per Section 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 requires that both policies include a Joint Loss Agreement.

The maximum per occurrence deductible for Boiler and Machinery or Equipment Breakdown Insurance must not exceed those identified in Sections 31.5 and 31.6.

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31.11 Builder's Risk insurance (07/15/25)

Builder's Risk insurance is required for any new construction, major renovation, or rehabilitation projects the Borrower undertakes at the Property. A Builder's Risk policy insures against loss to buildings, material, equipment and fixtures during construction, rehabilitation, addition, significant alteration or repair, including but not limited to~~:~~, loss due to fire, theft vandalism, and weather-related events. 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 equal 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 must not exceed those identified in Section 31.5.

31.12 Ordinance or Law insurance (07/15/25)

Ordinance or Law coverage is not required for any property that is legally conforming under current building, zoning or land use laws.

Ordinance or Law coverage is required for any property that is non-conforming under current building, zoning or land use laws or ordinances.

Ordinance or Law coverage must include the following:

a. **Coverage "A"** – **Loss to the undamaged portion of the Property**: Coverage no less than the IV of the Property less the damage threshold percentage specified in the zoning laws. If the damage threshold is not specified, then a 50 percent threshold is acceptable.

For example:

- If the IV of the Property is $20 million and the damage threshold percentage is 60 percent, the Coverage "A" limit must be at least $8 million

b. **Coverage "B"** – **Demolition cost**: The cost to demolish and clear the site of undamaged parts of the Property if such demolition is required. Coverage "B" must equal no less than 10 percent of the estimated IV 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 IV of the Property.

d. **Coverage "D" – Increased Period of Restoration**: If the Property has buildings 5 stories or more, then an Increased Period of Restoration endorsement is required. The coverage extends business income and extra expense coverage and provides additional time to restore operations when delayed due to enforcement of building or zoning laws.

When Ordinance or Law limits are combined, the amount must equal or exceed the sum of the required amount of each type of coverage.

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31.13 Terrorism insurance (10/21/25)

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 (07/15/25)

Terrorism coverage must meet all of the following requirements:

- Property damage insurance in an amount and with maximum deductibles in accordance with ~~Section~~Sections 31.5 and 31.6, and
- Liability insurance in accordance with Section 31.16~~.~~

b. Blanket terrorism insurance (10/21/25)

For policies providing terrorism 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 risk as indicated in Section 31.3.

The coverage provided by a Blanket Insurance Policy must be as good as, or better than, a single, stand-alone policy. The Seller/Servicer must provide a copy of its blanket-limit analysis in the ICT record as well as retain a copy in the loan file.

31.14 Localized Perils insurance (07/15/25)

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.

Coverage must meet the requirements in Sections 31.5 and 31.6 for the buildings affected by the Localized Peril.

31.15 Reserved (07/15/25)

31.16 General liability insurance (12/16/25)

Standard commercial general liability (CGL) insurance is required to insure against liability resulting from bodily injury, property damage, personal injury, advertising injury and contractual liability. The coverage must be provided on an Occurrence-based Policy Form.

The Seller/Servicer must review the property's potential liability exposure and determine whether any exclusions are appropriate. CGL exclusions included within the scope of ISO Form CG 00 01 04 13, or its equivalent, are acceptable. Seller/Servicer must ensure coverage is maintained for the risk(s) reasonably associated with the property and that any exclusions do not otherwise

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eliminate coverage expected to be provided by the CGL policy. The liability policy must be written with no exclusions for claims related to assault and battery, molestation, sexual abuse, animal attacks, or firearms.

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 (12/16/25)

1. The Borrower must maintain primary CGL coverage limits of:

   - $1 million per occurrence, and
   - $2 million in the general aggregate

   If the CGL policy covers multiple locations, the aggregate limits must apply per location.

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
More than 10,000	$20 million

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 liability limits, provided the aggregate coverage meets the required minimum limits.

b. Maximum deductible and self-insured retention (SIR) for general liability insurance (12/16/25)

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:

- $50,000 for policies insuring a single property

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- $250,000 for Blanket Insurance policies covering multiple properties

Policies that include aggregate deductibles are acceptable if the Seller/Servicer confirms:

- The aggregate deductible amount is fully funded and held:
  - By the Borrower in a segregated bank account
  - By the Seller/Servicer in a tax and insurance escrow, or
  - By a third party on behalf of the Borrower
- For existing Mortgages, if the Borrower is unable to obtain a policy with the maximum deductibles allowed within the sections of this chapter, the Servicer may approve expanded deductibles per Section 31.5(b)

c. Workers Compensation (05/22/25)

The Borrower must maintain Workers Compensation and Employer Liability insurance (including terrorism coverage) if required by the State where the Property is located. The coverage amounts must meet Statutory limits.

31.17 Professional liability insurance requirements for certain Seniors Housing Mortgages (10/21/25)

a. Professional liability (PL) insurance requirements (10/21/25)

If any level of health care is provided at a Seniors Housing Property, the Borrower must maintain professional liability insurance covering errors and omissions, medical malpractice, and all types of abuse.

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. Terrorism insurance is not required for Professional Liability policies.

1. Borrower must maintain primary professional liability coverage of:
   - $1 million per claim or per occurrence
   - $2 million in the general aggregate

   If the professional liability policy covers multiple locations, the aggregate limits must apply per location.
2. In addition, the Borrower must maintain the following minimum umbrella or excess professional liability coverage:

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Total number of licensed beds covered by the policy	Minimum Umbrella/Excess Coverage
Less than or equal to 100	$2 million
101 to 500	$5 million
501 to 1,000	$10 million
Greater than 1,000	$20 million

The minimum coverage limits in this section may be satisfied with any combination of primary PL, umbrella and/or excess liability limits, provided the aggregate coverage meets the required minimum limits. If CGL and PL insurance coverages are combined, the required umbrella and/or excess liability limit is the higher of the two requirements. Note that assisted-living and independent-living beds are not counted when determining the umbrella/excess coverage.

b. Deductibles and self-insured retention (SIR) (10/21/25)

Freddie Mac allows the following maximum deductible or SIR, or combined deductible and SIR for Professional Liability:

- $50,000 for policies insuring a single property
- $250,000 for blanket policies covering multiple properties

Policies that include aggregate deductibles or SIRs are acceptable if the Seller/Servicer confirms the aggregate deductible amount is fully funded and held:

- By the Borrower in a segregated bank account,
- By the Seller/Servicer in a tax and insurance escrow, or
- By a third party on behalf of the Borrower

For existing Mortgages, if the Borrower is unable to obtain a policy with the maximum deductibles allowed within the sections of this chapter, the Servicer may approve expanded deductibles per Section 31.5(b).

31.18 Cooperative (Co-op) requirements (10/21/25)

a. Fidelity bond/crime insurance coverage (10/21/25)

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 includes three months of scheduled Cooperative Maintenance Fees with a maximum deductible of $25,000.

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b. Co-op directors' and officers' liability insurance (10/21/25)

The Seller/Servicer must ensure that each Co-op maintains directors' and officers' liability insurance as follows:

- Minimum coverage of $1 million per claim or per occurrence
- Maximum deductible of $50,000

31.19 Insurance records for origination and Servicing (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 ICT to document their assessment of the Borrower's insurance compliance and any recommended waiver requests.

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.

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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.

- 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.

c. Post-purchase reporting of Borrower insurance compliance (12/14/23)

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.

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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

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- 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
- For private flood insurance, copy of the flood insurance policy(ies)

31.21 General requirements applicable to all property and liability insurance documentation (07/15/25)

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 SFHA

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31.22 Verification of required and continuing property and liability insurance coverage (07/15/25)

a. Required coverage (07/15/25)

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 IV 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 at MF_Insurance_Compliance@freddiemac.com 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 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 (~~07/15/25~~06/23/26)

a. General requirements for ensuring continuous insurance coverage (07/15/25)

If the Seller/Servicer determines that a Property's insurance has lapsed, is canceled, 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

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- 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 canceled, is inadequate or is not in force

- Implementing ~~forced~~force 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 31.4

b. ~~Forced~~Force placed insurance (07/15/25)

Under certain circumstances, Freddie Mac requires the use of ~~forced~~force placed insurance to prevent a lapse in insurance coverage.

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 canceled, 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~~Servicer 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 Property coverage (see Note below)

    - A lapse in coverage is not imminent

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If the issue is not resolved ~~with~~within 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 IV 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~~Servicer learning of the condition and must work with the Borrower to resolve the deficiency:

   - The Property insurance coverage currently in force is greater than 80 percent, but less than 100 percent, of the required coverage (see Note above)
   - Any other failure of the insurance policy to comply with the requirements of the Purchase and Servicing Documents

   If the issue is not resolved ~~with~~within 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.

   If any deficiencies identified in an exception request are not resolved within 90 days of submittal, then the Servicer must force place required insurance. The Servicer may charge the Borrower for the cost of force placed insurance.

c. Notice to Freddie Mac of ~~forced~~force placed insurance (~~07/15/25~~06/23/26)

If coverage is ~~forced~~force placed as described in Section 31.24(b), the Servicer must ~~immediately~~promptly send written notification to Freddie Mac at MF_Insurance_Compliance@freddiemac.com ~~detailing the insurance issues, the forced~~

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~~placed coverage amount and deductibles. The Servicer must retain in the Mortgage File a copy of the written notification regarding forced placed insurance.~~detailing the following:

- Freddie Mac loan number
- Type of insurance coverage
- Amount of coverage
- Force placed premium amount
- Reason for force placement
- Date Borrower notified
- Effective date of coverage

The Servicer must retain in the Mortgage File a copy of the written notification regarding force placed insurance.

d. Payment for ~~forced~~force placed insurance (04/30/19)

The Servicer must adjust the Borrower's insurance Reserve payments for the ~~forced~~force 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~~force placed insurance, the Servicer must submit a completed ~~Legal Referral Form, Form 1101~~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~~force placed insurance to the same extent that Freddie Mac would reimburse the Servicer for advances to pay required insurance premiums.

e. Monthly reporting of force placed insurance (06/23/26)

In addition to the notification requirements set forth in Section 31.24(c), each Seller/Servicer must submit to Freddie Mac a monthly aggregation of all force placed insurance in effect and/or no longer in effect for Mortgages serviced on Freddie Mac's behalf using the Force Placed Insurance Reporting Template. The Seller Servicer is to submit the monthly aggregation report at MF_Insurance_Compliance@freddiemac.com.

This monthly reporting requirement does not replace or modify the Servicer's obligation to provide immediate written notice to Freddie Mac upon the placement of force placed insurance in accordance with Section 31.24(c).

The Seller/Servicer must ensure that the information submitted in the monthly aggregation is complete, accurate, and consistent with the Servicer's records and any notifications previously provided to Freddie Mac. The Seller/Servicer must retain supporting documentation in the Mortgage File in accordance with Section 31.19 and make such documentation available to Freddie Mac upon request.

31.25 Reserved (07/15/25)

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31.26 Reserved (06/30/16)

31.27 Captive Insurance and risk retention groups (RRG) (12/16/25)

The use of Captive insurance or risk retention groups (RRGs) is acceptable for the following:

- General and Professional Liability coverage, including umbrella or excess
- Property and Liability policy deductibles
- Property coverage; however, the Captive may not provide the majority of the coverage
- Terrorism policies when backed by the Terrorism Risk Insurance Program

The Seller/Servicer must review the Captive or RRG to ensure the entity or its insurer's providing coverage meets the acceptable insurer rating requirements in Section 31.4. For Captives or RRGs that are not satisfactorily rated, the Seller/Servicer must review information such as that listed below, as applicable, and assess the entity's financial stability and ability to cover its projected loss obligations, plus address any non-compliance issues. The Seller/Servicer must submit a waiver request along with a written assessment describing the results of its assessment and rationale for its recommendation to accept the Captive or RRG. Types of information to review include, but are not limited to, the following:

- Certificate of Authority showing its state-issued license to conduct business including complete entity name, date of authority, and State of domicile
- State Examination Report covering a specific time frame and addressing a review of the entity's balance sheet, income, investments, premiums, reinsurance, and loss history, as the entity's financial condition, ability to fulfill its obligations, and compliance with applicable State laws and regulations
- Actuarial Report that includes a statement of opinion after evaluating, opining, and certifying the adequacy of the entity's open and paid losses, loss adjustment expense reserves, capital and surplus
- The entity's status as either a single-parent Captive, where an insurance subsidiary insures the loss exposures of its parent company or single entity, or a group Captive owned by several different companies that are normally from the same industry and have similar risks
- Fronting insurer and/or reinsurance arrangements that support a recommendation

31.28 Manufactured Housing Communities (07/15/25)

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 IV of the improvements, per Section 31.5. In addition, the Borrower must carry business income/rental value insurance for all relevant perils attributable to the Property per Section 31.6.

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Properties located partially or fully in a 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.

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32.1 General final delivery requirements (~~10/01/25~~06/23/26)
- a. Forms (09/01/16)
- b. Delivery of Final Delivery Package (05/05/17)
- c. Delivery and review period; preferred funding (10/01/25)
- d. Completion of documents (10/01/25)
- e. Forms for assignments and Note endorsement (10/01/25)
- f. Electronic recording (09/01/16)
- g. Organization of the hardcopy Final Delivery Package (09/01/16)
- h. Freddie Mac's review not a waiver (05/01/14)
- i. Review of Mortgage prior to purchase (05/01/14)
- j. Funding (10/01/25)
- k. Late delivery; nondelivery (~~08/18/22~~06/23/26)

32.2 Warehouse Mortgage delivery (05/05/17)

32.3 Use of counsel; ~~Loan Documents; Settlement~~documents for final delivery; settlement statements~~; Seller's Certification of Outstanding Items; Written notices~~ (04/21/26)
- a. Use of counsel (08/15/24)
- b. Loan Documents (08/15/24)
- c. Settlement statements and related documentation (12/16/25)
- d. Seller's Certification of Outstanding Items (10/01/25)
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32.4 Specific final delivery requirements (10/01/25)

32.5 Delivery of Initial Delivery Packages for Forward Commitments for non-SBL Mortgages (09/01/16)

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32.11 Preparing for purchase (09/01/16)
- a. File identification prior to funding (05/01/14)
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32.12 Wire transfer instructions (04/18/24)
- a. Authorization documentation (02/16/23)
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32.13 Purchase/settlement procedures (09/01/16)
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32.14 Purchase adjustments (01/13/09)

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32.15 SBL collateral (09/01/16)

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32.1 General final delivery requirements (~~10/01/25~~06/23/26)

a. Forms (09/01/16)

All of the Loan Documents, Final Delivery Tables of Contents, and Final Delivery Instructions referenced in this chapter are available at mf.freddiemac.com/lenders/purchase.

Final Delivery Table of Contents refers to either of the following, as applicable:

- Final Delivery Package Immediate Cash Loan and TAH Unfunded Forward Cash at Conversion Table of Contents
- Final Delivery Package Table of Contents Small Loan Purchase Product

Final Delivery Instructions refers to either of the following, as applicable:

- Final Delivery Instructions – Immediate Cash and TAH Unfunded Forward Cash at Conversion
- Final Delivery Instructions – Small Balance Loan Purchase Product

b. Delivery of Final Delivery Package (05/05/17)

The Seller must deliver to Freddie Mac, at the Seller's expense, the Final Delivery Package. For all programs and products, the Seller must deliver the Final Delivery Package to *Multifamily Purchase*. Each delivery of a Mortgage to Freddie Mac must comply with the requirements of this chapter, the chapter for the applicable purchase program or product, and the applicable Final Delivery Instructions.

The "Final Delivery Package" consists of:

- The electronic delivery portion of the Final Delivery Package, which consists of documents delivered electronically to *Multifamily Purchase* by uploading such documents into the Document Management System (DMS). For identification of the documents comprising the electronic delivery Final Delivery Package, see the applicable Final Delivery Table of Contents. For guidance on how to deliver documents via DMS, see the document mapping in the Final Delivery Table of Contents.

- The hardcopy delivery portion of the Final Delivery Package, which consists of items delivered to *Multifamily Purchase* in their original hardcopy form. For identification of the documents comprising the hardcopy delivery portion of the Final Delivery Package, see the applicable Final Delivery Table of Contents.

Certain documents required to be included in the Final Delivery Package must be included in both the electronic delivery portion and the hardcopy delivery portion as specified in the Final Delivery Table of Contents.

Freddie Mac will accept delivery of the Note directly from the warehouse lender, and will accept electronic deliveries and hardcopy deliveries received at separate times, but Freddie Mac does not deem a Final Delivery Package to be complete until Freddie Mac has received both the electronic and the hardcopy delivery portions of such package. Note that required

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electronic documents must all be uploaded to DMS before hardcopy documents arrive at Freddie Mac.

When delivering hardcopy documentation without a Final Delivery Table of Contents, a completed Multifamily Document Transmittal Form must be attached. In the case of deliveries of a pool of Mortgages (more than one Mortgage from the same Borrower or related Borrowers), the Seller must coordinate all deliveries so that the electronic and hardcopy delivery portions are received on the same date.

c. Delivery and review period; preferred funding (10/01/25)

1. The Seller must deliver the Final Delivery Package no later than noon Eastern time on the Mandatory Delivery Date identified in the applicable Purchase Contract.

   A delivery notification email must be sent to MF_Delivery_Notification@freddiemac.com with the Freddie Mac Loan Number, Property Name, Counsel name and tracking number within 24 hours of expected receipt. The original documents must be delivered in a one inch red-well folder.

2. The Seller must request in writing its preferred funding date (no earlier than 10 calendar days from the date on which Freddie Mac receives the Final Delivery Package and no later than the Mandatory Funding Date) by insertion of the preferred funding date on the applicable blank on the Final Delivery Table of Contents. If the Seller fails to provide a preferred funding date, funding will occur once review is completed, but no later than the Mandatory Funding Date.

3. Freddie Mac will commence review of the Final Delivery Package upon receipt. The Seller should plan for funding on the Seller's requested preferred funding date, as long as that date is at least 10 calendar days after the date on which Freddie Mac receives the Final Delivery Package and no later than the Mandatory Funding Date.

d. Completion of documents (10/01/25)

1. Identification of documents

The Loan Document revision date must appear on each Loan Document.

2. Completion of blanks by the Seller

The Seller must complete each blank in a Loan Document or other form required by Freddie Mac with the information specified by Freddie Mac, with "n/a," or with a cross-reference to the applicable modification Exhibit, as applicable. If the Purchase Contract or the Guide does not specify how a blank is to be completed, the Seller must contact:

- The *Applicable Freddie Mac Multifamily Regional Office* for instructions, for non-SBL Mortgages
- The *Multifamily Small Balance Loan Team*, for SBL Mortgages

3. Required changes

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The Seller must do all of the following:

- Make any changes to the Loan Documents that are:
  - Required in writing by Freddie Mac
  - Required by the applicable Mortgage purchase program or product
  - Listed in the Authorized Changes to the Multifamily Loan Documents
- Add the signature block and any required witness signature lines and/or acknowledgments, in the form required by applicable law
- Include any changes to the format of the Loan Documents (for example, paper size, fonts, spacing) that are required by applicable laws

4. Permitted Changes

The Seller may add a table of contents, change the pagination and/or make changes to the font, paper size and other aspects of the Loan Documents. The Seller must ensure that any such permitted changes comply with the requirements of applicable law.

5. Method for making changes

The Seller must make all authorized and required changes on the appropriate modification exhibit to the document, and must mark the applicable box on the document to indicate such an exhibit is attached. The Seller may not make any changes to the Loan Documents by altering the text of the body of the document, except that modifications may be made directly to the text of the body of Riders to Loan Documents so long as such modifications are clearly identified by intentionally showing stricken-through (deleted) text and underlined (new) text.

e. Forms for assignments and Note endorsement (10/01/25)

Freddie Mac requires that the Seller assign to Freddie Mac certain documents in addition to the Security Instrument (for example, the Loan Agreement and the Guaranty) and endorse the Note to Freddie Mac.

1. Omnibus Assignment

Freddie Mac requires the Seller to use the Freddie Mac Omnibus Assignment for all documents required to be assigned to Freddie Mac under the Guide or the Purchase Contract (other than recorded documents and the Note).

2. Note Endorsement

- The Note must bear an endorsement to Freddie Mac in the following form:

  PAY TO THE ORDER OF THE FEDERAL HOME LOAN MORTGAGE CORPORATION WITHOUT RECOURSE

  (Name of Seller-endorser)
  (Signature of duly authorized officer)
  (Typed name and title of signatory)

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- Do not date the Note endorsement. The Note endorsement may appear on an allonge to the Note if the Freddie Mac loan number appears on the allonge and the allonge is attached to the Note.

- To the extent provided in the Uniform Commercial Code (UCC), the Note endorsement "without recourse" may limit Seller/Servicer's obligation, as endorser under the UCC, to pay amounts due under the Note upon default by Borrower but will not affect Seller/Servicer's repurchase obligations under the Purchase and Servicing documents.

- Any chain of endorsements must be complete from the original lender shown on the Note to Freddie Mac.

f. Electronic recording (09/01/16)

The Seller must electronically submit for recording or filing all Mortgage documents required to be recorded or filed if the applicable recording office accepts electronic recordings and/or filings.

g. Organization of the hardcopy Final Delivery Package (09/01/16)

With respect to the hardcopy portion of a Final Delivery Package, the Seller must deliver all of the applicable documents (except the Note delivered by a warehouse lender) along with the electronic versions in the following manner:

- Deliver an accordion folder (sometimes referred to as a redwell folder) labeled with the Seller's name, Freddie Mac loan number, property name, and identified as the Final Delivery Package, with all documents adequately secured. The Seller must fasten each multipage document with a staple (with the exception of the Note and the Loan Agreement, which must be clipped). The Seller must not insert any loose documents or use rubber bands to hold any documents together;

- Arrange the documents in the order listed in the applicable Final Delivery Table of Contents, with the first listed item on top, the second item below it and so on; and

- Include the applicable Final Delivery Table of Contents, which identifies the titles of the documents included, and tabs to mark each item. If a document listed in the Final Delivery Table of Contents is not applicable, "N/A" must be noted on the Final Delivery Table of Contents. No such corresponding blank documents may be delivered or uploaded as part of the Electronic Delivery Package.

h. Freddie Mac's review not a waiver (05/01/14)

Freddie Mac's review of submitted documents will not discharge or limit the Seller's liability for breach of any warranties made under the Purchase and Servicing Documents. Further, the fact that Freddie Mac has prescribed a form for a particular document does not relieve the Seller of its obligation to ensure that all documents comply with and are enforceable under applicable law. If the Seller doubts such compliance or enforceability with respect to a particular document, an attorney who represents the Seller must contact the applicable Freddie Mac *Multifamily Attorney* for instructions.

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i. Review of Mortgage prior to purchase (05/01/14)

Before the Freddie Mac Funding Date, Freddie Mac may, in its discretion, refuse to purchase any Mortgage if it determines any of the following:

- The Mortgage is not of investment quality
- The Seller has failed to satisfy or has breached any of the provisions of the Purchase and Servicing Documents
- Any of the Seller's warranties or representations to Freddie Mac are untrue
- Any information provided by or on behalf of the Borrower is untrue, incomplete or misleading

If Freddie Mac declines to purchase a Mortgage for any of the reasons set forth above, it will retain any application fees paid to it and will treat the situation as a non-delivery of the Mortgage.

j. Funding (10/01/25)

After Final Delivery, Freddie Mac will review the Final Delivery Package and set the Freddie Mac Funding Date as the date requested by the Seller on the Final Delivery Table of Contents, subject to the limitations set forth in Section 32.1(c)(3). Freddie Mac will make payment on the requested date provided the conditions set forth in the Purchase Contract, the applicable product chapters, and the Final Delivery Instructions, have been satisfied.

k. Late delivery; nondelivery (~~08/18/22~~06/23/26)

~~For non-SBL Mortgages, late~~Late delivery and nondelivery provisions are found in the following sections:

- Sections 27.24(a), 27.24(c) and 27.26, for Mortgages delivered under the standard delivery option
- Sections 27.24 and 27.26, for Mortgages delivered under the early rate lock delivery option

~~Section~~
- Sections 17A.14 and 19A.~~17~~16, for Mortgages delivered under a Forward Commitment

For SBL Mortgages, late delivery and nondelivery provisions are found in Chapter 18SBL.

Multifamily Purchase may, in its discretion, assess a late fee for Final Delivery Packages received after the Mandatory Delivery Date. The late fee will be calculated by *Multifamily Purchase* as a per diem, using the interest rate set forth in the Note.

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32.2 Warehouse Mortgage delivery (05/05/17)

For Mortgages that are subject to a security interest of a warehouse lender, the Final Delivery Package must include a properly completed, dated and executed Form 987M, Wire Transfer Authorization – Cash Warehouse Delivery, attached to a properly completed and executed Form 996M, Warehouse Lender Release of Security Interest, as required by Chapter 33. When delivering hardcopy documentation without a Final Delivery Table of Contents, a completed Multifamily Document Transmittal Form, available at mf.freddiemac.com, must be attached.

32.3 Use of counsel; documents for final delivery; settlement statements (04/21/26)

Unless indicated otherwise in the applicable section or subsection, references in this chapter to "Mortgage" refer to non-SBL Mortgages, SBL Mortgages and TELs, and references to "counsel" refer to Seller/Servicers' counsel for non-SBL Mortgages and Single Counsel for SBL Mortgages and TELs.

By its delivery of the Final Delivery Package 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 section.

a. Use of counsel (08/15/24)

1. For each non-SBL Mortgage submitted to Freddie Mac for purchase, an attorney who represents the Seller and who has the qualifications and experience required by Section 6.2 must:

   - Perform the tasks required by Chapter 6 and this chapter
   - Prepare and/or review all legal documents

2. For each SBL Mortgage or TEL submitted to Freddie Mac for purchase, Single Counsel who represents the Seller and Freddie Mac must:

   - For each SBL Mortgage, perform the tasks required by Chapter 6SBL and this chapter
   - For each TEL, perform the tasks required by Chapter 25 or 25A, as applicable, and this chapter
   - Prepare and/or review all legal documents

b. Loan Documents (08/15/24)

1. The Seller must originate the Mortgage using the form documents listed in the applicable Currently Acceptable Multifamily Loan Documents accessed at mf.freddiemac.com/lenders/legal. Each form used must have been listed on mf.freddiemac.com during the period between the date the Letter of Commitment is issued (or the early rate-lock application is submitted by the Seller) and the Origination Date, unless otherwise approved in writing by Freddie Mac.

2. A Seller may:

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- Provide its counsel with the appropriate Loan Documents that the Seller has obtained directly from mf.freddiemac.com, or

- Instruct its counsel to obtain the appropriate Loan Document directly from mf.freddiemac.com.

Regardless of the method used by the Seller's counsel to obtain the Loan Documents, the Seller will be responsible for making the absolute warranty set forth in Section 5.2(c).

c. Settlement statements and related documentation (12/16/25)

The Final Delivery Package for the Borrower must include the following, which must comply with the most current version of Freddie Mac's "Closing Documentation Guidelines" posted with the Loan Documents:

- A copy of the final executed settlement statement for the Borrower;

- A copy of any final executed Property seller-side settlement statements pertaining to the acquisition of the Property;

- A copy of any closing statements and escrow instructions letters provided by Seller or Seller's counsel to the party/parties conducting the Funding Functions and Escrow Functions for the transaction; and

- A receipts and disbursements ledger for the transaction (for the Mortgage and, if applicable, the acquisition of the Property (or ownership interests)) (or other written evidence from the Title Company) together with evidence of all corresponding wires or checks received or sent with respect to the Mortgage or any acquisition.

d. Seller's Certification of Outstanding Items (10/01/25)

All items required to be reviewed and approved by Freddie Mac prior to loan origination or prior to loan purchase as noted in the Purchase Contract must be listed in the Seller's Certification of Outstanding Items, and to the extent approval from Freddie Mac has not been received by Seller for any such items at the time the Certification is executed, Seller must identify such items on the Certification.

e. Written notices (08/15/24)

Copies of all written notices that Seller/Servicer's legal counsel has determined must be and/or are generally advisable to be provided to third parties under any documents, instruments or agreement, recorded or unrecorded, affecting the Property in connection with the origination of the Mortgage and/or the subsequent assignment of the Mortgage to Freddie Mac, must be included with the Final Delivery Package. This includes for the purpose of entitling the Seller and/or Freddie Mac, each in its capacity as a mortgagee of the Property, to any legal rights under such documents, instruments or agreements.

f. Chain of title (04/21/26)

An informational report from the Title Company including copies of all documents evidencing the chain of title for the Property for the 36-month period preceding Mortgage origination (or

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alternatively, the date of such report as specified and subject to the conditions in the Seller's Counsel's Certification) must be included with the Final Delivery Package. This must include copies of any deeds transferring all or any portion of the Property, copies of any tax affidavits pertaining to all or any portion of the Property, and copies of any Security Instruments encumbering all or any portion of the Property, for such 36-month period.

Seller/Servicer must review and analyze the chain of title described above (including both the actual documents and any accompanying report from the Title Company) and obtain Freddie Mac's approval for any inconsistencies with the Underwriting Package, any evidence of non-arms' length transactions, or any other irregularities or inconsistencies that would be of material interest to a prudent lender.

For acquisition Mortgage origination transactions, Seller/Servicer must also review the fully executed deed or other conveyance document reflecting the sale of ownership interests, as applicable, to confirm that such documents match the draft documents previously provided by Borrower, that the signature blocks align with the parties and signature blocks in the Purchase Agreement, and that such documents do not show any indication of an intervening, unexplained transfer or indication of any affiliation between the property seller and Borrower that has not previously been disclosed and approved by Freddie Mac. If such review reveals any inconsistencies with the information contained in the Purchase Agreement Analysis, Seller/Servicer must deliver an updated Purchase Agreement Analysis and obtain Freddie Mac's approval of such updated analysis.

32.4 Specific final delivery requirements (10/01/25)

In addition to the general requirements set forth in this chapter, more specific delivery requirements are set forth in the Final Delivery Instructions and the Purchase Contract.

32.5 Delivery of Initial Delivery Packages for Forward Commitments for non-SBL Mortgages (09/01/16)

For all Forward Commitment products, the Seller must submit the Initial Delivery Package to *Multifamily Purchase* in accordance with the Final Delivery Instructions – Forward Commitment Initial Delivery. Final Delivery Packages for all Forward Commitment products must be submitted in accordance with the Final Delivery Instructions – Cash and Bonds.

32.6 Reserved (05/01/14)

32.7 Reserved

32.8 Reserved

32.9 Reserved

32.10 Reserved

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32.11 Preparing for purchase (09/01/16)

a. File identification prior to funding (05/01/14)

When a Seller delivers a Mortgage to Freddie Mac for purchase, the Seller must note on the Loan Documents and accounting records retained in the Seller's file that Freddie Mac may purchase the Mortgage. Because Freddie Mac may reject a Mortgage before purchase, the Seller must not transfer the Mortgage to a Freddie Mac portfolio designation until Freddie Mac has purchased the Mortgage.

b. Updated verification of the UPB (09/01/16)

When Freddie Mac advises the Seller that it will purchase the Mortgage, the Seller must confirm the current UPB via email to *Multifamily Purchase*.

c. Purchase price (05/01/14)

Freddie Mac determines its purchase price for a Mortgage based on the UPB set forth in the Seller's email verification of the UPB plus the purchase interest (the interest due from the first day of the month in which Freddie Mac will purchase the Mortgage until the day prior to the settlement date minus the Servicing Spread) plus or minus any applicable discount or premium.

32.12 Wire transfer instructions (04/18/24)

Before instructing Freddie Mac to make a wire transfer to an account, a Seller must ensure that the account is eligible to receive direct wire transfers. The Seller must submit to Freddie Mac *Multifamily Cash Management* the documentation required by Section 32.12(a) and 32.12(b). Settlements cannot be made if such documentation is not on file with Freddie Mac and in compliance with Sections 32.12(a) and 32.12(b).

a. Authorization documentation (02/16/23)

The Seller must identify the individuals authorized to provide wire transfer instructions to Freddie Mac on behalf of the Seller (the "authorized individuals") by submitting the applicable "authorization documentation" (below) to Freddie Mac *Multifamily Counterparty Risk & Compliance*. **Authorization Documentation**		
For a corporation submit a completed:	**For a sole proprietorship or a partnership submit a completed:**	**For a limited liability corporation submit a completed:**
Certificate of Corporate Secretary (Freddie Mac Form 989M) with Board resolution attached to Form 989M as Exhibit A	Certificate of Authorized Representative (Freddie Mac Form 988M) with resolutions from the governing body that is empowered to legally bind the Seller attached to Form	Certificate of Limited Liability Company Secretary/Authorized Representative (Freddie Mac Form 990M) with resolutions from the managers/members who are empowered to legally

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	988M as Exhibit A, if applicable.	bind the Seller attached to Form 990M as Exhibit A

Freddie Mac will not accept wire transfer instructions or modifications to the authorization documentation executed by anyone other than an authorized individual.

Once Freddie Mac has received the executed authorization documentation, Freddie Mac will contact one or more of the individuals authorized to provide wire transfer instructions to Freddie Mac to confirm the accuracy of the wire instructions provided to Freddie Mac via the Form 483 or company letterhead, as applicable.

Freddie Mac will retain the authorization documentation on file. The Seller may contact *Multifamily Counterparty Risk & Compliance* to view the authorization documentation on file.

Freddie Mac requests that the Seller recertify its authorization documentation annually on the Multifamily Annual Certification Report (Form 16M, Annual Eligibility Certification Report, or Form 17M, Multifamily Annual Certification Report Structured Transaction & Tax-Exempt Bond Seller/Servicers, as applicable) confirming that the authorization documentation on file with Freddie Mac remains in full force and effect and that there are no changes to the individuals authorized to provide wire transfer instructions to Freddie Mac.

The Seller may not wait for a recertification request to notify Freddie Mac of any changes in its authorized individuals or wiring instructions. The Seller must notify Freddie Mac of any changes in its authorized individuals or wiring instructions within five Business Days of the change taking place. Freddie Mac *Multifamily Cash Management* will periodically contact the authorized individuals to verify the wire instructions on file. *Multifamily Cash Management* will send such validation requests via secure email.

Settlements cannot be made if Freddie Mac does not have on file a current certification or authorization documentation. The Seller can change, delete or add new authorized individuals only by submitting new authorization documentation. Freddie Mac requires five Business Days to process any such changes.

b. Multifamily Wire Transfer Authorization (04/18/24)

The Seller must submit to Freddie Mac *Multifamily Cash Management* the following forms:

- A completed Form 483M, Wire Transfer Authorization, executed by an authorized individual, as defined in Section 32.12(a), to represent the Seller's legal authorization to instruct Freddie Mac to wire transfer funds to a designated bank

- A completed, current version of the IRS Form W-8 or W-9, as applicable, for the Seller and for each entity in the transaction that will receive funds directly from Freddie Mac via wire transfer (*e.g.*, warehouse lender, Title Company, etc.)

The Seller can change or add new wire transfer instructions only by submitting a newly executed and properly authorized Form 483M and a Form W-8 or W-9, which does not need to be newly executed as long as it is the latest version of the W-8 or W-9 available from the IRS. Freddie Mac will not accept wire transfer instructions submitted in any other manner. Freddie Mac requires at least five Business Days to process such a change.

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See Section 33.4 for information regarding wire transfer instructions for the purchase by Freddie Mac of Mortgages subject to the security interest of a warehouse lender.

32.13 Purchase/settlement procedures (09/01/16)

a. Multifamily Loan Purchase Statement (09/01/16)

After reviewing the Final Delivery Package, and prior to the purchase funds being sent, Freddie Mac will generate and send via email to the Seller the Multifamily Loan Purchase Statement, which includes a computation of the amount to be funded to the Seller as well as a statement of the percentage of participation purchased by Freddie Mac.

b. Receipt of funds (05/01/14)

Freddie Mac will advise the Seller of the scheduled Freddie Mac Funding Date. Freddie Mac initiates each wire transfer in sufficient time for the funds to be credited to the Seller's account on the scheduled Freddie Mac Funding Date. It is the Seller's responsibility to call its bank to confirm receipt of the funds. If the funds have not been credited to the account by the morning of the next Business Day, the Seller must contact the applicable *Multifamily Purchase* Manager.

32.14 Purchase adjustments (01/13/09)

If the Seller has any questions regarding the purchase balance before the funding of a Mortgage or purchase adjustments after the funding of a Mortgage, the Seller must contact the applicable *Multifamily Purchase* Manager.

32.15 SBL collateral (09/01/16)

For SBL Mortgages, the Seller must deliver the collateral required under Chapter 46SBL in accordance with all requirements set forth in that chapter.

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40.1 General information regarding assessments and other post-purchase reporting (07/01/25)
- a. General information regarding assessments (10/19/23)
- b. Additional Seller/Servicer post-purchase reporting for Mortgages purchased for Securitization (03/03/17)
- c. Additional reporting requirements for Special Product Type Mortgages including SBL, portfolio loans backing Participation Certificates ("PCs") and other loans warranting additional monitoring (07/01/25)

40.2 Types of assessments and timing of assessments (~~10/17/24~~08/01/26)
- a. Types of assessments (~~10/19/23~~08/01/26)
- b. Conditions requiring an assessment and timing of assessments (~~10/17/24~~08/01/26)
- c. Requesting an adjustment of the Annual Financial due date (04/30/19)
- d. Reporting to senior Mortgage servicers (03/03/17)

40.3 Completing and submitting the Annual Financial (04/27/18)
- a. Source documents for the Annual Financial (03/03/17)
- b. Completing the Annual Financial (04/27/18)
- c. Submitting the Annual Financial (04/27/18)

40.4 Completing and submitting the Quarterly Financial (04/27/18)
- a. Source documents for the Quarterly Financial (03/03/17)
- b. Completing the Quarterly Financial (04/27/18)
- c. Submitting the Quarterly Financial (12/14/17)

40.5 Completing and submitting the Mid-Year Rent Schedule (04/27/18)
- a. Source documents for the Mid-Year Rent Schedule (04/27/18)
- b. Submitting the Mid-Year Rent Schedule (04/27/18)

~~40.6 Completing and submitting the Loan Management Form (LMF) (10/19/23)~~
- ~~a. Evaluating the Mortgage and determining whether an LMF is required (10/19/23)~~
- ~~b. Completing and submitting the LMF (04/30/15)~~
- ~~c. Timing of submission of the LMF (10/19/23)~~

40.6 Reserved (08/01/26)

40.7 Conducting the inspection of the Property (10/21/25)
- a. Unit inspection requirements and minimum number of units to inspect (10/17/24)
- b. Requirements for photographs (10/14/16)
- c. Guidance for photographs (12/12/14)
- d. Assessing the physical condition of the Property and any risk issues (10/21/25)
- e. Assessing moisture or Mold issues during the inspection (02/28/19)
- f. Assessing the property management company (12/12/14)
- g. Assessing the neighborhood, adjoining land uses and any changes to submarkets impacting the occupancy or performance of the Property (12/12/14)

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40.8 Timing of the property inspection and the inspection report (10/19/23)

40.9 Completing and submitting the inspection; retention of inspection documentation (08/26/25)

40.10 Late, incomplete or unacceptable assessments; penalties and enforcement (06/13/24)

40.11 Reserved (08/26/25)

40.12 Freddie Mac's rights (12/12/14)

40.13 Inspector requirements (08/26/25)
- a. General inspector requirements for all Mortgages (06/25/20)
- b. Specific inspector requirements (08/26/25)
- c. Waiver of inspector requirements (03/03/17)
- d. Guidance for a quality control program for staff inspectors (12/12/14)
- e. Servicer conflicts of interest and required independent inspections (06/25/20)

40.14 Third-party fee inspector company requirements (07/01/25)
- a. Restrictions on the use of a third-party fee inspector company (07/01/25)
- b. FIC acceptability (05/31/12)

40.15 Additional financial statement and rent roll submission requirements for Seller/Servicers for non-SBL Mortgages (10/21/25)

40.16 Reporting for Special Product Type Mortgages (07/01/25)
- a. SBL Mortgages (03/03/17)
- b. Value-Add Mortgages (09/30/20)
- c. Mortgages secured by Properties deemed unstabilized by Freddie Mac (06/27/19)
- d. Mod Rehab Mortgages (05/05/17)
- e. MHC Mortgages with MHC Tenant Protections (04/14/22)
- f. Portfolio loans, including but not limited to loans backing Participation Certificates (PCs) (07/01/25)

40.17 Mortgages with Rent Restrictions Rider to the Loan Agreement – reporting requirements (04/13/23)

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40.1 General information regarding assessments and other post-purchase reporting (07/01/25)

a. General information regarding assessments (10/19/23)

Freddie Mac requires the Servicer to perform periodic assessments of each Property to assist Freddie Mac in preventing Mortgage defaults and losses through the early detection and resolution of concerns about a Mortgage.

The Servicer must complete the assessment in a sufficiently detailed manner to provide a framework for Freddie Mac to monitor the performance of the Mortgage. The Servicer must complete all sections of each assessment using the best information available. If the Servicer is unable to accurately complete any section or obtain any required document, the Servicer must provide a satisfactory explanation for the incomplete section or missing document with the assessment submission.

To accomplish competently the objectives of each assessment, the Servicer must employ experienced and trained personnel. Minimum training and experience requirements for all inspectors are set forth in Section 40.13. Section 40.14 sets forth training and experience requirements for the employees and contractors of a fee inspector company (FIC). The Servicer is responsible for the completed assessment submission regardless of who performed the inspection and will be held responsible for material mistakes, misrepresentations or omissions in the assessment submission as outlined in Section 40.10.

b. Additional Seller/Servicer post-purchase reporting for Mortgages purchased for Securitization (03/03/17)

For Mortgages purchased for Securitization, the Seller/Servicer must provide additional reporting prior to Securitization. These requirements are outlined in Section 40.15.

c. Additional reporting requirements for Special Product Type Mortgages including SBL, portfolio loans backing Participation Certificates ("PCs") and other loans warranting additional monitoring (07/01/25)

Special Product Type Mortgages, including SBL Mortgages, portfolio loans, including but not limited to loans backing PCs, have additional or different reporting requirements, as outlined in Section 40.16. Except as provided in Section 40.16, Special Product Type Mortgages are subject to all of the requirements of this chapter.

40.2 Types of assessments and timing of assessments (~~10/17/24~~08/01/26)

a. Types of assessments (~~10/19/23~~08/01/26)

During any period in which Freddie Mac holds a Mortgage, Freddie Mac requires the following:

1. The **Annual Financial** is a year-end operating statement analysis in which the Servicer reviews the Property's financial condition for the most recent calendar year to identify any risks associated with the Property's financial performance. The Annual Financial includes an analysis of the Property's financial condition, the historical performance of the Mortgage and

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other pertinent data related to the Mortgage. Section 40.2(b) describes the use and timing of the Annual Financial submissions:

- A-CREFC-MF prepared for multifamily loans in accordance with the Commercial Real Estate Financial Council Investor Reporting Package (CREFC IRP)

- A-CREFC-HC prepared for multifamily healthcare/Seniors Housing loans in accordance with the CREFC IRP

Annual Financial interest rate cap/derivative income and expense reporting for Floating-Rate Mortgages: Notwithstanding anything to the contrary contained in the CREFC IRP, any payments (income) received pursuant to interest rate caps or other derivatives must be excluded from "other income." Any expenses related to replacement interest rate caps or other derivatives must be excluded from "other expenses." Accordingly, the reported debt service must reflect the sum of uncapped interest, principal and replacement rate cap escrow amounts less any income received from interest rate caps or other derivatives.

2. The **Quarterly Financial** is a quarterly submission in which the Servicer reviews the Property's financial condition for the most recent quarter to identify any risks associated with the Property's financial performance. Section 40.2(b) describes the use and the timing of the Q-CREFC submissions; Section 40.16 provides additional Quarterly Financial instructions for Special Project Type Mortgages.

   - Q-CREFC-MF prepared for multifamily loans in accordance with the CREFC IRP

   - Q-CREFC-HC prepared for multifamily healthcare/Seniors Housing loans in accordance with the CREFC IRP

   Quarterly Financial interest rate cap/derivative income and expense reporting for Floating-Rate Mortgages: Same as Annual Financial reporting. See final paragraph of Section 40.2(a)(1) above.

3. A **Mid-Year Rent Schedule** is required for any SBL Mortgage originated on a Loan Agreement with a revision date on or after 11/08/2016. For the purposes of this Chapter 40, the Mid-Year Rent Schedule consists of a rent roll dated within five calendar days of the end of the second calendar quarter (or the end of the second quarter of the Borrower's fiscal year if the Borrower has adopted fiscal year financial reporting).

   The Servicer must submit the Mid-Year Rent Schedule and the following three data elements via the Property Reporting System (PRS) by August 31 of each year:

   - The effective date of the rent schedule date

   - The physical occupancy percentage

   - The total actual rent for each loan in PRS (total actual rent received for occupied units; no income should be counted for vacant units).

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~~4. The Loan Management Form (LMF) is an analysis of the Borrower's compliance with the Loan Documents intended to highlight any potential problems associated with the Borrower or the loan.~~

~~Beginning with 2024 submissions, Freddie Mac will automatically add LMFs for every portfolio loan in PRS with a due date of 12/31 of that year. If at any time during the year the Servicer is made aware of any condition that merits reporting per Section 40.6(a), the Servicer must complete the LMF assessment and submit it via PRS. If there is a subsequent event that requires notification per Section 40.6(a), the Servicer must provide notification of the subsequent event by sending an email to MF_Surveillance@freddiemac.com. Each December, the Servicer must evaluate all loans that have an LMF with a "Due" status and submit the remaining LMFs for their portfolio(s). The Servicer may use the bulk LMF assessment submission for multiple submissions.~~

For purposes of this chapter only, rent roll shall mean a document certified by the Borrower that contains the following key data points:

a. Tenant name

b. Unit number or some other physical identification point

c. Contract rent

d. Lease start date

e. Lease end date

f. Commercial units, where applicable

g. Market rent (required for vacant units, as available for occupied units)

h. Subsidy amount (if any), as available

i. Past due balance (if any), as available

j. Additional fees or charges (i.e., pet, utilities, etc.), as available

k. Unit type, name or description, as available

l. Unit size, as available

The property inspection report is prepared after the physical inspection of the Property and documents the condition of the Property. When used in this chapter, the term "property inspection report" refers to either:

- The Annual Inspection Form (AIF), which applies during any period in which Freddie Mac holds the Mortgage, or

- The MBA Property Inspection Form, for securitized loans.

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The AIF uses the same format as the MBA Property Inspection Form, but the Servicer must submit it to Freddie Mac via the Property Reporting System (PRS).

For all types of assessments, the Servicer must use the appropriate version of the form to complete the assessment. In completing the assessment, the Servicer must provide information addressing all of the issues set forth in this chapter. For any assessment issue that does not have a corresponding field in the applicable form, the Servicer must provide a response in the comments section of the form. All assessments must be submitted to Freddie Mac via the Property Reporting System (PRS). If a Servicer discovers that an assessment has not been submitted as required by the chart below, the Servicer must contact Freddie Mac at MF_Asset_Perf@freddiemac.com with details about the loan and assessment.

b. Conditions requiring an assessment and timing of assessments (~~10/17/24~~08/01/26)

Beginning with the Quarterly Financial Submissions for second quarter 2017, the QIE assessment format will no longer be in use. The Q-CREFC-MF or Q-CREFC-HC, as applicable, will be required.

Beginning with the 2018 Annual Financial Submissions, the AIE assessment format will no longer be used. The A-CREFC-MF or A-CREFC-HC, as applicable, will be required.

Assessment Type	Conditions requiring an assessment	Timing of the Assessment
A-CREFC-MF or A-CREFC-HC, as applicable	A Mortgage with a UPB > $250,000	• March 31 – a Mortgage with a Risk Rating > 6, or a Special Product Type Mortgage specified in Section 40.16, except SBL Mortgages • May 31 – all other Mortgages, including SBL Mortgages

Q-CREFC-MF or Q-CREFC-HC, as applicable, Non-SBL Mortgages	• A Mortgage with a UPB > $250,000
	• A Mortgage with an Origination Date on or after 01/01/2003
		• May 31 (first quarter) –
		  ○ A Special Product Type Mortgage specified in Section 40.16, except SBL Mortgages
		  ○ A Mortgage with a Risk Rating > 6
		• August 31 (second quarter)
		• November 30 (third quarter)

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Assessment Type	Conditions requiring an assessment	Timing of the Assessment
Q-CREFC-MF or Q-CREFC-HC, as applicable, SBL Mortgages	A Mortgage with a Risk Rating > 6 as of the applicable quarter-end	• May 31 (first quarter) • August 31 (second quarter) • November 30 (third quarter)
Mid-Year Rent Schedule – SBL Mortgages	An SBL Mortgage originated on a Loan Agreement form with a revision date on or after 11/08/2016	Within five calendar days of the end of the Borrower's second calendar quarter (or the end of the second quarter of the Borrower's fiscal year), Unless otherwise notified by Freddie Mac, August 31. See Section 40.2(a)(3).
~~LMF Applicable during any period in which Freddie Mac holds the Mortgage~~	~~• A Mortgage with a UPB > $1 million, or~~ ~~• A Mortgage with a Risk Rating > 6, or~~ ~~• A Mortgage held by Freddie Mac and subordinate to a securitized loan, or~~ ~~• A Mortgage where the Servicer has specific concerns regarding the Borrower's compliance with the original Loan Documents~~	~~• See Section 40.6(c).~~
Property inspection report – Non-SBL Mortgages	A Mortgage with a UPB ≤ $2 million	The calendar quarter end of the biennial anniversary of the Origination Date. Unless otherwise notified by Freddie Mac: • March 31, • June 30, • September 30, or • December 31

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Assessment Type	Conditions requiring an assessment	Timing of the Assessment
	• A Mortgage with a UPB > $2 million, or • A Mortgage with a Risk Rating > 6, or • A Mortgage held by Freddie Mac and subordinate to a securitized loan	The calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac: • March 31, • June 30, • September 30, or • December 31 For a Mortgage with a Transfer of Ownership or Subordinate Financing, a property inspection report is due at the time of the transfer or Subordinate Financing. For a Mortgage with a tax lien, a property inspection report is due when the tax lien is filed.
Property inspection report – Moderate Rehabilitation (Mod Rehab) Mortgages	Mod Rehab Mortgage	The calendar quarter end of the anniversary of the date of the post-construction analysis report. Unless otherwise notified by Freddie Mac: • March 31, • June 30, • September 30, or • December 31

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Assessment Type	Conditions requiring an assessment	Timing of the Assessment
Property inspection report – SBL Mortgages	A Mortgage with a Risk Rating ≤ 6	First report will be due the calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac: • March 31, • June 30, • September 30, or • December 31 Thereafter, report will be due the calendar quarter end on the biennial anniversary of the Origination Date, unless otherwise notified by Freddie Mac
	A Mortgage with a Risk Rating > 6	The calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac: • March 31, • June 30, • September 30, or • December 31

Notes to above table:

- Annual inspections may be required on SBL Mortgages if the Property has an outstanding hazard loss, or if the prior year inspection resulted in property condition issues for which the Borrower hasn't provided updates in a timely manner.

- Subject to Section 40.12, Freddie Mac will not require a Servicer to prepare a Quarterly Financial for a Mortgage secured by a Property owned by a Cooperative.

- When submitting assessments for a Property owned by a Cooperative using the A-CREFC assessment format, the Servicer must complete the Excel® Co-op Assessment Supplemental Form and submit it via PRS. The form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.

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- When submitting assessments for a Property securing a Bond Credit Enhancement Mortgage using the A-CREFC assessment format, the Servicer must complete the Excel® Bond ADS Supplemental Form and submit it via PRS (the Bond ADS Supplemental Form is not required for quarterly submissions). The form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.

Due dates for the submission of any assessment type may be otherwise specified in the Letter of Commitment, any Servicing Agreement, or by other written communication from Freddie Mac.

For any assessment submitted via PRS in connection with a securitized Mortgage for which Freddie Mac is the master servicer, the due date will be the earlier of the date specified in the applicable sub-servicing agreement or the date set forth in the above table.

For Mortgages with a Transfer of Ownership, Subordinate Financing, or a tax lien filing, ~~an LMF and~~ a property inspection report are not required if the Servicer has submitted ~~an LMF and~~ a property inspection report within the previous 180 days and the Servicer does not know of any material changes with respect to the condition of the Property or the Borrower's compliance with the Loan Documents.

c. Requesting an adjustment of the Annual Financial due date (04/30/19)

The Servicer may contact Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* via PRS to request an adjustment of the Annual Financial due date if:

- The Borrower's fiscal year end would prevent the Servicer from submitting the Annual Financial by June 30 or other date required by Freddie Mac.

- The Mortgage was for the acquisition of the Property, and the purchase occurred so late in the preceding calendar year that the number of months of data available for review would prevent the Servicer from making a meaningful evaluation.

d. Reporting to senior Mortgage servicers (03/03/17)

If the Servicer is reporting Annual Financial or Quarterly Financial information to Freddie Mac with respect to a Supplemental Mortgage related to one or more securitized senior lien Mortgages, the Servicer is authorized to provide that same information to the Servicer(s) of the securitized senior Mortgage(s).

40.3 Completing and submitting the Annual Financial (04/27/18)

This section applies during any period in which Freddie Mac holds a Mortgage.

a. Source documents for the Annual Financial (03/03/17)

The Servicer must conduct a review of the Property's Income and Expense Statement to determine the Property's financial condition for the most recent calendar year and identify any risks associated with the Property's financial performance.

The Property's Income and Expense Statement must be for the immediate preceding fiscal year. If the Borrower cannot provide an Income and Expense Statement with 12 months of data, the

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Servicer may accept a partial-year statement from the Borrower. For non-SBL Mortgages, the assessment may be waived if less than six months of data is available from the Borrower. For SBL Mortgages, the assessment may be waived if less than three months of data is available from the Borrower.

The rent roll must be no older than six months prior to the Annual Financial submission date.

b. Completing the Annual Financial (04/27/18)

Prior to submission of the Annual Financial, the Servicer must enter all Property income and expense items into the appropriate fields on the template. Generally the Servicer must enter income details that correspond with the level of detail contained in the Property's Income and Expense Statement. For detailed instructions on completing the A-CREFC templates, see the PRS CREFC Individual Desk Reference, which can be found at mf.freddiemac.com, or any other such documentation as Freddie Mac may provide.

c. Submitting the Annual Financial (04/27/18)

The Servicer must submit all of the following components of the Annual Financial via PRS in order for Freddie Mac to deem the submission of the Annual Financial to be complete:

1. The completed A-CREFC template

   The Servicer must provide additional reporting for Seniors Housing Mortgages, Bond Credit Enhancement Mortgages, Mortgages secured by Cooperative (Co-op) Properties and Properties currently deemed unstabilized by Freddie Mac in PRS along with the assessment. All of these additional reporting templates can be found at mf.freddiemac.com/lenders/asset.

2. Annual statement of income and expense for the Property for the most recent fiscal year, certified by the Borrower (the signature of the Borrower is sufficient)

3. Current rent roll, identifying commercial units where applicable, certified by the Borrower

For the purposes of the Annual Financial, a rent roll is considered to be current if it is dated no more than six months prior to the original due date. For example, if the Annual Financial due date is June 1, the rent roll is considered current if dated on or after December 1 of the prior year.

40.4 Completing and submitting the Quarterly Financial (04/27/18)

This section applies during any period in which Freddie Mac holds a Mortgage.

a. Source documents for the Quarterly Financial (03/03/17)

To complete a Quarterly Financial, the Servicer must conduct a review of the Property's financial condition for the most recent fiscal year to quarter end, as requested, and identify any risks associated with the Property's financial performance.

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b. Completing the Quarterly Financial (04/27/18)

Generally, the Servicer must enter income details that correspond with the level of detail contained in the Property's Income and Expense Statement when completing the applicable Q-CREFC template.

For detailed instructions on completing the Q-CREFC templates, see the PRS CREFC Individual Desk Reference, which can be found at mf.freddiemac.com, or any other such documentation as Freddie Mac may provide.

c. Submitting the Quarterly Financial (12/14/17)

The Servicer must submit the following components of the Quarterly Financial in order for Freddie Mac to deem the submission of the Quarterly Financial to be complete:

- The completed template
- For a Mortgage with a Freddie Mac Funding Date
  - Prior to March 1, 2014, a year-to-date or trailing 12-month, quarter-ending property financial statement certified by the Borrower (the signature of the Borrower is sufficient)
  - On or after March 1, 2014, a trailing 12-month property financial statement certified by the Borrower (the signature of the Borrower is sufficient)
- The current rent roll, identifying commercial units where applicable, certified by the Borrower (the signature of the Borrower is sufficient)

For the purposes of the Quarterly Financial, a rent roll is considered to be current if it is dated no more than two months prior to the original due date. For example, if the Quarterly Financial due date is August 31, the rent roll is considered current if dated on or after June 30.

The Servicer must submit the second and third quarter reporting through PRS. Additional quarterly reporting requirements for Special Product Type Mortgages are found in Section 40.16.

40.5 Completing and submitting the Mid-Year Rent Schedule (04/27/18)

This section applies to any SBL Mortgage originated on a Loan Agreement form with a revision date on or after 11/08/2016.

a. Source documents for the Mid-Year Rent Schedule (04/27/18)

The Servicer must receive and review a rent roll for the Property (statement of rents), identifying any commercial units (as applicable), to determine current physical occupancy.

b. Submitting the Mid-Year Rent Schedule (04/27/18)

The Servicer must submit the Mid-Year Rent Schedule dated within five calendar days of the end of the Borrower's second calendar quarter (or the end of the second quarter of the Borrower's

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fiscal year) to PRS by August 31 annually. To deem the submission complete, the Servicer must also enter, via PRS, the following data elements:

- Effective date of the Rent Schedule
- Physical occupancy rate
- Total actual rent

~~40.6 Completing and submitting the Loan Management Form (LMF) (10/19/23)~~

~~This section applies during any period in which Freddie Mac holds a Mortgage.~~

~~a. Evaluating the Mortgage and determining when an LMF is required (10/19/23)~~

~~To determine when submission of an LMF is necessary, the Servicer must evaluate the Borrower's compliance with Loan Documents, including whether any of the following conditions exist:~~

~~1. The Borrower or Property is in non-monetary default with respect to the Loan Documents.~~
~~2. There is unauthorized rehabilitation or construction underway at the Property.~~
~~3. The Borrower or Borrower Principal is the subject of a bankruptcy or insolvency proceeding.~~
~~4. There are problems or issues associated with any Reserve (*e.g., Reserve payments have not been made when due, Reserve is insufficient, etc.).*~~
~~5. The Servicer cannot certify that the UCC filings are current.~~

~~b. Completing and submitting the LMF (04/30/15)~~

~~To complete an LMF, the Servicer must enter the Borrower's compliance information into the appropriate fields on the LMF. For detailed instructions on completing the form, see the PRS Loan Management Form (LMF) Desk Reference, which can be found at mf.freddiemac.com, or other such documentation that Freddie Mac may provide.~~

~~The Servicer must upload the completed LMF to PRS in order for Freddie Mac to deem the submission of the LMF to be complete.~~

~~c. Timing of submission of the LMF (10/19/23)~~

~~Servicers must submit the LMF within 10 Business Days of determining that any of the conditions in Section 40.6(a) above have occurred regardless of the due date in PRS. If not submitted earlier in the year, the LMF must be submitted annually on or before December 31st via PRS. See also Section 40.2(b).~~

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40.6 Reserved (08/01/26)

40.7 Conducting the inspection of the Property (10/21/25)

For the purposes of this chapter, any Repair Agreement, Repair Escrow Agreement, Repair Agreement with LOC, Repair and Escrow Agreement, Loan Agreement or Loan Agreement Rider relating to repairs or other agreement involving repairs or improvements to the Property will be referred to as a "Repair Agreement."

The Servicer must conduct a property inspection and complete and submit the applicable property inspection report.

The AIF uses the same format as the MBA Property Inspection Form.

The Servicer must perform a comprehensive property inspection, including:

- An evaluation of property management, including specifics regarding the property manager's tenure at the Property, on-site staffing levels, and adequacy of management's response to any changing trends in market occupancy and rental rates
- The current condition of the Property and any trends, including the condition of the site features, building exteriors, interior common spaces, amenities, building systems, vacant and Down Units, and the number of rent-ready vacant units
- Providing specificity for any declining conditions around the Property, such as excessive properties for sale in immediate areas, multiple dark buildings, or excessive vacancies. Also note, any specific ingress or egress issues at the Property and any changes to adjoining land uses or major thoroughfares impacting the Property
- Any early warning signs of risk, including evidence of any Life Safety Hazards, significant Deferred Maintenance, especially if related to moisture or Mold issues; environmental issues such as lead-based paint; incomplete Operational Repairs; Repair Agreement compliance; evidence of crime or vandalism; or failure to comply with local laws

The Servicer must request copies of any violations or other notices received regarding compliance with local laws. In addition, the Servicer must request information from the property manager regarding any property condition concerns to enable the Servicer to understand the cause of any problem and the Borrower's plans to remedy the situation.

a. Unit inspection requirements and minimum number of units to inspect (10/17/24)

The units inspected must be randomly selected by the inspector, not by the property manager or the Borrower. The units inspected must also include a cross-section of unit types and locations, including the following:

- Each of the major unit types
- Units on different floors, including top floor and below-grade units, or grade-level units if there are no units below grade

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- For Properties with numerous buildings, units in a sampling of various buildings across the Property
- Representative sample of occupied and vacant units

Taking into account the cross-section of unit types and locations described above, the inspector must inspect at least the following number of units:

- Occupied and vacant units:
  - 5 percent of total occupied and vacant units, with a minimum of **five units** and a maximum of 15 units
  - For SBL Mortgages where the Property has a total of 50 units or less: 5 percent of total occupied and vacant units, with a minimum of **three units** and a maximum of 15 units
- Down Units: 100 percent (Note: If there is a significant number of Down Units due to large renovation project or hazard loss, inspector may choose to inspect a representative sampling of Down Units)
- Commercial space: 100 percent

The inspector must conduct additional occupied and vacant unit inspections, as needed, to determine whether any problems detected in units or specific buildings are restricted to the specific units/buildings or pervasive throughout the Property.

b. Requirements for photographs (10/14/16)

Photographs are essential to convey the condition of the Property. Freddie Mac's requirements for photographs are as follows:

1. The photographs must illustrate any emerging or existing risks, inform the viewer of the trend of the Property and show a representative sample of the Property materials and conditions.
2. The photographs must include views of
   - All Life Safety Hazards
   - Samples of each type of Deferred Maintenance, any Down Units and items requiring significant capital expenditure
   - Moisture or Mold issues or environmental concerns
   - Samples of interiors of typical unit types
   - Grounds (including parking lots, sidewalks, street views and signage)
   - Typical building exterior (including windows, balconies and exterior stairs)

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- Building systems (for example, boiler, roof and HVAC)
- Amenities, interior common areas, clubhouse, maintenance shop and office, if applicable
- Commercial space, if applicable
- Significant repairs and capital improvements completed subsequent to the previous inspection (including, for SBL Mortgages, all Priority Repairs and PR-90 Repairs identified in the Form 1104, SBL Physical Risk Report)

3. Photographs must be compressed and added to the inspection submission. All photographs must include identifying captions.

c. Guidance for photographs (12/12/14)

Taking into account the above requirements, the size of the Property and the characteristics of the Property, the Servicer should submit 20 to 25 photographs with the inspection submission.

For Properties with fewer than 100 units, limited common areas and/or few amenities, fewer photographs may be sufficient to meet the requirements in Section 40.7(b). If the Servicer believes that fewer than 20 photographs are sufficient for a Property, the Servicer must provide a justification in the comment section of the inspection submission.

d. Assessing the physical condition of the Property and any risk issues (10/21/25)

The Servicer must assess the physical condition of the Property and any risk issues as follows:

1. In evaluating the Property's physical condition, the Servicer must assess the current condition and trend of all major components of the Property. The Servicer must include in its assessment:
   - Incomplete items in any Repair Agreement,
   - Items in any Repair Agreement that were completed subsequent to the previous inspection,
   - Incomplete Operational Repair items,
   - Deferred Maintenance items,
   - Imminent Life Safety Hazards and Potential Life Safety Hazards, as defined in the Glossary,
   - Environmental issues and any moisture or Mold concerns,
   - Capital improvements that have been made subsequent to the last inspection and/or plans for future capital improvements at the Property,
   - Status of all Deferred Maintenance items from most recent prior inspection, and

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- Any concerns from the property manager regarding site and/or building components

2. The Servicer must estimate and report the cost to remediate any Deferred Maintenance, Life Safety Hazards, environmental issues and moisture or Mold issues. Sources for these cost estimates include:

   - Bids received by the property manager,
   - Cost projections by the property manager, and
   - The inspector's estimate based on experience or industry cost standards

3. If any of the property related issues identified below occur, the Servicer must issue a notification to the Borrower within 30 days following the inspection of the need to undertake corrective action to address all identified risks and refer the Borrower to its obligations under the Loan Agreement. The foregoing notice must detail all Imminent Life Safety Hazards and Potential Life Safety Hazards. The Servicer must confirm that the Borrower has received such notice.

   - The estimated sum for remediation of all Deferred Maintenance items is greater than $10,000 or 10% of the UPB
   - An Imminent or Potential Life Safety Hazard
   - A significant deficiency affecting the structure or value of the Property (including moisture or Mold issues or environmental concerns), or that could reasonably affect the health or safety of tenants
   - The Property has had an unauthorized change in property manager
   - The Property has any unauthorized significant capital improvements or renovations that are likely to or are already negatively impacting occupancy or cash flow
   - The Property received an overall property condition rating of 4 or 5

4. The Servicer must promptly and, in any case, no later than 10 Business Days from submitting the AIF assessment into PRS, notify Freddie Mac via email at MF_Surveillance@freddiemac.com if any of the following property related issues occur and have not been previously reported to Freddie Mac:

   - The Property has had an unauthorized change in property manager
   - The Property has a significant deficiency affecting the structure or value of the Property (including moisture or Mold issues or environmental concerns), or that could reasonably affect the health or safety of tenants
   - The Property has any unauthorized significant capital improvements or renovations that are likely to or are already negatively impacting occupancy or cash flow

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The Servicer must retain a copy of such notification for its records.

5. Monthly PRS Loan Item Tracking (LIT) reporting will be required for Properties that have:

   - An estimated sum for remediation of all Deferred Maintenance items greater than 10% of the UPB
   - Imminent Life Safety Hazards
   - A significant deficiency affecting the structure or value of the Property (including moisture or Mold issues or environmental concerns), or that could reasonably affect the health or safety of tenants
   - An overall property condition rating of 4 or 5
   - ~~A~~n unauthorized change in property manager
   - Any unauthorized significant capital improvements or renovations that are likely to or are already negatively impacting occupancy or cash flow
   - A physical occupancy rate of less than 65%
   - Greater than 10 percent (in the aggregate) of Down Units

   Freddie Mac may require periodic reporting to PRS LIT for Properties that exhibit any area of concern regardless of whether such concern is included in the above list.

   Freddie Mac will create LIT entries in PRS for the identified area of concern. The Servicer must work closely with the Borrower to provide appropriate and timely remediation plans or other documentation depending on the identified risk. The Servicer must update the LIT with such information no later than the Revisit or Due Date (as such terms are used in PRS LIT). Freddie Mac will require monthly PRS LIT reporting until it determines, in its sole discretion, that such frequency may be reduced or is no longer required.

6. For all loans:

   - Upon Freddie Mac's purchase of the Mortgage, Freddie Mac will create LIT entries in PRS that capture PR-90 Repairs and/or Priority Repairs identified in the Loan Documents. Within 30 calendar days of deeming any PR-90 Repairs or Priority Repair item complete, the Servicer must go into PRS and update LIT accordingly.
   - For any item listed as a PR-90 Repair or Priority Repair that has been completed since the prior annual inspection and for which the Servicer did not obtain an inspection to validate completion of the item, the Servicer must include the item on the Repair Verification tab. The inspector must review the item(s) at the time of inspection, validate completion and add photographs of the item(s) to the inspection report.

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- For any item listed as a PR-90 Repair or Priority Repair that has not been completed at the time of the inspection, the Servicer must include the item as a Deferred Maintenance item on the inspection report. For each Life Safety item, the Servicer must evaluate and detail whether the item constitutes an Imminent Life Safety Hazard or Potential Life Safety Hazard. The Servicer must issue a notification to the Borrower documenting the outstanding Repair(s) and refer the Borrower to its obligation under the Loan Documents to complete the identified repairs. If the item is determined to be an Imminent Life Safety Hazard or Potential Life Safety Hazard, it should be identified as such in communications with the Borrower and on internal records.

7. If the Borrower does not fully remediate identified adverse matters or provide an action plan acceptable to Lender within 30 days from the Servicer's notifications, the Servicer must issue a notice of default letter as soon as possible, and no later than 10 Business Days after the expiration of such initial 30 day cure period. The Servicer must use the Notice of Default and Reservation of Rights (Conventional) or the Notice of Default and Reservation of Rights (SBL) form.

   Adverse matters include:

   - Any circumstance in which the Borrower is found to be out of compliance with the Loan Documents, including an unauthorized change in property manager or an unauthorized significant capital improvement or renovation project
   - Imminent Life Safety Hazard
   - A significant deficiency affecting the structure or value of the Property (including moisture or Mold issues or environmental concerns), or that could reasonably affect the health or safety of tenants
   - Property received an overall property condition rating of 4 or 5

   The Servicer must forward a copy of any reservation of rights letter and notice of default to Freddie Mac via email at MF_Surveillance@freddiemac.com within 10 Business Days of letter issuance. The Servicer must include in its communication with Freddie Mac an evaluation of the noncompliance, including the potential risk(s) and proposed remedial action(s) relating to such noncompliance.

8. The Servicer may consider obtaining a limited scope property inspection report for any specified area of concern. The terms of the Loan Documents will determine whether the Servicer may charge the Borrower for the cost of the property inspection report. The follow-up should take into account the nature of the risk. The Servicer must provide a copy of any limited scope property inspection and related decisions made based on the Servicer's review of the inspection to the Freddie Mac Surveillance team as follows:

   - If there is an open LIT for the property condition, provide an update in PRS
   - If there is not an open LIT for the property condition, send an email to MF_Surveillance@freddiemac.com

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9. If: (i) the Servicer submits an assessment inspection with a property condition rating of 4 or 5 or (ii) there is an Imminent Life Safety Hazard at the Property that is not cured within 90 days of Borrower notice and an acceptable plan to cure the item has not been received by the Servicer, then the Servicer must begin collection of Reserve deposits for Replacement Reserves (if such Reserve deposits have been deferred pursuant to the terms of the Loan Agreement). The Servicer must timely notify the Borrower in writing of such collection requirement and provide a copy of the notice to Freddie Mac.

    - For an SBL Mortgage originated on a Loan Agreement form with a revision date prior to 07-31-2024, the Servicer must use the Notice of Default and Reservation of Rights (SBL) form.

    - For loans with an overall property condition rating of 4 or 5, collection of Reserve deposits for Replacement Reserves (if such Reserve deposits have been deferred pursuant to the terms of the Loan Agreement) must begin no later than the second payment installment date immediately following the assessment inspection submission.

    - For loans with an uncured Imminent Life Safety Hazard, collection of Reserve deposits for Replacement Reserves (if such Reserve deposits have been deferred pursuant to the terms of the Loan Agreement) must begin no later than the second payment installment date immediately following the date that is 90 days from the date of the initial notice of Imminent Life Safety Hazard sent to the Borrower.

    Deposits for Replacement Reserves will be disbursed pursuant to the terms of the related Replacement Reserve Agreement.

10. Effective July 1, 2025, if the Servicer submits an assessment inspection with a property condition rating of 3, 4, or 5, the inspection must be reviewed and certified by a Servicer representative to ensure accuracy and completeness of the report. The “Seller/Servicer Certification” is located on the “Agency Assmt Addendum” tab of the MBA Inspection form and requires the date, name, title, and contact information of the Servicer representative certifying the form. This person must have experience equal to that of a Certified or Exempt Inspector.

    The following guidelines outline key areas for review when certifying the inspection form. This list is not exhaustive, and reviewers should exercise professional judgment in identifying any additional issues that may affect the accuracy, completeness, or quality of the report.

    Ensure:

    - Data is accurate as of the time of submission

    - All required fields have been completed

    - Details are provided for all negative responses

    - The rating is supported by the comments and photos

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- All outstanding Deferred Maintenance or outstanding required repairs are listed on the "Repairs Verification" tab and Deferred Maintenance table
- Any information from a third-party inspector is verified or corrected as necessary
- In addition to the guidance provided in this chapter, further guidance for the MBA Inspection Form completion can be found in the Assessments Completion Best Practices and Annual Inspection Form Desk Reference on the Freddie Mac Asset Management website

e. Assessing moisture or Mold issues during the inspection (02/28/19)

1. Special Moisture or Mold Inspection

See Section 8.3(b) and (c) for information regarding when Freddie Mac may require a Special Moisture or Mold Inspection, and for the parameters of such an inspection.

2. Increased Scrutiny for Moisture or Mold

See Section 8.3(b) for information regarding when Freddie Mac may require the Servicer to inspect a Property using the Increased Scrutiny for Moisture or Mold protocols described below.

If a Property is subject to Increased Scrutiny for Moisture or Mold Issues, during the annual assessment inspection, the Servicer must:

- Conduct a specific evaluation of the integrity of the building envelope; roof and drainage; heating, ventilation and air conditioning (HVAC) system; plumbing system and associated spaces (for example, mechanical closets) for each building on the Property and document that evaluation
- Inspect a minimum of 10 percent of the units, including those units that the Servicer deems most likely to be exposed to moisture conditions
- Conduct a specific evaluation of the condition of finishes in inspected dwelling units and in all common areas and document that evaluation
- Inspect any areas where the Borrower or property manager has detected a musty odor or observed Mold, all spaces typically associated with moisture issues, water intrusion or leaks, such as basements and unheated storage areas and all areas previously identified with significant moisture or Mold issues
- Evaluate all completed repairs to correct water intrusion or leak issues since the last assessment and document that evaluation
- Evaluate and comment on all areas where Mold has been removed since the last assessment and document that evaluation

3. Standard moisture and Mold inspection requirements

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For all Properties that are not subject to a Special Moisture and Mold Inspection or Increased Scrutiny for Moisture or Mold Issues, as a part of the inspection, the Servicer must:

- Search for visual or olfactory evidence of moisture or Mold issues in each area identified as part of the inspection
- Make inquiries of the property owner, manager or other knowledgeable property staff regarding past and current water intrusion; potentially damaging leaks; known Mold issues; and tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks
- Inspect areas where water intrusion or leaks were reported
- Identify any defective building condition that would likely lead to future water intrusion or leaks
- Provide comments to describe any moisture or Mold issues and recommend further action, including conducting a Special Moisture or Mold Issues Inspection (see Section 8.3(c) or Section 8SBL.3(c), as applicable)

f. Assessing the property management company (12/12/14)

The property management company is a key component of the success of the Property, and the Servicer must evaluate the property management company's performance, including a review of the following:

- Company experience, property manager's experience and length of time at this site and on-site staffing levels
- Whether routine maintenance matters are appropriately addressed
- Leasing status, concessions, occupancy and adequacy of management's response to any significant changes in market occupancy or market rental rates
- Operations & maintenance (O&M) plan compliance, lead-based paint (LBP) compliance, Moisture Management Plan (MMP) compliance and income compliance reports for income-restricted Properties

g. Assessing the neighborhood, adjoining land uses and any changes to submarkets impacting the occupancy or performance of the Property (12/12/14)

The inspector must provide an overview and assessment of the Property's immediate neighborhood, including details on specific ingress or egress issues at the Property. It is the inspector's responsibility to:

- Drive through the neighborhood, identify trends and determine if there are any changes to adjoining land uses,

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- Identify changes in nearby thoroughfares or major employers that could impact the performance of the Property, and

- Comment on any new construction in the immediate area.

40.8 Timing of the property inspection and the inspection report (10/19/23)

The Servicer must submit the inspection report no later than two calendar months after the date of the actual inspection, even if the inspection report has a later due date. For example, if the inspection took place on April 21, the inspection report must be submitted no later than June 21, even if the inspection report due date would otherwise be June 30.

Servicers can submit the inspection report earlier than the due date, as long as the submission date is within two calendar months of the actual inspection date.

For all Mortgages held by Freddie Mac, if a Servicer submits the AIF in an earlier quarter than the due date, Freddie Mac will change future AIF due dates to the quarter in which the AIF was submitted. For example, if the AIF is due September 30, 2024 and is submitted by June 30, 2024, Freddie Mac will move the 2025 AIF due date from September 30 to June 30, 2025 to make sure that the timing between inspections is maintained at approximately 12 months.

If a property condition report performed on the Property is more current than the most recent inspection, the inspection date of the most recent property condition report can be used as the date to set the new anniversary date for the next property inspection. For example, if the last property inspection was April 15, 2025 and another property condition report was completed on December 15, 2025 in conjunction with the origination of a supplemental loan on the Property, the Servicer can request in PRS that the due date for the next inspection be moved to December 31, 2026. The Servicer should confirm in their PRS due date change request that the property condition report has been uploaded into DMS.

40.9 Completing and submitting the inspection; retention of inspection documentation (08/26/25)

To complete an inspection submission, the Servicer must enter the Borrower's property inspection information into the appropriate fields on the inspection submission. If the Property is a Seniors Housing Property, the Servicer must complete the additional Seniors Housing Supplement tab.

For detailed instructions on completing the form, see the Annual Inspection Form Desk Reference, which can be found at mf.freddiemac.com, or any such documentation that Freddie Mac may provide.

During any period that Freddie Mac owns the Mortgage, the Servicer must submit the following components of the AIF into PRS in order for Freddie Mac to deem the submission of the AIF to be complete:

- The completed AIF

- The current rent roll, identifying commercial units where applicable, certified by the Borrower or an individual or entity (which may include the property manager) authorized by the Borrower to execute the certification on the Borrower's behalf (the signature of the Borrower or designee is sufficient). If an individual or entity other than the Borrower provides the certificate, the Servicer

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must obtain and retain in the Mortgage File a copy of the Borrower's authorization for that certifying individual or entity to execute the certificate on behalf of the Borrower

For the purposes of the AIF, a rent roll is considered to be current if it is dated no more than two months prior to or after the inspection date. For example, if the Property was inspected on May 10, the rent roll is considered current if dated from March 10 through July 10.

If the Servicer is submitting an AIF for a Seniors Housing Property, the Servicer must submit the following additional items via PRS for Freddie Mac to deem the submission of the AIF to be complete:

- Completed Seniors Housing Supplement sections of the AIF
- Copies of licenses or certificates and any reports by regulating agencies
- Copies of any violations cited by any regulatory agency and notices of any fines

The Servicer must retain copies of the completed inspection submission, all attachments and any other documentation that supports the summary information shown on the inspection submission, including correspondence with the Borrower regarding any identified risk issue.

40.10 Late, incomplete or unacceptable assessments; penalties and enforcement (06/13/24)

Freddie Mac considers an assessment to be late if not received in complete form on or before the due date of the assessment or if, for an AIF, the assessment is not submitted within 60 days of the Property inspection date.

If the Servicer submits the assessment without all of the necessary attachments, the assessment will continue to have a status of Due and will be late after the due date in PRS until the Servicer submits all necessary items.

If Freddie Mac, in its sole discretion, determines an assessment to be unacceptable, Freddie Mac will identify such assessment deficiencies and require the Servicer to resubmit a corrected, complete assessment and/or to re-inspect the Property as soon as practicable after such determination. Freddie Mac will consider an assessment unacceptable if such assessment: (i) materially misrepresents, misstates or conceals information about the condition of the Mortgaged Property that would otherwise be properly disclosed pursuant to industry-accepted multifamily property inspection standards; and/or (ii) fails to meet the requirements set forth in the Guide.

The Servicer must diligently and in good faith remedy any such identified deficiencies. In doing so, the Servicer must keep Freddie Mac apprised of its efforts, including actions to be taken and related timing, by sending updates to MF_Surveillance@freddiemac.com.

The following penalties are payable to Freddie Mac for: (i) late or incomplete submission of an assessment, or (ii) submission of an unacceptable assessment:

Complete assessment received during the first month following due date month	$1,000
Complete assessment received during the second month following due date month	$2,500

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Complete assessment not received by the end of the second month following due date	$5,000
Submission by a Servicer of an unacceptable assessment	$25,000
Submission by a Servicer of an unacceptable assessment more than one time	$50,000

The Servicer must pay any penalty assessed against it within 10 Business Days of Freddie Mac's request. If a Servicer fails to comply with any of its assessment/inspection obligations pursuant to this Chapter 40, including the failure to timely remit to Freddie Mac any penalty assessment, the Servicer will be subject to: (i) increased or targeted audits related to the Servicer's quality and control standards; and/or (ii) disciplinary action(s) "with cause" (as described in Chapter 4).

40.11 Reserved (08/26/25)

40.12 Freddie Mac's rights (12/12/14)

In addition to other rights and remedies set forth in the Guide, Freddie Mac reserves the right, in its sole discretion, to:

- Require more frequent assessments
- Request the Seller/Servicer to submit to Freddie Mac the following:
  - Copies of all tax returns filed by the Borrower, within five days after receipt of tax returns from the Borrower
  - Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent that such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)
  - With respect to each Guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request
- Reject unsatisfactory inspectors, including FICs
- Perform its own assessment (the property inspection and/or any analysis) at the Servicer's expense if the Servicer fails, when required, to perform an assessment or to submit an assessment in accordance with the requirements of this chapter
- With respect to Mortgages secured by a Property owned by a Cooperative, require one or more of the following:
  - A current maintenance roll

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- A statement of income and expenses for a Cooperative Borrower's operation of the Property
- The most recent approved annual operating budget
- The most recent capital expense study/plan

40.13 Inspector requirements (08/26/25)

a. General inspector requirements for all Mortgages (06/25/20)

The Servicer must retain qualified inspection staff within its asset management department to inspect Properties securing Freddie Mac Mortgages. Under certain circumstances, the Servicer may use other qualified personnel to perform inspections, such as loan production staff or third-party inspectors, in accordance with the requirements in Sections 40.14. All inspectors must meet the following requirements, as well as the specific requirements in 40.13(b):

- Know Freddie Mac's Guide requirements relating to inspections
- Be able to make independent judgments on the condition of the Property
- Have sufficient multifamily real estate knowledge and experience to assess general functionality and maintenance of the Property, and to conduct a property inspection as described in Section 40.7.

The property inspector cannot be the originator of the Mortgage, unless the Servicer ensures that there is no Equity Conflict of Interest for the Mortgage originator and that the Mortgage originator is able to make an independent, unbiased assessment of the condition of the Property. The Servicer must retain adequate documentation with the property file to justify this determination.

The appraiser who conducted the Appraisal when the Mortgage was originated may not perform the physical property inspection for an assessment.

b. Specific inspector requirements (08/26/25)

Beginning with all inspections with a PRS submission year of 2024, Freddie Mac requires inspectors to have at least the following specific experience and training based on the level of risk.

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Mortgage Characteristics	Eligible Inspector
Mortgage is not on the CREFC Watchlist at the time the inspection is scheduled or the Mortgage's Risk Rating is 6 or less	1. Industry Trained Inspector, or 2. Certified Inspector, or 3. Exempt Inspector
Mortgage is on the CREFC Watchlist at the time the inspection is scheduled, or the Mortgage's Risk Rating is > 6	1. Certified Inspector, or 2. Exempt Inspector
All Mortgages with Significant Repairs and/or Replacements	1. Certified Inspector, or 2. Exempt Inspector
All affordable housing loans originated in the TAH program, and/or with a Rental Assistance Contract, regardless of CREFC Watchlist or Mortgage's Risk Rating	Exempt Inspector at least every other inspection
All Mortgages for Properties that are older than 40 years from the current year and haven't had a renovation (see below) in the prior 20 years from the current year	Exempt Inspector at least every other inspection

Notes:

1. An Industry Trained Inspector has:

    - Successfully participated in a Freddie Mac-approved training program relating to property inspections, such as the Mortgage Bankers Association of America's (MBA) Multifamily Property Inspection Workshop, Fannie Mae's Property Risk Management Training or an equivalent inspection program,

    - Completed at least 25 multifamily asset inspections under supervision by a Certified or Exempt Inspector, and

    - At least one year of experience in analyzing the physical and/or financial condition of commercial real estate assets

2. A Certified Inspector has:

    - Successfully participated in a Freddie Mac-approved training program relating to property inspections, such as the Mortgage Bankers Association of America's (MBA) Multifamily Property Inspection Workshop, Fannie Mae's Property Risk Management Training or an equivalent inspection program,

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- Completed more than 50 multifamily inspections comparable to Freddie Mac's property inspections, and
- At least two years' experience performing multifamily inspections comparable to Freddie Mac's property inspections

3. An Exempt Inspector:
   - Has at least five years' experience performing multifamily inspections comparable to Freddie Mac's inspections and has completed more than 100 of such inspections, or
   - Meets the qualifications for a property condition consultant set forth in Section 62.8 or Section 62SBL.17, as applicable
4. Renovation Criteria – Properties over 40 years old will not require an Exempt Inspector if the date of the renovations is less than 20 years from the current year and all of the following criteria are met:
   - The documented property renovations amount to at least $10,000/unit
   - At least 75% of units were renovated
   - Renovations include updates to at least two major building systems (electrical, heating, ventilation, air conditioning, plumbing, fire protection, elevators roofs, etc.)

c. Waiver of inspector requirements (03/03/17)

If the Servicer determines that an inspector on its staff is the most qualified individual to inspect a particular Property, but that person does not meet the experience requirements in Section 40.13(b), the Servicer may allow the inspector to perform that inspection. However, the Servicer must retain adequate documentation with the property file to justify this determination. The Servicer may use this waiver on an exception basis when warranted, not on an ongoing basis. Freddie Mac reserves the right, in its sole discretion, to determine that a Seller/Servicer may not continue to exercise this waiver.

d. Guidance for a quality control program for staff inspectors (12/12/14)

Freddie Mac recommends that the Servicer establish an inspector quality control (QC) program to ensure that inspections completed by staff and/or third-party fee inspector company (FIC) inspectors are accurate, reliable and in compliance with Freddie Mac's requirements.

e. Servicer conflicts of interest and required independent inspections (06/25/20)

The property inspector must not have an Equity Conflict of Interest, as defined in Section 2.25. If there is a Seller/Servicer-Level Owner Equity Conflict of Interest and/or an Employee-Level Owner Equity Conflict(s) of Interest with respect to all employee(s) who could perform the inspection, an independent third-party fee inspector company must perform the physical inspection, regardless of the Risk Rating or CREFC Watchlist status of the Mortgage.

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40.14 Third-party fee inspector company requirements (07/01/25)

a. Restrictions on the use of a third-party fee inspector company (07/01/25)

The Servicer may use a third-party fee inspector company (FIC) that meets all Freddie Mac inspector and FIC requirements if the FIC has no ownership interest in the Borrower or other conflict of interest with the Borrower. For the purpose of determining a conflict of interest, the Servicer should apply the Equity Conflict of Interest standards set forth in Section 2.25, as if the FIC were the Employee-Level Owner or the Seller/Servicer Level Owner, as applicable.

The Servicer is responsible for working with the FIC to ensure inspectors have the minimum requirements per Section 40.13. If a FIC is used, the Servicer must be diligent in providing the FIC any pertinent information that will aid them while on-site. This includes, but is not limited to, questions the FIC needs to ask in relation to property operations or negative news, and required repair follow-ups. The Servicer is ultimately responsible for the accuracy of all information included in the inspection, whether the Servicer performed the inspection directly.

b. FIC acceptability (05/31/12)

Freddie Mac does not select, hire or approve any specific FIC for the performance of physical property inspections for assessments. However, Freddie Mac does reserve the right to refuse to accept an assessment for which the property inspection was performed by an FIC or inspector that Freddie Mac deems unacceptable. Freddie Mac will maintain, on FreddieMac.com, the Multifamily Restricted Vendor List. If an FIC appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that FIC for future Freddie Mac assessments until notified otherwise by Freddie Mac. The Multifamily Restricted Vendor List is made available to Seller/Servicers for the sole purpose of ensuring that unacceptable vendors do not prepare reports for Multifamily and will constitute “Confidential Information” as defined in Section 2.8.

An FIC may not at any time represent itself to third parties as being approved by Freddie Mac.

Freddie Mac may revoke the Servicer's general right to use an FIC for physical property inspections for assessments if the Servicer does not administer the selection and use of FICs in a manner that ensures compliance with all Freddie Mac requirements.

An FIC may employ contract workers who meet the inspector requirements and follow all inspection requirements contained in this chapter.

40.15 Additional financial statement and rent roll submission requirements for Seller/Servicers for non-SBL Mortgages (10/21/25)

For portfolio loans and loans scheduled for Securitization, the Seller/Servicer must submit all documentation via the Property Reporting System (PRS). The Seller/Servicer must provide all Borrower and Property financial data as presented by the Borrower. No analysis of the data is required. The Loan Documents may permit the Seller/Servicer to assess a late charge if the Borrower does not submit the documentation listed below within a specified time. The Seller/Servicer may retain 100 percent of this late charge.

The Seller/Servicer must submit, in an electronic format acceptable to Freddie Mac, the following documentation:

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1. Rent roll and financial statements

A rent roll, a statement of income and expenses for the Borrower's operation of the Property, and a statement of changes in financial position and balance sheet, as follows:

a. Except for Mortgages secured by a Property owned by a Cooperative, within 30 days after the end of each calendar quarter following purchase:

1. Current rent roll dated no earlier than the date five days prior to the end of such quarter

2. Income and expenses for the Borrower's operation of the Property either

- For the 12-month period ending on the last day of such quarter, or

- If, at the end of such quarter, the Borrower and any Affiliate of the Borrower have owned the Property for less than 12 months, for the period commencing with the first full month of operations following the acquisition of the Property by the Borrower or its Affiliates and ending on the last day of such quarter.

b. Within 90 days after the end of each fiscal year:

1. Annual statement of income and expenses for the Borrower's operation of the Property for that fiscal year

2. Statement of changes in financial position of the Borrower relating to the Mortgaged Property for that fiscal year

3. Balance sheet showing all assets and liabilities of the Borrower relating to the Mortgaged Property as of the end of that fiscal year and a profit and loss statement for the Borrower

4. Accounting of all security deposits held pursuant to all leases meeting the requirements of the Loan Documents

If the Loan Documents have been modified to allow the Borrower more than 90 days to deliver the documents set forth above, the Seller/Servicer must deliver the documents within five days after receiving them from the Borrower.

c. At any time prior to securitization upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:

1. Current rent roll

2. Income and Expense Statement for the Borrower's operation of the Property for the most recent month or months, as applicable

3. Statement that identifies all owners of any interest in the Borrower and any controlling entity meeting the requirements of the Loan Documents

2. Other documentation

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Upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:

a. Copies of all tax returns filed by the Borrower, within five days after receipt of returns from the Borrower

b. Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)

c. With respect to each Guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request

40.16 Reporting for Special Product Type Mortgages (07/01/25)

The following Mortgages are considered "Special Product Type Mortgages" for the purposes of this chapter:

- SBL Mortgages
- Value-Add Mortgages
- Mortgages secured by Properties deemed unstabilized by Freddie Mac in PRS
- Moderate Rehabilitation (Mod Rehab) Mortgages
- MHC Mortgages with MHC Tenant Protections
- Portfolio loans, including but not limited to, loans backing Participation Certificates

Except as modified by this Section 40.16, Special Product Type Mortgages are subject to all of the requirements of this chapter.

a. SBL Mortgages (03/03/17)

Additional documentation requirements for SBL Mortgages prior to securitization will be limited to the following:

- At any time prior to securitization upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:

  a. Current rent roll

  b. Income and Expense Statement for the Borrower's operation of the Property for the most recent month or months, as applicable

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c. Statement that identifies all owners of any interest in the Borrower and any controlling entity meeting the requirements of the Loan Documents

d. Copies of all tax returns filed by the Borrower, within five days after receipt of returns from the Borrower

e. Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)

f. With respect to each Guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request

b. Value-Add Mortgages (09/30/20)

The Servicer must submit the Annual Financial and Quarterly Financial assessments for a Value-Add Mortgage as outlined in Sections 40.2(a) and 40.2(b).

In addition, starting with the end of the first quarter after the Origination Date (unless the end of the quarter is within one calendar month of the Origination Date), and continuing every quarter thereafter until the loan has paid off, the Servicer must report on renovation progress and rental conditions at the Property via the **Value-Add Reporting** LIT. The report is due within one month after the close of the quarter. The Servicer must submit the following documentation:

- **Form 1028, Value-Add Monitoring Form**

  A version of Form 1028 customized by Freddie Mac for each Property will be attached to the LIT within 45 days of the Freddie Mac Funding Date and must be used for all reporting requirements. The copy available at mf.freddiemac.com/lenders/asset is for informational purposes only and should not be used for reporting. This completed form must be submitted in its original Excel format.

  In the event there are errors in the form, corrections should be requested via the **Value-Add Reporting** LIT. Freddie Mac will make form corrections as needed.

  The reporting options available (and explained in more detail in the *Help Me Choose* menu in the form) are:

  - Quarterly update – work has not commenced
  - Quarterly update – work has commenced
  - Quarterly update – post renovation completion monitoring
  - Close-out

- **Borrower Quarterly Certification, Value-Add Transaction**

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A copy of the certification was included in the original Loan Documents. This certification must be fully executed by the Borrower and must include all relevant attachments as defined in the certification.

In addition to the Value-Add Reporting LIT, the Servicer must use the **Construction Completion Date – Value-Add** LIT to document the Value-Add completion date. Upon completion of the renovation, Form 1028 must be submitted to this LIT – using the *Close-out* option – with the following documentation (which, except for the first bullet, are defined further in the Rider to Multifamily Loan and Security Agreement Value-Add Transaction):

- Certification of substantial completion by the Architect of Record using AIA Form G-704 (if applicable)
- Engineer's certificate
- Final and unconditional lien waiver from the general contractor
- Evidence of Compliance with Laws
- Evidence of Minimum Expenditure Requirement
- Other Certificates and Items as detailed in the Rider to Multifamily Loan and Security Agreement Value-Add Transaction

Any additional comments regarding these documents should be made on Form 1028.

In the event close-out documentation is being submitted concurrently with quarterly reporting, then two Form 1028s must be submitted – one to the **Construction Completion Date – Value-Add** LIT using the "Close-out" reporting option, and the other to the **Value-Add Reporting** LIT using the "Quarterly update – post renovation completion monitoring" reporting option.

All reporting must reflect trailing 12-month financial statements, unless indicated otherwise on Form 1028.

With respect to the AIF described in Section 40.7, the Servicer must address the status of each Value-Add component described in the Value-Add Schedule of Work that was included in the final loan package in the "Repairs Verification" tab of the AIF and provide a representative number of photographs. Once the work is completed, the AIF must be performed by an individual meeting the qualifications of either a Certified or Exempt Inspector as identified in Section 40.13(b); an engineer/architect or off-cycle site visit will not be necessary.

c. Mortgages secured by Properties deemed unstabilized by Freddie Mac (06/27/19)

In conjunction with the requirements described in Sections 40.3 and 40.4, the Servicer must submit the following items for Mortgages secured by Properties deemed unstabilized by Freddie Mac in PRS:

- The appropriate Q-CREFC Assessment template with financial spreads provided on a trailing 12-month basis (instead of year-to-date annualized)

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- Most recent construction or engineering report, as available, added as an attachment (unless already provided to Freddie Mac)

- The Excel® Unstabilized Monitoring Form, completed as specified in Section 40.3(c), when submitting assessments using the Q-CREFC or A-CREFC assessment format, except for Value-Add Mortgages, which require the use of Form 1028.

The Excel® Unstabilized Monitoring Form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.

The Servicer must submit a Quarterly Assessment for the first, second and third quarter reporting to Freddie Mac through PRS by May 31, August 31 and November 30.

d. Moderate Rehabilitation (Mod Rehab) Mortgages (05/05/17)

In addition to the requirements described in Section 40.2(b), the Servicer must submit various reports and documentation to Freddie Mac when disbursing funds periodically to reimburse renovation expenses. See Section 39.9 for a description of these requirements.

e. MHC Mortgages with MHC Tenant Protections (04/14/22)

In addition to the requirements described in Section 40.2(b), to validate Borrower's compliance with the MHC Tenant Protections, the Servicer must:

1. Submit the "Borrower's Certificate - MHC Tenant Protections" through Loan Item Tracking (LIT) in PRS no more than 45 days after the first anniversary of the Origination Date, and thereafter no more than 45 days after each successive anniversary of the Origination Date

2. Conduct an annual audit of the residential leases with the Applicable MHC Residents and any other MHC Tenant Protection Document(s) that contain the MHC Tenant Protections, to confirm:

   A. The MHC Tenant Protections are included in the MHC Tenant Protections Document(s)

   B. The applicable MHC Tenant Protection Document(s) have been executed by the Applicable MHC Residents; and

   C. The Applicable MHC Residents are existing residents of the Property

   If the Borrower has elected to (i) incorporate the MHC Tenant Protections in the MHC rules and regulations and (ii) deliver to each Applicable MHC Resident an MHC Tenant Protections Notification as described in Guide Section 22.2(p), then in lieu of item B above, the Servicer must conduct an audit of the MHC Tenant Protections Notifications to confirm they include all the MHC Tenant Protections and were correctly addressed to the Applicable MHC Residents.

3. In connection with any audit conducted under this Section 40.16(e)(2):

   A. The Servicer must request electronic copies of the residential leases and/or applicable MHC Tenant Protections Document(s) and/or applicable MHC Tenant Protections

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Notifications no more than 10 days after the first anniversary of the Origination Date, and thereafter no more than 10 days after each successive anniversary of the Origination Date

B. The Servicer must randomly select residential leases and/or Applicable MHC Residents chosen for the audit and cannot include residential leases and/or Applicable MHC Residents from a prior annual audit unless all residential leases and/or Applicable MHC Residents have already been audited

C. The Servicer must review at least five percent, but no greater than 20 residential leases and/or applicable MHC Tenant Protections Document(s) and/or applicable MHC Tenant Protections Notifications

4. Upon completion of the applicable annual audit required under Section 40.16(e)(2) above, the Servicer must submit, through LIT in PRS, the related Chief Servicing Officer (CSO) Certification (MHC Tenant Protections - Compliance) found on mf.freddiemac.com at https://mf.freddiemac.com/lenders/asset/#ServicerSpecialRequestForms certifying as to the status of Borrower's compliance with the MHC Tenant Protections. The Servicer must submit the CSO Certification no more than 45 days after the first anniversary of the Origination Date, and thereafter no more than 45 days after each successive anniversary of the Origination Date.

   If the Servicer certifies to the Borrower's "substantial compliance" with the MHC Tenant Protections on any Mortgage, the Servicer will be required to provide a written status update to Freddie Mac every six months addressing the Borrower's efforts to obtain executed copies of the MHC Tenant Protections Document(s) from all Applicable MHC Residents until such time as the Borrower has fully complied with the applicable requirements. The status updates must be submitted through LIT in PRS.

f. Portfolio loans, including but not limited to loans backing Participation Certificates (PCs) (07/01/25)

The Servicer must submit monthly CREFC Watchlist reports into the Property Reporting System (PRS) for portfolio loans as requested in PRS. The submission is for loans meeting CREFC Watchlist Code criteria and follow CREFC Watchlist Guidelines. The reports are due by 3:00 p.m. one day after the 11th calendar day of the month or the next Business Day (matching reporting for Mortgages that have been included in a Securitization).

40.17 Mortgages with Required Rent Restrictions Rider to the Loan Agreement – reporting requirements (04/13/23)

In addition to the other requirements described in this chapter, to validate the Borrower's compliance with the Required Rent Restrictions Rider to the Loan Agreement, the Servicer must submit through the Loan Item Tracking (LIT) in the Property Reporting System (PRS):

- Within 15 Business Days after the initial reporting date and each anniversary thereafter (or 10 Business Days after the end of the related cure period, if such cure period is available), the Borrower's Affordability Certification evidencing the Borrower's compliance with the Required Rent Restrictions Rider to the Loan Agreement

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- Within 30 days after the initial reporting date and each anniversary thereafter (or 10 Business Days after the end of the related cure period, if such cure period is available), a notice to Freddie Mac of the Borrower's failure to comply with the Required Rent Restrictions Rider to the Loan Agreement, together with Servicer's calculation of any related noncompliance fee

- Within 60 days after the initial reporting date and each anniversary thereafter (or 30 days after the related cure period, if such cure period is available), the Chief Servicing Officer Certification (Required Rent Restrictions - Compliance) form, certifying that the Servicer has validated the Borrower's compliance or noncompliance with the Required Rent Restrictions Rider to the Loan Agreement and, if applicable, has calculated any related noncompliance fee

- As soon as practicable upon request by Freddie Mac or any regulatory body having regulatory authority over Freddie Mac, any other information pertaining to the loan as may be specified in the request, and copies of any leases or other data received and used by the Servicer to: (i) confirm Borrower's compliance or noncompliance with the Required Rent Restrictions Rider to the Loan Agreement, and (ii) calculate any noncompliance fee

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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 (~~02/24~~06/23/26)
- 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)~~
- c. Limitations on collection of late charges and default interest (06/23/26)
- d. Waiver of the collection of a late charge (02/24/26)
- e. Request for waiver (02/24/26)
- f. Waiver of default interest for non-monetary events of default (06/23/26)

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)

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43.9 Reserved (06/30/16)

43.10 Easements (02/24/26)
- a. Easements the Servicer is permitted to approve (02/24/26)
- 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)
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43.1 Specific Servicing responsibilities; delivery of documents (04/18/24)

This chapter sets forth the Servicer's responsibilities for transaction-related requirements in Servicing the Mortgage.

- **Delivery of documents and notices to Freddie Mac: electronic delivery**

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

  - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, "*Structured Transactions*"
  - For all other Mortgages, *"Borrower Transactions"*

  CRT can also be used to upload any applicable documentation for the consent request rather than uploading the document directly into DMS.

- **Delivery of original documents to Freddie Mac.** Unless otherwise stated, when this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

  - Upload the document into DMS, and
  - Deliver a hard copy to:
    - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, Freddie Mac *Multifamily Asset Management, Structured Transactions*
    - For all other Mortgages, Freddie Mac *Multifamily Asset Management, Borrower Transactions*

- **Servicing responsibilities – insurance**

  For non-SBL Mortgages, the following sections of Chapter 31 state the Servicer's ongoing responsibilities with regard to insurance:

Section 31.8	Flood insurance requirements
Section 31.12	Ordinance and Law coverage
Section 31.22	Verification of required and continuing property and liability insurance coverage
Section 31.24	Ensuring continuous coverage and forced placed insurance

  For SBL Mortgages, throughout the term of the SBL Mortgage, the Servicer must evaluate the insurance coverage and limits for each SBL Mortgage and determine, to its satisfaction, that

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adequate property and liability insurance coverage is in place. Servicers must follow the requirements of Chapter 31 to ensure that they comply with their ongoing responsibilities with regard to evaluating and documenting adequate insurance coverage.

43.2 IRS Form 1098, Mortgage Interest Statement (09/28/12)

a. Completing IRS Form 1098 (05/06/05)

The Servicer must provide IRS Form 1098, Mortgage Interest Statement, to the IRS and the Borrower as required under section 6050H of the Internal Revenue Code. This reporting must be done for each Mortgage owned in whole or in part by Freddie Mac. The Servicer's name, address and federal identification number must be reported for "Recipient." The Borrower's name, address and Social Security number must be reported for "Payer."

b. Retention of IRS Form 1098 (05/06/05)

The Servicer must maintain copies of all statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with section 6050H of the Internal Revenue Code and make such copies available for examination by Freddie Mac upon request.

c. Penalties (09/28/12)

The Servicer is responsible for any penalty levied by the IRS for not reporting timely, nonreporting or reporting of inaccurate information, as applicable, with respect to those statements and reports that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS.

43.3 IRS Form 1099-A and 1099-C requirements (10/21/21)

Whenever Freddie Mac or a third party acquires an interest in a Property in full or partial satisfaction of Freddie Mac's Mortgage or when Freddie Mac or the Servicer knows or has reason to know that a Property has been abandoned, the Servicer must provide Internal Revenue Service (IRS) Form 1099-A, Acquisition or Abandonment of Secured Property. For all cancellations of mortgage debt on or after January 1, 2005 with respect to a Mortgage owned or guaranteed in whole or in part by Freddie Mac, the Servicer must report the cancellation of the Borrower's mortgage debt to the IRS on IRS Form 1099-C, Cancellation of Debt.

The Servicer must file Forms 1099-A and 1099-C with the IRS, the Borrowers and the States (as required). The Servicer must also notify Freddie Mac of its filings with the IRS on Freddie Mac Form 1065M, Report of IRS Form 1099-A and Form 1099-C Filings.

a. General instructions for filing IRS Forms 1099-A and 1099-C with IRS (10/21/21)

The Servicer must file all IRS Forms 1099-A and 1099-C with the IRS electronically. Paper filing is not an option as the number of forms that will be filed under Freddie Mac's tax identification number will exceed the maximum allowed for paper filing.

The Servicer must file its forms with the IRS no later than March 31 of the year following the calendar year that the Property is abandoned (Form 1099-A) or the debt is canceled (Form

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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.

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To correct or void previously submitted IRS Forms 1099-A or 1099-C, the Servicer must refer to IRS requirements to determine how to report either for electronic corrections or voids. To avoid or minimize penalties that may be imposed by the IRS, the Servicer must report corrections or voids to the IRS when an error is discovered.

The Servicer is responsible for completing the IRS Forms 1099-A and 1099-C and for providing the information to the IRS and to the Borrower in a timely and accurate manner. If the IRS penalizes Freddie Mac or assesses any fee for failure to produce such information or because a Servicer failed to file a report, or filed an untimely, incorrect or incomplete report, the Servicer must reimburse Freddie Mac for all costs incurred by Freddie Mac as a result of such penalty or assessment.

The Servicer must maintain copies of all statements and filings that Freddie Mac requires the Servicer to provide directly to the Borrowers and the IRS in compliance with the Internal Revenue Code. The Servicer must make such copies available for examination by Freddie Mac upon request until Freddie Mac agrees, in writing, that such records may be destroyed.

The Servicer must comply with the IRS's and the various States' requirements, as amended from time to time, for filing IRS Forms 1099-A and 1099-C. The Servicer is also responsible for providing a copy of any forms filed with the IRS to those States that have filing requirements. The Servicer should consult with its tax advisors, the States or the IRS concerning questions on such requirements.

b. Instructions for filing IRS Form 1099-A, Acquisition or Abandonment of Secured Property (06/29/17)

The Servicer must provide Form 1099-A to the IRS and the Borrower as required under Section 6050J of the Internal Revenue Code. This reporting must be done whenever Freddie Mac or a third party acquires an interest in a Property in full or partial satisfaction of Freddie Mac's secured debt or when Freddie Mac or the Servicer knows or has reason to know that a Property has been abandoned.

For the purposes of filing this report, the following instructions apply:

- Freddie Mac acquires an interest in the Property either:
    1. On the date of the foreclosure sale or the date the Borrower's right of redemption, if any, expires, whichever occurs later, or
    2. At the time a deed-in-lieu of foreclosure is recorded.
- A third party acquires an interest at the time of the foreclosure sale.
- Abandonment has occurred when Freddie Mac or the Servicer has reason to know from all the facts and circumstances concerning the status of the Property that the Borrower intended to and has permanently discarded the Property from use. If a Servicer determines that an abandonment has occurred and expects to commence foreclosure proceedings within three months, the reporting obligation generally arises at the end of the three-month period.

The following events trigger the reporting requirement:

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- **Freddie Mac acquisition** – Freddie Mac acquires the Property at a foreclosure sale or by deed-in-lieu of foreclosure
- **Third party sale** – a third party acquires the Property at a foreclosure sale
- **HUD, RHS or VA acquisition** – the Property was acquired by HUD, RHS, or the VA
- **Abandonment** – the Property has been abandoned, three months have passed and foreclosure proceedings have not begun

A completed IRS Form 1099-A must be filed electronically with the IRS on or before March 31 of the year following the calendar year in which the reportable event occurred. A copy of the Form 1099-A must be mailed to each Borrower on or before January 31 of the same calendar year as the Form 1099-A was filed with the IRS.

See Section 43.3(c) in the event that both IRS Forms 1099-A and 1099-C may be filed as the result of a cancellation of debt in connection with a foreclosure or similar action in the same year for the same Borrower.

c. Instructions for filing IRS Form 1099-C, Cancellation of Debt (06/29/17)

The Servicer must report cancellations of Borrower's Mortgage debt on Internal Revenue Service (IRS) Form 1099-C as required under Section 6050P of the Internal Revenue Code for all cancellations of mortgage debt of $600 or more occurring on or after January 1, 2005, with respect to Mortgages owned or guaranteed in whole or in part by Freddie Mac. Form 1099-C must be filed regardless of whether the Borrower must report the cancellation of debt as income.

If in the same calendar year, the Servicer cancels a debt in connection with a foreclosure or abandonment of the Property, it is not necessary to file both Forms 1099-A and 1099-C for the same Borrower. The Servicer will meet the filing requirement for Form 1099-A by completing boxes 4, 5, and 7 on Form 1099-C. However, the Servicer may complete both Forms 1099-A and 1099-C separately; in that case, the Servicer should not complete boxes 4, 5, and 7 on Form 1099-C. See Form 1065M for filing instructions for IRS Forms 1099-A and 1099-C.

Servicers are not required to report the following on IRS Form 1099-C:

- **Interest** - Servicers do not need to include interest as part of the canceled debt in box 2. However, if interest is reported as part of the canceled debt in box 2, show the interest separately in box 3.
- **Nonprincipal amounts** - Nonprincipal amounts include penalties, fines, fees and administrative costs.
- **Release of a Borrower** - IRS Form 1099-C does not need to be filed if one of the Borrowers on a Mortgage is released, as long as the remaining Borrowers remain liable for the full amount of the unpaid Mortgage.
- **Guarantor or surety** - A guarantor is not a debtor for purposes of Form 1099-C, even if demand for payment is made to the guarantor.

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For Mortgages originated after 1994 that involve Borrowers who are jointly and severally liable for the Mortgage, the Servicer must report the entire amount of the canceled debt on each Borrower's Form 1099-C. Multiple Borrowers are jointly and severally liable for a debt if there is no clear and convincing evidence to the contrary. If the Servicer can show that joint and several liability does not exist, the Servicer must file Form 1099-C for each Borrower for whom the Servicer canceled a debt of $600 or more.

For Mortgages originated before 1995, the Servicer must file Form 1099-C only for the primary (or first-named) Borrower. If the Servicer knows or has reason to know that the multiple Borrowers were husband and wife who were living at the same address when the debt was incurred, and the Servicer has no information that these circumstances have changed, the Servicer may file only one Form 1099-C.

For purposes of Form 1099-C, the following instructions apply:

- A debt may include all amounts owed, including stated principal, stated interest, fees, penalties, administrative costs and fines. However, only stated principal is required to be reported. If accrued interest is included in the amount of the stated debt in box 2, then it must be reported in box 3.

- A debt is canceled on the date an identifiable event occurs. An identifiable event is:

    1. Discharge in bankruptcy under Title 11 of the U.S. Code. The Servicer must report the debt canceled in bankruptcy for the later of the year in which the amount of canceled debt first can be determined, or the year in which the debt is canceled in bankruptcy.

    2. A cancellation or extinguishment making the debt unenforceable in a receivership, foreclosure or similar proceeding.

    3. A cancellation or extinguishment when the statute of limitations for collecting the debt expires, or when the statutory period for filing a claim or beginning a deficiency judgment proceeding expires. Expiration of the statute of limitations is an identifiable event only when the Borrower's affirmative statute of limitations defense is upheld in a final judgment or decision of a court and the appeal period has expired.

    4. A cancellation or extinguishment when deficiency rights were not preserved during the foreclosure process.

    5. A cancellation or extinguishment when Freddie Mac makes the determination not to pursue a deficiency action post-foreclosure and notifies the Servicer of such determination.

    6. A cancellation or extinguishment when Freddie Mac elects foreclosure remedies that by law end or bar the creditor's right to collect the debt. This event applies if collection is barred by local law after a "power of sale" in the Mortgage or deed of trust is exercised.

    7. A cancellation or extinguishment due to a probate or similar proceeding.

    8. A discharge of indebtedness under an agreement with the debtor to cancel the debt at less than full consideration (*e.g.,* a short payoff). Freddie Mac will advise the Servicer if

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such an agreement is reached with a Borrower.

9. A discharge of indebtedness because of a decision or a defined policy of the creditor to discontinue collection activity and cancel the debt. A creditor's defined policy can be in writing or an established business practice. A practice to stop collection activity and abandon a debt when a particular nonpayment period expires is a defined policy.

Facts and circumstances indicating that a debt was not canceled include the existence of a lien relating to the debt (up to the value of the security) or the sale or packaging for sale of the debt by the creditor.

In the event of a foreclosure sale where deficiency rights were preserved, the Servicer must not initially file a Form 1099-C. Freddie Mac will determine whether to pursue collection of the deficiency of that Mortgage. If Freddie Mac makes a determination not to pursue collection of the deficiency, Freddie Mac will notify the Servicer and the Servicer must then file the IRS Form 1099-C.

Each Servicer must file its reports with the IRS not later than March 31 of the year following the calendar year in which the cancellation of debt occurs.

d. Instructions for filing Freddie Mac Form 1065M, Report of IRS Form 1099-A and Form 1099-C Filings (04/15/21)

The Servicer must notify Freddie Mac that the Servicer reported to the IRS electronically. When the Form 1099-A or Form 1099-C is sent to the IRS, the Servicer must submit Form 1065M to Freddie Mac. The Servicer should not send Freddie Mac copies of the Form 1099-A or Form 1099-C that it filed with the IRS.

When corrections or voids are submitted to the IRS, a copy of Form 1065M must be submitted to Freddie Mac. Form 1065M should indicate the number of corrected or voided IRS Forms 1099-A and 1099-C that were submitted to the IRS.

Form 1065M should be mailed to Freddie Mac at the address shown on the form.

43.4 IRS Form 1099-MISC, Miscellaneous Income, and IRS Form 1099-NEC, Nonemployee Compensation (08/18/22)

Servicers must not prepare or file IRS Form 1099-MISC, Miscellaneous Income, or IRS Form 1099-NEC, Nonemployee Compensation, using Freddie Mac's name or Taxpayer Identification Number (TIN). The Servicer should consult with its tax advisor to review its reporting obligations with regard to the filing of Forms 1099-MISC and 1099-NEC.

43.5 Continuation of Uniform Commercial Code (UCC) financing statements; termination (06/27/19)

a. UCC continuation statements (12/14/18)

During the term of the Mortgage, the Servicer must maintain the continuity of Freddie Mac's perfected security interest in personal property relating to the Property (including chattel and fixtures). The Servicer must monitor the expiration dates of financing statements filed and

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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.

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43.7 Late charges; default interest (~~02~~06/23/26~~/24~~)

a. Mortgages originated on or after July 8, 1992 (06/~~30/16~~23/26)

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~~, subject to the provision of Section 43.7, as follows:

- 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.)

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- 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~~ Limitations on collection of late charges and default interest (~~04/30/13~~06/23/26)

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 (02/24/26)

For all fixed-rate Mortgages, subject to satisfaction of a Servicer Delegation Requirement, the Servicer is delegated the authority to waive, without the consent of Freddie Mac, the collection of a late charge (separate from default interest), if applicable, for a payment received less than 30 days after the scheduled payment date. For purposes of this paragraph, the Servicer Delegation Requirement will be deemed satisfied even if the Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization, so long as the Mortgage otherwise satisfies the Servicer Delegation Requirement (i.e., the Mortgage is: (i) owned by Freddie Mac, (ii) in a 55-Day Multi PC, or (iii) in a Securitization where Freddie Mac is the master servicer). The Servicer may grant this waiver up to three times during the life of a Mortgage, provided, that in connection with any such waiver:

- The Servicer determines that the Borrower has a justifiable reason for the request,
- The late payment is not due to cash flow problems, and
- The Mortgage:
  - Has not been late within the last 12 months,
  - Has a Risk Rating of six or less,

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- Is not in default, and
- Is not credit-enhanced by a third party.

If the late payment is due to cash flow problems, the Seller/Servicer may not waive the late charge and must contact Freddie Mac *Multifamily Asset Management, Borrower Transactions* or, for Structured Transactions, *Multifamily Asset Management, Structured Transactions*, to approve this request.

The Servicer may only agree to a third waiver request if the Borrower agrees to, or in the case of a fixed-rate SBL Mortgage, is already required to, auto-debit the required payment for a minimum of the next 12 months.

The waiver must be approved by a supervisor or a higher-level manager of the Servicer and the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by taking the following actions:

1. Creating a record in CRT indicating the specific Servicer Delegation Requirement that has been satisfied.

2. Electronically delivering to Freddie Mac via DMS a completed General Servicing Request, along with any supporting documentation.

The Servicer must document the waiver and retain evidence of the waiver in the Mortgage File. The Servicer may not waive collection of any late charge payable under the Note for an ARM, or an SBL Hybrid ARM.

e. Request for waiver (02/24/26)

After a Servicer has granted three waivers of the collection of late charges per Section 43.7(d), or if Section 43.7(d) otherwise does not permit the Servicer to approve a waiver request, if the Servicer determines that a waiver is necessary or desirable, the Servicer must take the following actions:

1. Enter the waiver request into CRT. The CRT record should be created with the selection that Freddie Mac approval is required.

2. Electronically deliver to Freddie Mac via DMS a completed General Servicing Request form, including any necessary supporting documentation.

f. Waiver of default interest for non-monetary events of default (06/23/26)

With respect to default interest that a Servicer is required to assess against a Borrower for a non-monetary event of default, if Borrower can cure the related event of default within 60 days after its occurrence, Freddie Mac delegates to Servicer the discretion to waive up to 60 days of such accrued default interest, provided:

1. A Servicer Delegation Requirement has been satisfied;

2. The Borrower is otherwise in compliance with the terms of the Mortgage;

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3. This is the first occurrence of the non-monetary event of default giving rise to default interest being assessed (i.e., Servicer will not have any delegation under this provision for repeated Borrower non-compliance);

4. The Servicer has received evidence from the Borrower of its timely cure of such non-compliance; and

5. The Servicer identifies the default interest on the Borrower's monthly billing statement until the event of default is cured - in addition to identifying principal, interest, or other charges payable by the Borrower - and documents the waiver of the default interest on the Borrower's monthly billing statement immediately following the cure.

If the Borrower fails to cure the non-monetary event of default within such 60-day period, the default interest waiver delegation granted to the Servicer above will immediately terminate and the Servicer must collect any accrued default interest from the Borrower unless the Servicer submits and receives a waiver from Freddie Mac.

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

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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.

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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.

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- 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 untenantable 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.

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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

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- 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

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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 (02/24/26)

This Section 43.10 does not apply to Infrastructure Agreement Servicing Requests, as described in Section 43.32.

a. Easements the Servicer is permitted to approve (02/24/26)

1. If a Servicer Delegation Requirement has been satisfied, the Servicer is delegated authority to approve the types of easements described in Section 43.10(a)(3), provided all the following conditions are satisfied:

   - If the Mortgage is in a Securitization where Freddie Mac is the named master servicer, Freddie Mac must also be the Directing Certificateholder (or Directing Party).
   - The Mortgage does not secure tax-exempt debt.
   - The Servicer determines, in its discretion, that the easement will not materially affect the operation or value of the Property or Freddie Mac's interest in the Property.
   - If the Borrower is not requesting subordination of the lien of its Mortgage to the easement. For any such Borrower request, see Section 43.10(e).
   - 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 CRT as required by Section 36.25 indicating the specific Servicer Delegation Requirement that was satisfied..

3. For any Mortgage which meets the requirements of Section 43.10(a)(1), the Servicer may approve the following types of easements:

   A. Easements for local residential distribution of gas, water, electricity or other public utilities that do not have any adverse effect on the value of the Property.

   B. Infrastructure Agreements constituting easements that Servicer is permitted to approve under Section 43.32.

   C. Easements for the benefit of a third party (other than for local residential distribution of gas, water, electricity or other public utility) if all the following conditions are satisfied:

      i. The Servicer has determined that there is no material adverse impact on the Property's value, operation, access, marketability, or on the income production of units or other income-producing improvements.

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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

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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:

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1. A completed Easement Request, available via mf.freddiemac.com/lenders/asset, which must include the Servicer's analysis along with the Servicer's recommendation for action

2. Form 1125, Borrower Application for Partial Release or Easement, completed and signed by the Borrower and any Guarantor(s)

3. Copy of the proposed easement agreement (including a complete legal description of the land that will be subject to the easement) and any proposed agreement to subordinate the Mortgage to the easement

4. Survey that shows the land subject to the easement (including a complete legal description) and any affected improvements and clearly delineates the location of the easement (If the easement is a blanket easement, a survey is not required. If the easement can be shown on a copy of the survey delivered to Freddie Mac at final delivery of the Mortgage, the Seller may use that copy to delineate the easement.)

5. Title update report, if requested by Freddie Mac

6. If the Servicer determines that there may be legal issues raised by the easement, a preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 or Section 6SBL.7, if applicable. If the Servicer does not submit a PLIM, and Freddie Mac determines that the transaction raises legal issues, Freddie Mac reserves the right to request that the Servicer deliver a PLIM

7. After the Servicer receives notification from Freddie Mac that a Mortgage has been designated for inclusion in a Securitization, if requested by Freddie Mac, the Servicer must deliver an opinion of counsel addressed to Freddie Mac and obtained at no expense to Freddie Mac which meets each of the following requirements:

   - The counsel providing the opinion is acceptable to Freddie Mac

   - The opinion is in form and substance satisfactory to Freddie Mac in its sole and absolute discretion

   - The opinion confirms each of the following:

     - The grant of such easement has been effected in accordance with the requirements of Treasury Regulation Section 1.860G-2. (a)(8) (as such regulation may be modified, amended or replaced from time to time)
     - If the grant of easement occurs following the Securitization, then the qualification and status of the REMIC trust as a REMIC will not be adversely affected or impaired as a result of such grant
     - If the grant of easement occurs following the Securitization, then the REMIC trust will not incur a tax under Section 860G(d) of the Tax Code as a result of such grant

8. Any other information requested by Freddie Mac

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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 (02/24/26)

a. Partial releases the Servicer is permitted to approve (02/24/26)

1. During any period in which Freddie Mac owns the Mortgage, the Servicer may approve certain partial releases unless one of the following applies:

   - The 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

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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 Mortgage securing tax-exempt debt with compensation for the partial release.

   c. The partial release is in favor of a municipality or government agency.

   d. The partial release will have no adverse impact on the Property value. (The LTV Ratio after the partial release is not greater than before the partial release.)

   e. The Property secures a Mortgage that has a Risk Rating of six or less, is not in default, is not credit-enhanced by a third party and is not a credit-enhanced bond.

   f. Compensation for the partial release is less than the lesser of 0.5 percent of the UPB or $100,000.

   g. The Servicer has received and reviewed either:

      - A zoning report, or

      - A Preliminary Legal Issues Memorandum meeting the requirements of Section 6.4 or Section 6SBL.7, as applicable, confirming that the Property will remain in compliance with all zoning regulations after the partial release.

   h. If the Servicer determines that legal issues may be raised by the partial release, the Servicer has received and reviewed a preliminary legal issues memorandum meeting the requirements of Section 6.4 or Section 6SBL.7, as applicable.

   i. A supervisor or higher-level manager on the Servicer's staff approved the partial release using the Property Partial Release Request.

   j. There are no additional investors who have provided credit enhancements (other than those provided by a Seller/Servicer, Borrower or Affiliates of the Borrower).

For any partial release that does not require Freddie Mac approval, it must be approved by a supervisor or a higher-level manager of the Servicer and the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by creating a record in CRT with the selection that Freddie Mac approval is not required.

For any partial release that does not require Freddie Mac approval, the Servicer may charge the Borrower a nonrefundable review/processing fee in the amount specified in the Loan Documents, or, if not specified, in the amount set forth in Exhibit 10. The Servicer may retain the entire fee.

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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 (02/24/26)

For any Mortgage for which the Servicer is not delegated approval authority under Sections 43.11(a) and (b), the Servicer must take the following actions:

- Enter the Borrower request into CRT as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1-13 below, the Servicer must electronically deliver those materials to Freddie Mac, together with the Borrower's request and the Servicer's recommendation

For all partial releases that require Freddie Mac approval, the Servicer must charge the Borrower a nonrefundable review/processing fee for an application in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in Exhibit 10. The Servicer must remit to Freddie Mac 50 percent of the review/processing fee, if applicable, and may retain the remaining 50 percent. The Servicer may not charge the Borrower any additional fees for processing an application for approval of a partial release.

At the time of delivery of the partial release request to Freddie Mac, the Servicer must remit to Freddie Mac by wire transfer the Freddie Mac portion of the review/processing fee. The Servicer must:

- Obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions or Structured Transactions*, as applicable
- Send the wire transfer to the attention of *Multifamily Cash Management*

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- Reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number

The Servicer must deliver each of the following documents:

1. A completed Property Partial Release Request, which must include the Servicer's analysis along with the Servicer's recommendation for action

2. Form 1125, Borrower Application for Partial Release or Easement, completed and signed by the Borrower and any Guarantor(s)

3. Survey that shows both the land to be released and the land remaining under the lien of the Mortgage, including a complete legal description of both the land to be subject to the partial release and the land remaining under the lien of the Mortgage (If the land to be released and the land remaining can be shown on a copy of the survey delivered to Freddie Mac at final delivery of the Mortgage, the Seller may use that copy to delineate the land to be released. The Servicer must be able to clearly delineate the location of the land to be released and the land remaining under the lien of the Mortgage on the survey.)

4. Copy of the proposed partial release (including a complete legal description of the land to be released)

5. Title update report dated not earlier than 45 days before the date of Form 1125, Borrower Application for Partial Release or Easement

6. Written explanation of the process to be followed in separating the tax lots, if applicable

7. Payment history of the Freddie Mac Mortgage for the previous 12 months

8. Color photographs of the land to be released, if requested by Freddie Mac

9. A Freddie Mac Annual Inspection Form (AIF), if requested by Freddie Mac

10. A zoning report or preliminary legal issues memorandum confirming that the Property will remain in compliance with all zoning regulations after the partial release

11. If the Servicer determines that there are possible legal issues raised by the partial release, a preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 or Section 6SBL.7, if applicable. If the Servicer does not submit a PLIM, and Freddie Mac determines that the transaction raises legal issues, Freddie Mac reserves the right to request that the Servicer deliver a PLIM.

12. The Servicer's DCR and LTV analysis, addressing any changes resulting from the release and mitigating any negative changes (Note that an appraisal may be required to establish value for the proposed release parcel)

13. Any other information requested by Freddie Mac

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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.)

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- 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:

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- 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 untenantable 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

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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

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On a case-by-case basis, Freddie Mac may consider extension of a Mortgage to enable a Borrower to obtain funds to pay off a maturing Mortgage. Any extension will be on conditions specified by Freddie Mac. Those terms may include payment of an extension fee, an increase in the Mortgage interest rate, revised amortization, a paydown of the loan amount, and payment of all administrative costs in connection with the extension.

c. Transfer of Servicing of a matured Mortgage (10/07/08)

If a Mortgage has not been paid in full by its maturity date, Freddie Mac may, in its sole discretion, transfer Servicing of that Mortgage to another Servicer. If Freddie Mac elects to transfer Servicing of the matured Mortgage, the existing Servicer will not be compensated and must cooperate fully with Freddie Mac and the transferee Servicer.

43.14 Modification; release; waivers (12/16/25)

a. Limits on Servicer (12/16/25)

The Servicer must not modify, waive or release any term of any Note, Security Instrument or other Loan Document, accept any prepayment, or consent to any postponement of performance by any Borrower of any obligation under a Note, Security Instrument or other Loan Document except as authorized by the Purchase and Servicing Documents.

If a Mortgage is included in a REMIC Securitization, the Servicer will not knowingly or intentionally take any action or fail to take (or fail to cause to be taken) any action with respect to such mortgage, that (i) adversely affects or impairs the status of the REMIC trust as a REMIC or (ii) results in the REMIC trust incurring a tax under Section 860F(a) or Section 860G(d) of the Internal Revenue Code and related U.S. Treasury regulations. With respect to any such actions, unless waived by Freddie Mac, the Servicer must deliver an opinion of counsel addressed to Freddie Mac and obtained at no expense to Freddie Mac which meets each of the following requirements:

- The counsel providing the opinion is acceptable to Freddie Mac
- The opinion is in form and substance satisfactory to Freddie Mac in its sole and absolute discretion
- The opinion confirms each of the following:
    - The qualification and status of the REMIC trust as a REMIC will not be adversely affected or impaired as a result of such proposed action
    - The REMIC trust will not incur a tax under Section 860F(a) or Section 860G(d) of the Internal Revenue Code and related U.S. Treasury regulations as a result of such proposed action

b. Collateral release (06/17/21)

For the requests listed below, the Servicer must complete and electronically deliver to Freddie Mac a written request and recommendation using the Release/Extension of Monetary Collateral

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Request, attaching any necessary supporting documentation to include:

1. Release or reduction of Guaranty
2. Release of Rental Achievement Agreement
3. Release of Letter of Credit
4. Release of other Reserve

c. Waivers (06/17/21)

The Servicer must complete and submit a waiver request via the Freddie Mac Insurance Compliance Tool (ICT), which must include the Servicer's analysis along with the Servicer's recommendation for action, to request any waiver of the insurance requirements if the right to 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

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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:

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- 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

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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).

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43.17 Mortgages paid in full (12/14/18)

a. Mortgage paid in full at maturity (04/30/15)

The Servicer is responsible for the review of a Borrower's request to pay a Mortgage in full. Before responding to any inquiry regarding the full satisfaction of a Mortgage, the Servicer must carefully review the terms of the Note to determine the full amount due.

The Servicer must notify Freddie Mac *Multifamily Loan Accounting* of the Borrower's request to pay in full any Mortgage serviced for Freddie Mac. The Servicer must submit a completed Loan Payoff Notice, available via mf.freddiemac.com/lenders/reporting, (which must include the Servicer's analysis along with the Servicer's recommendation for action) and must forward the following information to Freddie Mac *Multifamily Loan Accounting* within five Business Days after receipt by the Servicer of the Borrower's request to pay in full:

1. Copy of any Consolidation, Modification and Extension Agreement (if applicable)

2. Copy of the Borrower's payoff request

b. Mortgage paid in full prior to the maturity date (05/06/05)

Additional requirements for any Mortgage being paid in full prior to the actual maturity date are located in Section 51.1.

c. Requests for Freddie Mac execution of documents (12/07/07)

The Servicer must submit to Freddie Mac *Multifamily Loan Accounting* all requests for Freddie Mac execution of documents necessary to complete the release, discharge or satisfaction of debt. The Servicer or its attorney must forward the original satisfaction documents to Freddie Mac *Multifamily Loan Accounting* for signature by Freddie Mac. For documents that require Freddie Mac execution, the Servicer must include a letter explaining:

1. The nature of the request (release of Note or execution of documents)

2. The reason for the request (maturity, full prepayment, repurchase approved by Freddie Mac, repurchase demanded by Freddie Mac or repurchase in compliance with a recourse agreement)

3. Any special endorsement to the Note required by Freddie Mac or by applicable law

4. The date applicable funds were remitted to Freddie Mac

5. The address and identity of the official of the Servicer to whom Freddie Mac should return the executed documents

d. Documentation delivered after payment-in-full (12/14/18)

After Freddie Mac receives payment in full, whether at maturity or by prepayment, Freddie Mac will return to the Servicer the original Note stamped "Paid and Canceled." It is the Servicer's responsibility to return the original Note to the Borrower and to record or file any satisfaction documents.

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43.18 Noncompliance fees (06/12/23)

Freddie Mac separately monitors Servicing reporting, accounting reporting and Delinquency reporting and separately assesses noncompliance fees. Freddie Mac will send the Servicer a written notification of each violation. Fees are due to Freddie Mac no later than the fifth Business Day after the first accounting cutoff date following the missed reporting due date. The Servicer must remit the fee using the myOptigo® Servicer Remittance system described in Section 53.7. The cash statement for the accounting cycle in which the fee is due will reflect the fee. Freddie Mac reserves the right to change all fees and other remedies at any time and at its sole discretion.

43.19 Property management (10/17/24)

a. General property management requirements (10/17/24)

For non-SBL Mortgages, the Servicer must ensure that the property management company and proposed property management agreement comply with all requirements of the Loan Documents, and if the Loan Documents are silent, with all requirements of Section 8.13.

For SBL Mortgages, the Servicer must ensure that the property management company and proposed property management agreement comply with all requirements of the SBL Loan Documents.

For all Mortgages, with respect to each proposed property management company and/or proposed sub-management company, the Servicer must certify that it has performed the applicable searches with respect to such entity that are required under Sections 2.18, 2.23, 2.24 and 9.3, including Freddie Mac Exclusionary List, FHFA SCP List and OFAC screening, and Web Searches to identify adverse information related to Financial Crimes, litigation, negative credit events and adverse actions that may pose reputational risk.

b. When full Freddie Mac review of a property management change (including delegation to a sub-manager) is not required (10/17/24)

Freddie Mac full review of a property management change is not required if the new property management company is on the Freddie Mac Property Management Company List Freddie Mac will be deemed to have approved the change in property management, if each of the following conditions is satisfied:

1. The Servicer delivers to Freddie Mac *Multifamily Asset Management, Borrower Transactions* or, for Structured Transactions, *Multifamily Asset Management, Structured Transactions,* each of the following:

   - A summary of the new property manager's qualifications and experience
   - A Property Management Change Certification, executed by the Borrower, the new property manager, and the Servicer, with no changes other than blanks filled in, required boxes checked, and signature blocks completed (a Chief Servicing Officer Certification is not required)
   - A copy of the fully-executed Management Agreement

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- 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:

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- The management agreement does not include any terms that are not customary in the market area in which the Property is located.
- The Mortgage is current and the Borrower is not aware of any event of default which has occurred and is continuing with respect to the loan
- The Borrower has obtained the consent of any other party required to consent to a change of the property management company for the Property

4. Copy of the proposed new property management agreement
5. Copy of the proposed Sub-Management Agreement (if applicable)
6. Resume, brochure and/or the web address for the proposed management company

d. Freddie Mac's review of the property management change request (including delegation to a sub-manager) (10/17/24)

In conducting its review of the property management change request, Freddie Mac may consider the following factors:

1. The Property's Risk Rating
2. Whether the Mortgage is current with no continuing event of default
3. Whether the proposed property manager is a third-party property management company with at least five years of experience managing properties similar to the subject Property in size and type and in the same market as the subject Property
4. Whether the proposed property management company is a for-profit or a non-profit entity
5. Whether the proposed compensation for the property management company exceeds:
   - For non-SBL Mortgages, the percentage of overall gross monthly rents provided for in the previously approved contract with the prior property management company
   - For SBL Mortgages, the greater of seven percent of the overall gross monthly rents or the percentage of overall gross monthly rents provided for in the previously approved contract with the prior property management company
6. If the Borrower will not assign its interests under the property management agreement to Freddie Mac (such as for an SBL Mortgage), whether the contract is terminable upon not more than 30 days' notice without the necessity of establishing cause and without payment by Borrower or its successors of a penalty or termination fee
7. The extent of any planned or started rehabilitation at the Property
8. The extent of any Deferred Maintenance shown on the latest annual risk assessment and the Property rating

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e. Documentation required following approved property management change (including delegation to a sub-manager) (10/17/24)

If Freddie Mac has approved a property management change, then within the time specified in the Freddie Mac approval letter, the Servicer must electronically deliver to *Freddie Mac Multifamily Asset Management Borrower Transactions* each of the following items, as applicable:

- For non-SBL Mortgages:
  - Property management agreement in the form approved by Freddie Mac
  - For a change of property management company, a copy of the fully executed Assignment of Management Agreement
  - For changes involving only a modification of the property management agreement (and not involving a change of property management company), an amendment to the applicable Assignment of Management Agreement replacing the form of property management attached thereto as an exhibit
  - A copy of the fully executed Assignment of Management Agreement and Sub-Management Agreement and Subordination of Management Fees and Sub-Management Fees, if applicable
  - An updated non-consolidation opinion (if required)
  - Any other documents specified in the approval letter
- For SBL Mortgages:
  - Each of the documents specified in the approval letter
  - An Assignment of Management Agreement and Subordination of Management Fees is not required or applicable

43.20 Advance written notice to the Borrower for ARM payments (06/30/16)

The Servicer must provide the Borrower with advance written notice of each interest rate adjustment and each new monthly payment due under the Note for an ARM or an SBL Hybrid ARM. The Servicer must give each such notice in the manner specified in the Loan Documents for the giving of notices, and the Servicer must give each such notice at least 15 calendar days prior to the due date of the new monthly payment.

43.21 Third-party cap agreement (07/01/14)

a. Payments by cap provider (07/01/14)

As long as there is not an event of default, if the Borrower has paid in full the applicable monthly payment of principal and interest or interest only due under the Note, the Servicer must remit to the Borrower any payment received under a third-party interest rate cap agreement ("cap agreement") from the provider of the cap agreement (“cap provider”).

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b. Collection of cap agreement payments for conventional Mortgages (02/07/08)

The Servicer, on behalf of Freddie Mac, must diligently attempt to collect all payments under the cap agreement or interest rate cap guaranty at the times they are due and payable.

43.22 Subsequent cap agreements for cash Mortgages (06/24/25)

See Sections 28.12 and 28.18 for interest rate cap requirements for Bond Credit Enhancement Mortgages. See Sections 25.12 and 25.18 for interest rate cap requirements for TEL Mortgages.

a. Deposits to cap fee Reserves (02/28/18)

The Borrower must deposit ("cap fee Reserve") an amount sufficient to accumulate funds equal to 125 percent of the amount estimated by the Servicer to be sufficient to purchase, immediately prior to termination of the then-existing cap agreement, a subsequent cap agreement ("subsequent cap agreement") with (1) a term expiring on the earlier of the date that is two years after the termination of the then existing cap agreement or the maturity date of the Mortgage, (2) a notional amount equal to the outstanding principal balance due under the Note on the commencement date of the subsequent cap agreement and (3) a strike rate equal to the original strike rate.

On the Origination Date, the Servicer must calculate the initial monthly cap fee Reserve based on the purchase price of the cap agreement and inform the Borrower of that amount. The process for adjusting the monthly cap fee Reserve amount is as follows:

1. Within 30 days after the Origination Date, the Servicer must complete the information on the first page of the Kensington Cap Escrow Adjustment Form and submit the form to Kensington Capital Advisors LLC (“Kensington”) at capinfo@kensington-advisors.com, together with a copy of the Rate Cap Rider from the Loan Agreement.

2. 30 days prior to the due date of each cap fee Reserve adjustment, Kensington will provide each Servicer with a list of Mortgages requiring review of the cap fee Reserves. Upon receipt of the list of Mortgages, the Servicer must provide Kensington with the anticipated unpaid principal balance at the time of cap renewal and the current cap fee Reserve balance for each of the Mortgages on the list.

3. Kensington will determine the new monthly deposit to the cap fee Reserve and return the completed Kensington Cap Escrow Adjustment Form to the Servicer.

4. The Servicer must review and sign the completed Kensington Cap Escrow Adjustment Form indicating its approval.

5. The Servicer must notify the Borrower of the amount of the new monthly deposit for the cap fee Reserve.

6. With respect to each subsequent cap fee Reserve adjustment, the Servicer must provide to Kensington not less than 15 days prior to the date on which the cap fee Reserve will be adjusted, (1) the anticipated unpaid principal balance at the time of cap renewal and (2) the

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then current cap fee Reserve balance.

7. Thereafter, the Servicer must review and approve all subsequent adjustments to monthly cap fee Reserve payments required under the loan agreement in the manner set forth in this section and in accordance with the terms of the Loan Documents.

Freddie Mac reserves the right, after notice to the Servicer, to require the Servicer to obtain Freddie Mac's approval for all cap deposits Reserve adjustments for a Mortgage. This notification may be in the form of an email from Freddie Mac's *Multifamily Asset Management* representative.

b. Interest on cap deposits (09/25/15)

Unless applicable law requires, or the Loan Documents provide otherwise, Freddie Mac will not require the Servicer to pay the Borrower any interest, earnings or profits on the cap deposits related to Mortgages.

c. Excess cap deposits (06/24/25)

If the Borrower delivers a subsequent cap agreement and there are excess cap deposits, the Servicer must continue to hold such excess cap deposits and apply the accumulated deposits to purchase a subsequent cap agreement. When the Borrower has paid the indebtedness in full, or has purchased a cap agreement with a termination date no earlier than the maturity date of the Mortgage, Freddie Mac will authorize the Servicer to return any cap deposits to the Borrower.

d. Terms of subsequent cap agreements (07/01/14)

Any subsequent cap agreement must have:

- A term not earlier than one year from its effective date,
- A strike rate that does not exceed the original strike rate set forth in the Loan Documents, and
- A notional amount equal to the outstanding indebtedness on the effective date of the subsequent cap agreement.

e. Cap deposits Reserve Custodial Account (09/25/15)

Unless otherwise stated in the Loan Documents, cap deposits Reserve Custodial Accounts must meet the requirements of Chapter 52.

f. Cap agreement and cap provider requirements (02/07/08)

See Section 11.3 for the requirements regarding the cap agreement and cap provider.

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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:

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- 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 (02/24/26)

This Section 43.24 does not apply to Infrastructure Agreement Servicing Requests, as described in Section 43.32.

a. When Freddie Mac approval is required (04/18/24)

Freddie Mac approval is required for:

- Any new or modified non-residential (commercial) lease, including an extension or termination of such lease (a "Nonresidential Lease"), except (i) an Infrastructure Agreement Servicing Request for a lease satisfying the requirements under Section 43.32(b), (ii) any lease expressly permitted by the Loan Documents, or (iii) for an SBL Mortgage, a lease satisfying the requirements of Section 43.24(e)
- Any new lease related to drilling, oil or gas exploration at the Property

b. Servicer's request for Freddie Mac approval (02/24/26)

Upon receiving a request for approval of any new or modified commercial lease or oil and gas lease, the Servicer must take the following actions:

- Enter the Borrower request into the Consent Request Tracker as required by Section 36.25

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- Electronically deliver to Freddie Mac the General Servicing Request, and any necessary supporting documentation including a PLIM if a SNDA is required per Section 8.11(e).

- For an SBL Mortgage, the Servicer must include with the General Servicing Request a Commercial Lease Analysis and Estoppel – SBL summarizing the terms of the commercial lease; a PLIM is only required for an oil and gas lease, or if otherwise requested by Freddie Mac

c. Freddie Mac's review of lease approval request (05/05/17)

In conducting its review of the requested commercial or drilling, oil, or gas lease, Freddie Mac may consider factors including the following:

1. For a non-SBL Mortgage, whether income from the lease is less than five percent of total gross potential rent for the Property
2. Whether approval of the lease will cause a decline in gross potential income for the Property
3. Whether the new tenant is equal to or better in quality than the exiting tenant
4. Whether the new lease and tenant present any negative environmental impact
5. The Risk Rating of the Mortgage
6. Whether the Mortgage is in default

d. Required documentation following Freddie Mac approval (05/05/17)

Within the time specified in Freddie Mac's approval letter, the Servicer must electronically deliver to Freddie Mac the following documents:

- Copy of the signed lease agreement
- For a Non-SBL Mortgage, a copy of Lessor's Estoppel Certificate
- For an SBL Mortgage, a copy of the Commercial Lease Analysis and Estoppel – SBL, executed by the tenant
- Any additional documentation required by the approval letter

e. Non-residential leases the Servicer is permitted to approve for an SBL Mortgage (02/24/26)

If a Servicer Delegation Requirement has been satisfied, the Servicer is delegated authority to approve a non-residential lease, provided all of the following conditions are satisfied:

- If the SBL Mortgage is in a Securitization where Freddie Mac is the named master servicer, Freddie Mac must also be the Directing Certificateholder (or Directing Party).

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- The tenant under the non-residential lease is not an Affiliate of the Borrower or an affiliate of any Guarantor
- The terms of the non-residential lease are at least as favorable to the Borrower as those customary in the applicable market at the time the Borrower enters into the non-residential lease
- The rents paid to the Borrower pursuant to the non-residential lease are not less than 90 percent of the rents paid to the Borrower pursuant to the non-residential lease, if any, for that portion of the Property that was in effect prior to the non-residential lease
- The term of the non-residential lease, including any option to extend, is 10 years or less
- The intended use of the space that is the subject of the non-residential lease may not allow the leased premises to be used or operated, in whole or in part, for any illegal activity or any Restricted Non-Residential Use
- The aggregate of the income derived from the space leased pursuant to the Nonresidential Lease accounts for less than 20 percent of the gross income of the Property on the date that the Borrower enters into the Nonresidential Lease

For any non-residential lease that does not require Freddie Mac approval, the Servicer must notify Freddie Mac of any actions taken under the delegated approval within 30 days of the effective date of the approval by taking the following actions:

1. Creating a record in CRT indicating the specific Servicer Delegation Requirement that has been satisfied.
2. Electronically delivering to Freddie Mac via DMS a completed General Servicing Request, along with any supporting documentation.

43.25 Product-specific general Servicing requirements (09/18/14)

For additional general Servicing requirements for the Freddie Mac Multifamily Seniors Housing Product, see Section 21.19.

For additional general Servicing requirements for Multifamily Housing Bond Credit Enhancements, see Sections 28.8, 28.9, 28.12 and 28.18.

43.26 Radon and what to report to Freddie Mac (05/22/25)

A Property secured by an SBL Mortgage is not required to be tested for the presence of radon.

For a Property securing a non-SBL Mortgage for which the environmental consultant determined that radon testing was warranted, the following table lists the appropriate and timely steps required to notify Freddie Mac for any follow-up radon testing described in Section 61.14.

The Servicer must follow this protocol. The Borrower's certificate is not sufficient evidence to satisfy radon requirements set forth in the loan documents.

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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).
If the environmental consultant determines based on the follow-up test results that remediation is necessary	Remediation will be required along with the following steps: **Step 1.** Servicer uploads test results to PRS, naming the file as Radon Test Results Follow-Up, by the Completion Date for Follow-Up Radon Testing. **Step 2.** Servicer must provide Borrower with a Radon Remediation Notice (as defined in the Loan Documents) within two Business Days. **Step 3.** Servicer must upload copy of the Radon Remediation Notice to PRS, naming the file as Radon Remediation Notice. **Note:** Borrower will have 30 days after the date of the Radon Remediation Notice to provide Servicer with a signed, binding fixed price radon remediation contract with a qualified service provider. Borrower will have 90 days to complete remediation after the date of the Radon Remediation Notice. **Step 4.** After completion of radon remediation, Servicer must upload to PRS written certification from a qualified environmental consultant stating the remediation methods that were used, that remediation has been satisfactorily completed, that post-remediation testing has been conducted and that the units with completed radon remediation now demonstrate radon levels below 4 pCi/L. Servicer must name the file as Post-Mitigation Test Results.

43.27 Delivery of written notice of incomplete application or confirmation of withdrawn application (11/30/12)

If an application for a modification to the Mortgage that would result in a change in the collateral or a change in a Borrower Principal or Guarantor, or any other credit extension is incomplete, the Servicer must provide the Borrower with a written request on behalf of Freddie Mac for any missing items in compliance with the Equal Credit Opportunity Act.

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If the Borrower withdraws the application either orally or in writing, the Servicer must send on behalf of Freddie Mac written confirmation to the Borrower (letter or email) confirming the Borrower's withdrawal of the application for a modification. The Servicer must maintain a copy of the Borrower's written notice of withdrawal or its confirmation of the oral withdrawal.

The Servicer must maintain a record of all written notices sent on behalf of Freddie Mac and maintain copies of each such notice in the Mortgage file in accordance with the requirements of Chapter 34.

43.28 Ongoing Screening of Restricted Party Lists (08/26/25)

The Servicer must periodically and at least monthly screen Borrowers, Borrower Principals, Guarantors, Non-U.S. Equity Holders, and any applicable property management company related to Mortgages that the Servicer services for Freddie Mac against the Restricted Party Lists (as defined in Section 7.1).

A Servicer that identifies a valid match against any Restricted Party List must notify Freddie Mac via an email to the *Multifamily Fraud Investigation Unit* within one Business Day of a valid Borrower, Borrower Principal, Guarantor, Non-U.S. Equity Holder, or property management company match. Such email notification must also provide the following information:

- Freddie Mac loan number
- Borrower, Borrower Principal, Guarantor, any Non-U.S. Equity Holder, and any property management company identifying information
- Name, title, email address, and telephone number for the point of contact at the Servicer who will be able to discuss the Restricted Party List match

If a Servicer identifies a valid match in a screening conducted in connection with a Borrower request for lender consent to a transaction, then in addition to following the procedure to notify Freddie Mac set forth above, the Servicer must not approve, or request approval from Freddie Mac for, such transaction until it receives further instruction from Freddie Mac.

Upon receipt of the email notification, a representative from Freddie Mac will contact the Servicer to discuss the Restricted Party List match and any potential next steps. Freddie Mac may also require the Servicer to provide documentation or additional information regarding the Restricted Party List match.

With respect to any confirmed match against the OFAC SDN List or Consolidated Sanctions List, notifying Freddie Mac does not absolve the Servicer from its responsibility to file any reports with OFAC, as required by OFAC Regulations.

See also Sections 2.18, 41.1(d), and 41SBL.1(d) for screening requirements for new Borrowers, Borrower Principals and Non-U.S. Equity Holders.

See Section 7.3(b) for ongoing screening requirements applicable to Freddie Mac Matters Employees and Freddie Mac Matters Contractors.

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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.

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8. The Servicer must analyze any Replacement Reserve based on the current condition of the Property. If the Property is not being properly maintained, Freddie Mac will reject the Subordinate Financing request unless at least one of the following conditions is met:

   - The Borrower's monthly Replacement Reserve deposit is increased to a sufficient level to adequately maintain the Property, or
   - A Replacement Reserve is established with ongoing funding requirements, and/or
   - The Borrower makes identified repairs prior to incurring the Subordinate Financing.

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

10. The Borrower must be a single asset entity. If the Loan Documents for the Freddie Mac Mortgage do not require the Borrower to be a single asset entity, then Freddie Mac will require the Borrower to amend the Loan Documents to include such a requirement.

11. The Property must have an acceptable operating history and the Borrower must have an acceptable Mortgage payment history during the period the Borrower has owned the Property. No event of monetary or nonmonetary default may have occurred during the term of the Mortgage.

12. The Servicer's counsel must have provided a preliminary legal issues memorandum meeting the requirements of Section 6.4.

b. Information required with a request for Freddie Mac approval of Subordinate Financing (04/13/23)

If a Borrower requests Freddie Mac's approval of Subordinate Financing, the Servicer's package must include:

1. A nonrefundable review/processing fee in the amount specified in the Loan Documents, or, if no amount is specified, in the amount set forth in Exhibit 10 (The Servicer may retain 50 percent of the review/processing fee and must remit the remaining 50 percent to Freddie Mac when submitting the application for the Subordinate Financing. The Servicer must remit the fee by wire transfer and obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or Freddie Mac *Multifamily Asset Management, Structured Transactions*, as applicable. The Servicer must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number. The Servicer may not charge the Borrower any additional fees for processing a request for Subordinate Financing.)

2. The Servicer's charge to the Borrower of a nonrefundable counsel fee of $500 (The counsel fee is for the legal fees, expenses and costs of Freddie Mac's legal counsel, including its in-house counsel, and may exceed $500 for complex transactions. Freddie Mac will collect the remainder of the fee, if applicable, after Freddie Mac issues the approval letter, and the Servicer must remit its payment by wire transfer. The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or

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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-

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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)

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9. A satisfactory endorsement to the title insurance policy covering the Freddie Mac Mortgage, effective as of the date of recordation of the security instrument for the Subordinate Financing, that insures that the lien of the Freddie Mac Mortgage is superior to the lien of the Subordinate Financing (The endorsement must also reflect the recordation of the security instrument for the Subordinate Financing and the Subordination Agreement.)

e. Warranties (09/28/18)

When a Servicer delivers the final Subordinate Financing documentation, the Servicer will be deemed to have made the warranties in Section 5.2, 5.4 and 5.5 as of the date of delivery to Freddie Mac of the documentation for the Subordinate Financing.

f. Unauthorized Subordinate Financing (08/30/13)

The Servicer must carry out Freddie Mac's instructions in dealing with proposed Subordinate Financing and must be alert to the unauthorized placement of Subordinate Financing on the Property. If the Servicer learns that unauthorized Subordinate Financing has been, or is about to be, placed on the Property, it must immediately notify Freddie Mac in writing.

43.30 Subordinate Financing for SBL Mortgages (04/18/24)

a. Conditions for Freddie Mac approval of Subordinate Financing for an SBL Mortgage (06/30/16)

For any SBL Mortgage securitized in an SBL Securitization, Subordinate Financing is permitted provided that each of the following conditions set forth below is met:

1. The subordinate lender is a Freddie Mac-approved Seller/Servicer at the time of origination of the Subordinate Financing.

2. The subordinate lender has not accepted applications from the Borrower for Subordinate Financing until after the settlement of the SBL Securitization that includes the SBL Mortgage.

3. If the Directing Certificateholder of the applicable SBL Securitization has the right to consent to the Subordinate Financing, the Directing Certificateholder has provided such consent within the time periods and under the conditions specified in the applicable Pooling and Servicing Agreement.

4. The Borrower pays all fees and other expenses of the Servicer of the SBL Mortgage required by such Servicer in connection with the Subordinate Financing.

5. The SBL Mortgage is not in default and is in good standing with satisfactory payment history.

6. The SBL Mortgage has three years or more remaining in its loan term.

7. The Subordinate Financing is not less than $750,000.

8. The Subordinate Financing has a loan term equal to or longer than the remaining loan term of the SBL Mortgage but cannot exceed 30 years.

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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.

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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.

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c. Approval of the Subordinate Financing (06/30/16)

The Servicer of the SBL Mortgage must verify that the requirements of Section 43.30(a) have been met, then countersign the Intercreditor Agreement and return it to the subordinate lender within five days of such verification.

d. Documents required after settlement of Subordinate Financing (04/18/24)

The subordinate lender must electronically deliver to the Servicer of the SBL Mortgage a copy, a certified copy or an original (as noted) of the executed Subordinate Financing documents listed below.

If the provisions of this subsection require delivery of a certified copy of a filed or recorded document, the copy must show the recorder's stamp, book and page numbers or instrument numbers. If recorder or clerk delays make it impossible to effect timely delivery of a copy showing the required information, the subordinate lender may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The subordinate lender must then deliver to the servicer of the SBL Mortgage a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

1. Recorded Intercreditor Agreement (certified copy)
2. Subordinate Financing note (copy)
3. Recorded Subordinate Financing security instrument (certified copy)
4. Loan Agreement, if applicable (copy)
5. Any third-party guaranties executed in connection with the Subordinate Financing (copy)
6. Recorded or filed subordinate UCC financing statements (certified copy)
7. Settlement statement (copy)
8. Any new replacement reserve agreement or repair reserve agreement (copy)
9. Modifications to any existing SBL Mortgage Loan Documents, if required (original of any unrecorded modifications and certified copies of any recorded modifications)
10. A satisfactory endorsement to the title insurance policy covering the SBL Mortgage, effective as of the date of recordation of the security instrument for the Subordinate Financing, that insures that the lien of the SBL Mortgage is superior to the lien of the Subordinate Financing (The endorsement must also reflect the recordation of the security instrument for the Subordinate Financing and the Intercreditor Agreement.)
11. A copy of third party Appraisal
12. Copies of environmental analysis, if applicable

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e. Unauthorized Subordinate Financing (06/30/16)

The Servicer of the SBL Mortgage must be alert to the unauthorized placement of Subordinate Financing on the Property. If the Servicer of the SBL Mortgage learns that unauthorized Subordinate Financing has been, or is about to be, placed on the Property, it must immediately notify Freddie Mac in writing.

43.31 General Servicing requirements for Credit Facilities (revolving lines of credit) (06/29/17)

NOTE: This section is not applicable to a Credit Facility with a Servicing Agreement.

If there is a conflict in terms between the Guide and the applicable Credit Agreement, then the terms used in the Credit Agreement will govern. Whenever used in this Section 43.31, the following words and phrases will have the meanings found in Section 43.31(a), below, unless the context requires otherwise.

a. Defined terms (06/29/17)

1. **Accounting Cutoff Date.** The Accounting Cutoff Date is defined in Section 50.8.

2. **Borrower.** Individually or collectively, as the context may require, each person or entity identified as "Borrower" in any Credit Agreement.

3. **Credit Agreement.** Individually or collectively, the applicable Credit Agreement or Credit Agreements, which has/have been assigned to Freddie Mac, and/or any subsequent Credit Agreement entered into by an affiliate of the Sponsor (as defined in the Credit Agreement) and Freddie Mac (or the Servicer, to be assigned to Freddie Mac). Parties to the Credit Agreement include the Borrower and the Servicer (as "Lender").

4. **Credit Facility.** A revolving credit loan in a specified amount issued to the Borrower by a Servicer (as "Lender") pursuant to the Credit Agreement.

5. **Credit Facility Documents.** The Loan Documents, as defined in the Credit Agreement, and all other documents evidencing, securing, perfecting and governing, whether delivered now or in the future, in connection with the Credit Facility, all of which have been assigned to Freddie Mac.

6. **Mortgaged Property.** Individually or collectively, as the context may require, the land, improvements and fixtures defined in the Credit Agreement as the Collateral Pool Property.

7. **Seller.** Servicer, in its capacity as Seller under the Commitment.

8. **Servicing Spread.** The fee set forth in the Commitment, calculated monthly on the aggregate principal balance of the Credit Facility outstanding during the previous month.

b. Undertaking to Service (06/29/17)

The Servicer will service the Credit Facility and the Credit Facility Documents in accordance with the Guide. Except as set forth in Sections 43.31(c)-(q), all references in the Guide to "Mortgage"

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or “Mortgages” will include the Credit Facility and all references in the Guide to “Loan Documents” will mean the Credit Facility Documents.

c. Additional collateral (06/29/17)

If any Borrower or any Proposed Borrower proposes to add additional Mortgaged Property to the Collateral Pool, then the Servicer must provide Freddie Mac with all applicable fees and materials required under the Addition of a Collateral Pool Property section of the Credit Agreement, and all documents and reports required to underwrite such additional collateral pursuant to Chapter 17.

No such addition of collateral will be effective unless and until Freddie Mac has reviewed, approved and executed the final forms of all documents to be delivered in connection with any such addition. The Servicer must collect from the Borrower all costs and expenses of Freddie Mac in connection with the addition of any such collateral, and remit those funds to Freddie Mac.

Upon delivery of the documents and fees to Freddie Mac as required under the Credit Agreement, the Servicer will have been deemed to have made to Freddie Mac all of the representations and warranties required under the Guide pertaining to a newly originated Mortgage as if the Servicer were assigning such documents to Freddie Mac pursuant to a sale of a Mortgage under the Guide, as modified by the terms of the Credit Agreement.

d. Release (06/29/17)

If a Borrower requests a release of a Collateral Pool Property that it is entitled to have released pursuant to the Release of a Collateral Pool Property section of the Credit Agreement, then the Servicer must provide Freddie Mac with a certification (“Servicer’s Release Certification”) at least five Business Days prior to the date on which Freddie Mac is required to effect the release, confirming each of the following to the best of the Servicer’s knowledge:

1. At the time of the request for such release, no Event of Default or Potential Default exists under the Credit Facility,

2. After giving effect to such release, no Event of Default or Potential Default exists, and

3. The Borrower is in compliance with the Sublimits.

If the Borrower will not be in compliance with the Sublimits absent a prepayment of the Loan, a release of a Collateral Pool Property or an addition of collateral prior to or simultaneously with the proposed release, then the Servicer’s Release Certification must:

1. Set forth the method by which the Borrower will cause itself to be in compliance with the Sublimits, and

2. Be supplemented prior to such release with a separate certification of the Servicer that the Borrower has taken all necessary action to cause itself to be in compliance with the Sublimits subsequent to the release.

Within five Business Days after any Borrower’s request for a release of a Collateral Pool Property, the Servicer must provide notice of such request to Freddie Mac. If Freddie Mac approves the Borrower’s request, then the Servicer must provide a “payoff letter” to the Borrower

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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.

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h. Material Adverse Change to Borrower or Mortgaged Property (06/29/17)

If the Servicer receives notification from any Borrower or Freddie Mac of a Material Adverse Change affecting a Collateral Pool Property, then the Servicer must deliver to Freddie Mac a current rent roll (dated no more than 30 days prior to delivery to Freddie Mac) and a trailing 12-month operating statement for each of the Collateral Pool Properties. Following receipt of the required financial information, Freddie Mac will conduct a Valuation in accordance with the valuation requirements set forth in the Credit Agreement. If the Valuation discloses that the Market Value or Net Operating Income of the Mortgaged Property has decreased so that the Borrower fails to comply with the Sublimits of the Credit Agreement, then, within one Business Day, the Servicer must notify the Borrower to cure such non-compliance pursuant to the Credit Agreement.

If the Servicer receives notification from the Borrower or Freddie Mac or otherwise becomes aware of a Material Adverse Change affecting the Borrower or any Guarantor, then the Servicer must promptly notify Freddie Mac and must (i) collect and deliver to Freddie Mac all documents required to be provided pursuant to the Credit Agreement and (ii) in the instance of a Material Adverse Change affecting the enforceability of any Credit Agreement or any other Credit Facility Documents, collect and/or prepare, as may be appropriate, all appropriate replacement documents and opinions required pursuant to the Credit Agreement, each in form and substance acceptable to Freddie Mac, naming Freddie Mac as lender and executed by all appropriate parties.

i. Debt Service Coverage Ratio (06/29/17)

The Servicer must determine and re-determine the Property/Facility DSCR when required under the Credit Agreement and change the Margin as necessary in accordance with the terms of the Credit Agreement, if applicable. If the Property/Facility DSCR determination results in a ratio below the Sublimit requirement, then the Servicer must collect from the Borrower and remit to Freddie Mac any additional payment obligations set forth in the Non-Compliance with Sublimits section of the Credit Agreement.

j. Loan-to-Value Ratio (06/29/17)

The Servicer must determine and re-determine the Property/Facility LTV Ratio when required under the terms of the Credit Agreement. If the Property/Facility LTV Ratio determinations result in a ratio above the Sublimit requirement, then the Servicer must collect from the Borrower and remit to Freddie Mac any additional payment obligations set forth in the Non-Compliance with Sublimits section of the Credit Agreement.

k. Transfers (06/29/17)

If the Borrower requests lender's consent to a Transfer, as defined in the Loan Documents, and Freddie Mac approves the Transfer, then the Servicer must collect from the Borrower and remit to Freddie Mac each of the following:

1. A Transfer Processing Fee in the amount set forth in the Loan Documents

2. The amount of Freddie Mac's out-of-pocket costs and attorney's fees incurred in reviewing the Transfer request

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3. Any Transfer Fee prescribed in the Loan Documents

l. Monitoring of Borrower Covenants (06/29/17)

The Servicer must monitor each Borrower's obligations set forth in the Covenants section of the Credit Agreement, collect and review any required documentation, and immediately report to Freddie Mac any violations of those Covenants.

m. Expansions (06/29/17)

If the Borrower elects to increase the amount of the Loan pursuant to the terms of the Credit Agreement, then the Servicer must do each of the following:

1. Collect from the Borrower the Expansion Fee in the amount set forth in the Credit Agreement,

2. Retain the portion of the Expansion Fee due to the Servicer and remit to Freddie Mac the portion of the Expansion Fee due to Freddie Mac under the terms of the Credit Agreement,

3. Collect from the Borrower and remit to Freddie Mac the amount of Freddie Mac's costs and expenses (including attorney's fees) incurred in connection with such increase, and

4. Collect and review any required documentation evidencing the increase.

n. Contractions (06/29/17)

If the Borrower elects to contract the Loan pursuant to the Credit Agreement, then the Servicer must (i) collect from the Borrower and remit to Freddie Mac the amount of Freddie Mac's costs and expenses (including attorney's fees) incurred in connection with such contraction, and (ii) collect and review any required documentation evidencing such contraction.

o. Commitment fees (06/29/17)

The Servicer will be entitled to retain its portion of each of the Addition Fees and the Expansion Fees as set forth in the Credit Agreement.

p. Servicing requests (06/29/17)

For all Servicing-related Borrower requests, including Releases, Transfers, Expansions and Contractions, the Servicer must electronically deliver to Freddie Mac a written request for Freddie Mac's approval, using the General Servicing Request Form available via mf.freddiemac.com/lenders/asset, attaching all applicable supporting documentation.

q. Credit Agreements (06/29/17)

The Servicer must perform all other obligations required to be performed by the Servicer under the Credit Agreements and the Credit Facility Documents.

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43.32 Infrastructure Agreement Servicing Requests (04/22/25)

This section applies only to Borrower consent requests with respect to Infrastructure Agreements, as defined in Section 8.22, and Solar Agreements, as defined in Section 8.21 ("Infrastructure Agreement Servicing Requests"), which may be comprised of any combination of the following:

- Leases or licenses
- Any other possessory interest in or right to occupy or control the Property
- Any option to purchase the Property or an interest in the Property
- Easements, restrictive covenants or other encumbrances
- Other covenants, conditions, restrictions, rights, profits or interests running with the land and binding upon subsequent transferees of the Property

a. Permitted Infrastructure Agreements not requiring consent (04/18/24)

Infrastructure Agreements only involving licenses, personal agreements or other interests binding solely on the parties (and non-binding upon future transferees of the Property) do not fall within the meaning of Infrastructure Agreement Servicing Requests and are permitted without Freddie Mac or Servicer approval ("Permitted Infrastructure Agreements"). For example, a marketing support agreement or revocable license agreement that is a personal agreement between the Borrower and the service provider and that does not bind a subsequent transferee of the Property will not require Freddie Mac consent even if the definition of "Lease" in the Loan Agreement includes "any license."

The Servicer must determine, in consultation with its counsel, as appropriate, whether the proposed instrument will require (Freddie Mac and/or Servicer) consent because it falls within the meaning of an Infrastructure Agreement Servicing Request, but a PLIM is not necessarily required for this preliminary determination. For example, an agreement captioned as a "license" (for which consent is not typically required) may also contain other legal terms that instead render the instrument a covenant or easement that will attach to the Property and bind subsequent owners (for which Freddie Mac and/or Servicer consent is always required). Examples include "license agreements" that (i) include express granting language, (ii) include language indicating that the instrument "runs with the land" or (iii) require substantial investment by licensee in reliance on the license.

Without preparing a PLIM, Servicer's counsel may review the document and send an email to Servicer (with a copy to Freddie Mac at the mailbox specified below) confirming that the proposed Infrastructure Agreement constitutes a Permitted Infrastructure Agreement under this Section 43.32 ("Permitted Infrastructure Agreement Determination"). Upon receipt (and electronic delivery to Freddie Mac at the mailbox specified below) by Servicer of a Permitted Infrastructure Agreement Determination, no further action is required:

- For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted Affordable Housing Mortgages or credit facilities, to mf_structured_transactions@freddiemac.com

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- 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

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- 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.

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e. Infrastructure Agreement Servicing Request requiring Freddie Mac approval (04/22/25)

For any Infrastructure Agreement Servicing Request for which the Servicer is not delegated approval authority under Section 43.32(b), the Servicer must take the following actions:

- Enter the Infrastructure Agreement Servicing Request into the Consent Request Tracker as required by Section 36.25
- Promptly upon receipt of all applicable items listed in 1 - 4 below, electronically deliver those items to Freddie Mac, together with the Borrower's request and the Servicer's recommendation

The Servicer must deliver each of the following documents:

1. A completed General Servicing Request or Easement Request, as applicable, which must include the Servicer's analysis and recommendation for action
2. A copy of the proposed Infrastructure Agreement and any additional documents or instruments associated with the Borrower Request
3. A PLIM addressing each issue under 43.32(b) raised by the Infrastructure Agreement Servicing Request (e.g., Borrower fails to satisfy one of the applicable Loan Document requirements) and any other legal issue that Servicer determines is raised by the Infrastructure Agreement Servicing Request. In addition, if the proposed Infrastructure Agreement will not be subordinate to the lien of the Mortgage or if the Infrastructure Agreement Servicing Request includes a request for non-disturbance protection, the PLIM must also analyze the proposed instrument under Section 8.22 (Infrastructure Agreements), Chapter 29 (title policy and endorsement requirements), and if applicable, Section 8.21 (Solar Agreements), Section 43.10 (Easements), Section 43.24 (Non-Residential Leases), Section 43.12 (Easement in lieu of condemnation), or other applicable Guide provisions. If Freddie Mac determines that the transaction raises legal issues (or inadequately addresses any of the Section 43.32(b) items), Freddie Mac may request a supplementary PLIM. Unless instructed otherwise, the appropriate PLIM form is the Short Form PLIM (Infrastructure Agreements) available via mf.freddiemac.com/lenders/legal.
4. Any other information requested by Freddie Mac

   If Freddie Mac approves the Borrower request, Servicer must submit to Freddie Mac an execution-ready form of any document or instrument that must be executed by the lender. Before submitting documents to Freddie Mac for signature, the Servicer and its counsel must review the documents to ensure that they:

   - Are in the proper form
   - Contain the proper signature lines and acknowledgments
   - Correctly describe the Infrastructure Agreement or related instrument approved by Freddie Mac, including the legal description (if applicable)

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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

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System (DMS) and Consent Request Tracker (CRT), and update PRS Loan Item Tracking (LIT) regarding submitted extension requests.

43.34 Reporting of Property and Borrower news and events (06/24/25)

If the Seller/Servicer becomes aware of any news articles or recent events within the last 12 months that could reflect adversely upon the Borrower, any Borrower Principal or the Property, the Seller/Servicer must report such information within five Business Days to Freddie Mac via email at MF_Loan_Compliance@freddiemac.com. The Seller/Servicer must have written procedures for notifying Freddie Mac of applicable news articles or recent events as required by this section.

43.35 Nonstandard processing fees payable by borrower in Loan Documents (02/27/25)

For other types of Lender review and/or processing fees identified as "Nonstandard Processing Fees" on Exhibit 10, the Servicer must charge the Borrower the fee in the amount specified in the Loan Documents to cover such review and/or processing.

The Servicer must remit to Freddie Mac 50 percent of such fee and may retain the remaining 50 percent.

The Servicer must remit the fee by wire transfer and obtain wiring instructions from Freddie Mac *Multifamily Asset Management, Borrower Transactions* or Freddie Mac *Multifamily Asset Management, Structured Transactions*, as applicable. The Servicer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number in its fee remittance.

The Servicer may not charge the Borrower any additional fees in connection with the related request.

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55.1 Use of Chapter 55 (10/21/25)

a. Preparing an underwriting package (12/14/23)
b. Resubmission of an underwriting package (05/11/10)
c. Preparing documentation required for a Transfer of Ownership (06/29/17)
d. Notification requirements regarding updates to the underwriting package (02/16/23)
e. Ability to request additional information (04/13/23)
f. Irrevocable license to use documentation delivered (10/21/25)

55.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~04/21~~06/23/26)

55.3 Requirements for documents contained in the prescreen package (08/26/25)

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Use of Chapter 55 (10/21/25)

Chapter 55 is to be used in the preparation of an underwriting package for cash and bond credit enhancement Mortgages, and in the preparation of documentation to be submitted to Freddie Mac in connection with a Transfer of Ownership, as indicated in Chapter 41.

Preparing an underwriting package (12/14/23)

55.1

1. **Due Diligence – Chain of Custody.**

a.

A. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and the Borrower Principal(s) to be submitted as part of the underwriting package as set forth in this chapter (other than Freddie Mac required third-party reports), must be delivered directly to the Seller/Servicer by the Borrower and/or the Borrower Principal or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal.

B. By submission of the underwriting package to Freddie Mac, Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with this chain of custody requirement.

2. **Documentation Delivery.** At the Seller's expense, the Seller must deliver the documents to Freddie Mac and remit any required fees to Freddie Mac by wire transfer, subject to Freddie Mac's approval.

A. The Seller must obtain wire transfer instructions from

- *Multifamily TAH Production* or the *Multifamily TAH Underwriter*, for TAH Seller/Servicers, or
- The *Applicable Freddie Mac Multifamily Regional Office*, for all other Seller/Servicers.

B. The Seller must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person in Production or Underwriting, and the Freddie Mac loan number.

C. With respect to each delivery

- The Seller must deliver the documents simultaneously.
- The Seller may not make any changes to forms prescribed by Freddie Mac without prior written authorization from Freddie Mac.

If the delivery is incomplete, if the documents have not been properly prepared, or if the documents do not, or the delivery does not, otherwise conform to Freddie Mac requirements, Freddie Mac cannot process the package.

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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

b.

- 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.

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.

c.

Notification requirements regarding updates to the underwriting package (02/16/23)

d.

The Seller/Servicer must notify the Freddie Mac personnel primarily responsible for the underwriting of a Mortgage if there is new or revised documentation following Rate Lock or issuance of an Acceptance Letter for an early rate lock application. The mere delivery of documentation to Freddie Mac or inaction by Freddie Mac after receipt of documents will not constitute an approval of such documents or for any change or modification to, or waiver of, any requirements of the Letter of Commitment or the Guide.

e.

Ability to request additional information (04/13/23)

Notwithstanding the documentation requirements in Section 55.2 and Section 55.3, Freddie Mac reserves the right to request any document identified in Section 55.2 and Section 55.3 from any Borrower Principal.

f.

Irrevocable license to use documentation delivered (10/21/25)

Seller/Servicer hereby grants to Freddie Mac a nonexclusive, perpetual, irrevocable, transferable, assignable, fully paid, royalty-free worldwide license (including the right to grant sublicenses to its affiliates, contractors, successors, and assigns) to use, copy, modify, distribute, display, perform, disclose, create derivative works from, and otherwise exploit all source documentation, due diligence and other underwriting documentation and records of whatever kind or description (whether prepared, originated or maintained by the Seller/Servicer, Borrower or others acting for or on behalf of the Seller/Servicer or Borrower, as applicable) delivered to Freddie Mac in connection with a prescreen package or underwriting package in whole or in part, for any purpose and in any media or format now known or hereafter developed, without limitation.

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Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~04/21~~06/23/26)

a b c d e f g h i j k l m n o p q r s t u v w x y z

Document	Requirements
501(c)(3) Due Diligence Checklist	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac with a 501(c)(3) Due Diligence Checklist if the bonds for which Freddie Mac is providing the bond credit enhancement are 501(c)(3) bonds.
Access easement and Essential Facilities and/or Recreational Facilities easement documentation	The Seller must provide Freddie Mac with the following documentation: • If the Property shares primary ingress and/or egress with adjacent or neighboring properties (including another phase of a phased development) via an easement or private road, documentation in accordance with Sections 8.6 and 8.8, as well as a (i) preliminary legal issues memorandum (PLIM) that either (x) confirms the access complies with the requirements set forth in Section 8.8, or (z) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability, (ii) a copy of the survey if required for the Mortgage and photographs showing the location of the access easement and signage, if applicable, and (iii) an opinion from a land use attorney if applicable, or • If the Essential Facilities and/or Recreational Facilities are located off-site (including another phase of a phased development) and are not under the exclusive control of the owner, documentation in accordance with Sections 8.6 and 8.9, a PLIM that either (i) confirms the Borrower's access to and use of the Essential Facilities and/or Recreational Facilities and amenities comply with the requirements set forth in Section 8.9; or (ii) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability. • See also "confirmation of or a request for approval of shared facilities or access."
Aged Receivables Report	The Seller must review and submit to Freddie Mac a report, if applicable, which displays tenant outstanding balances (including any subsidies) and duration (typically reflected as 30, 60, and 90+ day periods), including a cumulative total. The report must accompany all operating statements prepared on an accrual basis. The report should be dated as of the ending T-12 period for the current property financial statement submitted.

55.2

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Document	Requirements
	Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time. The document(s) must be certified using the Borrower and Key Borrower Principal Blanket Certification, Form 1112.
Application fee (for Bond Credit Enhancement Mortgages)	For Bond Credit Enhancement Mortgages, the Seller must remit the applicable application fee by wire transfer. The Seller must obtain wire transfer instructions from *Multifamily TAH Production* or the *Multifamily TAH Underwriter*, for TAH Seller/Servicers. 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 and the Freddie Mac loan number. The application fee amount is found in the Commitment.
Appraisal	The Seller/Servicer must provide Freddie Mac with a full Appraisal of the Property that meets the requirements of Chapter 60, including all conditions specified in the Additional Appraisal Requirements Memorandum. The Property value determined in the Appraisal must be no less than the Property value determined by Freddie Mac and the report must meet all Freddie Mac requirements and underwriting conditions. Seniors Housing Mortgages For a Seniors Housing Mortgage, the Appraisal must meet the requirements of Chapter 60 and Section 21.16. Forward Commitments The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.30 for requirements specific to Forward Commitments. Mod Rehab The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Mod Rehab Mortgages. Preservation Rehabilitation The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Preservation Rehabilitation Mortgages. Mortgage with Utility Efficiency Loan option

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Document	Requirements
	The Seller/Servicer must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.29 for requirements specific to Mortgages with the Utility Efficiency Loan option.
Appraisal Revision Summary	For a Mortgage taken under application on or after June 2, 2025, the Seller/Servicer must provide an Appraisal Revision Summary as required by Section 60.10. The Seller/Servicer may use the Freddie Mac template or another format as long as it includes the information required in Section 60.10.
Bond distribution list	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac *Multifamily TAH Production* and the *Multifamily TAH Underwriter* with a list of participants in the bond transaction, including their telephone numbers and e-mail addresses.
Borrower and Key Borrower Principal Blanket Certification, Form 1112	Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation: • Property Financial Statements (Historical and Budgeted) • Rent Roll • Real Estate Schedule • Financial Statement • Other documentation, as applicable (i.e., Aged Receivable Report, Seniors Housing agreements and contracts, Seniors Housing list of FF&E and motor vehicles, Liquidity verification documentation, etc.) Form 1112 must be completely populated, including an indicator for the document(s) being certified as well as the applicable date(s) of the document(s). The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.
Borrower and Key Borrower Principal Certificate, Form 1115	If any Borrower or Key Borrower Principal is organized as of the date of submission of the applicable package, the Seller must provide Freddie Mac with the Form 1115, Borrower and Key Borrower Principal Certificate, executed by each Borrower or Key Borrower Principal.

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Document	Requirements
	Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals: 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings Form 1115 must not be dated more than 60 days prior to the date of submission of the applicable underwriting package. For entities where the TIN is not yet available as of the date of this certification, an IRS Form W-9 is permitted as an alternative to resubmitting the Form 1115. The W-9 must be submitted as soon as it is available (ideally with submission of the full underwriting package) but no later than the Origination Date. LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1115 unless specifically requested by Freddie Mac.
Borrower's budgeted property financial statements	See "property financial statements."
Breakdown of construction costs	For a Property that was built by the Borrower less than one year before the submission of the underwriting package, the Seller must submit to Freddie Mac a breakdown of construction costs. For current or planned construction, see "capital improvement documentation." The document(s) must be certified using Borrower and Key Borrower Principal Blanket Certification, Form 1112.

Building code violation documentation	The Seller must provide building code violation documentation in one of two ways:
	
	• In the form of a letter or other documentation from the local building code enforcement office which must verify that:
	
	  ○ Any prior building code violations have been corrected
	
	  ○ The Property is currently in compliance with all applicable building codes

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Document	Requirements
	• Verification of the above as part of the zoning report or Form 1108, Physical Risk Report, for a Mortgage that meets all of the following conditions: ○ The Mortgage has an initial principal balance of $20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are $25 million or less in the aggregate ○ The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage If the local building code enforcement office will not provide such a letter, Freddie Mac will accept a certified verification from the Borrower.
Calculation of prepayment premium	For a Mortgage being used to refinance an existing Freddie Mac Mortgage, the Seller must provide to Freddie Mac a calculation of the prepayment premium payable with respect to the Mortgage being refinanced.
Capital improvement documentation	When required by Freddie Mac, the Seller must submit: • For current or planned construction on the Property, a summary of all current or planned construction and the projected costs of the construction. • For any major past renovations, a summary of these renovations and documentation concerning the costs. • For a Mortgage whose original principal balance is greater than $100 million without any construction or major renovation planned for the Property, a statement that no construction or major renovation is planned during the term of the Mortgage. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Certification — Organizational Chart, Form 1114	A certification that the Organizational Chart is accurate and all owners with a 25 percent or more interest and all Non-U.S. Equity Owners and Control are shown on the organizational chart. If prior to the loan origination or Transfer of Interests the Organizational Chart becomes inaccurate, the Seller must submit a revised

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Document	Requirements
	Organizational Chart along with a new Form 1114, Certification — Organizational Chart.
Certificate of Good Standing from the Construction Lender	A letter or other documentation certifying that the Borrower is in good standing under the terms of the Construction Loan.
Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Counsel	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a copy of the Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Legal Counsel, available via FreddieMac.com, in accordance with Section 28.8(d).
Certified cost accounting	The Seller must provide to Freddie Mac a certified cost accounting of total project costs, including hard and soft costs. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Certified Organizational Chart	An Organizational Chart that is certified using *Certification – Organizational Chart*, Form 1114.
Commercial lease documentation	The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property. To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the residential and commercial lease portions of the Property's income. If income from a single commercial lease is five percent or more of the gross potential rent of the Property, or if otherwise requested by Freddie Mac in connection with a certain commercial lease, the Seller must provide a completed Commercial Lease Analysis for such lease. The Commercial Lease Analysis form is available at mf.freddiemac.com. See Section 8.11 for requirements regarding commercial lease SNDAs, subordinations, and estoppels; see Section 8.2(b) for commercial use requirements.
Complete Borrower/Key Borrower Principal Due Diligence Package	A Complete Borrower/Key Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Key Borrower Principal Certificate; Form 1116, Real Estate Schedule; certified current financial statements for the Borrower and Key Borrower Principals; a credit report for Guarantors that are individuals; Form 1112, Borrower and Key Borrower Principal Blanket Certification;

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Document	Requirements
	and Liquidity verification documentation, if applicable. It is submitted as part of the underwriting package and/or prescreen package to Freddie Mac. LIHTC Investors that are U.S. publicly traded entities are not required to submit Complete Borrower/Key Borrower Principal Due Diligence Packages unless specifically requested by Freddie Mac.

Condominium Analysis	If the Property is subject to a condominium regime, the Seller must submit the following information to Freddie Mac:
	
	• The total number of units subject to the Condominium regime
	
	• The number of Condominium Units the Borrower owns
	
	• The percentage of Borrower's undivided interest in the common elements of the Condominium
	
	• If the Borrower does not own 100 percent of the real property that is subject to the Condominium regime, whether the Property is:
	
	  ○ A "Partial Condo", where the Property consists of all of the residential units in the Condominium but there are commercial, office, parking or other Condominium Units that will not be part of the collateral for the Mortgage
	
	  ○ A "Fractured Condo", where the Property does not consist of all of the residential units in the Condominium and some of the residential Condominium Units have been sold to third party purchasers
	
	• The number of members that comprise the board of directors of the Condominium association ("Condominium Association") and the number of members of the board of directors of the Condominium Association that the Borrower controls
	
	This information may be included in the Mortgage Transaction Narrative Analysis.

Confirmation of compliance or a request for approval of shared facilities or access	If any on-site or off-site facilities or access are shared, the Seller must submit in a preliminary legal issues memorandum (PLIM) either (i) a confirmation that any such sharing arrangement meets the requirements of Sections 8.6, 8.8 and 8.9, or (ii) a request for Freddie Mac approval of the requirements set forth in Section 8.8 or 8.9 that are not satisfied, including the Seller's counsel's recommendations for acceptability.

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Document	Requirements

Construction completion documents	The Seller must include the following documents in the Forward Commitment underwriting package for Conversion:
	• Post-construction analysis report
	  ○ Architect's certificate of substantial completion
	  ○ Final punch list from the architect of record
	  ○ Final payment certification
	  ○ Final lien waiver from the general contractor
	  ○ Release of payment and performance bonds
	  ○ Release of bonds required by any governmental authority
	  ○ Final certificate(s) of occupancy
	  ○ Reserve analysis, if not completed previously or if revisions to the previously completed analysis are recommended
	  ○ A summary of all change orders and an analysis of all material changes, as defined in Section 63.4(c)
	• A summary analysis, prepared by the Seller/Servicer's Chief Architect/Engineer, indicating that the finished project has been completed, lien-free and in accordance with all other applicable requirements, substantially in accordance with the plans and specifications reviewed at the issuance of the Forward Commitment
	• Environmental assessment report
	• A certified cost accounting of total project costs, including hard and soft costs
	See Section 63.5 for additional information.

Construction documentation for Forward Commitments	For a review by Freddie Mac, the Seller must provide: • The final pre-construction analysis report described in Section 63.3(a) • A narrative summary, prepared by the Seller's Chief Architect/Engineer, as outlined in Section 63.3(c)

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Document	Requirements
Cooperative analysis	If the Property is owned by a cooperative housing corporation, the Seller must submit to Freddie Mac a cooperative analysis that includes 1. The following information as it pertains to the sellout of the cooperative: • Date property converted to cooperative • Percentage of units sold to owner-occupants (including sublets) • Percentage of units sold to owner-occupants that are sublet • Percentage of units sold to non-sponsor owned investors • Percentage of units held by sponsor or sponsor-related entities 2. Current financial statements for any one owner that holds 20 percent or more of the Cooperative's shares. If an owner of 20 percent or more is a corporation, partnership or other legal entity, the Seller must deliver financial statements for each officer, general partner or trust beneficiary, including sponsors and beneficiaries that hold unsold shares. All such financial statements must be certified or audited. 3. Maintenance fee delinquency report for the previous 12 months showing the number of units delinquent for each month and the corresponding dollar value 4. Analysis of the sponsor's current cash flow from unsold units (rent roll detailing rent, maintenance for each unit, and debt service, if applicable) 5. Analysis of the sponsor's ability to support negative cash flow from unsold units, if applicable 6. Analysis of pro forma Income and Expense Statements showing the economic results if the Property was operated as a rental and as a cooperative 7. Analysis of the estimated value of the Property as a cooperative (co-op) and as a rental project

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Document	Requirements
	8. Information on unit sales over the last 12 months including date of sale, unit number, unit type and sale price. If sales over the last 12 months do not include all unit types, provide information on earlier sales so that all unit types are represented 9. Analysis of maintenance costs compared to market rents for each unit type
Credit reports	The Seller must provide to Freddie Mac a current credit report with redacted Social Security numbers on each Guarantor that is an individual. A credit report is not required for entities or foreign sponsors with no Social Security number. The subject of each report must have authorized the Seller to obtain the report and the report must: 1. Be reviewed by the Seller 2. Be issued by an independent credit reporting agency acceptable to Freddie Mac 3. Be dated within 60 days before delivery to Freddie Mac 4. Verify debts listed on the financial statement submitted with the full underwriting package, including terms, balances and ratings 5. List any other debts 6. List all legal actions that involve the Borrower or Guarantor and are disclosed by a search of public records 7. Include FICO® scores
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

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Document	Requirements
	completion of construction, whichever is less.
Employer Enabled Permanent Supportive Housing (EPSH) Borrower Certification, Form 1134	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). The Form 1134 will include the number of EPSH units at the Property as well as the total annualized discounted rent for those units. The Form 1134 must be executed by the Borrower and provided with the full underwriting package for a loan to qualify for the benefits described in the EPSH Fact Sheet.
Employer Enabled Permanent Supportive Housing (EPSH) Partnership Agreement	A fully executed agreement between the Sponsor and a Nonprofit Entity to offer discounted units to employees sourced via the Nonprofit Entity's job matching network for those at risk of homelessness without subsidy or financial incentive to the Sponsor. The agreement should quantify the discount to be offered if a candidate is hired and must be provided as an exhibit to Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification, for a loan to qualify for the benefits described in the EPSH Fact Sheet.
Energize Denver	The Seller must provide the following for Properties in the City and County of Denver: • For buildings of 25,000 square feet or larger: 1. Property documentation of accepted benchmarking status in the Energize Denver Management Portal 2. Borrower's retrofit plan. Retrofit plan must include estimated cost of improvements, timeline and projected energy reduction. 3. Borrower's business plan and intent related to Energize Denver 4. Screenshot of the property data in the Energize Denver Forecasting Calculator, which includes the most recent Energy Use Intensity (EUI) and all forecasted fines based on current levels

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	• For buildings of 5,000 to 24,999 square feet: 1. Documentation showing the Property is in compliance in the Energize Denver Building Look Up Tool. No further documentation is required if the Property is in compliance. 2. Borrower's business plan and intent related to Energize Denver 3. Borrower's retrofit plan. Retrofit plan must include estimated cost of improvements and timeline.
Environmental report and alternatives	The Seller must provide to Freddie Mac an environmental report meeting the requirements of Chapter 61. Supplemental Mortgages An environmental report is required under this product when • The proposed Mortgage is a split Mortgage, or • An acceptable environmental report was not completed upon origination of the first Mortgage, or • An environmental issue was identified subsequent to the origination of the first Mortgage, or • Freddie Mac, in its sole discretion, determines that an environmental report is needed. For each Supplemental Mortgage for which Freddie Mac does not require an environmental report, the Seller must: • 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. For Mortgages under a Forward Commitment, see Section 61.1(b)(1) for the requirements applicable to an environmental report prepared by a consultant retained or directed by the Borrower.

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EPA Energy Star Score	A score obtained using the U.S. Environmental Protection Agency's (EPA's) Portfolio Manager®, used by Borrowers seeking a Utility Efficiency Loan.
Equity Conflict of Interest statement	If an Equity Conflict of Interest exists, as defined in Section 2.25, the Seller/Servicer must disclose the nature and extent of the conflict in writing to Freddie Mac as follows: • With the preliminary underwriting package (for a Seller utilizing the early rate-lock delivery option) or the full underwriting package (for a Seller utilizing the standard delivery option), or • For Transfers of Ownership, including Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage, to *Multifamily Asset Management, Borrower Transactions*
Evidence of Insurance	The Seller must submit the following to Freddie Mac to verify that the Property has, or will have as of the Freddie Mac Funding Date, adequate property damage and liability insurance as required by the Purchase and Servicing Documents: • Fully completed Form 1133, Seller/Servicer Certification of Insurance Coverage, via the Insurance Compliance Tool (ICT) • The documents listed in Sections 31.20(a) and 31.20(b), as applicable For an underwriting package pertaining to the refinance of an existing mortgage not owned by Freddie Mac, prior to the Origination Date of the Mortgage, the mortgagee or mortgage holders clause and additional insured clause must be changed to reflect the requirements of the Guide. If the Borrower's insurance will not meet the Freddie Mac insurance requirements, the Seller/Servicer must request a waiver prior to the Origination Date from the • *Multifamily TAH Underwriter*, for Targeted Affordable Housing Mortgages • *Applicable Freddie Mac Multifamily Regional Office, for all other Mortgages.*
Evidence of Tax Abatement	For Properties benefiting from real estate tax abatements, including payment in lieu of taxes (PILOT), the Seller must provide

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Document	Requirements
	documentation from the taxing authority or the governing body confirming: • That the Property or the Borrower, as applicable, has qualified for the Tax Abatement • The amount of annual tax to be paid, if any • The term of the Tax Abatement • Any other requirements of the Tax Abatement See the Tax Abatement/Exemption/PILOT Questionnaire for additional details concerning the documentation to be provided in the underwriting package for all tax abatements. The Tax Abatement/Exemption/PILOT Questionnaire is found on the legal document pages of mf.freddiemac.com.
Exclusionary List	See Section 2.18.
Financial statements of Borrower and Key Borrower Principals – certified	The Seller is required to submit to Freddie Mac financial statements from the Borrower and any Key Borrower Principal that is not a newly formed entity. Each financial statement must include the following: • Current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and each Key Borrower Principal • Federal income tax returns for the Borrower for the most recent taxable year, if requested NOTE: Freddie Mac may require additional financial statements or federal income tax returns for the three most recent taxable years from the Borrower and each Key Borrower Principal in Freddie Mac's sole discretion. If the financial statements are audited, the financial statements must include a statement of changes in financial position and all notes. If audited financial statements are not available, the party whose finances are summarized by the statement must certify that the statements are complete and accurate. In addition, the Seller must provide a list of:

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Document	Requirements
	• All other non-real estate assets, including the market value of each asset, the basis for calculating the value and any note receivables from related entities • All liabilities and contingent liabilities, including debts under lines or letters of credit, personal guaranties, obligations to limited partnerships and other obligations payable in the future, including the amount and duration of the obligation • Any factors that may materially affect the Borrower's or Key Borrower Principal's financial position immediately or during the term of the Mortgage The Seller must review the financial statements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. LIHTC Investors that are U.S. publicly traded entities are not required to submit financial statements unless specifically requested by Freddie Mac. If the Borrower or Key Borrower Principal is a non-profit, the Seller must identify whether the non-profit Borrower's or Key Borrower Principal's primary funding sources are from fees on development projects or from competitive sources such as public funding, grants, gifts, or donations that may be subject to budget constraints.
Financial statements – property	See "property financial statements."
Flood zone determination (FZD)	The Seller must provide to Freddie Mac a flood zone determination (FZD) meeting the requirements of Section 31.8(a)
Ground lease documentation	For a Property subject to a ground lease, the Seller must provide to Freddie Mac all of the following, with a copy of each to the applicable *Multifamily Attorney*. See Chapter 30. • A copy of the ground lease and all existing amendments • An analysis of the ground lease by Seller's counsel using the Ground Lease Analysis form available on FreddieMac.com • Any other items required by Chapter 30

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Document	Requirements
Historical property financial statements	See "property financial statements."
Land Use Restriction Agreement (LURA)/ regulatory agreement	A copy of the applicable regulatory agreement imposing tenancy, occupancy and other operating and use restrictions on the Property (for tax-exempt bonds, if applicable, and LIHTC). See also "rent, income and use restriction documentation."
Legal Issues Analysis (LIA) form	The LIA is the form used to prepare the preliminary legal issues memorandum (PLIM) at loan origination. The LIA (and any required updates as described in the LIA instructions) must meet the requirements of Section 6.4. The LIA is available at mf.freddiemac.com/lenders/legal. See the entry for preliminary legal issues memorandum (PLIM), below, for the analysis required for Servicing transactions.
Liquidity verification documentation	Each ~~Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of (i) a First-Time Sponsor, (ii) Limited Multifamily Experience Sponsor, or (iii) Rapid Growth Sponsor~~party below must provide bank or brokerage statements either: (i) reflecting an average balance for the preceding 12-month period or (ii) from each of the preceding three consecutive months~~.~~: • Each Key Borrower Principal with Ultimate Control meeting the definition of: (i) a First-Time Sponsor, (ii) a Limited Multifamily Experience Sponsor, or (iii) a Rapid Growth Sponsor • Each Guarantor meeting the definition of: (i) a First-Time Sponsor, (ii) a Limited Multifamily Experience Sponsor, or (iii) a Rapid Growth Sponsor The bank or brokerage statement(s) must be ~~dated~~: • In the name of the Key Borrower Principal that is subject to the liquidity verification. If it is in the name of a different party, consult with the Freddie Mac underwriter to determine acceptability. • Dated within 60 days of delivery of the full underwriting package ~~(when~~. 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~~).~~.

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	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. For Key Borrower Principals noted above, ~~the Liquidity reported in the bank or brokerage statements~~verified Liquidity is required in an amount equal to the lesser of: (i) the Liquidity amount reported in such Key Borrower Principal's certified financial statement, and (ii) 2x the minimum Liquidity requirement stated in the Quote (or the minimum Liquidity required for an assumption, as applicable). Each Key Borrower Principal subject to this Liquidity verification requirement must satisfy the requirement based on their respective certified financial statement. The verification activity is not conducted on a combined basis. Additionally, the verified Liquidity will be the basis of any Liquidity determination, including as it relates to certain Liquidity thresholds required by the Guide. This includes, but is not limited to, the assessment of the funds needed to close for an acquisition (see Sources & Uses section below). ~~Additionally, the bank or brokerage statements provided must support the Liquidity represented in the Key Borrower Principal's certified financial statement.~~ With the delivery of the full underwriting package, the Seller must submit a summary of their analysis of the bank or brokerage statements ("Liquidity Verification Worksheet"), including a listing of each account verified, date of the statement, verified liquidity amount, and comparison to the ~~certified financial statement.~~stated requirement. The Seller may use their own format, provided it contains the required information, but a sample ~~Liquidity Verification Worksheet template~~Liquidity Verification Worksheet template can be found on ~~mf.freddiemac.com/lenders/uw~~mf.freddiemac.com/lenders/uw. ~~The~~ For example, if a Key Borrower Principal reports $50 million in Liquidity ~~Verification Worksheet must also identify material deviations from the~~ on their certified financial statement~~. These deviations require~~ but is requesting a $25 million loan (minimum Liquidity requirement of $2.5 million per the Quote sheet), the Seller will be required to verify $5 million (2x the Quote requirement) via bank or brokerage statements. In the event the verified Liquidity does not support the lesser of: (i) the certified financial statement or (ii) 2x the minimum Liquidity requirement stated in the Quote (or the minimum Liquidity required for an assumption, as applicable), an explanation~~,~~ that is acceptable

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Document	Requirements
	to Freddie Mac~~, which~~ must be ~~included~~provided in the Mortgage Transaction Narrative Analysis or the Liquidity Verification Worksheet~~.~~ (or the Transfer of Ownership/Assumption request form, as applicable). Liquidity verification for a Private Investment Fund that is also a First-Time Sponsor, Limited Multifamily Experience Sponsor, or Rapid Growth Sponsor may also include additional documentation acceptable to Freddie Mac to support unfunded capital commitments, such as investor subscription agreements or similar documentation. Such documentation may not rely solely upon a certification from the Borrower or Key Borrower Principal and must be certified using Form 1112. U.S. Public Companies and Governmental Entities that are First-Time Sponsors, Limited Multifamily Experience Sponsors, or Rapid Growth Sponsors are not required to submit Liquidity verification documentation.
Low-Income Housing Tax Credit (LIHTC) Compliance/Monitoring for Income Averaging documentation	For a LIHTC Property where the Income Averaging Set-Aside has been applied, documentation providing details of the LIHTC Investor's compliance and monitoring strategy.
Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation	The Seller must provide a copy of: • The allocation letter • The IRS Form 8609, *Low-Income Housing Credit Allocation and Certification*, used to obtain a housing credit allocation from the housing credit agency when a Property is placed into service • The IRS Form 8823, *Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition*, if any, that was used to notify the Internal Revenue Service of noncompliance with the requirements of Internal Revenue Code (IRC) §42 from both the property manager and the Borrower Principal In addition, the Seller must obtain from the property manager and the Borrower a report of any unresolved issues with State allocating agencies on existing LIHTC properties. See also "rent, income and use restriction documentation."

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Document	Requirements
Management plan or management agreement	• 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 • If the management agreement will not be assigned to the lender, then the agreement must be terminable by the property owner upon not more than 30 days' notice to the manager without the necessity of establishing cause for termination and without payment of a penalty or fee
Manufactured Housing Community (MHC) (unless MHROC, government-owned, or non-profit-owned)	For an MHC Mortgage with MHC Tenant Protections, including all MHC Mortgages quoted on or after September 1, 2021 (unless MHROC, government-owned, or non-profit owned), the Seller must submit the documentation noted in either a. or b. below: a. Form of Agreement with MHC Tenant Protections that will be executed or acknowledged by the Applicable MHC Residents. Seller's counsel must confirm that the Form of Agreement includes all MHC Tenant Protections (including the conflicts of law provision) and requires a written signature of the Applicable MHC Residents. See the MHC Tenant Protections section in the LIA to understand the Borrower's final selection. If the above Form of Agreement (e.g. Rules and Regulations) will not be signed by the Applicable MHC Residents, then a sample form of acknowledgment from the Applicable MHC Residents of the above Form of Agreement is required. See the MHC Tenant Protections section in the LIA. b. For Mortgages originated on or after August 2, 2021 where the Borrower has elected to incorporate the MHC Tenant Protections in the MHC rules and regulations and deliver to each Applicable MHC Resident an MHC Tenant Protections Notification: (1) a copy of the MHC rules and regulations that include the MHC Tenant Protections, and (2) the form of MHC Tenant Protections Notification. Seller's counsel must confirm that the MHC rules and regulations and form of MHC Tenant Protections Notification include all the MHC Tenant Protections, including the conflicts of law provision.

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Manufactured Housing Resident-Owned Community (MHROC) Analysis	For a Manufactured Housing Resident-Owned Community (MHROC) Mortgage, a copy of the Manufactured Housing Resident-Owned Community Analysis, available on FreddieMac.com, with a copy to the applicable *Multifamily Attorney*.
Market study	The Seller must provide an independent, third-party market study including the following information: 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis by unit type 8. Recommendation Freddie Mac will also accept a market study incorporated into the Appraisal, per the requirements of Section 60.20. For a Forward Commitment, the market study must support the underwriting assumptions.
Master lease documentation	For a Property subject to a master lease, the Seller must provide: • A copy of the master lease and all existing amendments • An analysis of the master lease by Seller's counsel in accordance with Section 6.7
Mortgage transaction narrative analysis	The Seller must provide to Freddie Mac a mortgage transaction narrative analysis, which (at the Seller's option) may be based on the Mortgage Transaction Narrative Analysis – Best Practices. **a. <u>The mortgage transaction narrative analysis must contain the following</u>:**

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	1. Characteristics of the proposed Mortgage that make it an investment quality Mortgage, risk factors and the reasons the Seller recommends the Mortgage 2. Property's physical description, including full address with zip code (including amenities, unit features and general competitive advantages and disadvantages) 3. Property's financial analysis (profile and trend) 4. Evaluation of balloon risk that includes the Borrower's ability to pay the unpaid principal balance (UPB) of the new Mortgage at maturity 5. Surrounding property uses and physical condition, public facilities, shopping facilities and sources of employment 6. Market analysis (occupancy, supply and concessions) 7. History of the Borrower's equity investment in the Property and the Borrower's proposed use of Mortgage proceeds 8. Description of the Borrower, including a description of the borrowing entity, the Borrower's organizational chart and a summary of the qualifications of the Borrower and all Key Borrower Principals, including: • An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor, a Limited Multifamily Experience Sponsor, or a Rapid Growth Sponsor, as provided in Section 9.2(d), • An estimate of the financial capacity of the Borrower and each Key Borrower Principal (that is, estimated net worth, Liquidity and contingent liabilities), and • For TAH Mortgages, a summary of the qualifications of any Borrower Principal whose experience is significant to the success of the deal. 9. Description of property manager, including a summary of the qualifications of the proposed property manager, the number of units managed, how long it has managed the Property and the amount of the management fee. 10. Review of third-party reports, including the Seller/Servicer's reviews of and comments on the Appraisal, environmental and property condition reports (with full underwriting

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	packages only) 11. For refinance transactions, a description of the existing mortgage on the Property, including the current unpaid principal balance, current lender, and any other information that could be material to Freddie Mac in its underwriting or approval of the transaction. A refinance of an existing Freddie Mac Mortgage must be clearly identified. 12. Proposed sources and uses of funds 13. Cash equity at risk 14. Documentation of Real Estate Schedule – Form 1116 verification, including if unable to verify the ownership information for the sample, if any discrepancies are found, or if alternative method of verification approved by Freddie Mac, if verification applicable per Section 11.6. 15. Documentation of historical financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages, including the statements reviewed and any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7 16. Documentation of Sponsor Meeting, if applicable, per Section 11.8 17. Any exception requests The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8.15(a). **b. <u>In addition to items a. 1 – 16 above, as applicable, for Seniors Housing Mortgages include:</u>** 1. Property type (Independent Living Property, Assisted Living Property, Alzheimers/Dementia Care Property or Continuing Care Retirement Community (CCRC)) 2. Number of units and beds 3. Average monthly rent 4. Percentage of skilled nursing beds, if applicable

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	5. Percentage of net income derived from skilled nursing beds, if applicable 6. An evaluation of the Borrower's and Third-party Operator's (if any) experience at the Property and its other properties 7. The discussion of surrounding property uses must also include hospitals, seniors centers, libraries, restaurants and hotels 8. A market analysis, in the description of market supply, must include a list of all comparable properties, including address with zip code, number of units and beds, their service type, and approximate distance from the Property. The Seller must submit at least three comparables. 9. The State and/or regional location of all properties under management 10. The type and number of acuity of the units managed or owned 11. For Seniors Housing Mortgages that do not require a Seniors Housing Liability Assessment, a description of the depth and level of experience of all key personnel on the onsite, corporate, and regional leadership team of the property manager or Operator **c. <u>In addition to items a. 1 – 16 above, for a Supplemental Mortgage behind a Securitized First Mortgage, include:</u>** 1. Confirmation of original UPB, current UPB, amortization (identifying any interest-only period), Annual Debt Service (interest-only and amortizing, as appropriate), and maturity date 2. Identification of Securitization pool 3. Delinquency report 4. Most recent inspection report **d. <u>In addition to items a. 1 – 16 above, for a Mortgage securing a Property subject to a condominium regime:</u>** See "Condominium Analysis."

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	e. <u>In addition to items a. 1 – 16 above, for a Mod Rehab Mortgage:</u> 1. Summary of renovation scope, budget, and renovation and lease-up schedule. 2. Tax analysis for both the as-is value and the hypothetical as-if renovated and stabilized today value with support tailored to the Property's jurisdiction. 3. Sponsor's experience and success with other moderate rehabilitation or value-add projects in recent history with detailed explanation of the extent of the renovations and rent appreciation post renovations. 4. Analysis of any anticipated rent increases or expense savings as a result of the planned renovations at the subject property.
Occupancy history	For a Mortgage whose original principal balance is greater than $100 million, the Seller must provide the annual percentage of physically occupied dwelling units for each of the most recent five years, or for each year since the completion of construction, whichever is less. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Optigo Lender's Fee Certification – Conventional and Targeted Affordable Housing form	Required for all loans where a broker and/or correspondent is involved in the transaction. This form requests certain information about broker and other fees and requires the Seller/Servicer to disclose whether the servicing fee and/or Freddie Mac securitization compensation applicable to a loan will be a factor in determining the broker/correspondent compensation.
Organizational Charts – Borrower, Guarantor (not in Borrower's organizational structure), Master Tenant, Operator, or Pre-Approved Transferee (not in Borrower's organizational structure)	For any entity that is a Borrower, a Guarantor not in the Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant of a Shariah compliant loan, DST loan or other master lease structure or Operator of a Seniors Housing Property, the Seller must submit to Freddie Mac an organizational chart showing the direct and indirect ownership for that entity identifying any individual or entity: • With 25 percent or greater aggregate direct or indirect interest in Borrower, Guarantor not in Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational

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	structure, Master Tenant or Operator including beneficial interests in a Delaware Statutory Trust or Illinois Land Trust • That is a Non-U.S. Equity Holder • For Pre-Approved Transferees, all individuals and entities with direct or indirect Control of the Pre-Approved Transferee, and all individuals and entities with direct and indirect Control of the Borrower after the proposed transfer • That directly or indirectly Controls Borrower, Guarantor, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant or Operator including any general partner, managing member, non-managing member, member of a board of managers, settlor/trustee of a living trust or revocable trust or trustee of an irrevocable trust 100 percent of the ownership interest in Borrower must be shown. The Seller/Servicer's counsel must review the Organizational Chart. See Guidance – Organizational Charts at mf.freddiemac.com/lenders/uw.
Payroll schedule	The Seller must provide a current schedule of payroll expenses associated with the operation of the on-site leadership team at the Property, including salary, wages, bonuses, net pay and deductions. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Photographs	The Seller must submit to Freddie Mac photographs clearly illustrating all aspects of the Property, including exterior, interior and street scenes.
Physical Risk Report – Form 1108	The Seller/Servicer has the option to provide to Freddie Mac a completed Form 1108, Physical Risk Report, meeting the requirements of Chapter 66 in lieu of an environmental report and a property condition report for a Mortgage that meets all of the following conditions: • The Mortgage has an initial principal balance of $20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are $25 million or less in the

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Document	Requirements
	aggregate • The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
Post-construction analysis report	A post-construction analysis report meeting the requirements of Section 63.5 is required. This report is required for Forward Commitments and for Mod Rehab Mortgages at completion of renovation. See Section 39.9 for submission of a post-construction analysis report for a Mod Rehab Mortgage.
Pre-construction analysis report	A pre-construction analysis report meeting the requirements of Section 63.3(a) is required. For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.
Preliminary legal issues memorandum (PLIM)	The Legal Issues Analysis form is used to prepare the preliminary legal issues memorandum (PLIM) prior to loan origination. The Preliminary Legal Issues Memorandum Form – Servicing is the form used to prepare a PLIM meeting the requirements of Section 6.4 for Servicing transactions.
Property condition report	The Seller must provide to Freddie Mac a property condition report meeting the requirements of Chapter 62. For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.

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Document	Requirements
Property financial statements	The Seller must provide to Freddie Mac financial statements as specified below. Each operating statement must be dated and expressly identify within the document itself the time period to which it relates. • **Historical property financial statements** The Seller must provide historical property financial statements for the most recent three years, or since the completion of construction of the Property, whichever is less, and including the net rental income, concessions and gross potential rent. Additionally, Seller must provide a statement for the twelve-month period prior to the month in which the Borrower has made the financing request (current property financial statement in a T-12 format). If available, this statement must reflect monthly operations for each of the preceding 12 months. If a monthly summary statement is not available, the Seller must provide a current fiscal year-to-date Property financial statement and a monthly statement for each of the three months prior to the month in which the Borrower has made the financing request. In the event year-end and T-12 property financial statements are both provided in a monthly format the Seller must advise Freddie Mac of any inconsistencies observed in overlapping months between T-12 and the prior year property financial statement. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. • **Borrower's budgeted property financial statements** The Borrower's budget for the following 12-month period The document(s) must be certified using Form 1112. The Seller must review the property financial statements, which must include income and expense statements. If the financial statements are audited, they must include a statement of changes in financial position and all notes. For a refinance of an MHC with Manufactured Home(s) owned by the Borrower or an Affiliate of the Borrower, the Seller must provide

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	income and expense statements of the Manufactured Home(s) which must be certified using Form 1112. For (i) a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or (ii) a Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage, the Seller must also provide the Servicing Statements used to reconcile the historical property financial statements as required in Section 11.7(b) if such Servicing Statements are not already present in DMS for the existing Mortgage.
Property inspection documentation	• Prior to early rate-lock, the Seller must complete and document the inspection described in Section 8.15(a) • At full underwriting, the Seller must complete and document the property inspection described in Section 8.15(b) • Prior to commitment issuance under an Unfunded Forward Commitment, a Forward Commitment Property Inspection is not required unless requested by Freddie Mac in its discretion. If requested, it must meet the requirements as described in Section 8.16 • For a Funded Forward Commitment, a Forward Commitment Property Inspection is required as described in Section 8.16 • Prior to conversion under a Forward Commitment, the Seller must conduct a complete property inspection as described in Section 8.15(b) The inspection requirements must be completed within 90 days of Freddie Mac's receipt of the applicable underwriting package. If Freddie Mac has delegated the property inspection to the Seller, the Seller must acknowledge this delegation on the Property Inspection and Lease Audit form. If the Seller inspection was not completed on the same day as the inspection for either the Appraisal and/or the physical condition report, the Seller must compare the observations from all other inspections to ensure all information is consistent. See Section 8.15 for additional information regarding property inspection requirements.

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	For (i) a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or (ii) a Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage, the Seller must also provide the most recent annual servicing inspection report if such inspection report is not already present in DMS for the existing Mortgage.
Proposed transaction schedule	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a proposed transaction schedule that sets forth the schedule and timing for the bond transaction, including the scheduled conference calls, timing for the delivery of documents and the closing date.
Purchase agreement documentation	For acquisition loans, the Seller must submit to Freddie Mac: • A copy of the purchase agreement and all amendments • An analysis of the purchase agreement and all amendments by Seller's counsel using the Purchase Agreement Analysis form Freddie Mac will not be deemed to have knowledge of any hazardous conditions, zoning issues or property condition issues merely by its possession of the purchase agreement.
Quote	The Seller must provide a copy of any written Quote issued by Freddie Mac, or a statement indicating the date and terms of the verbal Quote the Borrower has selected.
Real Estate Schedule, Form 1116	The Seller must provide to Freddie Mac a Form 1116, Real Estate Schedule, for all real estate in which any Key Borrower Principal that is not newly formed currently has ownership and/or Control. An Excel version of the Real Estate Schedule is required. If alternative documentation to Form 1116 is submitted, this documentation must be materially similar, include all key data points necessary to properly assess risk, and be acceptable to Freddie Mac. NOTE: A Real Estate Schedule is not required for the Seller/Servicer or its affiliate when the Seller/Servicer or its affiliate has an equity interest in the Borrower in the form of a Preferred Equity investment and is a Pre-Approved Transferee under the Mortgage.

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	The Real Estate Schedule must be dated within 180 days from the date of submission of the underwriting package and certified by the Key Borrower Principal as complete and accurate.
	
	The Key Borrower Principal must:
	
	• Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following:
	
	  ○ The full recourse obligation to the lender, including the entire amount of joint and several guarantees
	
	  ○ For loans on properties under construction, the loan amount drawn to date and the as-is value
	
	• Provide a written explanation of any non-performing assets in its portfolio
	
	LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1116 unless specifically requested by Freddie Mac.
	
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
	
	If the Property is a Cooperative or MHROC, the Form 1116 may be waived.

Real Estate Schedule Addendum – Seniors Housing	See "Seniors Housing Real Estate Schedule Addendum."
Real estate tax bill	If the Borrower is acquiring the Property, the Seller must provide to Freddie Mac a copy of the most recent real estate tax bill from the Property's local taxing authority. If the Mortgage is being originated for the purpose of new construction, a real estate tax bill is not required.
Registration of rental units (rent control/ stabilization)	**Properties in New York** For Properties in New York, the Seller must provide to Freddie Mac: (i) proof of compliance with applicable State or local requirement for the registration of rents in New York, including evidence of the current registered rent for each unit in the Property, (ii) a current certified Division of Housing & Community Renewal (DHCR) rent roll or equivalent, and (iii) any information necessary to justify underwritten rents above legal rents, which is acceptable to Freddie

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	Mac at its discretion. An example is the annual Rent Guideline Board's (RGB) rent increase allowances. **Properties in other States** Freddie Mac may require similar proof of compliance with such requirements for prior years and may require other evidence of compliance with State or local rent control or stabilization laws in other States.
Renovation documentation – Mod Rehab Mortgages and Preservation Rehabilitation Mortgages	For all Mod Rehab Mortgages, the Seller/Servicer must provide the documentation listed below. For a Preservation Rehabilitation Mortgage, Freddie Mac may request the Seller/Servicer to include the following documentation in the underwriting package. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. • Construction budget – hard costs and material quantities • Development budget – total project costs, including soft costs, financing costs, land acquisition expenses and hard costs • Construction schedule – the timeline for major construction activities • Lease-up schedule – the timeline for the lease-up • Final plans and specifications – a clear picture of the Property's appearance and new features post-renovation. Plans and specifications are considered to be final when they are stamped and sealed by the associated professional • 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

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	Work in Progress: If renovation work commenced before underwriting, additional information is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. • Sponsor certification regarding all work completed and costs expended • All executed change orders to date • All construction monitoring reports to date. For any new construction (i.e., new residential or amenity building), a more detailed breakout within the budget, schedule, and plans/specs is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. See Chapter 63 for additional information about renovation documentation.
Rent, income and use restriction documentation	The Seller must provide copies of any existing regulatory agreements (including any amendments) creating tenant income, rent or other operating or use restrictions for the Property. If applicable, see also: • Land Use Restriction Agreement (LURA)/Regulatory Agreement (for tax-exempt bonds, if applicable, and LIHTC) • Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation • Rental Assistance Contract (including Long Term and Short Term Rental Assistance Contracts) • Registration of rental units (rent control/stabilization)
Rent roll	The Seller must review and provide to Freddie Mac a rent roll that meets the following requirements. An optional Rent Roll Template can be found at https://mf.freddiemac.com/docs/rent_roll_template.xls. • Is dated within 30 days of the underwriting package submission.

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Document	Requirements
	• Is complete with respect to the required information below for each unit: <u>For a Property that is not secured by a Seniors Housing Mortgage:</u> 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Square footage of each unit 6. Occupancy status by unit and by bed, if applicable 7. Identification of any employee units, model units, corporate units and units used as rental offices 8. Monthly contract rent 9. Concessions, rebates or discounts given to tenant, if applicable 10. Arrearages owed by tenant, if any 11. Subsidies, if applicable (specify type) 12. Rent controlled or rent stabilized, if applicable 13. Original occupancy date, per tenant 14. Lease commencement date 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held 18. Furnished or unfurnished status The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. <u>For a Property secured by a Seniors Housing Mortgage:</u> 1. "As of" date of the rent roll clearly indicated within the document

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Document	Requirements
	2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Occupancy status 6. Identification of any employee units, model units, corporate units and units used as rental offices 7. Monthly rent and concessions, if applicable, without regard to any applicable additional resident fees, subsidies, or concessions, rebates or discounts given to tenant. If Property or resident receives any Medicaid income, Medicaid subsidy/ reimbursement must be listed separately from the rent the resident pays. 8. Entrance fees, community fees or other upfront fees held or charged (refundable or nonrefundable) 9. Additional fees for second residents, if applicable. If the unit has two unrelated occupants, rents for each resident should be combined. 10. Fees for resident care associated with Activities of Daily Living (ADLs) 11. Miscellaneous ancillary fees, such as furniture rental, beautician, unscheduled transportation or interest income 12. Arrearages owed by tenant, if any 13. Lease commencement date 14. Original occupancy date, per tenant 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. For Mortgages originated under a Forward Commitment:

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Document	Requirements
	A rent roll is not required in the full underwriting package for a Mortgage originated for new construction • For a TAH Cash or TAH Bond Credit Enhancement Conversion Underwriting Package, the rent roll must cover the preceding 90 days and must be dated within 45 days of the Conversion In addition to the rent roll, for an LIHTC Property where the Income Averaging Set-Aside has been applied, the Seller must provide a rent roll analysis confirming that rents on the Origination Date will meet the average AMI requirements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Rental Assistance Contract (including Long Term and Short Term Rental Assistance Contracts)	The Seller must provide, if applicable: • Copies of the original Rental Assistance Contract along with all amendments and renewals, including evidence of the currently applicable unit rents approved by the US Department of Housing and Urban Development (HUD) and/or the Rental Assistance contract administrator • Rental Assistance Contract Analysis (available at https://mf.freddiemac.com/docs/rental_assistance_contract_analysis.docx), completed by both Seller and Seller's counsel • Evidence of HUD form 2530 clearance for Borrower, Borrower Principals and Management Agent (or other comparable evidence in the case of a non-HUD Rental Assistance Contract) • HUD Management and Occupancy Review MOR Form (or other comparable deliverable in the case of a non-HUD Rental Assistance Contract) • Current HUD REAC or NSPIRE Score (or other comparable score in the case of a non-HUD Rental Assistance Contract) • The most recent HUD Inspection Report, if the current REAC or NSPIRE Score is less than 80 and the Property is required to undergo an annual HUD inspection (or other comparable deliverable in the case of a non-HUD Rental Assistance) See "rent, income and use restriction documentation."

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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*, Previous Participation Certificate*. This form is HUD's centralized review of the past/present performance of those principals applying for participation in HUD's multifamily housing programs. Principals are reviewed to see if they have carried out their past financial, legal, and administrative obligations in a satisfactory and timely manner.
Seller's certification regarding compliance with representations and warranties	The Seller must provide to Freddie Mac the following certification in a letter on the Seller's stationery: "Seller certifies that it is familiar with and in compliance with the warranties and representations that, pursuant to Chapter 5 of the Freddie Mac *Multifamily Seller/Servicer Guide*, it is deemed to make with respect to each Mortgage and related information delivered to Freddie Mac."
Seller's mortgage loan application with Borrower	For all Mortgages, the Seller must provide to Freddie Mac a copy of the mortgage loan application executed by the Borrower and submitted to the Seller. The application must evidence all material terms of the proposed mortgage financing. In addition, for Mortgages submitted under the early rate-lock delivery option, the Seller's application must evidence the Borrower's obligation to pay the Borrower Breakage Fee (see Section 27.2). For any Mortgage, the mortgage loan application must include the following authorization by the Borrower:

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	"The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the "Mortgage") to Freddie Mac. If Freddie Mac purchases the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage." For any cash execution Mortgage, the mortgage loan application must also include the following acknowledgments by the Borrower: • "The Borrower understands that subsequent to the closing of the Mortgage, Freddie Mac may require regular financial statements from the Borrower outlining the Property's financial performance." • "The Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac may sell this Mortgage into a commercial mortgage-backed securitization or similar type execution and may not hold this Mortgage in Freddie Mac's portfolio." For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement program, the mortgage loan application must include the following authorization by the Borrower: "The Borrower understands that Freddie Mac intends to credit enhance the mortgage loan for which Borrower is applying (the "Mortgage"). If Freddie Mac credit enhances the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage."
Seller's pro forma property financial statements	The Seller must prepare the Seller's pro forma property financial statements for the next 12 months. The statements must include historical and year-to-date annualized income and expense information for comparison purposes.

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Seniors Housing agreements and contracts	The Seller must provide to Freddie Mac a copy of all potentially material contracts and agreements by the Borrower, manager or operator of the Property related to the ownership and operations of the Seniors Housing Property, acceptable to Freddie Mac, including, but not limited to contracts: • For preparing and serving food (not including food supply contracts) • For medical services, healthcare provider agreements, or resident monitoring systems, regardless of annual consideration or term, or • Of which the average annual consideration, directly or indirectly, is at least $50,000 Generally, copies of contracts for routine maintenance such as landscaping, snow removal or general office equipment are not required. The Seller must also provide a certification from the Borrower listing the contracts that fall into the foregoing categories, and who among the Borrower, operator, and property manager is a party to each contract. If there are no contracts that fall into the foregoing categories, the Seller must provide a certification from the Borrower to that effect. The Legal Issues Analysis must specify (i) any contracts that should be considered material for purposes of the Loan Agreement, and (ii) recommendations regarding assignments of contracts that are not in the Borrower's name.
Seniors Housing Liability Assessment	If the Property includes assisted living, Alzheimer's care or skilled nursing units, the Seller must provide to Freddie Mac a Seniors Housing Liability Assessment for each property manager or Operator to evaluate its risk management practices with respect to employees, residents and incident reporting. The Seniors Housing Liability Assessment must be performed by a professional meeting the requirements of Section 21.2(i) and the Seller/Servicer must document the suitability of the professional in the Liability Assessment. The Seniors Housing Liability Assessment must address the following topics:

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	1. Professional Qualifications a. Experience Minimum of five years' experience in geriatrics/long-term-care clinical practices. b. Education Minimum of five years as a Licensed Administrator, licensed practical nurse (LPN) registered nurse (RN), or Physician Extender (PA, RNP) c. References, which address: 1. Scope of work 2. Quality of recommendations given 3. Quality of resources provided 4. Timeliness of work product d. Sample work product: 1. Copy of typical assessment report 2. Sample recommendations based on industry exposures 3. Sample resources provided to clients to assist in reducing risk to claims 4. Training programs offered 5. Monitoring programs offered **2. Employee Practices** 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

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	3. Management Practices a. Key Topics 1. Evidence of written employee policies and procedures manual 2. Staff orientation, screening and discipline regarding resident care issues b. List of key Property level staff including: 1. A list of the key Property level positions 2. The tenure of individuals in their positions at the facility 3. The amount of experience the individuals have in the seniors housing industry 4. Resumes should be attached to the report c. Identification of the availability and usage of home health services including: 1. Identify whether home health services are being used at the Property 2. Identify who is providing or contracting with the home health services – for example is it the Borrower, a Borrower Affiliate, the Operator, an Operator Affiliate, or a third party 3. If home health services are provided or contracted by the Borrower or Operator verify the provider's certification or licensing, as required by State as well as a copy of the referenced contract 4. Identify whether the home health provider leases space or not at the Property 5. Type of services offered by home health agency d. Risk management policies and procedures, including identifying and analyzing the background/experience of individuals employed by the Borrower or the Operator to handle insurance and risk management matters. e. Corporate / Regional Support and Quality Assurance: 1. Discussion of the corporate / regional oversight or 3rd-party contract of the facility including identification of the corporate / regional staff that visit the Property including their title and frequency of visits 2. Copy of any risk management tools and summary reports/ audits, if available 3. Implementation of a quality assurance program addressing the regulatory compliance and whether

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Document	Requirements
	internal results are tracked, trended, analyzed or benchmarked against other properties operated **4. Resident Practices:** a. The following must be provided, documented, and analyzed regarding resident practices: 1. Copy of written admission agreement(s) and fees that identify scope of services to be provided 2. Copy of resident assessment forms and qualifications of staff responsible for assessing residents prior to admission, as well as how often residents are assessed going forward b. Confirmation that specific policies and procedures are in place to address the following conditions: 1. Resident service plan established and updated with changes in condition 2. Resident evacuation in case of emergency 3. Fall management 4. Elopement/Wandering 5. Skin Care 6. Elder Abuse 7. Dehydration/Malnutrition 8. Neglect 9. Mental health behavior plan 10. Physical notification for change in resident condition 11. Medication management 12. Smoking 13. Transfer/Discharge 14. Infectious Control c. Collection of Resident Turnover data by care type to calculate the turnover ratio for the most current year available **5. Regulatory Compliance:** a. Identity of governmental authorities with jurisdiction over the Property, as well as each governmental authority's definition of the level of care permitted at the Property. b. Copies and a summary of all governmental surveys for last three-years or three certification periods including a

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	summary and analysis of any deficiencies or enforcement actions cited in the surveys. The severity, repeated deficiencies and type of enforcement action (such as probation or ban on admissions) must be part of the analysis, categorized by the following topics: 1. State Health Inspections 2. Fire / Life Safety Inspections 3. Food Safety Inspections c. Copies of the Plan of Corrections (POCs) submitted by the owner or Operator and the date of acceptance of the government authority, if applicable. If the POC has not been accepted by the government authority, then the process required to resubmit plan of correction of deficiencies must be provided including any steps already taken or remaining to complete. If the correction requires re-inspection, this should be noted and whether it will occur at the next standard licensure inspection or earlier date. d. Discussion of whether the Property is in substantial compliance from most recent inspection and is permitted to continue operations until re-inspection. e. List and copies of all licenses and permits needed to operate the Property, the expiration date of such licenses, and if the license is transferable to include, but not limited to: 1. State health licenses 2. Business licenses 3. Food permits f. If a change in licensure is necessary, the report must detail the summary of licensing procedures required to affect a change in Property ownership, any service provider, authority to operate, or management, including the timeline for licensure change, the identification of the State or local governmental authority that needs to receive notice or provide approval, and the content of the notice. g. If the Property receives any sort of subsidy program (for example Medicaid/ Medicare), then the report must include the following: 1. Assessment of the status of any federal, state, or local proposed regulations or amendments to existing regulations that could affect the Property 2. Identification and analysis of any special insurance requirements required by any government authority.

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	Recommendation / Summary: a. Onsite inspection of the Property b. An overall assessment of employee, management and resident practices as well as regulatory compliances affecting the Property, including the identification and analysis of shortcomings with recommendations on matters to the ownership, operation or management of the Property c. List of sources and references used to complete the report
Seniors Housing licenses and certificates	The Seller must provide the following to Freddie Mac: • A list of any and all licenses, certificates and permits required for the operation of the Property • A copy of each existing license, certificate or permit issued by any governmental or regulatory authority, whether issued to the Borrower, the manager or the operator of the Property, and the renewal date of each such license, certificate or permit • Documentation pertaining to any pending or outstanding violations, findings, investigations or corrective actions by such governmental or regulatory authority with respect to the Property and the status of any corrective actions pending or resolved within the previous three years See Section 21.3(e) for additional license requirements. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Seniors Housing list of furniture, fixtures, equipment and motor vehicles	The Seller must submit to Freddie Mac a list of items or classes of items of all furniture, fixtures, equipment and motor vehicles located on or used in connection with the Property ("FF&E") that are not owned by the Borrower, including the name of the owner of each item. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification. If all FF&E is owned by the Borrower, the Seller must provide a certification from the Borrower to that effect.

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	The Legal Issues Analysis must include the Seller's counsel's recommendation with respect to the Lender's security interest in FF&E and motor vehicles not in the Borrower's name.
Seniors Housing Management Assessment	A Seniors Housing Management Assessment is required for any Seniors Housing Mortgage with a UPB greater than or equal to $50 million, or for any Seniors Housing Mortgage that is part of a crossed pool, if the pool has a UPB greater than or equal to $100 million. The Seniors Housing Management Assessment is a narrative report that describes and assesses the experience and capabilities of the Manager or Operator of the Property regarding the daily use and operation of the Property. It is required, whether the Manager or Operator of the Property is or is not an affiliate of the Borrower. The Seller may prepare the Seniors Housing Management Assessment or may contract for its preparation by a third-party. The Seniors Housing Management Assessment must address each of the categories outlined below: **1. Management structure and experience** a. Organizational charts that identify all reporting relationships at the corporate, regional, and Property levels b. Description of the depth and level of experience of all key personnel at the corporate, regional, and Property levels **2. Employee / Management Practices** a. Corporate, regional, and Property level hiring and retention practices b. Interaction between corporate / regional staff with Property level staff c. Corporate training practices **3. Healthcare IT** Review of the corporate and property level healthcare information technology including accounting, resident management, marketing, resident assessments, resident

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Document	Requirements
	service plans, activities, medication administration records, and electronic health records. **4. Risk Management Program** a. Corporate policies and procedures for reviewing, investigating, and reporting incidents and accidents b. Corporate level assessment of operations and clinical issues c. Corporate GL/PL insurance overview **5. Regulatory Compliance** Corporate quality assurance program practices. **6. Summary and Conclusion** Overall conclusion on the competency of Manager or Operator experience and capabilities and whether they meet, exceed, or fall short of industry standards.
Seniors Housing operating lease	For any operating lease at the Property that will be in place on the Origination Date, the Seller must provide: • A copy of the complete operating lease; and • An Operating Lease Analysis completed by the Seller's counsel, using the form available at mf.freddiemac.com/lenders/legal
Seniors Housing Real Estate Schedule Addendum	In addition to the Form 1116, Real Estate Schedule, or other form, for a Borrower who leases the Property to a third-party operator, the Seller must provide Freddie Mac with the following information for each of the other such properties run by the operator: 1. Name, address and location 2. Term of the contract 3. Property owner's name, address and telephone number 4. Type of resident care, if any, provided (for example, independent living, assisted living, dementia care or skilled nursing care) 5. A list of any required licenses and certifications that are not current and in good standing

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Document	Requirements
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Sources and Uses	The Seller must provide details about a transaction's cash inflows (sources) and outflows (uses) at the time the Mortgage is funded, to enable an underwriter to understand the cash sources of the transaction and how the proceeds from the Mortgage will be used to finance the transaction. For acquisitions, the following will be assessed against the funds needed to close (purchase price plus closing costs): • The verified Liquidity for Key Borrower Principals in the case of a: (i) First-Time Sponsor, (ii) Limited Multifamily Experience Sponsor, or (iii) Rapid Growth Sponsor; ~~or~~followed by • Certified Liquidity for all other Key Borrower Principals ~~In the event this Liquidity is determined to be insufficient, Freddie Mac may consider the Liquidity reported in the certified financial statements for other Key Borrower Principals in the assessment against the funds needed to close.~~ If this aggregate Liquidity is less than the funds needed to close, then, in the event there is any additional liquidity noted in the certified financial statement for the (i) First-Time Sponsor, (ii) Limited Multifamily Experience Sponsor, or (iii) Rapid Growth Sponsor that exceeds the verified Liquidity for such Sponsor, additional Liquidity verification (supported by Liquidity Verification Documentation) must be performed and submitted for such Sponsor in order to support the funds needed to close. If, after assessing all possible verified Liquidity and certified Liquidity, this Liquidity is determined to still be insufficient, 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.~~ Sources and uses may be included in the mortgage transaction narrative analysis.

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Document	Requirements
Student Housing Questionnaire, Form 1120	The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire, for each Student Housing Property.
Subordinate debt documentation	The Seller must provide documentation for any subordinate debt, such as the note, mortgage, loan agreement and regulatory agreement or, if the subordinate loan has not yet been originated, the forms of such documents and the commitment for the subordinate loan.
Summary of interest rate hedge terms	The Seller must provide to Freddie Mac a summary of interest rate hedge terms.
Survey	A current survey of the Property meeting the requirements of Section 29.4. If the Mortgage is being originated for the purpose of new construction, an as-built survey is not required.
Utility Efficiency Certificate	Any industry-standard building performance rating or certification, when required for Utility Efficiency Certified buildings. Acceptable building performance ratings or certifications include: 1. EarthCraft, South Face 2. ENERGY STAR for Multifamily Existing Buildings, High Rise, New Construction, EPA 3. Green Communities, Enterprise Community Partners 4. Green Globes, Green Building Initiative 5. GreenPoint Rated, Build It Green 6. Leadership in Energy and Environmental Design (LEED), US Green Building Council 7. National Green Building Standard, Home Innovation Research Labs 8. Passive House Institute US (PHIUS) Certified 9. Passive House Institute (PHI) Certified and/or 10. Any other approved certification provided by the applicable authority

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Document	Requirements
Verification of Collections, Form 1144	For a Targeted Affordable Housing Mortgage, the Seller must provide to Freddie Mac Form 1144, Verification of Collections, completed and certified by the Borrower or Key Borrower Principal. The last full month of verified collections must be dated within 30 days of package submission, unless otherwise specified by Freddie Mac. In lieu of a Form 1144, the Borrower may provide certified operating statements for the most recent three months.
Wood-damaging insect inspection documentation	A wood-damaging insect inspection report is not required if the Property has no wood framing or structural members (i.e., significant components that could be subject to damage by wood-damaging insects, such as termites, powderpost beetles, carpenter ants, etc.) as determined by either the Property Condition Report or the Physical Risk Report. For any Property with wood framing or structural members as described above, the Seller must provide the following documentation to Freddie Mac: • A wood-damaging insect inspection report stating that there is no evidence of wood-damaging insect infestation, or • Certification from the Property's current pest control provider stating that there is no evidence of wood-damaging insect infestation and the Property is regularly inspected and/or treated to prevent wood-damaging insect infestation. The wood-damaging insect inspection report or the certification from the Property's current pest control provider must be dated within six months prior to the date of the submission of the full underwriting package to Freddie Mac. Notwithstanding the above, the documentation listed above is not required if the following three conditions are satisfied: • The Borrower provides documentation confirming that there is a wood-damaging insect contract in place for the Property; • A wood-damaging insect contract will remain in place for the term of the Mortgage, and • There is no evidence of wood damage per the Property Condition Report (if applicable); See also Sections 62.5(a), Property grounds and buildings, 62.5(e) Wood-damaging insects and 8.2(e) Wood-damaging insect inspection reports.

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Document	Requirements
Zoning documentation	The Seller must provide a zoning report by a third-party reporting company. See Section 8.5 for additional documentation and analysis requirements if: • The Property does not conform to current zoning regulations • A zoning report is not available in the jurisdiction where the Property is located • Not all certificates of occupancy required for the use, operation and occupancy of the Property are available Regardless of whether a zoning report is required, for all full underwriting packages, the Seller must include all available certificates of occupancy as part of the zoning documentation. The zoning report may also include documentation of building code violations. A zoning report is not required if the Appraisal includes the zoning analysis required by Section 60.12(f)(2) and all of the following conditions are met: • The Mortgage has an initial principal balance of $20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are $25 million or less in the aggregate • The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage See Section 8.5 for complete requirements.

55.3

Requirements for documents contained in the prescreen package (08/26/25)

Cell phone tower lease	The Seller must provide an analysis of cell phone tower leases, if any.
TAH Conflicts Check – Transaction Parties and Details	The Seller must include a completed copy of the TAH Conflicts Check – Transaction Parties and Details for all Tax-Exempt Loans, Tax Exempt Bond Credit Enhancement Mortgages, and, upon request, for other TAH Mortgages.

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Draft Appraisal	The Seller may provide a summary of a draft Appraisal for the Property, if available.
Environmental report and alternatives	The Seller must, to the extent available, provide an environmental report analysis meeting the requirements of Chapter 61.
Financial statements of Borrower and Key Borrower Principals	The Seller must provide, to the extent available, current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and any Key Borrower Principal that is not a newly formed entity. If current certified financial statements are unavailable, the Seller must provide an informed analysis, developed based on discussions and other due diligence, of the financial capacity of the Borrower(s) and Key Borrower Principal(s).
Information on similar projects completed	The Seller must provide information on, and analysis of, targeted affordable housing projects that the Borrower has completed, for new construction or rehabilitation, that are similar in size and scope and/or are in the same market or sub-market.
TAH Request for Initial Cash Quote or Initial Bond Quote	The Seller must provide, as applicable, a completed copy of the TAH Request for Initial Cash Quote or the TAH Request for Initial Bond Quote, available at mf.freddiemac.com/lenders/uw.
Loan Submission Template for Targeted Affordable Housing	The Seller must include a completed copy of the Loan Submission Template for Targeted Affordable Housing that is provided to the Seller by Freddie Mac. The latest version of the Template can be found at ~~mf.freddiemac.com/lenders/uw/loan_submission_template.html~~. https://mf.freddiemac.com/lenders/uw/loan-submission-template.

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Market study	The Seller must provide an independent, third-party market study including the following information: 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis 8. Recommendation
Prescreening Executive Summary	The Seller must include a completed copy of the Prescreening Executive Summary form provided to the Seller by Freddie Mac.
Property condition report	The Seller must, to the extent available, provide an analysis of the property condition report meeting the requirements of Chapter 62.
Real Estate Schedule, Form 1116	The Seller must provide a Form 1116, Real Estate Schedule, or other form that contains comparable information, for all real estate in which any Key Borrower Principal that is not newly formed currently has a ownership and/or Control.
Rent comparables summary	The Seller must provide a list of comparable properties in the market/submarket, detailing rents, unit size, unit mix, etc.
Resumes of Borrower and Key Borrower Principals	The Seller must provide a description of the Borrower's and Key Borrower Principals' (and Borrower Principals on TAH Mortgages where the qualifications of the Borrower Principal is significant to the success of the deal) experience with projects that are comparable in size and scope to the proposed transaction.

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General requirements; Additional Requirements (06/24/25)

60.1 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. The Appraisal must comply with the requirements in this chapter and must take into account the additional resources, guidance and FAQs available at mf.freddiemac.com/lenders/uw/appraisals. For questions or feedback, contact the Multifamily Appraisal team at Multifamily_Appraisals@freddiemac.com.

a. Appraisal requirements (05/22/25)

The Appraisal must be:

- In a narrative format
- Ordered by the Seller/Servicer; and
- Completed by and signed by an appraiser approved by the Seller/Servicer

Appraisals ordered by and/or prepared for anyone other than the Seller/Servicer will not be accepted.

To support the evaluation of the Mortgage loan, the Appraisal must:

- Contain transparent and credible data analysis in a concise but comprehensive report format; and
- Be supported by the Seller/Servicer's selection of well-qualified appraisers and the Seller/Servicer's critical review of the Appraisals

Note, effective for Mortgage 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 Memorandum*. To the extent there is any conflict between the foregoing Memorandum and the requirements of this chapter, the provisions of the foregoing Memorandum govern.

b. Purpose of Appraisal (05/22/25)

Appraisals must:

- Estimate the as-is market value of the Property as of the effective date (see Section 60.9);
- Identify the interests and estate being valued (as defined in the current edition of The Appraisal of Real Estate, published by the Appraisal Institute); and
- Be subject to stated assumptions and limiting conditions as of the effective date.

Note, the leased fee interest should be valued when the Property is subject to tenant-occupant leases (for any length of time) and there is no ground lease. The leasehold interest

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should be valued if all or part of the Property is subject to a ground lease, whereby the Borrower is the ground lessee. The fee simple interest should be valued when there are no tenant-occupant leases or ground leases in place at the Property.

Although other valuation scenarios may be appropriate for a particular Appraisal as outlined in Sections 60.24 through 60.31, at minimum, all Appraisals must provide the as-is market value.

Appraiser Independence Requirements (06/24/25)

60.2

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.

Additional information can be found in the *Appraiser Independence Requirements FAQs.*

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:

1. All members of the Seller/Servicer's Mortgage origination staff, including any person who is an immediate supervisor of origination staff;
2. 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/Servicer 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;

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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;

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 (05/22/25)

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

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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 and/or appraisal firm 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 appropriately trained and qualified, and
   - Complete all Freddie Mac required Appraisal training

4. Seller/Servicer 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* as referenced in Section 60.1(a).

6. The Seller/Servicer or any third-party specifically authorized by the Seller/Servicer (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/Servicer 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/Servicer 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.

7. The Seller/Servicer may maintain lists of approved Independent Parties only if:

   - The Seller/Servicer 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/Servicer involved in the selection of Independent Parties for such lists must be wholly independent of the Seller/Servicer's

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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/Servicer 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/Servicer must promptly refer the matter to Freddie Mac and the applicable State appraiser certifying and licensing agency or other regulatory body.

2. The Seller/Servicers 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/Servicer is violating Appraiser Independence Requirements, the Independent Party should promptly refer the matter to either the Freddie Mac *Investigation Unit* or the *Multifamily Appraisals* team.

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.

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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."

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.

60.4

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.

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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,

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- 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 the Multifamily Restricted Vendor List. If an appraiser appears on the Multifamily Restricted Vendor List, the Seller/Servicer 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/Servicers 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)

60.5 Appraisers and appraisal services may not represent themselves to third parties as being Freddie Mac-approved appraisers or appraisal services.

Appraiser scope of work, certification and signatures (02/27/25)

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

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- A certification that states that the Appraisal complies with the current version of the FIRREA of 1989, including its Title XI regulations

b. Scope of work and signing the Appraisal (02/27/25)

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 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 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

Each person signing the appraisal report and/or the Appraisal's Certification will be deemed to have accepted full responsibility for the contents, analyses and conclusions of the Appraisal.

60.6 Refer to Section 60.4(b) for requirements regarding the co-signing of an Appraisal by an appraisal trainee.

Information provided to appraiser by the Seller/Servicer (12/16/25)

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, Utility Efficiency, Mod Rehab, Conventional, etc.)

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- 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 29.1)
- 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 29.4)
2. Rent roll dated within 30 days before the Appraisal's effective date of the as-is value, 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/Servicer'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/Servicer 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.

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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/Servicer'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/Servicer 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 that affect the Property's rents or expenses

13. Rental Assistance Contracts (as defined in Section 23.3)

14. For SBL Properties, evidence of capital expenditures or construction costs as described in Section 55SBL.2

15. Any other information that the Seller/Servicer knows may affect the value of the Property

60.7

Seller/Servicer supervision of appraisers (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

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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.

Non-Discrimination (12/16/25)

60.8

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

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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. In circumstances where a property owner provides housing in relation to any of the above Prohibited Factors (e.g., senior housing, participation in the Housing Choice Voucher Program), it may be permissible to reference information specific to that Prohibited Factor, provided such reference does not give rise to bias or discrimination.

Effective date of Appraisal (08/26/25)

For additional requirements that are applicable, see the *Additional Appraisal Requirements Memorandum* as referenced in Section 60.1(a).

60.9 The as-is market value effective date of the most current Appraisal must:

- Match the date of the appraiser's property inspection; and
- Be within six months before the date on which the Mortgage's full underwriting package is delivered to Freddie Mac.

The Seller/Servicer also must make available upon request all Appraisals completed on the Property in the past three years, including drafts, if available to the Seller/Servicer and appropriate under the ethics provision of USPAP. See also Section 60.10.

60.10 **Revised and updated Appraisals (08/26/25)**

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 Revision Summary (see Freddie Mac template as an example) detailing the changes between the initial Appraisal delivered to the Seller/Servicer 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 two percent 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)

    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 as-is market value effective date that is more than six months before the date on which the full underwriting package is delivered to Freddie Mac, the Seller/Servicer must obtain an updated Appraisal from the appraiser. For

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the updated Appraisal, the appraiser must, at minimum:

- 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.

Appraisal form (06/24/25)

60.11

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 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 replacement cost
- Assumptions and Limiting Conditions
- Appraiser's Certification / Signature
- Subject Photos
- Comparable sales outlines

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- 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).

60.12 Regardless of the report format, the appraiser must comply with all applicable Freddie Mac, federal, and State appraisal development and reporting requirements.

Appraisals (08/26/25)

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

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- 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

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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 chapter, as applicable to loan or property type, 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 (08/26/25)

The inspection requirements for Appraisals are as follows:

1. At least one certified general appraiser signing the report must have made both an interior and exterior inspection of the Property, concurrent with the as-is market value effective date of the most current Appraisal.

2. Interior inspection must include common areas, community amenities, a sample of unit interiors and commercial suites. The specific units and their unit type (bed/bath count, floor plan name or commercial suite/name) must be identified.

3. Exterior inspection must include residential unit exteriors and any accessible areas that are subject to nonresidential leases as defined in Sections 8.11(a) and 8SBL.11(a).

4. Any description of completed or ongoing capital improvements or construction at the Property referenced in the appraisal must be visually inspected (if possible) and validated against any evidence provided by the Seller/Servicer. If the appraiser observes any recent or ongoing capital improvements or construction during their inspection, it should be noted and analyzed in the appraisal.

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5. Be sufficiently detailed to adequately incorporate property-specific physical and economic characteristics into the discussions, analyses, and valuation conclusion. This is important since the Seller/Servicer's delivery of the property condition and environmental reports to the appraiser is optional under certain circumstances (see Sections 60.12(e) and 60.13).

6. Report the extent of the appraiser's due diligence and describe any property condition or environmental concerns that affect the Property's value or marketability observed during the appraiser's inspection or known to the appraiser through third-party reports, regulatory authorities, or geographic competency.

   It is not acceptable to only state that the appraiser is not qualified to detect or did not notice any property condition and/or environmental concerns and thus has made no observations during their inspection of the Property.

7. Depending on the Property size, the inspection must meet the following requirements, although the appraiser may inspect more units at their discretion:

Residential Total Units	Residential Unit Inspection Requirements			Commercial Inspection
	Min.(1)	Down(2)	Vacant(3)	
< 25	2	ALL	ALL, up to 5 vacant units	Representative sample; describe level of finish
25 to 50	3	ALL	ALL, up to 5 vacant units	
> 50	5	ALL	ALL, up to 15 vacant units	

(1) The minimum number of residential units that must be inspected. For Properties with more than 50 residential units, at least one unit of each unit type must be inspected and the marketability of each unit type's floor plan, amenities, and level of finish must be discussed.

(2) All down units must be inspected, regardless of the number, to determine and comment on the amount of repairs/renovations necessary to make the units ready for occupancy.

(3) All vacant units must be inspected unless the total number of residential units required for inspection exceeds the specified amount, in which case, the appraiser may sample the vacant units but must state how the sample was selected. The state of readiness for occupancy must be reported for each vacant unit inspected.

Note: These are the minimum inspection requirements, however, the appraiser must use their professional judgment to determine the appropriate number of units to inspect in order to produce credible assignment results.

c. Tax information (06/24/25)

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

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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. Additional guidance can be found at *Property Taxes in an Appraisal*.

d. Sales and other concessions (09/28/18)

1) The Seller/Servicer 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/Servicer's transmittal of the Appraisal to Freddie Mac, the Seller/Servicer must provide the appraiser with the property condition report ordered by the Seller/Servicer 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

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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/Servicer 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.

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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.

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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 Approach. If the Property is not subject to a rebuildability requirement, the appraiser must state so.

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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/Servicer's transmittal of the Appraisal to Freddie Mac, the Seller/Servicer must provide the appraiser with the environmental report ordered by the Seller/Servicer as part of the Mortgage loan transaction process and any other environmental reports on the Property retained by the Seller/Servicer. 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/Servicer 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

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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 (06/24/25)

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.

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* 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.

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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.

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c. Income approach (06/24/25)

For additional requirements and guidance that are applicable, see the *Additional Appraisal Requirements Memorandum*, as referenced in Section 60.1(a), *Capitalization Rate Guidance*, and *Development of Capitalization Rates: Proforma vs. T-12*.

The appraiser must derive the value based on the following:

1. Forecasted gross income must consider historical and 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 value of the Property. If the appraiser's estimate of market rent is dissimilar to the recent leasing at the Property, an adequate discussion and explanation of the variance must be provided.

2. Estimated vacancy and collection loss must consider historical and current data of the Property, rental comparables in the market area and anticipated changes of regional market conditions.

3. Forecasted expenses and Replacement Reserves must be comparable with the historical data of the Property and 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 forecasts must consider future changes in expense or reserve levels.

   The identification of the expense comparables must include the following:

   - Number of units
   - Age (year built and/or renovated)
   - Physical condition
   - Location and the time period of the expenses

4. Capitalization Rate must be based on factors reflecting the investment characteristics of knowledgeable investors for properties similar to the Property.

   The Capitalization Rate must be developed using each of the following (3) techniques. Exclusion of any of these techniques must be explained.

   - **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 reported and reconciled consistently with the appraiser's estimate of the Property's income.

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- **Personal surveys and interviews with local market participants** for insight into the Property's submarket and investment considerations, dated within two months before the effective date of value, including the date of survey (month/year is sufficient) and, if not confidential, the name, title and company of the individual surveyed. If these items are confidential, the appraiser must provide a description of the position or background of the individual.

- **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).

If the following techniques are utilized by local market participants and appraiser peers, they should also be included to develop and support the Capitalization Rate.

- **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.

Development of Capitalization Rates from Ackerson or Ellwood methodologies is not appropriate.

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.

   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. Discounted cash flow analysis (DCF) is typically redundant and not required 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

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necessary repairs, renovations, alterations as adjustments to value.

- Key assumptions used to develop the DCF must be adequately discussed and supported including rent and expense changes, discount rate, reversionary/terminal capitalization rate, and absorption period.

7. The Property's value can be developed with either a multiplier analysis or direct capitalization analysis; it is not a requirement to include both methodologies.

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:

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- 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.

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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)

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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.

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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 (06/24/25)

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/Servicer, 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's effective date of the as-is value

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 29.1)

7. A survey or recorded plat of the Property, if available (see Section 29.4)

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/Servicer

Freddie Mac will also accept a market study incorporated into the Appraisal.

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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.

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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 Appraisal requirements (08/26/25)

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/Servicer'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:

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- 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 a Rental Assistance Contract (as defined in Section 23.3), the appraiser must include the following values:

   - The value using the Rental Assistance Contract rents, and
   - The value using the lower of market rents, Rental Assistance 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.

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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 Appraisal requirements (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/Servicer'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

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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:

   - As-is market value
   - Hypothetical as-if renovated and stabilized today market value

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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.

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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 Utility Efficiency Loan option (12/16/25)

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 Utility Efficiency 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 Utility Efficiency Improvements might generate.

- The Prospective As-Improved Market Value must assume that all Utility Efficiency Improvements are completed as of the current date of value.

To develop the Prospective As-Improved value, the appraiser must review the list of Utility Efficiency Improvements that the Borrower has committed to execute at the Property, and consider the contribution of these Utility Efficiency Improvements to the Property's prospective market value. The appraiser should not merely add the projected cost of the Utility Efficiency 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 Utility Efficiency Improvements and the time it will take to implement the Utility Efficiency 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 Utility Efficiency 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 Utility Efficiency 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.

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60.30 Appraisals for Forward Commitment Mortgages (~~10/21/25~~06/23/26)

1. For a Forward Commitment Mortgage for affordable housing properties and Targeted Affordable Housing (as noted in Section 60.24), the Appraisal must include the following valuation types:

   a. As-Is current market value
   b. Hypothetical market value as if completed and stabilized today with current restricted rents
   c. Hypothetical market value as if completed and stabilized today without restricted rents (based on market rents)
   d. Prospective market value upon completion
   e. Prospective market value upon completion without restricted rents (based on market rents)
   f. Prospective market value upon completion and stabilization
   g. Prospective market value upon completion and stabilization without restricted rents (based on market rents)
   h. All other requirements of Chapter 60

2. For all other Forward Commitment Mortgages, the Appraisal must include the following valuation types:

   a. As Is current market value
   b. Hypothetical market value as if completed and stabilized today with current market rents
   c. Prospective market value upon completion
   d. Prospective market value upon completion and stabilization
   e. All other requirements of Chapter 60

3. 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~~Actual Mortgage Amount, or
   b. The effective date of 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.

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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

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- 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

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- a. Property grounds and buildings (12/15/22)
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62SBL.1 SBL Physical Risk Reports (12/12/24)

Unless otherwise required by Freddie Mac, this chapter applies to loans purchased under the SBL Purchase Product.

This chapter sets forth the requirements, duties and responsibilities of the Seller/Servicer, the Borrower and the physical risk consultant to evaluate the property condition and the environmental hazards associated with the Property and report this information to Freddie Mac. The consultant must provide resolution and costs for any deficiencies and any hazards identified at the Property.

Freddie Mac requires the Seller/Servicer to submit an SBL Physical Risk Report – Form 1104 (SBL Physical Risk Report) meeting the requirements of Section 62SBL.3 before Freddie Mac will issue a Letter of Commitment to purchase a Mortgage.

a. Purpose of the SBL Physical Risk Report (12/12/24)

The purpose of the SBL Physical Risk Report is to:

- Provide a brief description of all major building components and their condition
- Identify all Deferred Maintenance (as such reference is described in Section 62SBL.3.b. below) that is currently affecting building components or is expected to have a negative impact on building components
- Identify Critical Repairs and Priority Repairs (as defined in Section 62SBL.3(b)) needed and provide cost estimates for those items
- Identify the capital needs over the term of the Mortgage and establish the appropriate amount of Replacement Reserve
- Review the evidence of capital expenditures or construction work provided by the Seller, determine whether the related costs are generally reasonable for the completed work, and if visually ascertainable, identify whether the improvements generally align with the documentation
- Identify any current or past water intrusion, potentially damaging leaks or organic growth issues (Mold) and identify the source(s) of all water and Mold
- Identify problematic materials, equipment or systems as defined in Section 62SBL.5(c)
- Identify all readily observable issues related to non-compliance with applicable codes, including disability accessibility requirements, and all issues that could negatively affect the health and safety of the tenants
- For a property in an Elevated Seismic Hazard Region, evaluate the seismic risk factors identified in Section 64SBL.2(c)
- Identify any potential environmental concerns at the subject property and on adjacent properties

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b. Information to be provided with the SBL Physical Risk Report (02/16/23)

The completed SBL Physical Risk Report which conveys information about the property features, conditions, potential environmental concerns and all recommended remedies must be submitted to Freddie Mac along with copies of:

- All information the consultant reviewed, including all data and records provided by the Borrower as well as test results and data reviewed in accordance with Section 62SBL.4 (Key documents, such as test results, environmental databases and renovation scope of work and budgets, should be included in the report appendix.)

- Sufficient standard-size color photographs as are necessary to illustrate the conditions discussed in the report, including completed capital improvements (if visually ascertainable) or construction. (The consultant must determine the number of photographs that will be necessary and include the photographs, with a description for each photograph.)

- A site plan(s) to adequately locate the Property and provide an indication of the site layout

- The resume of the individual who performed the on-site inspection

- The resume(s) of the individual(s) who reviewed the report, if different from the individual who performed the inspection

62SBL.2 Specific Seller/Servicer duties and responsibilities (12/12/24)

The Seller/Servicer must exercise due diligence when evaluating a Property, make appropriate inspections and inquiries to learn its true condition and take responsible actions to manage the risk of loss from property condition deficiencies and environmental hazards.

The Seller/Servicer's responsibilities are to:

- Retain and direct the physical risk consultant

  The Seller must review and verify the physical risk consultant’s credentials, licensing, certifications, memberships and affiliations. For new consultants, the Seller must check at least three references from lenders who have retained or employed the physical risk consultant to sufficiently evaluate the consultant’s capabilities and performance. The Seller must maintain a separate physical risk consultant file for Freddie Mac’s use that includes the Seller’s ongoing evaluations of each consultant’s performance, as well as the consultant’s current resume, required references and current certificate(s) of liability insurance in accordance with the requirements of Section 11.5.

  The Borrower must not retain or direct the physical risk consultant; however, the Borrower may be responsible for paying the costs of all physical risk consultant services.

- Disclose if the State where the Property is located has an Environmental Superlien Law

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Because an environmental superlien could take precedence over the Mortgage, the Seller/Servicer must highlight the existence of the Environmental Superlien Law when the Seller/Servicer brings to Freddie Mac's attention any conditions that could result in such a lien being imposed on the Property.

- Disclose to the *Multifamily Small Balance Loan Team* and the physical risk consultant knowledge of any environmental matter that may affect the Property and knowledge of any physical deficiencies

- Keep abreast of local health, safety accessibility and environmental laws governing the Property

- Provide to the consultant any previously completed SBL Physical Risk Report, in Seller/Servicer's possession, property condition report or environmental report and all information pertaining to the maintenance, repair and replacement of major building components or systems before the consultant physically inspects the Property as required in Section 62SBL.4

- Determine if an operations and maintenance (O&M) program is required and obtain an O&M program that is acceptable to Freddie Mac

- Assess the Borrower's ability to successfully execute an O&M program

- Obtain the SBL Physical Risk Report for the Property

    - Review the SBL Physical Risk Report to ensure that it complies with Freddie Mac's requirements and to verify that conclusive recommendations are provided for all identified issues

    - Obtain additional analysis as necessary to resolve any issues with respect to which the consultant was unable to reach a conclusion~~.~~

- Ensure the appropriate risk management actions have been undertaken for identified environmental hazards

- Provide a copy of the completed SBL Physical Risk Report to the appraiser so that the appraiser can appropriately incorporate the issues identified into the economic evaluation of the Property

- Provide a copy of the completed SBL Physical Risk Report to the Borrower so that the Borrower can understand their obligations to complete the identified Priority Repairs (including PR-90 Repairs) as specified in the Loan Documents

- In accordance with Section 8SBL.17

    - Report Critical Repair findings to Freddie Mac, and follow up to ensure timely completion of Critical Repairs

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- Include completion, reserve funding, and other requirements for Capital Replacements and Repairs in the Loan Documents when required by the Letter of Commitment

- When problematic materials, equipment and systems are identified, as described in Section 62SBL.5(c)
  - Obtain certification from the appraiser that the problematic materials, equipment and systems were considered in the evaluation of the Property
  - Provide evidence that there is no exclusion in the hazard insurance policy for damage caused by the problematic materials, equipment and systems

62SBL.3 SBL Physical Risk Report requirements (08/26/25)

a. General requirements for SBL Physical Risk Reports (02/16/23)

Each SBL Physical Risk Report must:

- Be completed by a consultant who meets the qualifications and requirements stated in Section 62SBL.17
- Document information disclosed by a comprehensive inspection of the Property to analyze all property conditions and environmental hazards
- Meet the inspection requirements of Sections 62SBL.5 through 62SBL.15
- Indicate the appropriate category described below for each repair item except Routine Repairs and Maintenance
- For every Critical Repair, Priority Repair and potential environmental concern that is identified, provide a suggested remedy and a cost for repair, replacement or remediation
- Include any environmental sampling results
- Reference any environmental O&M programs that are recommended
- If a cost for repair or replacement of any item cannot be identified without further analysis, recommend a scope for the analysis and the estimated cost of such analysis
- The physical risk consultant must review pertinent information and records in accordance with Section 62SBL.5

Sections of Chapter 62SBL refer to environmental provisions in Chapter 61 to avoid duplication. For the purposes of this Chapter 62SBL, all references to the environmental report in the referenced sections of Chapter 61 are to be understood as referring to the SBL Physical Risk Report, and any references to the environmental consultant are to be understood as referring to the physical risk consultant.

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b. Repair categories (12/12/24)

The repair categories are as follows:

- Critical Repairs – Repairs and replacements required to address conditions that significantly impair habitability, safety, value, income or marketability due to the failure or combination of failing conditions of any major building system or structure and that must be corrected before Freddie Mac will proceed with the transaction

- Priority Repairs – Repairs and replacements of conditions noted below that must be addressed within 365 days after the Origination Date unless they are designated as PR-90 Repairs, which must be addressed within 90 days after the Origination date. Priority Repairs consist of:

  - All Life Safety Hazards

  - Violations of any federal, State or local law, ordinance or code relating to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements

  - Physical Deficiencies – Unresolved problems that cannot reasonably be addressed by or have not been addressed by normal operations or Routine Repairs and Maintenance and which include:

    - Deficiencies which, if left uncorrected, have the potential to result in or contribute to critical element or system failure within one year

    - Deficiencies that will likely result in a significant escalation of remedial cost related to any material building components that are approaching, have reached or exceeded their typical expected useful life or whose remaining useful life should not be relied upon in view of actual or effective age, abuse, excessive wear and tear, poor maintenance and exposure to the elements

    - Any Mold, water intrusions or potentially damaging leaks

  - Deferred Maintenance – The postponement of normal maintenance, which cannot reasonably be resolved by or has not been addressed by normal operations or Routine Repairs and Maintenance, having a cost of more than $3,000 per repair item. Deferred Maintenance may result in any of the following:

    - Physical deterioration

    - Lack of full operation or efficiency

    - Increased operating costs

    - Decline in property value

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- PR-90 Repairs – Priority Repairs that must be addressed within 90 days after the Origination Date. PR-90 Repairs consist of:
  - Any Life Safety Hazard that is about to cause harm and represents an imminent or immediate risk to tenants that encounter the hazard
  - Any condition that may cause imminent damage or is the cause of immediate damage to any major building system or structure that if left uncorrected, could result in a Critical Repair
- Routine Repairs and Maintenance – Repairs and maintenance that are expected to be completed by the Borrower in the normal course of property operations and are nominal in cost. These repairs are not considered to be Critical Repairs or Priority Repairs and include work that is:
  - Often preventative in nature
  - Accomplished within the Property's normal operating budget
  - Typically completed by on-site staff
  - Focused on keeping the Property fully functioning and serviceable
  - Minor Deficiencies or Deferred Maintenance with a cost of $3,000 or less per repair item

The physical risk consultant is not expected to identify in the SBL Physical Risk Report Routine Repairs and Maintenance that are part of a current standard property operating procedure so long as these items appear to have been repaired or maintained regularly. The physical risk consultant should assess if items showing a lack of repair and maintenance warrant categorization as a Priority Repair.

c. Capital needs over the term of the Mortgage (Replacement Reserves) (08/26/25)

To accommodate items needing repair or replacement during the term of the Mortgage that are beyond the scope of normal operations and regular maintenance but are necessary to maintain the overall condition of the Property, the consultant must provide an assessment of the overall property condition that will be used in underwriting to determine a replacement reserve requirement.

Based on the information reviewed and the conditions observed, the consultant must select from the following overall property ratings:

- 1 – Excellent: Typically newer property or recent major rehab/significant investment, no Deferred Maintenance, no Life Safety Hazards/code violations, superior repair and maintenance practices, capital needs addressed.
- 2 – Very Good/Good: Some minor issues noted that can be resolved by onsite maintenance, no/isolated Deferred Maintenance, no/isolated Life Safety Hazards/code violations, proactive repair and maintenance practices, majority of capital needs

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addressed with no impact to Property performance.

- 3 – Fair: Declining condition or Isolated deterioration typically requiring an outside contract to remediate, material Deferred Maintenance, some Life Safety Hazards/code violations, reactive repair and maintenance practices, critical capital needs addressed but additional capital investment required.

- 4 – Deteriorated: Substantial issues noted with follow-up required, extensive Deferred Maintenance, Life Safety Hazards/code violations requiring immediate attention, reactive repair and maintenance practices that do not address concerns, critical capital needs are not being addressed which is negatively impacting Property performance.

- 5 – Unacceptable: Functionality of systems and components is compromised which materially impacts marketability, excessive Deferred Maintenance, significant Life Safety Hazards/code violations requiring immediate action, inadequate repair and maintenance practices, critical capital needs are not being addressed.

Freddie Mac will review the consultant's assessment and determine the actual Replacement Reserve amount.

d. Remediation and retesting (06/30/16)

Refer to Section 61.4(b).

e. Operations and maintenance (O&M) program (06/30/16)

Refer to Section 61.4(c).

f. Specific requirements for the SBL Physical Risk Report (12/14/23)

The SBL Physical Risk Report must be completed and dated within six months prior to the date on which the full underwriting package is delivered to Freddie Mac.

At initial submission of the full underwriting package to Freddie Mac, the site inspection supporting the SBL Physical Risk Report, and the supporting environmental database report, must be dated within 30 days prior to the date of the SBL Physical Risk Report.

The SBL Physical Risk Report must be certified by the physical risk consultant and clearly

- Identify all conditions present during the inspection

- Identify all parties present during the site visit and contacted for data or information required for the report

- State any limiting conditions and the intended purpose of the report

- Identify deviations from the Guide requirements and the most recent version of ASTM standards E2018 and E1528 as well as applicable environmental regulations established by the Environmental Protection Agency (EPA)

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62SBL.4 Data collection and records inquiry for the SBL Physical Risk Report (12/12/24)

The physical risk consultant must:

- Review information pertaining to the maintenance, repair and replacement of major building components or systems
- Review all significant maintenance reports, repair receipts and replacement items completed within the past 12 months, as well as elevator, boiler and safety inspection records and certificates
- Review available information related to planned capital improvements, inclusive of renovation/rehabilitation scope of work, and/or such work in progress
- Review evidence of completed capital expenditures or construction costs
- Determine if any deficiencies identified in the inspection are included in the Borrower's scope of work, and if deficiencies noted are part of planned or ongoing improvements, analyze the Borrower's budget associated with this work to determine the adequacy of the budget
- Note readily observable deficiencies and/or violations of any federal, State or local laws, ordinances or codes that remain open for the Property, including any violations related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements
    - For properties built prior to the enactment of the Fair Housing Act and the American Disabilities Act, note any conditions that could be repaired and/or renovated that pursuant to the applicable federal, State and local laws, statutes and regulations are "**readily achievable**" and/or qualify as "**reasonable accommodations**" which will increase accessibility for disabled tenants and visitors to the property in accordance with the applicable laws, statutes and regulations
- Make appropriate inquiry through publicly available sources to determine if any federal, State or local law, ordinance or code violations remain open for the Property, including any violations related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements
- For a Property located in an Elevated Seismic Hazard Region, as defined in Section 64SBL.2, evaluate the seismic risk factors found in Section 64SBL.2(c)
- Review all appropriate environmental records, including previous environmental assessment reports, past test results, information on historical use of the subject property and neighboring properties and governmental environmental database records
- Make appropriate inquiry regarding the use and ownership of potentially hazardous equipment at the subject property

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- Conduct any required environmental testing in conformance with applicable local, State and federal regulations and licensing requirements

The SBL Physical Risk Report must identify the information the consultant reviewed and the contacts that the consultant made.

62SBL.5 Inspection requirements for the SBL Physical Risk Report (12/12/24)

The physical risk consultant must perform a complete inspection of the exterior and interior of the Property's components. This inspection must document the types of materials, systems, equipment and potential environmental concerns observed.

a. Property grounds and buildings (12/15/22)

A review of the property grounds and buildings (both residential and nonresidential buildings and structures) must consist of an inspection of at least the following:

1. Site work (for example, drainage, paving, flatwork, accessibility, lighting, landscaping, irrigation, signage, refuse containment, garages and carports, fencing and retaining walls)
2. Roofing (for example, material condition and age, parapets, scuppers, drains, gutters and downspouts, flashing and coping, skylights)
3. Building facades (for example, building materials, condition, and water penetration; windows; doors, sealants)
4. Structure (for example, foundations, framing systems, balconies and exterior stairs)
5. Heating, ventilation and air conditioning (HVAC) systems (for example, manufacturer and capacity)
6. Plumbing systems (for example, fixtures, piping materials used, supply system, waste system and vent system)
7. Electrical system (for example, capacity, fixtures, distribution system and emergency power)
8. Elevators (for example, cab, controls and equipment and inspection certifications)
9. Amenities (for example, pool, sports courts, playground)
10. Safety and warning devices (for example fire protection and security systems)
11. Water and seepage conditions
12. Septic/well systems
13. If the Property is located in an Elevated Seismic Hazard Region, as defined in Section 64SBL.2, the seismic risk factors found in Section 64SBL.2(c)

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b. Dwelling units, commercial units and building interior (06/30/16)

A review of the interiors of the dwelling units, commercial units and all building common areas must include the inspection of at least the following:

1. Interior spaces (for example, cabinets, appliances, fixtures with finishes described, conditions noted and accessibility evaluated)
2. Common space (for example, lobbies, corridors, stairs, offices, laundry, garage, etc. with finishes described, conditions noted and accessibility evaluated)
3. Flooring materials and condition (for example, subfloor and finishes such as wood, carpet, vinyl or other mastic tiles)
4. Wallboard and ceiling coverings (for example, gypsum, paneling or other types of coverings for walls and acoustic panels, gypsum or other for ceilings)
5. Fixtures (for example, wiring devices and plumbing and electrical fixtures)
6. Windows (for example, hardware, treatments, screens and storm windows)
7. Doors (for example, hardware, locks and security devices)
8. Intercoms and other security and safety devices (for example, smoke detectors)
9. Kitchen appliances and cabinets/countertops
10. Bathroom fixtures and plumbing
11. Fireplaces
12. Washers/dryers and/or hookups
13. Fire/safety protection devices (for example, smoke detectors, alarms, sprinklers, fire extinguishers, security devices)

The consultant must inspect sufficient units to accurately evaluate the condition of each building and its systems and in no case may inspect fewer than three units.

In addition, the consultant must select the units to be inspected and ensure that all buildings and unit types are reviewed and that all of the following are inspected:

- 100 percent of all commercial units
- At least 10 percent of all residential units, to include:
    - At least 50 percent of vacant units, and
    - At least 50 percent of Down Units; if the conditions in the Down Units vary considerably, the consultant must inspect additional units to adequately identify the costs to make the Down Units rent-ready

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c. Problematic materials, equipment and systems (12/12/24)

As part of the inspection of the Property, the consultant must evaluate any potentially problematic materials, equipment or systems. Problematic building components include those that historically have performed poorly and those subject to recalls and/or class action lawsuits.

In particular, consultants should evaluate the following items:

1. Electrical capacity

- The minimum amperage acceptable to each unit is 60 amperes, except that 40 amperes is the minimum allowable service level acceptable without a load analysis, provided all of the following conditions are met:
  - No washing machines or clothes dryers are located in the units
  - No heating systems, stovetops, stovetop appliances, and water heaters are powered by electricity
  - No air conditioning units of any type are used unless serviced by a separate dedicated circuit
  - No atypical equipment with high electricity demands (*e.g.,* whirlpool tubs, freezer units, etc.) is located in the units
  - No units are over 750 square feet

If service levels less than the minimum allowable service levels (60 or 40 amperes, as applicable) are encountered or reported, the consultant must:

- Perform a load analysis for each unit type affected based on the most current NEC guidelines or review the results of a load analysis similarly prepared by a licensed electrician or electrical engineer
- Make corrective recommendations as appropriate

If the power supply is found to be inadequate, then the Borrower must take corrective measures before the Origination Date or correcting the inadequate power supply must be identified in the SBL Physical Risk Report as a Priority Repair. Regardless of the service level or the results of a load analysis, the Property must meet the minimum requirements of the National Electric Code and all local building codes.

2. Overload protection

Overload protection for all apartments must, at a minimum, be provided by circuit breakers or tamper-proof (S-type) fuses. If S-type fuses are present, the consultant must determine the adequacy of the installation and associated components, and whether an upgrade to circuit breakers is warranted. Any overload protection devices that are not tamper-proof must be replaced prior to the Origination Date.

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3. Aluminum wiring

If aluminum wiring is present, all branch wiring terminations must have safe, code-compliant connections that are rated to accept aluminum wiring, or corrective, code-compliant repairs must be made before the Origination Date.

d. Moisture or Mold issues (10/14/16)

The consultant must identify any Mold problems for all areas observed by completing the following tasks:

1. Search for visual or olfactory evidence of moisture or Mold issues in all areas required to be inspected as set forth in Sections 62SBL.5(a) and 62SBL.5(b)

2. Make inquiries of the Property owner, manager or other knowledgeable Property staff regarding past and current water intrusion, potentially damaging leaks or any known Mold issues

3. Make inquiries of the Property owner, manager or other knowledgeable Property staff about whether there have been any tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks

4. Inspect areas where water intrusion or leaks were reported

5. Inspect all building components or areas most typically associated with water intrusion or potentially damaging leaks

6. Identify any defective building condition that would likely lead to future water intrusion or leaks

Other than minor Mold due to poor housekeeping, the consultant must identify the cause of any Mold problem.

If the SBL Physical Risk Report indicates that there are moisture or Mold issues, the sources of all identified water intrusion or potentially damaging leaks must be corrected and all Mold issues must be corrected in accordance with Environmental Protection Agency (EPA) guidelines for clean-up and remediation prior to the Origination Date. If the moisture or Mold issues are not corrected prior to the Origination Date, correction, clean-up and remediation must be identified in the SBL Physical Risk Report as a Priority Repair.

In addition, prior to the Origination Date, the Borrower must establish a Moisture Management Plan in accordance with the requirements set forth in Section 8SBL.3(a).

Any Property where Mold issues have been identified will be subject to

- The Increased Scrutiny for Moisture or Mold Issues requirements set forth in Section 8SBL.3(b)

- The Special Moisture or Mold Issues Inspection requirements set forth in Section 8SBL.3(c)

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e. Wood-damaging insects (12/15/16)

During the inspection, the consultant must comment on observable evidence of wood-damaging insects (*e.g.,* termites, powderpost beetles, carpenter ants, etc.) and/or deterioration due to wood-damaging insects in all areas required to be inspected in Sections 62SBL.5(a) and 62SBL.5(b). The consultant must also ask the Property owner, manager or other staff knowledgeable about the Property about past wood-damaging insect issues and current evidence of wood-damaging insects and/or wood-damaging insect deterioration, and inspect those areas.

Repair of any damage by wood-damaging insects must be identified in the SBL Physical Risk Report as a Priority Repair.

f. Environmental issues to be evaluated (02/16/23)

Each SBL Physical Risk Report must evaluate conditions and contaminants within the scope of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which include the following Scope Issues:

1. Hazardous materials
2. Storage tanks
3. Polychlorinated biphenyls (PCBs)
4. Prior use
5. Neighborhood hazardous waste activity

Each SBL Physical Risk Report must also include an evaluation of the following Non-Scope Issues:

1. Asbestos
2. Lead-based paint (LBP)
3. Drinking water quality
4. Superlien status

62SBL.6 Hazardous material (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are "unknown", the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are "yes", an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.5(a) through 61.5(d).

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62SBL.7 Storage tanks (02/16/23)

Based on a property inspection and input sought from knowledgeable property sources, the physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are "unknown", the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are "yes", an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.6(a) through 61.6(e).

62SBL.8 Polychlorinated biphenyls (PCBs) (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are "unknown", the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are "yes", an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.7(a) through 61.7(e).

62SBL.9 Prior use/historical sources inquiry (02/16/23)

The consultant is to determine whether any past uses of the subject property indicate the potential for contamination to be present due to releases of hazardous materials or petroleum.

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are "unknown", the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are "yes", an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.8(a) through 61.8(c).

62SBL.10 Neighborhood hazardous waste activity (02/16/23)

Refer to Sections 61.9(a) through 61.9(b).

62SBL.11 Asbestos-containing materials (ACM) (02/16/23)

a. Refer to Section 61.10(a) and Sections 61.10(c) through 61.10(f) (02/16/23)

Any reference to the environmental report in Section 61.10(a), and 61.10(c) through 61.10(f) is to be replaced by the SBL Physical Risk Report for these sections.

b. Environmental assessment protocol (02/16/23)

The physical risk consultant must identify all observed potential ACMs. Testing is not required. For any suspect ACM identified, the consultant must indicate:

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- If the material is friable or non-friable
- If the material is encapsulated or not
- If the material is damaged or not

If the physical risk consultant determines that remediation is necessary, the requirements of Section 61.4(b) apply.

c. Issue resolution by physical risk consultant (06/30/16)

As the date of construction is not a meaningful indicator relative to the presence of asbestos, the consultant must recommend an O&M program for all properties unless a comprehensive asbestos inventory was conducted and/or evidence is provided indicating that all ACMs were removed from the property and the documentation is satisfactory to the consultant.

If damaged suspect friable ACM is identified in the interior of the building, the consultant must specifically state:

- Whether an ACM inventory is needed
- Which materials must be removed and the cost of such removal
- Which materials must be repaired and the cost of such repairs
- Which materials must be covered by an O&M program and cost of the program development

If previous ACM abatement work was performed improperly, the physical risk consultant must identify any resultant contamination.

d. Issue resolution by Borrower (02/16/23)

Freddie Mac requires that the Borrower institute an O&M plan for any suspect ACMs identified by the consultant in accordance with EPA guidance, Managing Asbestos in Place: A Building Owner's Guide to Operations and Maintenance Programs for Asbestos-Containing Materials and as found on the EPA website: https://www.epa.gov/asbestos/information-owners-and-managers-buildings-contain-asbestos.

The Borrower must remove all documented friable ACM. Damaged suspect friable materials identified by the consultant which are located in residential units or interior spaces accessible to tenants must either be removed or tested to confirm that the material is non ACM. A qualified professional must analyze the samples utilizing polarized light microscopy and dispersion staining. The number and quantity of samples must be sufficient to provide meaningful results for the area tested.

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Undamaged friable ACM may remain in place only if all of the conditions identified above, as well as the following conditions, exist:

- The concentration or amount of asbestos in the material must be less than 10 percent by weight
- The friable ACM must be in good condition as determined by the physical risk consultant
- The friable ACM must be sufficiently covered with paint or other material to help prevent the future release of asbestos into the air
- The Borrower must institute an O&M program developed by the physical risk consultant and acceptable to Freddie Mac

Undamaged non-friable ACM and undamaged, fully encapsulated wall and ceiling joint compound that is assumed to contain asbestos may remain in place, subject to an acceptable abbreviated O&M program as set forth in Section 61.10(f).

Under most circumstances, before the Origination Date, the Borrower must remove all ACM that is required to be removed. Freddie Mac will consider agreeing to removal of the ACM after the Origination Date only under certain circumstances, such as if the extent or location of the ACM in the building does not present a Life Safety Hazard or if a qualified ACM abatement/removal firm is not immediately available to remove the ACM.

In order for the ACM removal to be performed after the Origination Date, the conditions in Section 61.4(b)(2) must be met. In addition, Freddie Mac will require the following:

1. A binding, fixed-fee ACM-removal contract from a qualified ACM abatement/removal firm that provides for the firm to remove the ACM within 90 days after the Origination Date (or within a time frame agreeable to Freddie Mac), in strict accordance with prudent industry standard practices and all federal, State and local requirements governing the removal, transport and disposition of ACM
2. Removal of the ACM must be identified in the SBL Physical Risk Report as a PR-90 Repair
3. Before funds are released to the Borrower from any applicable Reserve, proper evidence provided by the Borrower to the Seller/Servicer that the ACM removal was performed by properly trained individuals in accordance with prudent industry standard practices and complied with all federal, State and local requirements governing the removal, transport and disposition of ACM

62SBL.12 Lead-based paint (02/16/23)

Refer to Sections 61.11(a) through 61.11(f).

62SBL.13 Drinking water quality (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the

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questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, then an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.12(a) through 61.12(e).

62SBL.14 Radon (06/30/16)

SBL Properties are not required to be tested for the presence of radon.

62SBL.15 Superlien status (06/30/16)

Refer to Section 61.15.

62SBL.16 Acceptability of the SBL Physical Risk Report (02/16/23)

The SBL Physical Risk Report and the condition of the Property must be acceptable to Freddie Mac. The SBL Physical Risk Report must specify an appropriate solution for each deficiency identified. The consultant must identify the scope and estimated cost for all Critical Repairs and Priority Repairs and all potential environmental concerns. Upon Freddie Mac's review of the completed SBL Physical Risk Report, Freddie Mac may impose additional requirements.

62SBL.17 Physical risk consultant qualifications and requirements (~~02/16~~06/23/26)

Consultants who conduct the on-site inspections and complete the SBL Physical Risk Reports must meet the qualifications and requirements specified in this section.

Because Freddie Mac does not approve physical risk consultants, the Seller/Servicer must not consider any representation that a consultant is approved or qualified by Freddie Mac to prepare SBL Physical Risk Reports. The Seller/Servicer is responsible for selecting the consultant and is solely accountable for the consultant's performance. The Seller/Servicer must ensure that the consultant is qualified to perform the required work.

a. General requirements (06/30/16)

Consultants' qualifications may vary with the needs of the specific assignment: general inspection services or specific technical analysis may be required. The consultant must be able to analyze building systems, site conditions, and environmental issues professionally, identify deficiencies and recommend remedial responses with cost estimates.

b. References and experience (02/16/23)

A consultant performing inspections and preparing SBL Physical Risk Reports must have all of the following qualifications:

- A bachelor’s or graduate degree in architecture or a related engineering field from an accredited institution
- Five or more years of experience in one or more of the following disciplines: architecture, engineering (structural, mechanical or civil) and/or construction/cost

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estimating

- Three or more years of experience performing multifamily property inspections
- Two or more years of experience conducting similar work for financial institutions

Personnel directly involved with analyzing the environmental information and data for the SBL Physical Risk Report must also have expertise in at least the following relevant areas:

1. Soil and/or ground water contamination
2. Soil and/or ground water sampling
3. Asbestos identification and abatement
4. PCB contamination
5. UST identification, abandonment and removal supervision
6. LBP identification and abatement design and supervision
7. Familiarity with applicable federal, State and local environmental and public health laws and regulations
8. Development of O&M programs

For LBP and asbestos work, some States and municipalities require a license or certificate. The environmental consulting firm must have a sufficient number of properly licensed or certified employees to complete the project.

Additional training must include a 24-hour asbestos inspection course and an annual refresher course that, at a minimum, meets the EPA Guidelines for Asbestos Model Accreditation Plan Annual Refresher Training. Subsurface soil service providers must also complete the 40-hour Health and Safety Training for Hazardous Waste Operations course, with annual 8-hour refresher courses.

The Seller/Servicer must check at least three client references from the consultant's previous lenders to determine whether the projects were

- Similar in scope and purpose to the Property
- Completed on time
- Of sufficient quality

The Seller/Servicer must review the consultant's licensing and other certifications (in States where they are applicable), as well as listings of affiliations or memberships in professional organizations. The Seller/Servicer must also maintain in its file for review by Freddie Mac a current resume for the consultant, a current insurance certificate and the required references.

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Freddie Mac will not accept an SBL Physical Risk Report from an individual or firm that has been excluded from EPA-assisted programs. The Seller/Servicer must check the federal exclusion record at https://sam.gov/content/exclusions for the names of individuals and firms that are excluded by Federal government agencies from receiving

- Federal contracts
- Federally approved subcontracts
- Certain types of financial and non-financial assistance and benefits

c. Conflicts of interest/provision of related services (06/30/16)

The consultant may not be affiliated with the Borrower, the Seller/Servicer, a buyer or seller of the proposed Property, or engaged in any business that might present a conflict of interest. The consultant may not be engaged to perform any repair or remedial work specified in the SBL Physical Risk Report.

d. Insurance (06/~~30/16~~23/26)

1. The consultant must provide to the Seller/Servicer an original certificate(s) of insurance that indicates that the consultant is, at its own expense, covered by insurance adequate to the work to be performed, using, as a basis, the standards for coverage outlined in Section 11.5.

   The Seller/Servicer must retain the original certificate(s) of liability insurance in its files.

2. Recommended insurance standards for use when evaluating adequacy of insurance coverage for third-party consultants, including environmental consultants, physical risk consultants, seismic risk consultants, and appraisers:

   - 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

   Policies to 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.).~~Financial Strength Rating of A- or better.

   Consultants should also have appropriate insurance coverage in place while traveling to and from and conducting work at the Property. The following guidelines for the types and levels of insurance coverage, should 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

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e. Unacceptable consultants (06/30/16)

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 a consultant who has completed SBL Physical Risk Reports within the past 12 months for Mortgages purchased or credit enhanced by Freddie Mac.

In addition, Freddie Mac reserves the right to refuse to accept SBL Physical Risk Reports completed by any specific consultant. Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily Restricted Vendor List. If a physical risk consultant appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that consultant to inspect a Property 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 physical risk consultants do not prepare reports for Multifamily and will constitute "Confidential Information" as defined in Section 2.8.

62SBL.18 Mortgage Servicing for SBL Mortgages (10/14/16)

Using either the Freddie Mac Annual Inspection Form (AIF) (for pre-securitized loans) or the MBA Inspection Form (for securitized loans), as applicable, the Seller/Servicer must confirm at the first annual inspection whether the items identified as Priority Repairs or PR-90 Repairs on Form 1104, SBL Physical Risk Report, have been completed by the Borrower. All incomplete Priority Repair or PR-90 Repair items must be noted in the applicable inspection form. See Chapter 40 for additional information on submitting the AIF or the MBA Inspection Form.

In addition, when submitting the applicable inspection form, the Seller/Servicer must confirm that the Borrower is maintaining the Property according to any applicable O&M program, environmental law or regulation. The Seller/Servicer is not expected to obtain an environmental report along with the assessment inspection. However, the Seller/Servicer must make an on-site inspection prior to advising Freddie Mac of the property condition and the environmental status of the Property. The Seller/Servicer must inspect the buildings and grounds and review the activities of the Borrower, tenants, sublessors, their agents and any other third parties. These confirmations must specifically address the continuing effectiveness and adequacy of all current remedial and maintenance actions.

In addition, the Seller/Servicer must complete the applicable inspection form immediately following the occurrence of any event that might reasonably be expected to impact the physical or environmental condition of the Property or the adequacy of prescribed remedial or maintenance actions. Such events would include fire, flood, building construction or rehabilitation, spills or leaks of hazardous wastes or materials, unusual or intense use of property facilities, or significant changes in custodial or management personnel.

The Borrower must comply fully with all applicable building and environmental laws and report any violations of such laws to the Seller/Servicer and the appropriate federal, State or local authority.

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The Seller/Servicer must require that the Borrower take all necessary actions to ensure that all violations are promptly corrected and that the Property is brought back to and maintained in full compliance with all appropriate environmental statutes and good management practices.

62SBL.19 Representations and warranties (09/28/18)

The Seller/Servicer is deemed to make the warranties regarding the SBL Physical Risk Report and the physical risk consultant set forth in Section 5.4.

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Glossary and List of Commonly Used Acronyms (~~04/21~~06/23/26)

a b c d e f g h i j k l m n o p q r s t u v w x y z

Glossary

30 Days Delinquent

See Delinquency.

55-Day Multi PC

A 55-Day Multi PC is a Participation Certificate (PC) in which the payments by Borrowers on the 55-Day Multi PC Securitized Mortgages are passed through, with a payment delay of 55 days, to the holders of the 55-Day Multi PCs.

55-Day Multi PC Securitized Mortgages

55-Day Multi PC Securitized Mortgages are Mortgages that are pooled in 55-Day Multi PCs.

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.

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.

Activity of Daily Living

See Section 21.2.

Actual Cash Value

See Section 31.1(c).

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Actual Loan/Mortgage Amount

See Sections 17A.11(e), 19A.13(e) and 25A.8(b).

Additional Actual Loan/Mortgage Amount

See Sections 17A.11(e), 19A.13(e) and 25A.8(b).

Additional Actual Loan/Mortgage Amount Percentage

See Sections 17A.11(e), 19A.13(e) and 25A.8(b).

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

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5. Corporations or organizations (other than the Seller/Servicer or a corporation or organization through which the Seller/Servicer operates) of which a director, officer or controlling person of the Seller/Servicer is

   - An officer or partner
   - Directly or indirectly, either alone or with his or her spouse or domestic partner, the owner of 10 percent or more of any class of equity securities
   - Owner with other directors, officers and controlling persons of the Seller/Servicer and their spouses or domestic partners of 25 percent or more of any class of equity securities

6. Trusts or other estates in which a director, officer or controlling person of the Seller/Servicer or the spouse or domestic partner of such person has a substantial beneficial interest or for which such person or his or her spouse or domestic partner serves as trustee or in a similar fiduciary capacity

Affiliates of the Borrower

Affiliates of the Borrower include any person or entity who Controls, is Controlled by, or is under common Control with the Borrower.

Agreed Amount Provision or Agreed Value Endorsement

See Section 31.1(c).

Annual Inspection Form

See Section 40.2.

Anti-Money Laundering Laws

Anti-Money Laundering Laws are the applicable federal anti-money laundering laws and regulations including 18 U.S. C. Sections 1956 and 1957, as amended.

Applicable Freddie Mac Multifamily Regional Office

The Applicable Freddie Mac Multifamily Regional Office is the Freddie Mac Regional Office that has jurisdiction over a multifamily Mortgage purchase. The addresses for Freddie Mac's Multifamily Regional Offices are set forth in the Seller/Servicer Guide Directory.

Appraisal

An Appraisal is a report setting forth an estimate or opinion of value prepared by an appraiser having the qualifications described in Sections 60.4 and 60.5.

Approved Structured Lender

An Approved Structured Lender is a Seller/Servicer that has an approved designation with the ability to complete Freddie Mac Multifamily Structured Transactions on a continuous basis, as stated in Section 3.1(b).

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Assisted Living Residence

See Section 21.2.

Benchmarking Data

Benchmarking Data is the Property's energy and water usage entered by the Benchmarking Data Consultant in Portfolio Manager® and which meets the requirements set forth in the term sheet located on the Freddie Mac Multifamily website. If Portfolio Manager® is no longer available, the Benchmarking Data Consultant may enter the data into another benchmarking tool identified by Freddie Mac.

Benchmarking Data Consultant

Benchmarking Data Consultant is a third-party consultant retained by Borrower and acceptable to Lender that is qualified to collect, input and monitor Benchmarking Data from the Mortgaged Property.

Benchmarking Metrics

Benchmarking Metrics are measures of Property utility consumption performance provided through Portfolio Manager.

Blanket Insurance Limit

See Section 31.1(c).

Blanket Insurance Policy

See Section 31.1(c).

Bond Credit Enhancement Forward Commitment

See definition of Construction Phase Letter of Credit.

Borrower

The Borrower is the party obligated to repay the indebtedness secured by the Property. The Borrower must, in Freddie Mac's judgment, have sufficient financial, operational and management capacity. Acceptable Borrowers are described in Section 9.2.

Borrower Principal

A Borrower Principal is:

- Any Key Borrower Principal
- Any person or entity that has Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, and Borrower-affiliated Master Tenant, including any one or more of the following:
    - General partner of a general partnership or a limited partnership

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  - Non-member manager, managing member, or members of the board of managers of a limited liability company
  - The settlor (grantor) of a living or revocable trust
  - The trustee of an irrevocable trust
- Any person or entity that is pre-approved by lender to assume Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any person or entity with an aggregate interest (whether direct or indirect) in the Borrower equal to or exceeding 25 percent including any (i) equitable ownership interest or (ii) any beneficial interest in an Illinois Land Trust, irrevocable trust or Delaware Statutory Trust
- A LIHTC Syndicator
- Any person or entity that Freddie Mac determines to be a Borrower Principal

Borrower Transaction Parties

See Section 7.1.

Breakage Fee

The Breakage Fee is the fee, as set forth in the Letter of Commitment, Forward Commitment or early rate lock application, that the Borrower will owe the Seller and the Seller will owe Freddie Mac if there is a Nondelivery or in certain cases, if Freddie Mac Rejects the early rate lock application.

Business Continuity Plan

See Section 2.20.

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.

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Business Disruption

See Section 2.20.

~~Business Continuity Plan~~

~~See Section 2.20.~~

Capitalization Rate

The Capitalization Rate is the percentage rate that represents the proper relationship between the value of the Property and the Net Operating Income that the Property produces.

Captive Insurance Company or Captive Insurer

See Section 31.1(c).

Cash Forward Commitment

See definition of Construction Phase Letter of Credit.

Certified Inspector

See Section 40.13(b).

Certified Organizational Chart

A Certified Organizational Chart is an Organizational Chart that is attached to Form 1114, Certification – Organizational Chart. If the Certified Organizational Chart is revised, the Borrower must submit a new Form 1114, Certification – Organizational Chart, with the revised Organizational Chart.

Change of Control

With respect to the Seller/Servicer, a change in the Control, directly or indirectly, of the management or policies of a Seller/Servicer, 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/Servicer
- 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

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Claims Made Policy Form

See Section 31.1(c).

Coinsurance Clause

See Section 31.1(c).

Commercial Property Assessed Clean Energy

Commercial Property Assessed Clean Energy is a tax lien financing program that is available to commercial, industrial and multifamily property owners to access affordable financing for qualifying energy efficiency and clean energy improvements to their properties.

Common Equity

See Section 9.9(b).

Complete Borrower/Key Borrower Principal Due Diligence Package

A Complete Borrower/Key Borrower Principal Due Diligence Package consists of:

- Form 1115, Borrower and Key Borrower Principal Certificate;
- Form 1116, Real Estate Schedule;
- Certified current financial statements for the Borrower and Key Borrower Principals;
- Credit report(s) for Guarantors that are individuals;
- Form 1112, Borrower and Key Borrower Principal Blanket Certification; and
- Liquidity verification documentation, if applicable

The Complete Borrower/Key Borrower Principal Due Diligence Package is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.

Conditions to Conversion

Conditions to Conversion is, collectively, each of the conditions precedent to Conversion set forth (i) in the Forward Commitment, (ii) in Section 17A.~~10~~11 (for Forward Commitments under Chapter 17A), Section 19A.~~12~~13 (for Forward Commitments under Chapter 19A), Section 25A.7 and 25A.8 (for Forward Commitments under Chapter 25A) or Section 28A.14, Section 28A.15 and Section 28A.16 (for Forward Commitments under Chapter 28A), as applicable, and (iii) any other condition which may otherwise be required by Freddie Mac in connection with Conversion.

Confidential Information

See Section 2.8.

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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.

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

Continuing Care Retirement Community

See Section 21.2.

Control

Control is the power to manage, control or direct the decisions of an entity.

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Conventional Seller/Servicer

A Conventional Seller/Servicer is a Seller/Servicer that meets the net worth requirements in Section 3.3 and Freddie Mac's other eligibility requirements and has been approved by Freddie Mac as an Optigo Conventional Lender. In the Guide, an Optigo Conventional Lender is also referred to as a Conventional Seller/Servicer.

Conversion

For a Forward Commitment under either Chapter 17A or 19A, the Conversion is the closing of the permanent Mortgage after construction has been completed and the Property has met the applicable Conversion criteria.

For a Forward Commitment under Chapter 25A, the Conversion is the purchase of the TEL by the Seller from the construction lender after construction has been completed and the Property has met the applicable Conversion criteria.

For a Moderate Rehabilitation (Mod Rehab) Mortgage, the Conversion is the time when the loan terms change from the Interim Phase loan terms to Permanent Phase loan terms.

Conversion Underwriting Package

The underwriting package prepared by the Seller in accordance with Section 1.31 of Exhibit 1, and submitted to initiate Conversion.

Conviction or Convicted

Conviction is any (a) judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea; or (b) any other resolution that is the functional equivalent of a judgment of guilt of a criminal offense, including probation before judgment and deferred prosecution. This includes nolo contendere (no contest) pleas, Alford pleas, and pardons not resulting in an expungement of the conviction. A disposition without the participation of a court is the functional equivalent of a judgment only if it includes an admission of guilt. Previous convictions that have been expunged by the date that Form 1115, Borrower and Key Borrower Principal Certificate is completed will not be considered Convictions.

Cooperative

A Cooperative, or co-op, is a form of ownership of multifamily housing in which a cooperative housing association or corporation owns the multifamily Property (land and improvements) and the dwelling units are subject to proprietary leases between the corporation and unit "owners". The unit owners own stock in the association or corporation to evidence their "ownership" in their dwelling units. Blanket (underlying) first Mortgages on multifamily housing owned by Cooperatives are eligible for purchase subject to the requirements set forth in Sections 8SBL.18 and 9.5.

Coupon Rate

The Coupon Rate is the interest rate specified in the Note secured by the Security Instrument.

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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.~~

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~~**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 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.

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

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delivery service does not constitute delivery to Freddie Mac.

Directing Certificateholder

The holder (or its authorized representative) of the most subordinate class of certificates in a Freddie Mac-sponsored Securitization. The Directing Certificateholder has certain rights (e.g., consent, notice, consultation and fees) with respect to the servicing of Mortgages owned by such Securitization.

Directing Party

The party holding the rights of a Directing Certificateholder in a Freddie Mac-sponsored Securitization.

Discovery Policy Form

An insurance policy form that covers losses discovered during the policy period even though they may have occurred before the policy period.

Document Management System

A Multifamily Software Application used to receive, deliver, and store electronic versions of documents relating to Freddie Mac Multifamily Mortgages.

Down Units

Residential units that cannot be made rent-ready with routine maintenance and repairs.

Due Date

The Due Date is the date on which the Borrower's monthly installment of principal, interest and, where applicable, Reserves is due as stated in the Note and other Loan Documents.

Due Date of Last Paid Installment

The Due Date Last Paid Installment is the Due Date of the last fully paid monthly installment of principal, interest, and Reserves (if any). It is not the date on which such payment was credited or the date of the next scheduled installment.

Effective Gross Income

Effective Gross Income is the maximum rental revenue the Property can generate based on: (a) (1) actual rents in occupied units; (2) achievable market rents in vacant units; (3) allowable commercial income; plus (4) all allowable sources of other income; less (b) vacancy, concessions and bad debt allowance. The above calculation is further refined for TAH transactions, subject to Freddie Mac's sole discretion, to take into account any restricted rents affecting the Property, the maximum allowable low-income housing tax credit rents (less utility allowances) (for 4% or 9% LIHTC transactions), and/or the HAP contract rents.

Electronic Delivery Package

The Electronic Delivery Package is the set of documents comprising a portion of the Final Delivery Package which is delivered electronically via DMS. For identification of the documents comprising the Electronic

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Delivery Package, refer to the appropriate Final Delivery Table of Contents available at mf.freddiemac.com/lenders/purchase/.

Eligible Institution

A depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which must meet the minimum rating requirements in Section 52.2(a).

Energy Certification

Energy Certification is an energy certification and/or score of environmental energy savings given to the Utility Efficiency Improvements on the Property by applicable local, State or federal agencies or another nationally recognized building association.

Energy Star® Score

ENERGY STAR® Score is the measure of energy performance provided for the Property by Portfolio Manager.

Environmental Superlien Law

See Section 61.1(b).

EPA 1-100 Water Score

EPA 1-100 Water Score is a measure of water performance provided for the Property by Portfolio Manager®.

Equity Conflict of Interest

See Section 2.25.

Escrow Functions

The writing or issuance of the title commitment and Title Policy and related endorsements on behalf of the Title Insurance Underwriter, and handling and/or recording of deeds, deeds of trusts, mortgages, leases and other instruments required to close a Mortgage in accordance with the closing or escrow instruction letter.

Exception(s)

Any exceptions to the Seller/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.~~

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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).

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.

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

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Each of these documents are available at mf.freddiemac.com/lenders/purchase/.

Final Delivery Package

As further defined in Chapter 32, the Final Delivery Package is the complete set of the required Purchase and Servicing Documents set forth in Chapter 32 and in the Final Delivery Instructions, which set may be comprised of both hardcopies and electronic versions of such documents.

Financial Crimes

Crimes to obtain personal or business advantage or that may result in conversion of property. Such crimes are generally characterized by fraud, deceit, concealment, or violation of trust and typically do not depend on the application of threat or physical force or violence. Examples include fraud, bribery, money laundering, sanctions violations, forgery, counterfeiting and terrorist activity financing.

First Lien

A First Lien is any lien that grants to the lienholder a claim against the Property that, under the law of the jurisdiction where the Property is located, is prior to the rights of all others, subject only to prior liens and encumbrances that Freddie Mac has expressly waived pursuant to Section 29.2.

First-Time Sponsor

See Sections 9.2(d) and 9SBL.2(c)(3).

Floating-Rate Mortgage

A Floating-Rate Mortgage, also known as an adjustable rate mortgage or ARM, is a Mortgage for which the interest rate is adjusted at specified intervals for the entire Mortgage term. A Floating Rate Mortgage may be amortizing or interest-only. Floating-Rate Mortgages must have either a Freddie Mac internal interest rate cap ("internal interest rate cap") or a third-party interest rate hedge.

Foreign Guarantor

An individual or entity who signs a Guaranty for the Mortgage is considered a Foreign Guarantor if they are any of the following:

- Not a United States entity
- Not a United States citizen or lawful permanent resident of the United States
- A United States citizen or lawful permanent resident of the United States who does not reside in the United States

The requirements for a Foreign Guarantor are set forth in Sections 9.11 and 9SBL.2(e), as applicable.

Forward Commitment

Forward Commitment has the meaning provided in Section 17A.1 ~~(~~for Conventional Mortgage under a Forward Commitment~~),~~, and Section 19A.~~2 (~~1 for TAH Cash Mortgage under a Forward Commitment~~),~~ as supplemented by Chapter 25A for TEL and Chapter 28A for Bond Credit Enhancement.

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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 issuance under a Funded Forward Commitment or for an Unfunded Forward Commitment when requested by Freddie Mac. The requirements are set forth in Section 8.16. At the time of Conversion, a complete property inspection is required.

Freddie Mac Access Manager

A Multifamily Software Application that enables Seller/Servicers who have registered and received Freddie Mac's authorization, to create, manage, and provision their users' access to certain servicing tools and applications.

Freddie Mac Approved Third Party Applications

Third party systems or software applications approved by Freddie Mac as provided in Chapter 2.

Freddie Mac Funding Date

The Freddie Mac Funding Date is:

- The date on which Freddie Mac disburses payment to the warehouse lender or the Seller for a Mortgage purchased by Freddie Mac under a cash program or product, or
- The settlement date for Mortgages purchased by Freddie Mac under a Multifamily Structured Transaction, or
- Execution by Freddie Mac of a Credit Enhancement Agreement in a bond credit enhancement transaction.

Freddie Mac Matters

See Section 7.1.

Freddie Mac Matters Contractor

See Section 7.1.

Freddie Mac Matters Employee

See Section 7.1

Freddie Mac Preservation

Freddie Mac Preservation is defined as Properties for which rent restrictions are in place through the Loan Agreement (e.g., Borrower-elected rent restrictions) or third-party, non-governmental rent restrictions. Freddie Mac Preservation rent restrictions may vary by product. TAH Mortgage products eligible for Freddie Mac

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Preservation include Non-LIHTC Preservation Rehabilitation and ~~Non-LIHTC Forwards~~Affordable Forward Commitments (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 Sections 19A.~~2~~1(b) and 28A.2.

Funding Functions

The actions to:

- Prepare the final settlement statement(s) for closing
- Collect premiums, escrows, security deposits, sale and/or loan proceeds, and/or other funds in connection with the closing of the Mortgage and, if applicable, the acquisition of the Property
- Disburse all funds in accordance with the settlement statement(s) and the closing or escrow instruction letter
- Maintain the receipts and disbursements ledger

Gold PC

A Gold PC is a Participation Certificate (PC) in which the payments by Borrowers on the Gold PC Securitized Mortgages are passed through, with a payment delay of 45 days, to the holders of the Gold PCs.

Gold PC Securitized Mortgages

Gold PC Securitized Mortgages are Mortgages that are purchased under the Multifamily Negotiated Transactions Program or the Multifamily PC One℠ 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.

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Green Assessment®

Green Assessment® is a report detailing proposed property-level improvements to promote utility consumption efficiency at the Property. It uses the ASHRAE Level 1 standard and otherwise meets the requirements set forth in Chapter 65. The report describes projected savings in terms of utility consumption and dollars saved per improvement item.

Green Consultant

Green Consultant is a certified environmental design/inspection or engineering firm that meets the requirements set forth in Chapter 65.

Green Improvements

Green Improvements are the energy and water conservation measures selected by the Borrower from the list of qualifying conservation measures identified in a Green Report. These selected conservation measures are identified as Green Improvements in the Green Improvement Rider to the Loan Documents.

Green Up®

Green Up® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment®.

Ground Lease

See Section 30.1.

Ground Lease Mortgage

See Section 30.1.

Ground Lessee

See Section 30.1.

Ground Lessor

See Section 30.2.

Guarantor

Any person or entity that is liable under the Guaranty. (See also Foreign Guarantor)

Guide

The Guide is the official version of the Multifamily Seller/Servicer Guide, including the exhibits and related supplements, Bulletins and Industry Letters.

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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 as they represent an immediate risk to any tenant that encounters such a hazard. Exposed live electrical wires and balconies with inadequate guard rails are among the types of conditions that represent Imminent Life Safety Hazards.

Imminent Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Imminent Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

Income and Expense Statement

The Income and Expense Statement is the actual or pro forma statement of income and expense items for a person, an entity, or a Property during a specified period of time.

Increased Mortgage Amount

For the purposes of the early rate lock delivery option and the early rate lock application, see Section 27.20.

Increased Scrutiny for Moisture or Mold Issues

Increased Scrutiny for Moisture or Mold Issues is a specific inspection protocol, set forth in Section 8.3(b), which is used to evaluate the risk of moisture or Mold issues in certain Properties.

Independent Director/Manager

Independent Director/Manager is an individual who is not affiliated with the Borrower, any SPE Equity Owner, Guarantor or any other Borrower Principal or any parties associated or affiliated with the foregoing parties. See the Loan Documents for a more complete definition.

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Independent Living Property

See Section 21.2.

Index Lock

See Section 27.1(b).

Index Lock Agreement

See Section 27.1(b).

Industry Trained Inspector

See Section 40.13(b).

Insurable Value

See Section 31.1(c).

Insurance Compliance Tool

A Multifamily Software Application for Sellers to submit documentation related to Borrower's insurance compliance.

Joint Loss Agreement

See Section 31.1(c).

Key Borrower Principal

Key Borrower Principal is:

- Any Guarantor, regardless of the amount of ownership interest in the Borrower and even if not in the organizational structure of the Borrower
- Seniors Housing Operator
- Any operator of the Property that is a Master Tenant under a master lease structure (e.g., a Delaware Statutory Trust or Shariah-compliant loan)
- Any person or entity that has Ultimate Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any Pre-Approved Transferee
- Any non-Controlling person or entity that meets both of the following conditions, including LIHTC Investors:
    - Has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant

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- Is not owned by any other person or entity that also has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant

  - If a trust meets the two conditions above, the following parties are also considered Key Borrower Principals:

    - The settlor (grantor) of a living or revocable trust

    - The beneficiary of an irrevocable trust if the beneficiary has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing, Operator, or Borrower-affiliated Master Tenant

- Any individual or entity that does not meet the criteria set forth above but who is determined by Freddie Mac to be a Key Borrower Principal. These may include individuals or entities defined as a Required Equity Owner in the Loan Agreement.

Except for a LIHTC Investor that is a U.S. publicly traded entity a Key Borrower Principal must submit a Complete Borrower/Key Borrower Principal Due Diligence Package.

Leasehold Interest

See Section 30.1.

Legal Issues Analysis

See Sections 6.4. and Section 29.2.

Letter of Commitment

A Letter of Commitment or Commitment is the written indication that Freddie Mac has made an offer to the Seller to purchase a Mortgage. The Letter of Commitment and any amendments set forth the terms and conditions of the purchase transaction. For an early rate-lock delivery, a counter-signed early rate-lock application, with all modification and acceptance letters, takes the place of the Letter of Commitment. Letters of Commitment also include Forward Commitments.

Life Safety Hazard

Life Safety Hazards consist of conditions that increase the possibility of personal injury or death. Traditionally, these hazards are associated with inadequate protections and often result from noncompliance with code requirements.

See also the definitions of Imminent Life Safety Hazard and Potential Life Safety Hazard, which apply to the post-purchase annual inspection of a Property. There is no comprehensive list of Imminent or Potential Hazards and the inspector must exercise judgment to determine the Hazard category.

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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.

Limited Multifamily Experience Sponsor

See Section 9.2(d).

Linked Buildings

For SBL Mortgages, Linked Buildings are a Property comprised of buildings located on non-contiguous parcels. If the Property is comprised of non-contiguous parcels of land the transaction must be prescreened by Freddie Mac as required by Section 8SBL.6(c).

~~Limited Multifamily Experience Sponsor~~

~~See Section 9.2(d).~~

Liquid Assets

For the purposes of Seller/Servicer financial eligibility, see Section 3.3(a).

Otherwise, see Liquidity.

Liquidity

Cash, cash equivalents, Treasury bills, money market investments or certificates of deposit with maturities of one year or less, and marketable securities (such as stocks and bonds). Restricted assets, pledged accounts, and stocks or bonds for a company or municipality in default or bankruptcy must be excluded. All Liquidity must be measured in US dollars.

Loan Agreement

The Loan Agreement is the Multifamily Loan and Security Agreement. The Loan Agreement sets forth the terms of the Mortgage, including the representations and covenants of the Borrower, the events of default, the securitization terms and the lender's remedies. There is also a specially designated Loan Agreement for use with Seniors Housing Mortgages.

Loan Documents

Loan Documents are the Freddie Mac Multifamily Loan Documents, the forms of which are posted at mf.freddiemac.com/lenders/legal/. The Loan Documents include the following documents, together with any

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modifications and Riders to the documents:

- Note
- Loan Agreement
- Security Instrument
- Guaranty
- Omnibus Assignment
- All other documents used in connection with the origination or Servicing of Mortgages under Freddie Mac's programs and products.

The Legal Documents page of mf.freddiemac.com includes a list of current Loan Documents. The revision date is indicated for each Loan Document.

~~**Loan Management Form**~~

~~See Section 40.2.~~

Loan-to-Value Ratio

The Loan-to-Value Ratio is the relationship between the principal amount of the Mortgage and the value of the Property, expressed as a percentage of the value, as determined by Freddie Mac.

Localized Peril or Regional Peril

See Section 31.1(c).

Long Term Rental Assistance Contact

See Section 23.3(a).

Malicious Code

See Section 2.26(c).

Mandatory Delivery Date

The Mandatory Delivery Date is the delivery date identified in the Letter of Commitment or early rate-lock application. The Seller must deliver the Final Delivery Package to Freddie Mac by noon Eastern time on the Mandatory Delivery Date.

Mandatory Funding Date

Unless otherwise agreed upon, the Mandatory Funding Date is the date which is 15 days after the Mandatory Delivery Date; provided, however, that if such day is not a Business Day, then the Mandatory Funding Date will be the Business Day immediately preceding such date.

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Manufactured Housing Community Product

A program under which Freddie Mac Multifamily will purchase Mortgages secured by Manufactured Housing Communities, as described in Chapter 22.

Manufactured Housing Resident-Owned Community

See Section 22.1(b).

Market Overhang

See Section 19.2(e) and Section 23.3.

Master Forward Financing Agreement

The Master Forward Financing Agreement documents the general terms and conditions governing all Forward Commitments with a particular construction lender.

Master Insurance Policy

See Section 31.1(c).

Master Tenant

A Master Tenant is the tenant that operates the Property under a master lease. A master lease structure is usually used in a Shariah compliant loan or Delaware Statutory Trust loan.

Material Modification

For the purposes of the early rate lock delivery option and the early rate lock application, a "Material Modification" is as defined in Chapter 27.

Material Vendor

With respect to one or more Mortgages owned by Freddie Mac (*i.e.,* from Freddie Mac's purchase until securitization or other disposition of such Mortgage(s)), a vendor engaged by the Servicer while Servicing such Mortgage or Mortgages on behalf of Freddie Mac that has the potential to create information security risk or compliance risk for Freddie Mac.

Refer to the Material Vendors Material Vendors web page for more details and examples of Material Vendors.

Maturity Loan-to-Value

See Section 18SBL.2.

MHC Tenant Protections

See Section 22.1(b).

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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.

Moderate Rehabilitation Mortgage

See Section 17.4.

Modification Letter

The Modification Letter is used by Freddie Mac to propose material modifications to an early rate lock application.

~~Moderate Rehabilitation Mortgage~~

~~See Section 17.4.~~

Moisture Management Plan

An Moisture Management Plan is a plan provided by the Borrower to manage moisture or Mold issues at the Property in accordance with the requirements set forth in Section 8.3(a). If a Moisture Management Plan is required, the Moisture Management Plan must be maintained at the Property and be made available for verification at annual inspections. Additional information on the requirements for a Moisture Management Plan is in the Moisture Management Plan Handbook.

Mold

Mold is a naturally occurring growth that is frequently dark in color with a musty odor. Mold feeds on organic material, and the growth of Mold is typically associated with damp or moist conditions. Mold is also referred to as fungus or mildew.

Mortgage

A Mortgage is a loan meeting the requirements of Section 1.2 and secured by a lien on real estate held in fee simple or on an acceptable leasehold estate. A Mortgage may also be: (i) a bond credit enhancement meeting

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the requirements of Chapter 28 or Chapter 28A, (ii) the mortgage loan securing a TEL meeting the requirements of Chapter 25 or Chapter 25A, or (iii) a mortgage loan, or a tax-exempt bond or loan secured by a mortgage loan, not meeting the requirements of Section 1.2, Chapter 28, Chapter 28A, Chapter 25, or Chapter 25A that has been: (a) deposited in a securitization sponsored by Freddie Mac or (b) or credit enhanced by Freddie Mac. When used alone in the Guide, and unless the context indicates otherwise, the term “Mortgage” is a multifamily Mortgage secured by a property containing five or more dwelling units.

The term "Mortgage" includes the Security Instrument (mortgage, deed of trust, or deed to secure debt), the Note, the evidence of title, and all other Loan Documents that evidence the Mortgage and includes, for bond credit enhancement transactions, the bond mortgage note, the bond mortgage, the reimbursement mortgage and the reimbursement agreement.

Mortgage Documents

See Loan Documents.

Mortgage File

The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/Servicer in accordance with Chapter 34, and any other applicable sections of the Guide.

Mortgage Financial Terms

The Mortgage Financial Terms are the maximum Mortgage amount, Freddie Mac net spread, gross spread, term, amortization period (if applicable), interest only period (if applicable), prepayment terms, yield maintenance period (if applicable), lock out period (if applicable), treasury floor (if applicable), and any other relevant Mortgage financial terms as determined by Freddie Mac.

~~**Mortgage File**~~

~~The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/Servicer in accordance with Chapter 34, and any other applicable sections of the Guide.~~

Mortgages Purchased in Part

Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Mortgages Purchased in Whole

Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac.

Multifamily Document Management System

See Document Management System.

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Multifamily Eligibility System

A Multifamily Software Application for Seller/Servicers to submit monthly, quarterly and annual certifications, and update vendor inventory.

Multifamily Loan Documents

See Loan Documents.

Multifamily Securities Investor Access

A Multifamily Software Application that provides investors and analysts with information related to Freddie Mac Multifamily K-Deals®, ML-DealsSM, Q-DealsSM, SB-Deals®, and Multi PC® mortgage-backed securities and their underlying collateral.

Multifamily Software Applications

The software applications that Freddie Mac provides to the Seller/Servicer in connection with the sale and the servicing of multifamily Mortgages. The Multifamily Software Applications include ~~the following:~~

- ~~Consent Request Tracker (CRT)~~
- ~~Document Management System (DMS)~~
- ~~Freddie Mac Access Manager (FAM)~~
- ~~Insurance Compliance Tool (ICT)~~
- ~~Multifamily Eligibility System (MES)~~
- ~~Multifamily Securities Investor Access tool (MSIA)~~
- ~~Multifamily Seller/Servicer Guide via AllRegs® Online (Guide)~~
- ~~myOptigo®~~
- ~~Origination and Underwriting System (OUS)~~
- ~~Property Reporting System (PRS)~~

~~Small Balance Loan Production Pipeline Manager (PPM)~~those listed in Section 2.12(a).

National Flood Insurance Program

See Section 31.1(c).

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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~~Affordable Forward Commitments, 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.

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Occurrence-based Policy Form

See Section 31.1(c).

OFAC Lists

The OFAC Specially Designated Nationals and Blocked Persons List and the OFAC Consolidated Sanctions List.

Operator

An Operator (sometimes referred to as the "Lessee") is an entity that operates the Property under a master operating lease. Operating leases are frequently used in the Seniors Housing industry. An Operator may be affiliated with the Borrower or may be an unrelated third-party Operator.

Opinion Analysis

See Section 29.5(c).

Optigo Lender

An Optigo Lender is a lender that meets Freddie Mac's eligibility requirements, including the net worth requirements in Section 3.3, and has been approved by Freddie Mac to sell multifamily Mortgages to Freddie Mac and to service those Mortgages. Optigo Lenders may be approved as one or more of the following designations:

- Optigo Conventional Lender
- Optigo TAH Lender
- Optigo SBL Lender
- Optigo Seniors Housing Lender

See Section 2.10 and Chapter 3 for more information concerning Optigo Lenders.

In the Guide, an Optigo Lender is referred to as a Seller/Servicer, Seller or Servicer.

~~Origination Date~~

~~The Origination Date is the date of the Note.~~

Organizational Chart

An Organizational Chart for the Borrower, Guarantor not in the Borrower's organizational structure, Master Tenant (if applicable) or Operator (if applicable) must include the elements set forth in the Guidance – Organizational Charts that can be found on mf.freddiemac.com.

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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.

Origination Date

The Origination Date is the date of the Note.

Participation Certificate

A Participation Certificate represents an undivided interest in specified Mortgages purchased by Freddie Mac from a single Seller, either for cash or in exchange for Participation Certificates, and placed in a discrete pool bearing a unique Participation Certificate pool number. Participation Certificates are offered only in book-entry form.

Pledged Mortgage

See Section 33.1.

Portfolio Manager®

Portfolio Manager® is an online tool used to measure and track energy and water consumption at the Property. Portfolio Manager is located on the ENERGY STAR® website of the EPA.

Potential Life Safety Hazard

A Potential Life Safety Hazard is a hazard with a lower capacity to cause harm or consists of a condition that could become harmful. A Potential Life Safety Hazard is also of concern but does not represent the same immediacy of risk for tenants as an Imminent Life Safety Hazard. Potential Life Safety Hazards include conditions that will be recognized by most residents and avoided, including trip hazards or conditions that represent a risk only in special circumstances, such as an out-of-date fire extinguisher.

Potential Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Potential Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

PR-90 Repairs

See Sections 62.3(b) and 62SBL.3(b).

Pre-Approved Transferee

Any person or entity that is pre-approved by lender to assume Ultimate Control (direct or indirect) of Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant.

Preferred Equity

See Section 9.9(b).

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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).

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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

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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 company whose shares are traded on a United States public exchange or an over-the-counter exchange with no control over who purchases its shares after the initial public offering, or a pension fund that is controlled by a United States municipal, county, state, or federal government unit or any subsidiary thereof.

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~~

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~~2.1. Letter of Commitment (as it may be amended) fully accepted by the Seller~~

~~3.1. Early rate-lock application (as modified or adjusted) fully accepted by Freddie Mac~~

~~4.1. Other offer by Freddie Mac to purchase, fully accepted by the Seller~~

~~5.1. 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

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deemed to be one of the "Purchase and Servicing Documents," which constitute the unitary, indivisible master Servicing contract.

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.

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.

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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~~ Mortgage Investment Conduit (REMIC)

As defined in Section 860D of the Internal Revenue Code (or any successor thereto).

Real Estate Owned

Real Estate Owned is property acquired through foreclosure or deed-in-lieu of foreclosure.

Redemption Date

See Section 9.9(c).

Regulatory Agreement

See Section 23.3.

Rejection; Reject

A Rejection is Freddie Mac's determination that it will not accept the early rate lock application submitted by the Seller.

~~Real Estate Mortgage Investment Conduit (REMIC)~~

~~As defined in Section 860D of the Internal Revenue Code (or any successor thereto).~~

Rental Assistance Contract

See Section 23.3.

Repair Reserve

A Repair Reserve is a Reserve established to hold funds allocated for the completion of repairs, rehabilitation or incomplete items of construction. The Repair Reserve can be established by a Repair Escrow Agreement, a Repair and Escrow Agreement or by a Rider to the Loan Agreement that establishes a Repair Reserve.

Replacement Reserve

A Replacement Reserve (also referred to as a Replacement Reserve Fund or Replacement Reserve Escrow) is a Reserve established to hold funds allocated for the replacement of capital items. A Replacement Reserve can be established by a Replacement Reserve Agreement or by a Rider to the Loan Agreement establishing a Replacement Reserve.

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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 Personalty (as defined in the Security Instrument) as may be necessary for the operation of the Mortgaged Property and the Permitted Property and will conduct and operate its business as presently conducted and operated

- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and the Permitted Property and activities incidental to such ownership, operation and maintenance

Restricted Non-Residential Use

A Restricted Non-Residential Use is any use or operation of the leased premises that may adversely impact (i) the health and safety of the tenants or other individuals at the Mortgaged Property, or (ii) the value, occupancy or rents of the Mortgaged Property, all as determined by Lender in Lender's discretion. Restricted Non-Residential Uses include the following:

- The disposition, distribution or sale of Prohibited Substances or any establishment whose primary business is the sale of merchandise normally used or associated with Prohibited Substances

- Any establishment whose primary business is the disposition, distribution, sale or viewing of adult or pornographic materials or activities, including strip clubs and adult bookstores

- Any use involving the disposition or sale of Hazardous Materials

- Any establishment whose primary business is gambling or off-track betting

- Any establishment whose primary business is the sale of alcoholic beverages for off-site consumption

Restricted Party

See Section 7.1.

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Restricted Party Lists

See Section 7.1.

Risk Rating

A designation Freddie Mac gives to a Mortgage to reflect Freddie Mac's current risk outlook associated with the Mortgage. Risk Ratings for all Mortgages in the retained portfolio are currently between three and 10 with three deemed the lowest level of risk associated with a Mortgage and 10 being the highest level of risk.

Scheduled Interest

Scheduled interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

Scheduled Principal

Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage, calculated in accordance with Section 53.1.

Schedule of Values

See Section 31.1(c).

Scope Issues

See Section 61.2(b).

Securitization

Securitization is the transaction in which the Note for a Mortgage is assigned to a REMIC (Real Estate Mortgage Investment Conduit), grantor trust or partnership trust.

Security Incident

See Section 2.26(c).

Security Instrument

A Security Instrument is an instrument (mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

Seller

Unless the context otherwise requires it, the term "Seller," as used in the Guide and the other Purchase and Servicing Documents, refers to an Optigo Lender or a Multifamily Structured Transaction Lender acting in its capacity as a Seller of Mortgages to Freddie Mac.

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Seller/Servicer

Unless the context otherwise requires it, the term "Seller/Servicer," as used in the Guide and the other Purchase and Servicing Documents, refers to a Seller, a Servicer or an Optigo Lender.

Seller Application

Seller Application is the application between the Seller/Servicer and the Borrower for the Seller/Servicer to make a loan to the Borrower to be secured by the Property and to be sold to Freddie Mac.

Seller Representative

See Section 11.8.

Seniors Housing Liability Assessment

See Section 21.2.

Seniors Housing Mortgage

See Section 21.2.

Senior Management

A natural person who serves as one of the following positions for a Seller/Servicer:

- Owner
- President
- Vice President or other officer in charge of managing or overseeing any aspect of the Seller/Servicer's Freddie Mac business
- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Information Officer (CIO), Chief Technology Officer (CTO), or Chief Information Security Officer (CISO)
- Chief Risk Officer (CRO)
- Corporate Secretary
- General Counsel
- Director
- Chairman of the Board
- General Partner; or
- Member or manager of an LLC

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Servicer

Unless the context otherwise requires it, the term “Servicer,” as used in the Guide and the other Purchase and Servicing Documents, refers to an entity acting in its capacity of Servicing multifamily Mortgages for Freddie Mac. A Servicer may be an Optigo Lender, a Multifamily Structured Transaction Seller/Servicer, a Servicer approved on a Servicing-only basis, or a Servicing Agent.

Servicer Delegation Requirement

The following requirement that must be satisfied in order for a certain servicing activity to be eligible for delegation to a Servicer with respect to a Mortgage:

The Mortgage must either be: (i) owned by Freddie Mac, provided the Servicer has not received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization, (ii) in a 55-Day Multi PC, or (iii) in a Securitization where Freddie Mac is the master servicer.

Servicing

Servicing is the performance of applicable obligations described in the Purchase and Servicing Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

Servicing Agent

A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac. This role may also be referred to as a “subservicer” provided, as used in this definition, the reference to "subservicer" will not be construed to have the same meaning as such term is used in connection with a Securitization.

Servicing Spread

For TEL Mortgages, the Servicing Spread is the fee payable by the Borrower to the Servicer under the project loan agreement and specified by Freddie Mac in the Letter of Commitment.

For all other Mortgages, the Servicing Spread is the amount of the interest income received and retained by the Servicer as compensation for servicing a multifamily Mortgage purchased by Freddie Mac. Freddie Mac specifies the Servicing Spread in the Purchase and Servicing Documents.

Shared Access Agreement

A Shared Access Agreement is an agreement that provides for access to a Property via an easement or private road.

Shared Use Agreement

A Shared Use Agreement is an agreement that provides for the sharing, joint use and maintenance of Recreational Facilities and/or Essential Facilities.

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Short Term Rental Assistance Contact

See Section 23.3(a).

Significant Repairs or Replacements

Significant Repairs or Replacements are those that must be completed in order to protect the tenants from Life Safety Hazards, prevent significant physical or functional decline of the Property and/or negatively impact the value of the Property. Examples of Significant Repairs or Replacements include repairs or replacements to

- Structural elements such as framing, foundations, balconies, and stairs
- Major building systems, such as boilers, heating, ventilation and cooling (HVAC), electrical, plumbing, and elevators
- Defects that negatively impact the Property's habitability or income potential

Single Asset Entity

A Single Asset Entity is a Borrower that is structured so that it:

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property and such Personal as may be necessary for the operation of the Mortgaged Property and will conduct and operate its business as presently conducted and operated
- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and activities incidental to such ownership, operation, and maintenance

Single Counsel

For SBL Mortgages, as further described in Chapter 6SBL, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of SBL Mortgages.

For TEL Mortgages, as further described in Chapters 25 and 25A, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of TEL Mortgages.

Single Purpose Entity

An Single Purpose Entity is a Borrower or SPE Equity Owner that is structured with a single purpose and usually owns only one asset to avoid becoming insolvent due to its owner's conduct and that is insulated from harmful effects of the insolvency of others.

~~**Significant Repairs or Replacements**~~

~~Significant Repairs or Replacements are those that must be completed in order to protect the tenants from Life Safety Hazards, prevent significant physical or functional decline of the Property and/or negatively impact the value of the Property. Examples of Significant Repairs or Replacements include repairs or replacements to~~

~~- Structural elements such as framing, foundations, balconies, and stairs~~

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- ~~Major building systems, such as boilers, heating, ventilation and cooling (HVAC), electrical, plumbing, and elevators~~

- ~~Defects that negatively impact the Property's habitability or income potential~~

Skilled Nursing Property

See Section 21.2.

Small Balance Loan Production Pipeline Manager

A Multifamily Software Application that enables Sellers and Freddie Mac to monitor the progression of Small Balance deals.

Soft Subordinate Debt

See Section 19.2(f).

SPE Equity Owner

An SPE Equity Owner is a Delaware single member limited liability company or a corporation that acts as a general partner of a limited partnership Borrower or as the managing member of a limited liability company Borrower. The concept of an SPE Equity Owner is not applicable if the Borrower is a Delaware single member limited liability company that is a Single Purpose Entity or if the Borrower is a corporation.

Special Moisture or Mold Issues Inspection

A Special Moisture or Mold Issues Inspection is a specific inspection protocol, set forth in Section 8.3(c), which is used to evaluate existing moisture or Mold issues.

Special Servicing Request

A Special Servicing Request is a Borrower request for Freddie Mac approval of certain Borrower actions. For example, a Special Servicing Request is required for a Transfer of Ownership, Subordinate Financing, a request for a partial release, the grant of an easement, certain changes to the Repair Reserve or Replacement Reserve, and a waiver of the insurance requirements.

Specific Insurance Limit

See Section 31.1(c).

Sponsor Meeting

See Section 11.8.

Sponsor Representative

See Section 11.8.

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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.

Stand-Alone Memory Care Property

See Section 21.2.

Student Housing Property

A Student Housing Property is a multifamily Property with a student occupancy rate of more than 50 percent. These Properties cater to a student tenant base because of proximity to colleges or universities and may have been constructed as “Purpose Built/Dedicated Student Housing,” or they may be conventional multifamily Properties currently targeted for student tenants.

~~Stand-Alone Memory Care Property~~

~~See Section 21.2.~~

Subordinate Financing

Subordinate Financing is any Mortgage or other lien that is subordinate to the lien of the first Mortgage on the Property.

Substantial Rehabilitation

The expenditure of more than $35,000 per unit in rehabilitation and/or work involving major building systems or structural components that coincide with significant building code compliance repairs/upgrades or that will displace significant numbers of tenants for a material amount of time.

Supplemental Mortgage

See Section 20.1.

Suspicious Activity

Activity that a Seller or Servicer reasonably believes may involve actual or possible money laundering, terrorist financing, mortgage-related fraud or other financial crimes, and which is undertaken by any party involved in any stage of the origination, underwriting, or Servicing of a Freddie Mac Mortgage.

Targeted Affordable Housing Mortgage

A Mortgage originated under either of the following:

- Targeted Affordable Housing (TAH) prior approval model, described in the Multifamily Seller/Servicer Guide
- Delegated Underwriting Model for TAH, described in the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide (TAH Guide)

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Tax Exempt Bond Credit Enhancement Mortgages

Tax Exempt Bond Credit Enhancement Mortgages are Mortgages that are used as collateral for tax exempt bond transactions in which Freddie Mac has entered into a Credit Enhancement Agreement in a specially negotiated transaction.

Tax-Exempt Loan

A Tax-Exempt Loan is originated under Chapter 25 or Chapter 25A.

Tenant-Based Rental Assistance Vouchers

See Section 23.4

Title Agent

An approved agent or agency authorized by the Title Insurance Underwriter to write or issue a Title Policy.

Title Company

Individually and/or collectively, any Title Insurance Underwriter, Title Agent, and/or escrow and settlement company that is issuing a Title Policy, recording documents and/or performing escrow and settlement functions in connection with a Mortgage transaction. When a Title Insurance Underwriter and a Title Agent are handling separate matters for a Mortgage closing, the term Title Company will include both such parties.

Title Insurance Underwriter

An entity that underwrites and issues, or authorizes issuance of, a Title Policy or, as applicable, reinsurance or coinsurance for a Title Policy, that is the party insuring the risks addressed by the Title Policy or such reinsurance or coinsurance, and which is licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa) and regularly issuing title insurance in such jurisdiction. A Title Insurance Underwriter may also authorize its Title Agent to write a Title Policy.

Title Policy

A single paid-up loan title insurance policy meeting the requirements in Chapter 29 and the Title Policy and Endorsement Requirements.

Total Insurable Value

See Section 31.1(c).

Transfer of Ownership

For the purposes of Chapter 41, Transfers of Ownership and Chapter 41SBL, SBL Transfers of Ownership is any conveyance or other transfer of (a) an interest in the Property (including fee simple title or a Mortgage or other lien) or (b) an interest in the Borrower entity, which conveyance or transfer, if carried out without Freddie Mac's prior written approval, would violate a due-on-transfer provision or prohibition on Subordinate Financing contained in the Loan Documents.

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Transfer of Servicing

See Section 42.2(a).

Ultimate Control

Ultimate persons or entities that have Control (direct or indirect) of an entity. A party with Ultimate Control must be one of the following:

- An individual,
- Private Investment Fund,
- A revocable trust (including the settlor/grantor and trustee of the revocable trust), or
- A U.S. public company (U.S. publicly traded entity).

If an individual or entity is a Control party in a Private Investment Fund which is a Key Borrower Principal, then that individual or entity must be disclosed and will be subject to all Office of Foreign Assets Control (OFAC) and Anti-Money Laundering (AML) Laws compliance-related obligations set forth in the Guide, including those identified in Chapters 2, 9, 41, 43 and 44.

Unfunded Forward Commitment

See Sections 17A.1, 19A.~~2,~~1(b), 25A.2 and 28A.2.

Utility Efficiency

Utility Efficiency is a Freddie Mac suite of offerings for Borrowers who have made or plan to make their Properties more energy and water efficient.

Utility Efficiency Certificate

Utility Efficiency Certificate is available for Properties that: (i) have a building performance certificate or rating as set forth in Section 55.2 and (ii) meet Freddie Mac affordability requirements.

Utility Efficiency Certified

Properties are considered Utility Efficiency Certified when they have a Utility Efficiency Certificate.

Utility Efficiency Consultant

Utility Efficiency Consultant is a certified environmental design/inspection or engineering firm that meets the requirements set forth in Chapter 65.

Utility Efficiency Improvements

Utility Efficiency Improvements are the energy and water conservation measures selected by the Borrower from the list of qualifying conservation measures identified in a Green Assessment. These selected conservation measures are identified as Utility Efficiency Improvements in the Utility Efficiency Improvement Rider to the Loan Documents.

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Utility Efficiency Loan

Utility Efficiency Loan is an option available when a Borrower commits to making Utility Efficiency Improvements identified in a Green Assessment.

Value-Add Mortgage

See Section 17.2.

Web Searches

Web Searches are search engine reviews that are performed ~~on the Property, Borrower, Borrower Principals, Non-U.S. Equity Holders, and property management company~~ to identify Financial Crimes, litigation, negative credit events and events that would create reputational risk for Freddie Mac.

Weighted-Average Coupon

The Weighted-Average Coupon of any group of Mortgages is calculated by:

- Multiplying the purchased unpaid principal balance of each Mortgage by the Coupon Rate of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of the products by the aggregate purchased unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Coupon is conclusive.

Weighted-Average Remaining Maturity

The Weighted-Average Remaining Maturity of any group of Mortgages is calculated by:

- Multiplying the unpaid principal balance of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of all the products by the aggregate unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Remaining Maturity is conclusive.

Workforce Housing Preservation

Workforce Housing Preservation is a Conventional Mortgage product designed to preserve middle-income rental housing stock by restricting rents through Borrower-elected rent restrictions in the Loan Agreement or third-party, non-governmental rent restrictions subject to Freddie Mac review and approval of the third-party agreement terms. See Section 17.6.

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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.

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Commonly Used Acronyms

ACM

Asbestos-containing materials

AIF

Annual Inspection Form

AMI

Area Median Income

AML

Anti-Money Laundering

ARM

Adjustable-Rate Mortgage

ASTM

American Society for Testing and Materials. See Chapters 61, 62, 64 and 66.

CCRC

Continuing Care Retirement Community

C-PACE

Commercial Property Assessed Clean Energy

Co-op

Cooperative

CRT

Consent Request Tracker

DCR

Debt Coverage Ratio

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DBRS

Dominion Bond Rating Service

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

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ICT

Insurance Compliance Tool

IV

Insurable Value

LBP

Lead-based paint

LIA

Legal Issues Analysis

LIHTC

Low-Income Housing Tax Credit

~~**LMF**~~

~~Loan Management Form~~

LODR

Letter of Determination Review

LOMA

Letter of Map Amendment

LOMR

Letter of Map Revision

LST

Loan Submission Template

LTV

Loan-to-Value

MAE

Multiple Asset Entity

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MES

Multifamily Eligibility System

MHC

Manufactured Housing Community

MHROC

Manufactured Housing Resident-Owned Community

MMP

Moisture Management Plan

MSIA

Multifamily Securities Investor Access tool

MTNA

Mortgage Transaction Narrative Analysis

NFIP

National Flood Insurance Program

NOI

Net Operating Income

OFAC

Office of Foreign Assets Control

OUS

Origination and Underwriting System

PC

Participation Certificate

PCB

Polychlorinated biphenyls

PLIM

Preliminarily Legal Issues Memorandum

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PPM

Small Balance Loan Production Pipeline Manager

PRS

Property Reporting System

~~**RCV**~~

~~Replacement Cost Value~~

RAC

Rental Assistance Contract

RCV

Replacement Cost Value

REIT

Real Estate Investment Trust

REMIC

Real Estate Mortgage Investment Conduit

REO

Real Estate Owned

Restricted MAE

Restricted MAE

S&P

Standard and Poor's

SAE

Single Asset Entity

SBL

Small Balance Loan

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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

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