Appendix B to July 15, 2025 Bulletin: Redlined Guide Chapter Changes

A combined redlined file of all Guide chapter changes made with the July 15, 2025 Bulletin

Redlined Guide Chapter Changes

Compilation of redlined Guide chapters

This PDF is a compilation of redlined changes to each revised Guide chapter, the Glossary and Directory that were announced with the July 15, 2025 Bulletin. It does not contain redlined changes of the full Guide. The redlined changes are only of the chapters that have been revised with this Bulletin.

Review in conjunction with the Bulletin and Guide Updates Spreadsheet

These redlined changes must be reviewed in conjunction with the July 15, 2025 Bulletin and Appendix A to July 15, 2025 Bulletin, Guide Updates Spreadsheet. The redlined changes may appear more extensive than the change is, as text may have moved or formatting may have changed. The footers are updated by chapter.

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31.1 General insurance requirements and insurance terms (~~05/22~~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. Requirements applicable only to SBL Mortgages (12/15/22)~~

~~1. Requirements for adequate property and liability insurance coverage~~

~~As of the Freddie Mac Funding Date and throughout the term of the SBL Mortgage, the Seller/Servicer must evaluate the insurance coverage and limits for each Property and ensure, to its satisfaction, that adequate property and liability insurance coverage is in place.~~

~~The term "Recommended Insurance Standards" means all of the standards for insurance coverage and limits as well as any related guaranty requirements set forth in this Chapter 31.~~

~~When evaluating the adequacy of the property and liability insurance coverage for the Property, the Seller/Servicer must refer to the Recommended Insurance Standards and must document, as specified in Section 31.1(b)(2), any insurance coverage limit, insured peril, or other aspect of the insurance coverage that differs from the Recommended Insurance Standards. The Seller/Servicer may approve insurance coverage for the Property that differs from the Recommend Insurance Standards provided that the Seller/Servicer ensures that the insurance coverage maintained for the Property includes adequate coverage for the kind of risks customarily insured against and in such minimum coverage and maximum deductibles as are customarily and generally acceptable to institutional lenders for properties comparable to the Property.~~

~~At all times during the term of the SBL Mortgage, the Seller/Servicer must also:~~

- ~~Ensure that the Borrower and the Property are covered by all insurance policies required by the Loan Documents~~

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- ~~Ensure that the Borrower complies with all insurance requirements mandated by federal laws and by State and local laws of the jurisdiction where the Property is located~~

- ~~Comply with all documentation, delivery and servicing requirements of Sections 31.2 through 31.28~~

~~The Seller/Servicer is not permitted to exercise its discretion to approve coverage that differs from the following:~~

- ~~The All-Risk insurance requirements in Section 31.5~~

- ~~The Business Income/Rental Value Insurance requirements in Section 31.6~~

- ~~The flood insurance requirements in Section 31.8~~

- ~~The earthquake insurance requirements in Section 31.9~~

~~**1. Representations of adequate insurance coverage; Coverage and Gap Reporting**~~

~~As of the Freddie Mac Funding Date and throughout the term of each SBL Mortgage, the Seller/Servicer must document via the Insurance Compliance Tool (ICT) each of the following (collectively, "Coverage and Gap Reporting")~~

- ~~The property and liability limit insurance coverage in place for the SBL Mortgage~~

- ~~Any insurance coverage limit, insured peril or other aspect of insurance coverage for the SBL Mortgage that differs from the Recommended Insurance Standards applicable to the Property~~

~~Freddie Mac will accept the Coverage and Gap Reporting entered by the Seller/Servicer into the ICT as the Seller/Servicer's representation of adequate property and liability insurance coverage for the SBL Mortgage and justification of the adequacy of coverage where coverage gaps are present.~~

~~ii.~~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.

~~jj.~~c. Additional insurance terms (~~05/22~~07/15/25)

The following insurance terms when used in this chapter have the following meanings:

1. Actual Cash Value (ACV)

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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

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~~ Blanket Insurance Policy provides insurance ~~policy provides~~ coverage for multiple locations, properties~~ and/~~, or ~~multiple perils with~~assets under a single, ~~per-occurrence limit that is~~ shared ~~among the properties covered~~limit.

5. Captive Insurance Company or Captive Insurer

~~A captive insurance company~~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~~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 ~~Replacement Cost~~Insurable Value (IV) (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

Insurable Value is an estimate of the maximum amount ~~needed~~ to replace, repair, or reproduce ~~the~~a Property, but excluding any land value.

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~~Though the~~The Seller/Servicer ~~may~~must use ~~other reliable resources~~credible sources to determine ~~estimated~~ Insurable Value~~,~~. Below are examples of the most common resources ~~include~~:

- **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

9. Joint Loss Agreement

~~A~~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 ~~arbitrate~~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

~~A~~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.

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~~14. Replacement Cost Value~~

~~The Replacement Cost Value (RCV) is the estimated cost to replace the property improvements on the same premises with improvements of comparable material and quality and used for the same purpose.~~

~~The following items should not be included in the estimated RCV:~~

- ~~Cost to reconstruct the foundation(s). (However, when determining the RCV of improvements for flood insurance, the value must include the cost to repair or replace the foundation and supporting structures)~~
- ~~Cost of site improvements, such as driveways, parking lots, sidewalks, and landscaping~~

~~15.~~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.

~~16.~~15. 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.

~~17.~~16. 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.

31.2 General requirements for Borrower's property damage and general liability insurance (~~12/14/18~~07/15/25)

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.

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b. Insurance policy term (~~12/14/17~~07/15/25)

~~Generally, insurance~~Insurance policies ~~are~~should be written for a term of at least 12 months. ~~However, Freddie Mac will permit~~For a ~~policy of any~~ newly-originated Mortgage, a Property may be added mid-term~~, as long as the~~ to an existing 12-month policy~~ is~~. 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 ~~remains~~must be continuous throughout the term of the Mortgage.

See Section 31.22 for additional information on renewals.

c. Reserve (~~05/22~~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. ~~If National Flood Insurance Program (NFIP) flood insurance is required, the Seller/Servicer must collect Reserves for the NFIP flood insurance if the Seller/Servicer collects Reserves for other insurance on the Property.~~

Unless Freddie Mac has deferred the collection of the Reserves for insurance premiums for Blanket Insurance Policies, Master 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.

If the Servicer does not maintain a Reserve for insurance premiums, the Seller/Servicer must ensure that the Borrower has made the payments as required in Section 31.2(g).

See Section 39.2 for additional information regarding Reserves and payments.

d. Named insured (05/22/25)

~~The below insurance updates are effective for all **loans under Seller Application on or after June 2, 2025** and **insurance policy renewals on or after July 21, 2025**.~~

All insurance policies must list the Borrower as a named insured.

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e. Mortgagee clause and additional insured (12/14/18)

Each property damage policy (including all perils within the scope of "Causes of Loss – Special Form" or "All Risk" policy, and any other cause for which Freddie Mac requires or may require property damage insurance) required by the Purchase and Servicing Documents must contain a standard mortgagee clause and a loss payable clause in favor of, and in a form acceptable to, Freddie Mac.

Each general liability policy (including commercial general liability (CGL), umbrella liability and excess liability) must name Freddie Mac as an additional insured. If umbrella or excess liability policies are "Follow Form" to the underlying CGL policy, verification of additional insured status on the umbrella or excess policies is not required.

Freddie Mac must not be named as an additional insured in any professional liability insurance policies, including a primary, excess and/or umbrella professional liability insurance policy for a Seniors Housing Mortgage with assisted living, Alzheimer's care, and/or skilled nursing units.

Except as noted above, the mortgagee (for a property damage policy) and additional insured (for a liability policy including commercial general liability (CGL), umbrella liability and excess liability) in the Borrower's insurance policies must be designated as shown in the following example:

FREDDIE MAC its successors and assigns
C/O NAME OF SELLER/SERVICER
100 MAIN STREET
HOMETOWN USA 12345

f. Cancellation clause (05/05/17)

Unless required otherwise by State law, each property damage insurance policy must provide that the insurer will notify the named mortgagee in writing at least 10 days before cancellation of the policy by the insurer for nonpayment of the premium or nonrenewal, and at least 30 days before cancellation by the insurer for any other reason.

General liability and umbrella or excess liability insurance policies must provide that the insurer will notify at least the named insured in writing at least 10 days before cancellation of the policy by the insurer for nonpayment of the premium or nonrenewal, and at least 30 days before cancellation by the insurer for any other reason, unless otherwise required by State law. Note that under the terms of the Loan Documents, the Borrower must promptly deliver to the lender a copy of any notices received by the Borrower with respect to the insurance policies.

g. Proof of payment (~~10/31/12~~07/15/25)

The Seller/Servicer must ensure that the Borrower:

- Has paid all initial insurance policy premiums ~~in full~~ prior to final delivery of the Mortgage to Freddie Mac, and

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- Pays all insurance policy premiums for all renewals ~~(~~or new policies, as applicable~~) in advance of the~~, when due~~ date~~ 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 (~~05/22~~07/15/25)

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;
- All properties insured on the ~~blanket policy~~Blanket Insurance Policy have common ownership by a single borrower, sponsor or parent company, or are managed by the same property management company on behalf of the Borrower; and
- The policy complies with all other applicable insurance requirements in this chapter.

The Seller/Servicer must, to its satisfaction, determine, support and document in the Mortgage File that any Blanket Insurance Limits, 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, ~~such as adjacent or nearby properties~~ covered by the same limits~~, and with respect to any peril applicable to the Property.~~. The Seller/Servicer must collect appropriate documentation such as ~~Schedules~~Statement of ~~Value~~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 ~~RCV~~IV, business income/rental value, and business personal property~~ (~~, if any~~)~~.

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.

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- Confirm whether ~~there are buildings located in a SFHA requiring flood coverage,~~blanket limits reinstate.

- Confirm whether ~~a property~~the blanket limit is ~~located in an Elevated Seismic Hazard Region~~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 ~~defined in Section 64.2~~good as, or ~~Section 64SBL.2, as applicable.~~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.

Freddie Mac recognizes that some Borrowers purchase property insurance through large programs that insure entities and properties that do not share a common ownership with the Borrower. Freddie Mac perceives additional risk in the Blanket Insurance Policies for these properties and encourages the Seller/Servicer to carefully analyze these policies to determine if the Property and other Properties encumbered by a Freddie Mac Mortgage are adequately insured.

31.4 Acceptable insurers (~~05/22~~07/15/25)

Each insurance carrier providing property damage and/or liability insurance, whether admitted or non-admitted, must ~~comply with the minimum rating requirements below based on the carrier's aggregate exposure as follows:~~maintain a minimum AM Best Company rating of A- financial strength and a financial size category of VII or better. These rating requirements do not apply to policies issued through State-Sponsored Insurance programs or policies issued by insurers participating in National Flood Insurance Program (NFIP).

~~INSURANCE CARRIER RATINGS AND FINANCIAL SIZE CATEGORIES~~					
~~Aggregate Carrier Exposure~~	~~Minimum A.M. Best Financial Strength Rating~~	~~AND~~	~~Minimum A.M. Best Financial Size Category~~	~~OR~~	~~Minimum Rating from: Fitch Inc., Standard & Poor's Rating Services, or Moody's Investors Service Inc.~~
~~≤ $5 million~~	~~A-~~	~~AND~~	~~VII~~	~~OR~~	~~A- by Fitch Inc., or~~ ~~A- by Standard & Poors Ratings Services, or~~ ~~A3 by Moody's Investors Service Inc.~~
~~> $5 million & ≤ $25 million~~	~~A-~~	~~AND~~	~~VIII~~		
~~> $25 million~~	~~A-~~	~~AND~~	~~IX~~		

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~~Insurance carrier rating requirements and minimum financial size categories are based on the aggregate carrier exposure, which is defined in the chart below.~~

~~Aggregate Carrier Exposure (for each individual carrier)~~		
~~Insurance type~~		~~Aggregate Carrier Exposure~~
~~Property damage insurance~~	~~Specific Insurance Limit or policy for one Property~~	~~Required building coverage limits + required Business Income/Rental Value Insurance~~
	~~Blanket Insurance Policy or Master Insurance Policy from one carrier~~	~~Blanket Insurance Limit or Master Insurance Policy limit~~
	~~An individual policy, Blanket Insurance Policy or Master Insurance Policy with more than one carrier participating with layered limits~~	~~Total limit provided by the carrier in all layers in which the carrier participates~~
~~Liability insurance~~	~~Specific Insurance Limit or policy for one Property~~	~~Total aggregate limits (general liability + excess/umbrella)~~
	~~Liability insurance for multiple properties, or Master Insurance Policy from one carrier~~	~~Total aggregate limits (general liability + excess/umbrella)~~
	~~An individual policy, liability insurance policy for multiple properties or Master Insurance Policy with more than one carrier participating with layered limits~~	~~Total limit provided by the carrier in all layers in which the carrier participates~~

~~31.64~~31.5 Property damage (All-Risk) insurance (~~06/24~~07/15/25)

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. ~~All-Risk~~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:

- ~~Be~~For properties with a single residential building, be written in an amount not less than 100 percent of the ~~estimated RCV~~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 ~~RCV~~IV.

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~~In addition, coverage for roof coverings may be written on an Actual Cash Value basis.~~

Additionally, Freddie Mac ~~recommends~~requires that the policy contain a Joint Loss Agreement if Boiler and Machinery or Equipment Breakdown Insurance is required and the insurance carrier providing ~~Boiler and Machinery insurance~~the coverage is different from the carrier providing property damage insurance.

Freddie Mac also recommends that the policy contain an Inflation Guard endorsement, providing for an annual adjustment of the insurance amount based on that geographic area's inflation rate, or a similar option. (Inflation Guard may not always be available.)

a. Property damage (All-Risk) deductible (~~06/24~~07/15/25)

The maximum deductible per occurrence for property damage (All-Risk) insurance policies providing Specific Insurance Limits is:

~~RCV~~IV of the Property	Maximum Deductible
< $10 million	$50,000
≥ $10 million	$100,000

Policies that include aggregate deductibles are acceptable ~~if~~as long as 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

- 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

b. Expanded deductible (~~12/14/18~~07/15/25)

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 damage policies providing Specific Insurance Limits (other than NFIP, windstorm and earthquake insurance) if all of the conditions below have been met.

Expanded Deductibles	
~~RCV~~IV of the Property	Maximum Deductible
< $10 million	$100,000
≥ $10 million	$150,000

- The Borrower is unable to obtain deductibles for the applicable property damage insurance in compliance with the other applicable sections of this chapter

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- The Borrower or Borrower Principal demonstrates ~~liquid assets~~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.

c. Blanket All-Risk Insurance Limits (~~05/22~~07/15/25)

For policies providing property damage (All-Risk) insurance coverage using Blanket Insurance Limits, the Seller/Servicer must, to its satisfaction, determine, support, and document that the Blanket Insurance Limits, including any sub-limits, are adequate for the risks applicable to the Property~~. In evaluating whether the Blanket All-Risk Limits provide adequate coverage for concentrations of Insurable Value, the Seller Servicer must take into consideration the TIV of nearby properties that are covered by the same blanket limit. The Seller Servicer must maintain a copy of its blanket-limit analysis in the associated loan file.~~ as indicated in Section 31.3.

~~The blanket "All-Risk" limit must be no less than the greater of the following:~~

- ~~The largest individual TIV covered by the Blanket Insurance Limit, or~~
- ~~The aggregate TIV of the Property, any adjacent properties sharing a boundary with the Property, any properties separated from the Property by a street, alley, or public space, and any other properties within 100 feet of the Property and covered by the same blanket limit.~~

~~h.~~d. Deductible for All-Risk Blanket Insurance Limit (~~04/30/19~~07/15/25)

The maximum per occurrence ~~deductibles~~deductible when All-Risk coverage is provided by a Blanket Insurance Limit is ~~one percent per unit of insurance to a maximum of~~ $250,000.

~~31.65~~31.6 Business Income/Rental Value Insurance (~~05/22~~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~~ – Special Form~~" or "All Risk" policy form, regardless of whether the coverage is provided on an All-Risk or separate policy.

The ~~Business Income/Rental Value Insurance~~coverage must be sufficient to cover the ~~minimum number of~~ following:

- Income based on Actual Loss Sustained for 12 months; or

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- 12 months of ~~effective gross income~~Effective Gross Income (EGI) based on ~~underwritten EGI or~~ the most recent ~~year-end financials, and~~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 ~~minimum~~Mortgage Loan with a UPB of $35 million or more, coverage must include a 90-day extended period of indemnity ~~in accordance with the following:~~option.

~~Mortgage unpaid principal balance (UPB)~~	~~Minimum number of months EGI~~	~~Minimum extended period of indemnity~~
~~$50 million or less~~	~~12 months~~	~~None required~~
~~Greater than $50 million~~	~~18 months~~	~~90 days~~

When considering Business Income/Rental Value Insurance for Cooperative Properties, the calculation of the ~~EGI~~ required amount must include routine maintenance fees and special assessments for the Property.

~~Business Income/Rental Value coverage may be provided on an Actual Loss Sustained (ALS) basis (i.e., coverage pays only for the insured's actual loss of income, up to the overall limit of the policy), provided that any limit associated with the ALS coverage is not less than the equivalent value of the minimum number of months EGI required.~~

~~The waiting period (also known as the deductible) for this coverage may not exceed seven days.~~

~~31.70~~31.7 Windstorm insurance (~~05/22~~07/15/25)

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 ~~coverage for~~ windstorm ~~and/or windstorm related perils and/or Named Storms~~coverage is excluded from the primary property insurance policy, separate windstorm coverage must be obtained, either through an endorsement or a separate policy.

a. Wind/~~hail~~Hail coverage (04/30/19)

Wind/~~hail~~Hail coverage must meet the requirements identified in Sections 31.5 and 31.6, with the exception of deductibles.

b. Wind/~~hail~~Hail deductibles (~~02/22/24~~07/15/25)

The maximum per-occurrence deductible when ~~wind/hail~~Wind/Hail coverage is provided by a Specific Insurance Limit is as follows:

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- When expressed as a percentage, five percent ~~per unit of insurance~~of the subject collateral's TIV
- When expressed as a dollar amount:

~~TIV~~IV of the Property	Maximum deductible
< $10 million	$50,000
≥ $10 million	$100,000

The maximum per-occurrence deductible when ~~wind/hail~~Wind/Hail coverage is provided on a Blanket Insurance Limit~~ basis~~ is as follows:

- When expressed as a percentage, five percent ~~per unit of insurance~~of the subject collateral's TIV
- When expressed as a dollar amount, $250,000

The maximum deductible for Wind/Hail business income/rental value coverage is:

- When the deductible is expressed as number of days, the maximum allowed is 15 days
- When the deductible is expressed as a dollar amount, the maximum deductible is $100,000

c. Named Storm coverage (~~05/22~~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).

The Blanket Insurance Limit for Named Storm may not be less than ~~the greater~~90 percent of the ~~following:~~

~~The~~ largest individual TIV ~~of properties covered by the Blanket Insurance Limit, or~~

~~40 percent of the aggregate TIV within any State covered by the Blanket Insurance Limit (e.g., if the Blanket Insurance Limit covers properties in both Florida and Texas, then for Florida, 40 percent of the aggregate TIV of all properties within Tier 1 Windstorm Risk counties in Florida~~ covered by the policy~~; for Texas, 40 percent of aggregate TIV of all~~

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~~properties in Texas covered by the policy that are located in Tier 1 Windstorm Risk counties in Texas).~~. The blanket limit must be per-occurrence and reinstate to the required limit after any losses.

d. Named Storm deductibles (~~02/22/24~~07/15/25)

The maximum per-occurrence deductible when Named Storm coverage is provided by a Specific Insurance Limit is as follows:

- When expressed as a percentage, ~~five~~7.5 percent ~~per unit~~ of ~~insurance.~~the subject collateral's TIV
- When expressed as a dollar amount:

~~TIV~~IV of the Property	Maximum deductible
< $10 million	$50,000
≥ $10 million	$100,000

The maximum per-occurrence deductible when Named Storm coverage is provided on a Blanket Insurance Limit basis is as follows:

- When expressed as a percentage, ~~five~~7.5 percent ~~per unit~~ of ~~insurance.~~the subject collateral's TIV
- When expressed as a dollar amount, $250,000~~.~~

The maximum deductible for Named Storm business income/rental value coverage is:

- When the deductible is expressed as number of days, the maximum allowed is 15 days
- When the deductible is expressed as a dollar amount, the maximum deductible is $100,000

e. Windstorm insurance through a State Windpool (~~05/22~~07/15/25)

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 ~~1, 2, or 3 below:~~Section 31.5.
- ~~If the policy issued by the State Windpool does not contain a Coinsurance Clause, the policy must be written in an amount no less than 100 percent of the estimated RCV of the insurable improvements without any deduction for depreciation.~~
- If the policy ~~issued by the State Windpool~~ contains a Coinsurance Clause ~~that is offset or suspended by~~, it must:

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- Include an Agreed Amount Provision equal to:

- ~~The policy must be written in an amount no less than 100 percent of the estimated RCV of the insurable improvements without any deduction for depreciation, and~~
- ~~The agreed amount must equal the estimated RCV.~~
- ~~If the policy issued by the State Windpool contains a Coinsurance Clause that is not offset or suspended by an Agreed Amount Provision, then all of following are required:~~
  - ~~The policy must be written in an amount~~ no less than 100 percent of the ~~estimated RCV~~IV of the ~~insurable~~ improvements ~~without any deduction for depreciation.~~, or
- ~~The RCV estimate must meet the requirements of the Guide.~~
- ~~The Servicer must document in the Mortgage File that there is a RCV estimate dated within 12 months of the request for coinsurance.~~

~~The policy must contain~~

- Contain a Coinsurance Clause less than or equal to 80 percent.

~~In addition, the guarantor must sign an additional guaranty for any losses incurred by Freddie Mac associated with the Borrower's failure to maintain the required Windstorm Coverage.~~

If the Business Income/Rental Value Insurance required in Section 31.6 is not included in the State Windpool insurance policy, the Borrower must obtain separate Business Income/Rental Value Insurance relevant to Windstorm Coverage.

If Ordinance or Law coverage is required but not included in the State Windpool insurance policy, the Borrower must obtain the Ordinance and Law coverage separately. If Law coverage is required but not included in the State Windpool insurance policy, the Borrower must obtain the Ordinance and Law coverage separately.

~~31.71~~31.8 Flood insurance (~~05/22~~07/15/25)

Flood insurance is required for any income-producing building that is part of the Property that is fully or partially located in a SFHA Zone 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

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Freddie Mac may require flood insurance for buildings located outside of a SFHA Zone A or V, if it determines that flood insurance is warranted, such as for buildings with a history of prior flooding or subject to risk of storm surge flooding.

a. Flood zone determination (~~02/27~~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 ~~is located~~ in a community that does not participate in the National Flood Insurance Program (NFIP), is not eligible for sale to Freddie Mac, regardless of whether private flood insurance is available.

b. Flood coverage requirements (~~05/22~~07/15/25)

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 ~~RCV~~IV of the first two floors of the building above grade, plus
- The ~~RCV~~IV of any floors below grade, plus
- 12 months of business income/rental value associated with the building, and
- The ~~Insurable Value~~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

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having a process in place to obtain inventory and the Insurable Value of Borrower-owned contents or business personal property within buildings located in SFHAs ~~in order~~ to determine the required coverage. Seller/Servicers must provide documentation of the presence or absence of ~~borrower~~Borrower-owned contents or business personal property ~~within the building~~ in the Mortgage file. ~~Seller/Servicers must also provide a summary of the estimated building and business income/rental value coverage amounts required for each building located in a SFHA as an attachment within the ICT record~~.

Private flood insurance policies must:

- Be written on a ~~RCV~~IV basis without any deduction for depreciation,
- Provide coverage and terms at least as broad as or better than the coverage and terms provided under a standard flood insurance policy issued under the NFIP ~~private flood insurance policies~~, and
- Either not contain a Coinsurance Clause or contain a Coinsurance Clause that is offset by an Agreed Amount Provision. If an Agreed Amount Provision is used, the agreed amount must be no less than the estimated ~~RCV~~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 ~~in order~~ to avoid creating a situation in which a Borrower would pay for more coverage than a NFIP policy would pay out in the event of a loss.

Freddie Mac does not require flood insurance for low-value, non-residential structures located in a SFHA that meet the exemption provisions of HFIAA. Such structures include maintenance buildings, storage sheds, ~~pool houses,~~ carports, laundry buildings, and gatehouses.

c. Flood coverage provided by Blanket Insurance Limit (~~05/22~~07/15/25)

~~Blanket Insurance Limits~~For policies providing ~~private~~ flood insurance ~~for multiple properties are acceptable. The~~ coverage using Blanket Insurance Limits, the Seller/Servicer must ~~evaluate concentrations of Insurable Value associated with properties covered~~, 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 ~~Limit for flood resulting from adjacent properties and properties within the same MSA of the Property. The Blanket Insurance Limit providing flood coverage~~ Policy must be ~~no less~~as good as, or better than ~~the greater of the following:~~, 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.

- ~~The largest individual amount of flood insurance that would be required under the terms of the Guide for any property with buildings located in an SFHA within the Property's MSA covered by the Blanket Insurance Limit for flood coverage, or~~

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- ~~40 percent of the aggregate amount of flood insurance that would be required under the terms of the Guide for properties with buildings located in an SFHA within the Property's MSA that are covered by the Blanket Insurance Limit for flood coverage.~~

~~The Seller/Servicer must obtain and review sufficient information to evaluate the Borrower's portfolio of flood risk covered by the Blanket Insurance Limit for flood coverage. In order to evaluate this, the Seller/Servicer should consider the following information from the Borrower related to buildings within the Property's MSA that are located in SFHAs:~~

- ~~Property location (address)~~
- ~~Number of stories~~
- ~~Building type (Residential, Other Residential, Non-Residential)~~
- ~~Building RCV~~
- ~~Building Business Income/Rental Value (BI/RV)~~
- ~~Borrower-owned business personal property value~~
- ~~NFIP limits in place~~
- ~~Other coverage limits (excess flood) in place~~

~~The Seller Servicer may also need the following information to estimate values required for evaluation of the Blanket Insurance Limit for flood coverage:~~

- ~~Total building RCV for each property~~
- ~~Total BI/RV for each property~~
- ~~Total number of buildings at each property~~
- ~~Number of buildings at each property that are located in a SFHA~~

d. Maximum deductible for flood insurance (~~12/14/18)~~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-~~elements~~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.

~~x.~~e. Seller/Servicer flood zone monitoring responsibilities (~~05/~~07/~~07~~15/25)

The Seller/Servicer must have a process in place that allows it to:

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- Identify any FEMA NFIP map changes, and
- Determine whether buildings that are part of any Property in a community affected by a map change are now located in, or are no longer located in, an SFHA as a result of the map change

~~y. Evaluating the need for flood insurance coverage (12/15/22)~~

~~1. No change in the flood map, the Property remains in an SFHA~~

If all or any of the buildings that are part of the Property were previously in an SFHA and remain in an SFHA, flood insurance must remain in force.

~~2. Change in the flood map, the Property is now in an SFHA~~

If all or any of the buildings that were not previously in an SFHA are now in an SFHA, Freddie Mac requires the Property to be covered by the required amount of flood insurance no later than 120 days after the effective date of the FEMA NFIP map change. ~~Flood insurance may be obtained from NFIP and/or a private insurance company meeting Freddie Mac's requirements.~~

~~z.~~f. Documentation required for flood insurance coverage discontinuation (07/15/25)

Freddie Mac will not require flood insurance for buildings at a Property that are no longer in an SFHA. 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~~) from FEMA excluding the insurable improvements~~), or ~~the entire Property from the SFHA, or~~
- Letter of Map Revision (LOMR~~) from FEMA removing the community's SFHA designation,~~), or
- Letter of Determination Review (LODR)~~ concluding that the insurable improvements are not in the SFHA~~

~~The~~ During the FEMA review of the above applications, the Borrower must maintain flood insurance on the ~~insurable improvements~~SFHA buildings up to the maximum coverage available from an NFIP policy until FEMA issues a LOMA, LOMR or LODR. ~~Upon issuance of a LOMA, LOMR or LODR, the Borrower may request from FEMA a refund of paid flood insurance premiums through the insurance agent servicing the flood insurance policy. A~~The Servicer must maintain a copy of the LOMA, LOMR or LODR~~, as applicable, must be maintained~~ in the Mortgage File.

Within 10 days of authorizing the Borrower to discontinue flood insurance coverage, the Servicer must give written notice to Freddie Mac by emailing MF_Insurance_Compliance@~~FreddieMac~~freddiemac.com noting the property name, loan number, and the changes. The Servicer must also complete and submit a Summary Update record in ICT along with~~ documentation including~~ a copy of the LODR, LOMA, or LOMR and any other applicable documentation.

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~~31.72~~31.9 Earthquake insurance (12/15/22)

a. Earthquake terms used in this chapter (12/15/22)

These terms, when used in this chapter, have the following meanings:

- **Seismic Risk Assessment (SRA)**

  The Seismic Risk Assessment (SRA) uses modeling techniques to assess the risk to a Property from seismic events. It takes into consideration proximity to known faults, construction type and quality, building configuration, soil condition and other factors. See Chapter 64 or Chapter 64SBL, as applicable, for Freddie Mac's requirements for an SRA.

- **Scenario Expected Loss-475 (SEL-475)**

  The SEL-475 is defined as the SEL corresponding to the mean level loss resulting from the damage experienced due to a 475-year return period earthquake. For additional details regarding the determination of the SEL-475, see Section 64.8 or Section 64SBL.8, as applicable.

  For the purposes of this chapter, the term SEL-475 is used instead of the older term Probable Maximum Loss (PML).

b. Earthquake insurance requirements (12/15/22)

In accordance with Chapter 64 or Chapter 64SBL, as applicable, Freddie Mac requires an SRA at the Borrower's expense for a Property located in an Elevated Seismic Hazard Region. For Properties where multiple building construction types are present (for example, Properties that have buildings with and without tuck-under parking), a SEL-475 estimate is required for each building construction type. If any single building has a SEL-475 greater than 20 percent, then earthquake insurance or seismic retrofit is required for that building.

1. Required earthquake coverage

Earthquake insurance is required per the table below:

SEL-475	Building Stability Concern*	
	No	Yes
≤ 20%	Insurance not required	Ineligible for purchase until seismic retrofit completed unless otherwise approved by Freddie Mac
> 20% & ≤ 40%	Insurance required, and seismic retrofit optional; if the retrofit results in a SEL-475 ≤ 20% at completion, then insurance will no longer be required	Ineligible for purchase until seismic retrofit completed unless otherwise approved by Freddie Mac

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> 40%	The affected building(s) must have a seismic retrofit prior to the Mortgage being submitted to Freddie Mac for consideration

***See Section 64.9 or Section 64SBL.9, as applicable, for Freddie Mac's requirements for the evaluation of building stability.**

For a Property or buildings for which Freddie Mac requires earthquake insurance, the coverage must be the greater of $1 million or 150 percent of the difference between the projected loss for the Property or buildings using the actual SEL-475 and the projected loss of the 20 percent SEL-475.

Business Income/Rental Value Insurance and Ordinance and Law coverage is required if the earthquake insurance does not provide that coverage for earthquake damage.

2. Maximum deductible

The maximum deductible for earthquake insurance is as follows:

Borrower Equity	Maximum Deductible (a reserve account is required for certain deductibles)	Reserve Account
≤ 30 percent	5 percent of coverage	Not required
≤ 30 percent	10 percent of coverage	Required for 5 percent of the coverage amount
≤ 30 percent	15 percent of coverage	Required for 10 percent of the coverage amount
> 30 percent	15 percent of coverage	Not required

3. Seismic risk changes subsequent to Freddie Mac's purchase of the Mortgage

The requirements of this section apply to Mortgages that have been purchased by Freddie Mac.

a. Updates to the National Seismic Hazard Maps

If the United States Geological Survey (USGS) updates the National Seismic Hazard Maps data on its website such that a Property previously not located in an Elevated Seismic Hazard Region subsequently has a PGA (as calculated via the USGS website) equal to or greater than 0.15g, the Seller/Servicer must, within 60 days of the USGS update~~:~~

- Obtain an updated PGA calculation in accordance with Section 64.2(b) or Section 64SBL.2(b), as applicable
- Obtain an SRA in accordance with the requirements of Chapter 64 or Chapter 64SBL, as applicable

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- 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.

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.

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~~31.73~~31.10 Boiler and Machinery or Equipment Breakdown insurance (~~05/22~~07/15/25)

Boiler and Machinery or Equipment Breakdown insurance ~~provides coverage~~is required for ~~damage to the:~~

- ~~Central~~any high-pressure, centralized heating, ventilation and cooling ~~system~~ (HVAC~~)~~
- ~~Other portions of the Property, if the damage is the result of an explosion of steam boilers, pressure vessels and/~~), boiler, water heater, or other ~~steam equipment~~

~~Freddie Mac requires comprehensive Boiler and Machinery insurance for a Property with a central HVAC system where steam boilers and/or other pressurized systems are~~ vessel that is in operation and ~~are~~ regulated by the ~~State~~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 ~~now~~currently in place or installed at a later date.

~~Coverage for~~ Boiler and Machinery ~~insurance~~coverage amount must be ~~in place for the buildings~~at least 100 percent of the IV of each building housing the central HVAC system, including the ~~RCV~~IV of the central HVAC system ~~and must meet the requirements in Sections 31.5 and~~, 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 ~~recommends~~requires that both policies include a Joint Loss Agreement.

The maximum per occurrence deductible for Boiler and Machinery ~~insurance is~~

~~For a policy providing Specific~~or Equipment Breakdown Insurance ~~Limits:~~must not exceed those identified in Section 31.5 and 31.6.

~~RCV of the Property~~	~~Maximum per occurrence deductible~~
~~< $10 million~~	~~$50,000~~
~~≥ $10 million~~	~~$100,000~~

- ~~For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties to a maximum deductible of $250,000.~~

~~31.74~~31.11 Builder's Risk insurance (~~02/22/24~~07/15/25)

~~The term~~ Builder's Risk insurance~~, when used in this chapter, means a policy that~~ 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, ~~materials~~material, equipment and fixtures during construction, rehabilitation, addition, significant alteration or repair~~. Freddie Mac requires such construction projects to be fully insured in accordance with the requirements of this Chapter 31.~~, 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.

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Coverage must ~~be for~~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 ~~is~~ must not exceed those identified in Section 31.5.

- ~~For a policy providing Specific Insurance Limits:~~

~~Total Project Value~~	~~Maximum per occurrence deductible~~
~~< $10 million~~	~~$50,000~~
~~≥ $10 million~~	~~$100,000~~

- ~~For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties, to a maximum deductible of $250,000.~~

~~31.75~~31.12 Ordinance ~~and~~or Law insurance (~~05/22~~07/15/25)

Ordinance ~~and~~or Law coverage is not required for any property that is legally conforming under current building, zoning or land use laws.

Ordinance ~~and~~or Law coverage is required for any property that is non-conforming under current building, zoning or land use laws or ordinances~~ unless the municipality or other governing authority will permit the Property to be rebuilt 100 percent to the specifications of the Property that existed at the time of the loss. The Seller/Servicer must provide evidence of 100 percent rebuild allowance to Freddie Mac to demonstrate the coverage is not required.~~.

~~If the zoning law rebuild allowance is restricted to less than 12 months under which the reconstruction must be under permit or construction, then~~ Ordinance ~~and Law coverage is required.~~

~~If required, Ordinance and~~or Law coverage must include the following:

a. **Coverage "A" – Loss to the undamaged portion of the Property**: Coverage no less than the ~~estimated RCV~~IV of the Property~~; provided, however, if~~ less the damage threshold percentage ~~of~~specified in the zoning laws~~ is known,~~. If the ~~minimum for coverage A may be determined as follows:~~damage threshold is not specified, then a 50 percent threshold is acceptable.

   ~~Minimum for Coverage "A" = (RCV– (RCV X damage threshold percentage))~~

   For example:

   - If the ~~RCV~~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 ~~($20 million – ($20 million X 60 percent) = $8 million).~~

   - ~~If the damage threshold percentage is unknown, the minimum coverage must be no less than the estimated RCV of the Property, which is $20 million in this example.~~

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b. **Coverage "B" – Demolition cost**: The cost to demolish and clear the site of undamaged parts of the Property if such demolition is required~~ by enforcement of any zoning laws.~~. Coverage "B" must equal no less than 10 percent of the estimated ~~RCV~~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 ~~RCV~~IV of the Property.

d. ~~Ordinance and Law~~ **Coverage** ~~must include~~**"D" – Increased Period of Restoration**: If the Property has buildings 5 stories or more, then an Increased Period of Restoration endorsement ~~that~~ is required. The coverage extends business income and extra expense coverage ~~to provide~~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.

~~31.76~~31.13 Terrorism insurance (~~05/22~~07/15/25)

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 (~~05/22~~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 31.~~4~~5 and 31.~~5,~~6, and
- ~~Business Income/Rental Value Insurance in accordance with Section 31.6, and~~
- Liability insurance in accordance with Section 31.~~16 (not including~~15 (with the exception of Professional Liability Insurance).

b. Blanket terrorism insurance (~~05/22~~07/15/25)

For policies providing terrorism insurance using Blanket Insurance Limits, the Seller/Servicer must, to its satisfaction, determine, support, and document that the Blanket Insurance Limits for terrorism coverage are adequate for the applicable risks. In evaluating whether the terrorism limits provide adequate coverage for concentrations of Insurable Value, the Seller /Servicer must take into consideration the TIV of nearby properties that are covered by the same blanket limit. The Seller~~-~~/Servicer must maintain a copy of its blanket-limit analysis in the associated loan file.

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~~The Blanket Insurance Limit for~~ For policies providing terrorism insurance ~~must be no less than~~coverage using Blanket Insurance Limits, the ~~greater of the following:~~

- ~~The largest individual TIV covered by~~ Seller/Servicer must, to its satisfaction, determine, support, and document that the Blanket Insurance ~~Limit, or~~

~~The aggregate TIV of the Property,~~Limits, including any ~~adjacent properties sharing a boundary with the Property, any properties separated from the Property by a street, alley, or public space, and any other properties within 100 feet of the Property and covered by the same blanket limit.~~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.

~~31.77~~31.14 Localized Perils insurance (~~05/22~~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.

~~If this insurance is not available and the Property is at risk for one or more of these perils, the Seller/Servicer must inform, as applicable,~~

- ~~The *Applicable Freddie Mac Multifamily Regional Office,*~~
- ~~The *Multifamily TAH Underwriter,* or~~
- ~~Freddie Mac *Multifamily Asset Management, Borrower Transactions.*~~

Coverage must meet the requirements in Sections 31.5 and 31.6 for the buildings affected by the Localized Peril.

~~The maximum deductible for Localized Perils insurance is:~~

- ~~For a policy providing Specific Insurance Limits:~~

~~RCV of the Property~~	~~Maximum Deductible~~
~~< $10 million~~	~~$50,000~~
~~≥ $10 million~~	~~$100,000~~

- ~~For a policy providing Blanket Insurance Limits, one percent of the aggregate RCV of the covered properties, to a maximum deductible of $250,000.~~

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~~31.78 Sewer and drain insurance (01/01/13)~~

~~If the Property is prone to periodic sewer or drain back-ups caused by ground water, public or private water systems, or public sewers external to the Property, the Seller/Servicer must require the Borrower to obtain sewer and drain backup insurance.~~

~~Coverage and the deductible must be consistent with the coverage obtained by other lenders in the area.~~

31.15 Reserved (07/15/25)

~~31.79~~31.16 General liability insurance (06/24/25)

Standard Commercial General Liability (CGL) insurance on an Occurrence-based Policy Form insuring against liability resulting from bodily injury, property damage, personal injury, advertising injury and contractual liability is required with no exclusions for claims related to assault and battery, molestation, sexual abuse, animal attacks, or firearms. The policy must cover all of the following on the Property:

- Buildings
- Common areas and elements
- Commercial spaces
- Public ways (roads, driveways, alleys, walks, paths, and other similar areas)
- Home Sites and any Borrower-owned structures at an MHC Property

If the Borrower changes from a Claims Made Policy Form to an Occurrence-based Policy Form, a Supplemental Extended Reporting Period (also known as a Tail) endorsement must be obtained to prevent a gap in coverage.

a. Required CGL and umbrella or excess coverage (05/22/25)

~~The revisions made to this section announced in the May 22, 2025 Bulletin are effective for all **loans under Seller Application on or after June 2, 2025** and **insurance policy renewals on or after July 21, 2025**.~~

1. Borrower must maintain primary CGL coverage for:

   - $1 million per occurrence, and
   - $2 million in the general aggregate

   If the CGL policy covers multiple locations, Freddie Mac requires that the general aggregate limits apply per location.

2. In addition, the Borrower must maintain, at a minimum, the following umbrella or excess liability coverage:

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Aggregate number of residential units covered	Minimum umbrella or excess liability limits
Up to 250	$1 million
251 to 500	$2 million
501 to 1,000	$3 million
1,001 to 2,000	$5 million
2,001 to 5,000	$10 million
5,001 to 10,000	$15 million
10,001 to 20,000	$20 million
20,001 to 35,000	$25 million
More than 35,000	$50 million

The minimum coverage limits in this section are to be evaluated based upon the aggregate number of residential units covered by the umbrella and/or excess liability policy, and may be satisfied with any combination of primary CGL, umbrella and/or excess.

b. Maximum deductible and Self-Insured Retention (SIR) for liability insurance (06/24/25)

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:

- $35,000 for policies with individual or combined mortgage balances less than or equal to $25 million
- $50,000 for policies with individual or combined mortgage balances greater than $25 million
- $250,000 for Blanket Insurance Limits
- $10,000 for umbrella/excess liability policies

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

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c. Workers Compensation (05/22/25)

~~The revisions made to this section announced in the May 22, 2025 Bulletin are effective for all **loans under Seller Application on or after June 2, 2025** and **insurance policy renewals on or after July 21, 2025**.~~

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.

~~31.80~~31.17 Professional liability insurance requirements for certain Seniors Housing Mortgages (~~06/24~~07/15/25)

a. Professional liability (PL) insurance requirements (~~05/22~~07/15/25)

~~The revisions made to this section announced in the May 22, 2025 Bulletin are effective for all **loans under Seller Application on or after June 2, 2025** and **insurance policy renewals on or after July 21, 2025**.~~

If the Property has assisted living, Alzheimer's care, and/or skilled nursing units, the Borrower must obtain professional liability insurance.

The professional liability policy may be written on a Claims Made Policy Form or an Occurrence-based Policy Form. If the Borrower changes from a Claims Made Policy Form to an Occurrence-based Policy Form, a Supplemental Extended Reporting Period (also known as a Tail) endorsement must be obtained to prevent a gap in coverage. Terrorism insurance is not required for Professional Liability policies.

1. Borrower must maintain primary professional liability coverage of:

   - $1 million per occurrence
   - $2 million in the general aggregate

   If the professional liability policy covers multiple locations, Freddie Mac requires that the aggregate limits apply per location.

2. In addition, the Borrower must maintain the following minimum umbrella or excess professional liability coverage:

Total number of licensed beds covered by the policy	Minimum Umbrella/Excess Coverage
Less than or equal to 100	$1 million
101 to 500	$5 million
501 to 1,000	$10 million
Greater than 1,000	$25 million

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The minimum coverage limits in this section may be satisfied with any combination of primary PL, umbrella and/or excess. If CGL and PL insurance coverages are combined, the required umbrella and/or excess liability limit is the higher of the two requirements.

b. Additional insured (01/01/13)

Freddie Mac may not be named as an additional insured on professional liability insurance policies.

c. Deductibles and self-insured retention (SIR) (06/24/25)

Freddie Mac allows the following maximum deductible or SIR, or combined deductible and SIR for Professional Liability:

- $100,000 for policies that insure 500 or fewer licensed beds
- $250,000 for policies that insure more than 500 licensed beds

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.

~~31.81~~31.18 Cooperative (Co-op) Requirements (01/01/13)

a. Fidelity bond/crime insurance coverage (01/01/13)

The Seller/Servicer must ensure that each Co-op Borrower maintains fidelity bond/crime insurance coverage for the Co-op's employees, officers and board members. The minimum coverage required is the greater of

- Two times the monthly gross association fees plus reserves, or six times the monthly gross association fees
- The maximum deductible is $25,000.

b. Co-op directors' and officers' liability insurance (01/01/13)

The Seller/Servicer must ensure that each Co-op maintains directors' and officers' liability insurance as follows:

- Minimum coverage of $1 million per occurrence
- Maximum deductible of $25,000

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~~31.82~~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.

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:

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- 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.

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.

~~31.83~~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.

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a. Temporary evidence of insurance (12/15/22)

The following are acceptable forms of temporary evidence of property insurance:

- ACORD 28, Evidence of Commercial Property Insurance (most recent version)
- ACORD 27, Evidence of Property Insurance (most recent version)
- Mortgage Bankers Association (MBA) Evidence of Insurance – Commercial Property Form
- ACORD 75, Insurance Binder
- Declaration pages from Property insurance policy
- Property insurance policies, including all endorsements and exclusions
- Other equivalent documentation issued by an insurance company or agent/broker that does not use ACORD forms (such as a certificate of insurance or evidence of insurance) that is deemed acceptable by the lender
- For NFIP flood insurance, NFIP policy declaration page or completed and executed NFIP Flood Insurance Application plus a copy of the paid receipt for the Borrower's premium payment
- For private flood insurance, policy declaration page, copy of flood insurance policy including all endorsements and exclusions, copy of policy binder, or copy of quote of flood insurance that will be in place

The following are acceptable forms of temporary evidence of liability insurance:

- ACORD 25, Certificate of Liability Insurance (most recent version)
- ACORD 75, Insurance Binder
- Liability insurance policies, including all endorsements and exclusions
- Other equivalent documentation issued by an insurance company or agent/broker that does not use ACORD forms (such as a certificate of insurance or evidence of insurance) that is deemed acceptable by the lender

b. Permanent evidence of insurance (12/15/22)

The following are acceptable forms of permanent evidence of property and liability insurance:

- Copy of the insurance policy(ies), including all endorsements and exclusions
- For insurance programs using layered insurance policies, copy of the primary insurance policy(ies), including all endorsements and exclusions

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- 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)

~~31.84~~31.21 General requirements applicable to all property and liability insurance documentation (~~12/17/19~~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~~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

~~31.85~~31.22 Verification of required and continuing property and liability insurance coverage (~~12/17/19~~07/15/25)

a. Required coverage (~~04/30/19~~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 ~~RCV~~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 *~~Multifamily Asset Management, Borrower~~*

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~~Transactions~~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

~~31.86~~31.23 Reserved (12/14/18)

~~31.87~~31.24 Ensuring continuous insurance coverage (~~06/24~~07/15/25)

a. General requirements for ensuring continuous insurance coverage (~~01/01/13~~07/15/25)

If the Seller/Servicer determines that a Property's insurance has lapsed, is cancelled, is inadequate, or is not in force for any reason, the Seller/Servicer must prevent a gap in insurance by one or more of the following means:

- Contacting the Borrower and working with the Borrower to resolve the deficiency
- Having in place or obtaining a portfolio insurance policy and/or other insurance vehicle or vehicles designed to provide required coverage if one or more policies lapses, is cancelled, is inadequate or is not in force
- Implementing forced placed insurance

Any insurance policy intended to prevent a gap in insurance coverage, or to supplement inadequate coverage, must:

- Provide retroactive and/or automatic coverage
- Cover the Mortgages serviced for Freddie Mac
- Include deductibles no greater than those required by the Purchase and Servicing Documents

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- Provide all property damage and liability insurance required by the Purchase and Servicing Documents

Be provided by an insurance carrier meeting the requirements of Section 31.~~3, based on the total unpaid principal balance (UPB) of the Mortgages insured under the policy by the Seller/Servicer~~4

b. Forced placed insurance (~~06/24~~07/15/25)

Under certain circumstances, Freddie Mac requires the use of forced 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 cancelled, but will lapse within three days (or over an intervening weekend or holiday), and

     - The Servicer determines that the renewal of the existing insurance or new insurance is not forthcoming, or

     - The Servicer has not been able to determine that the renewal of the existing insurance or new insurance is forthcoming

   - Any insurance obtained by the Servicer to prevent a lapse in coverage is no longer in force or will no longer be in force within three days (or over an intervening weekend or holiday)

2. If both of the following conditions exist, the Seller/Servicer must contact the Borrower within two days of the Servicer's learning of the condition and must work with the Borrower to resolve the deficiency:

   - The insurance currently in force provides ~~up to~~less than 80 percent of the required Property coverage (see Note below)

   - A lapse in coverage is not imminent

   If the issue is not resolved with 15 days, the Servicer must either:

   - Force place insurance to the limits required in Purchase and Servicing Documents, or

   - Request a waiver of the insurance coverage from Freddie Mac or recommend an alternative solution to the insurance issue.

   The waiver request or recommendation must be submitted to Freddie Mac via the ICT. The Servicer must provide justification for the recommendation. *Multifamily Asset Management, Borrower Transactions* may accept the Servicer's recommendation, recommend an alternative solution, or require the Servicer to force place increased insurance coverage to the limits required in this chapter.

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Note: The percentage of coverage refers to the actual dollar amount of insurance coverage in force for a Property and not the deductible amounts. For example, if a Property has property damage insurance of $7 million, but the ~~RCV~~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 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 ~~be~~ comply with the requirements of the Purchase and Servicing Documents

   If the issue is not resolved with 30 days, the Servicer must either:

   - Force place insurance to the limits required in the Purchase and Servicing Documents, or

   - Request a waiver of the insurance coverage or recommend an alternative solution to the insurance issue.

   The waiver request or recommendation must be submitted to Freddie Mac via the ICT. The Servicer must provide justification for the recommendation. Freddie Mac *Multifamily Asset Management, Borrower Transactions* may accept the Servicer's recommendation, recommend an alternative solution, or require the Servicer to force place increased insurance coverage to the limits required in this chapter.

   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 placed insurance (~~04/30/19~~07/15/25)

If coverage is forced placed as described in 31.~~24~~23(b), the Servicer must immediately send written notification to Freddie Mac ~~*Multifamily Asset Management, Borrower Transactions*~~*MF_Insurance_Compliance@freddiemac.com* detailing the insurance issues, the forced placed coverage amount and ~~the~~ deductibles. The Servicer must retain in the Mortgage File a copy of the written notification regarding forced placed insurance.

d. Payment for forced placed insurance (04/30/19)

The Servicer must adjust the Borrower's insurance Reserve payments for the forced placed insurance if the Borrower is required to make periodic Reserve deposits for insurance premiums or bill the Borrower to recover the advance (if the Servicer does not maintain an insurance Reserve for the Borrower). If an insurance Reserve account is not currently required, Freddie Mac may require the Servicer to set up a Reserve. If the Borrower refuses to reimburse the Servicer for the forced placed insurance, the Servicer must submit a completed Legal Referral Form, Form 1101, to the Director of Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance*. Freddie Mac will reimburse the Servicer

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for any advances that the Servicer has made for premiums for such forced placed insurance to the same extent that Freddie Mac would reimburse the Servicer for advances to pay required insurance premiums.

~~31.88~~31.25 ~~Indemnification~~Reserved (07/~~01/11~~15/25)

~~Pursuant to Chapter 47, Freddie Mac may require the Seller/Servicer to indemnify Freddie Mac for any loss, damage or expense it may incur as a result of the Seller/Servicer's failure to:~~

- ~~Obtain and maintain all insurance required by this chapter, or~~
- ~~Ensure that each Property is adequately insured as required in this chapter~~

~~31.89~~31.26 Reserved (06/30/16)

~~31.90~~31.27 Captive Insurance Companies (05/22/25)

For information regarding the use of Captive Insurance Companies, contact the following:

- Prior to the Origination Date: the *Applicable Regional Office* or the *Multifamily TAH Underwriter*, as applicable
- After the Freddie Mac Funding Date: Freddie Mac *Multifamily Asset Management, Borrower Transactions*

~~31.91~~31.28 Manufactured Housing Communities (07/~~01/14~~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 ~~RCV~~IV of the improvements, per Section 31.~~4~~5. In addition, the Borrower must carry business income/rental value insurance for all relevant perils ~~in an amount not less than the effective gross income~~ attributable to the Property per Section 31.6.

Properties located partially or fully in a 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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Glossary and List of Commonly Used Acronyms (~~06/24~~07/15/25)

a b c d e f g h i j k l m n o p q r s t u v w x y z

Glossary

30 Days Delinquent

See Delinquency.

55-Day Multi PC

A 55-Day Multi PC is a Participation Certificate (PC) in which the payments by Borrowers on the 55-Day Multi PC Securitized Mortgages are passed through, with a payment delay of 55 days, to the holders of the 55-Day Multi PCs.

55-Day Multi PC Securitized Mortgages

55-Day Multi PC Securitized Mortgages are Mortgages that are pooled in 55-Day Multi PCs.

Accounting Net Yield

The Accounting Net Yield is the net yield rate that the Servicer uses to report and remit interest to Freddie Mac on a monthly basis. The Accounting Net Yield equals the Required Net Yield except for Mortgages sold to Freddie Mac at a discount or at a premium.

Active Mortgage

An Active Mortgage is a Mortgage on which the Borrower's payments are current, or a Delinquent Mortgage that has not been deactivated by the Servicer for accounting and reporting purposes.

Actual Cash Value

See Section 31.1(~~d~~c).

Adjustable-rate Mortgage

See Floating-Rate Mortgage.

Adverse Action Notice

An oral or written communication to a Borrower informing them of the refusal to grant an application for an extension of credit that includes all the information required by law. See Section 10.13.

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Acceptance Letter

An Acceptance Letter is used by Freddie Mac to indicate its acceptance of an early rate lock application with nonmaterial modifications. The Seller will be bound by the terms of any Acceptance Letter.

Activity of Daily Living

See Section 21.2.

Additional Actual Loan Amount

See Sections 19A.12(d) and 25A.8(b).

Additional Actual Loan Amount Percentage

See Sections 19A.12(d) and 25A.8(b).

Affiliated Persons of the Seller/Servicer

Affiliated Persons of the Seller/Servicer include the following:

1. The Seller/Servicer's directors, officers, employees and controlling persons
2. Spouses or domestic partners of the Seller/Servicer's directors, officers and controlling persons
3. Members of the immediate family of the Seller/Servicer's directors, officers and controlling persons who have the same home as such persons
4. Individuals who are directors or officers of any subsidiary or holding company affiliate of the Seller/Servicer
5. Corporations or organizations (other than the Seller/Servicer or a corporation or organization through which the Seller/Servicer operates) of which a director, officer or controlling person of the Seller/Servicer is
    - An officer or partner
    - Directly or indirectly, either alone or with his or her spouse or domestic partner, the owner of 10 percent or more of any class of equity securities
    - Owner with other directors, officers and controlling persons of the Seller/Servicer and their spouses or domestic partners of 25 percent or more of any class of equity securities
6. Trusts or other estates in which a director, officer or controlling person of the Seller/Servicer or the spouse or domestic partner of such person has a substantial beneficial interest or for which such person or his or her spouse or domestic partner serves as trustee or in a similar fiduciary capacity

Affiliates of the Borrower

Affiliates of the Borrower include any person or entity who Controls, is Controlled by, or is under common Control with the Borrower.

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Agreed Amount Provision or Agreed Value Endorsement

See Section 31.1(~~d~~c).

Annual Inspection Form

See Section 40.2.

Anti-Money Laundering Laws

Anti-Money Laundering Laws are the applicable federal anti-money laundering laws and regulations including 18 U.S. C. Sections 1956 and 1957, as amended.

Applicable Freddie Mac Multifamily Regional Office

The Applicable Freddie Mac Multifamily Regional Office is the Freddie Mac Regional Office that has jurisdiction over a multifamily Mortgage purchase. The addresses for Freddie Mac's Multifamily Regional Offices are set forth in the Seller/Servicer Guide Directory.

Appraisal

An Appraisal is a report setting forth an estimate or opinion of value prepared by an appraiser having the qualifications described in Sections 60.4 and 60.5.

Assisted Living Residence

See Section 21.2.

Benchmarking Data

Benchmarking Data is the Property's energy and water usage entered by the Benchmarking Data Consultant in Portfolio Manager® and which meets the requirements set forth in the term sheet located on the Freddie Mac Multifamily website. If Portfolio Manager® is no longer available, the Benchmarking Data Consultant may enter the data into another benchmarking tool identified by Freddie Mac.

Benchmarking Data Consultant

Benchmarking Data Consultant is a third-party consultant retained by Borrower and acceptable to Lender that is qualified to collect, input and monitor Benchmarking Data from the Mortgaged Property.

Benchmarking Metrics

Benchmarking Metrics are measures of Property utility consumption performance provided through Portfolio Manager.

Blanket Insurance Limit

See Section 31.1(~~d~~c).

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Blanket Insurance Policy

See Section 31.1(~~d~~c).

Borrower

The Borrower is the party obligated to repay the indebtedness secured by the Property. The Borrower must, in Freddie Mac's judgment, have sufficient financial, operational and management capacity. Acceptable Borrowers are described in Section 9.2.

Borrower Principal

A Borrower Principal is:

- Any Key Borrower Principal
- Any person or entity that has Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, and Borrower-affiliated Master Tenant, including any one or more of the following:
    - General partner of a general partnership or a limited partnership
    - Non-member manager, managing member, or members of the board of managers of a limited liability company
    - The settlor (grantor) of a living or revocable trust
    - The trustee of an irrevocable trust
- Any person or entity that is pre-approved by lender to assume Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any person or entity with an aggregate interest (whether direct or indirect) in the Borrower equal to or exceeding 25 percent including any (i) equitable ownership interest or (ii) any beneficial interest in an Illinois Land Trust, irrevocable trust or Delaware Statutory Trust
- A LIHTC Syndicator
- Any person or entity that Freddie Mac determines to be a Borrower Principal

Borrower Transaction Parties

See Section 7.1.

Breakage Fee

The Breakage Fee is the fee, as set forth in the Letter of Commitment, Forward Commitment or early rate lock application, that the Borrower will owe the Seller and the Seller will owe Freddie Mac if there is a Nondelivery or in certain cases, if Freddie Mac Rejects the early rate lock application.

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Business Day

A Business Day is a day other than:

- A Saturday or Sunday
- A day on which the Federal Reserve Bank of New York (or other agent acting as Freddie Mac's fiscal agent) is authorized or obligated by law or executive order to remain closed
- A day on which the principal offices of Freddie Mac are closed
- A day on which the offices of the federal government located in the District of Columbia are generally closed

In the Guide, the word "day" without the modifier "business" refers to a calendar day.

Business Disruption

See Section 2.20.

Business Continuity Plan

See Section 2.20.

Capitalization Rate

The Capitalization Rate is the percentage rate that represents the proper relationship between the value of the Property and the Net Operating Income that the Property produces.

Captive Insurance Company or Captive Insurer

See Section 31.1(~~d~~c).

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

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- Directly or indirectly has the right to vote 10 percent or more of a class of a voting security of the company or has the power to sell or direct the sale of 10 percent or more of a class of voting securities of the company
- In the case of a limited liability company, is a managing member of the limited liability company; or
- In the case of a partnership, has the right to receive upon dissolution or has contributed 10 percent or more of the capital of the partnership

Claims Made Policy Form

See Section 31.1(~~d~~c).

Coinsurance Clause

See Section 31.1(~~d~~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.

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Conditions to Conversion

Conditions to Conversion is, collectively, each of the conditions precedent to Conversion set forth in the Forward Commitment, Section 19A.12 (for Forward Commitments under Chapter 19A) or Section 25A.7 and 25A.8 (for Forward Commitments under Chapter 25A), and any other condition which may otherwise be required by Freddie Mac in connection with Conversion.

Confidential Information

See Section 2.8.

Confirmation Sheet

The Confirmation Sheet is the "Interest Rate Lock and Mortgage Terms Confirmation" or "Spread Lock and Mortgage Terms Confirmation" attached as an Exhibit to a Letter of Commitment, early rate lock application, Acceptance Letter or Index Lock Agreement. After an index locked Loan is Rate Locked, the Confirmation Sheet from the Index Lock becomes null and void and is replaced by the Confirmation Sheet that is attached to the Commitment, early rate lock application or Acceptance Letter. The Confirmation Sheet is sent after Rate Lock. For an early rate lock application, the Confirmation Sheet will be revised when Freddie Mac accepts the early rate lock application after final underwriting and issues the Acceptance Letter.

Consent Request Tracker

See Section 36.25.

Construction Loan

Required for a Forward Commitment, the Construction Loan is the construction lender's loan to the Borrower.

Construction Phase Letter of Credit

The Construction Phase Letter of Credit secures Freddie Mac

- For a Cash Forward Commitment, when Freddie Mac advances funds to the construction lender during the construction period
- For a Bond Credit Enhancement Forward Commitment, when Freddie Mac provides the credit enhancement or Liquidity support for the bonds during the construction period

Construction Phase Financing Agreement

For a Bond Credit Enhancement Forward Commitment or a Forward Commitment under Chapter 25A, the Construction Phase Financing Agreement is an agreement among Freddie Mac, the Seller/Servicer and the construction lender. It must be accepted by the Borrower.

Continuing Care Retirement Community

See Section 21.2.

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Control

Control is the power to manage, control or direct the decisions of an entity.

Conventional Seller/Servicer

A Conventional Seller/Servicer is a Seller/Servicer that meets the net worth requirements in Section 3.3 and Freddie Mac’s other eligibility requirements and has been approved by Freddie Mac as an Optigo Conventional Lender. In the Guide, an Optigo Conventional Lender is also referred to as a Conventional Seller/Servicer.

Conversion

For a Forward Commitment under Chapter 19A, the Conversion is the closing of the permanent Mortgage after construction has been completed and the Property has met the applicable Conversion criteria.

For a Forward Commitment under Chapter 25A, the Conversion is the purchase of the TEL by the Seller from the construction lender after construction has been completed and the Property has met the applicable Conversion criteria.

For a Moderate Rehabilitation (Mod Rehab) Mortgage, the Conversion is the time when the loan terms change from the Interim Phase loan terms to Permanent Phase loan terms.

Conviction or Convicted

Conviction is any (a) judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea; or (b) any other resolution that is the functional equivalent of a judgment of guilt of a criminal offense, including probation before judgment and deferred prosecution. This includes nolo contendere (no contest) pleas, Alford pleas, and pardons not resulting in an expungement of the conviction. A disposition without the participation of a court is the functional equivalent of a judgment only if it includes an admission of guilt. Previous convictions that have been expunged by the date that Form 1115, Borrower and Key Borrower Principal Certificate is completed will not be considered Convictions.

Cooperative

A Cooperative, or co-op, is a form of ownership of multifamily housing in which a cooperative housing association or corporation owns the multifamily Property (land and improvements) and the dwelling units are subject to proprietary leases between the corporation and unit “owners~~.~~””. The unit owners own stock in the association or corporation to evidence their “ownership” in their dwelling units. Blanket (underlying) first Mortgages on multifamily housing owned by Cooperatives are eligible for purchase subject to the requirements set forth in Sections 8SBL.18 and 9.5.

Coupon Rate

The Coupon Rate is the interest rate specified in the Note secured by the Security Instrument.

Criminal Conviction

A Criminal Conviction includes any (a) judgment or any other determination of guilt of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or plea; or (b) any other resolution that is the

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functional equivalent of a judgment of guilt of a criminal offense, including probation before judgment and deferred prosecution. A plea of nolo contendere (no contest) will also be considered a Criminal Conviction. A disposition without the participation of a court will be considered the functional equivalent of a judgment only if it includes an admission of guilt.

Critical Repairs

See Sections 62.3(b) and 62SBL.3(b).

Crowdfunding

Raising capital from marketing directed to the public at large (via the internet or otherwise) for investment in one specific property under the exemptions provided under Title III or Title IV of the Jumpstart Our Business Startups (JOBS) Act.

Custodial Account

A Custodial Account is an account established and maintained by a Servicer at an "eligible depository," as that term is defined in Chapter 52, into which principal and interest payments or Reserves are deposited.

Debt Coverage Ratio

The Debt Coverage Ratio is the ratio of Net Operating Income from a multifamily Property to the annual debt service, as determined by Freddie Mac.

Defeasance Period

The Defeasance Period is defined in the Loan Documents and is generally the period of time specified in the Loan Documents that the Borrower is prohibited from prepaying the Mortgage and may only defease the Mortgage.

Deferred Maintenance

Deferred Maintenance is the postponement of normal maintenance, which may result in Life Safety Hazards, advanced physical deterioration, lack of full operation or efficiency, or a decline in property value.

Delegated TAH Mortgage

A Mortgage originated under the Delegated Underwriting Model for Targeted Affordable Housing (TAH), described in the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide (TAH Guide).

Delivery Assurance Fee

For Cash Forward Commitments, the Delivery Assurance Fee is a fee specified in the Forward Commitment that may be payable in the form of cash, a letter of credit or a secured note.

Delivery Assurance Mortgage

For Cash Forward Commitments, the Delivery Assurance Mortgage is the mortgage that secures the Delivery Assurance Note provided to Freddie Mac in payment of the Delivery Assurance Fee.

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Delivery Assurance Note

For Cash Forward Commitments, the Delivery Assurance Note is a secured note that the Borrower provides to Freddie Mac in payment of the Delivery Assurance Fee; it is secured by a mortgage on the Property.

Delinquency

Delinquency occurs when all or part of the Borrower's monthly installment of principal, interest and, where applicable, Reserves is unpaid after the Due Date.

A Mortgage is considered delinquent when it is 30 days delinquent, as described in the table below:

If the due date is	The Mortgage is 30 days delinquent
The first day of the month	When all or part of one or more payments remains unpaid as of close of business on the last Business Day of the month
Not the first day of the month (from the second through the last day of the month)	When all or part of one or more payments remains unpaid 30 or more actual calendar days as of close of business on the last Business Day of the month

Delinquent

See Delinquency.

Delivery Date

The Delivery Date is the date Freddie Mac receives all documentation required by the Purchase and Servicing Documents. Delivery to Freddie Mac occurs when Freddie Mac takes actual possession of all documentation required to be submitted. The posting of such documentation with the U.S. Postal Service or any other delivery service does not constitute delivery to Freddie Mac.

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.

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Due Date

The Due Date is the date on which the Borrower's monthly installment of principal, interest and, where applicable, Reserves is due as stated in the Note and other Loan Documents.

Due Date of Last Paid Installment

The Due Date Last Paid Installment is the Due Date of the last fully paid monthly installment of principal, interest, and Reserves (if any). It is not the date on which such payment was credited or the date of the next scheduled installment.

Effective Gross Income

Effective Gross Income is the maximum rental revenue the Property can generate based on: (a) (1) actual rents in occupied units; (2) achievable market rents in vacant units; (3) allowable commercial income; plus (4) all allowable sources of other income; less (b) vacancy, concessions and bad debt allowance. The above calculation is further refined for TAH transactions, subject to Freddie Mac's sole discretion, to take into account any restricted rents affecting the Property, the maximum allowable low-income housing tax credit rents (less utility allowances) (for 4% or 9% LIHTC transactions), and/or the HAP contract rents.

Electronic Delivery Package

The Electronic Delivery Package is the set of documents comprising a portion of the Final Delivery Package which is delivered electronically via DMS. For identification of the documents comprising the Electronic Delivery Package, refer to the appropriate Final Delivery Table of Contents available at mf.freddiemac.com/lenders/purchase/.

Eligible Institution

A depository institution or trust company insured by the Federal Deposit Insurance Corporation, the short term unsecured debt obligations or commercial paper of which must meet the minimum rating requirements in Section 52.2(a).

Energy Certification

Energy Certification is an energy certification and/or score of environmental energy savings given to the Green Improvements on the Property by applicable local, State or federal agencies or another nationally recognized building association.

Energy Star® Score

ENERGY STAR® Score is the measure of energy performance provided for the Property by Portfolio Manager.

Environmental Superlien Law

See Section 61.1(b).

EPA 1-100 Water Score

EPA 1-100 Water Score is a measure of water performance provided for the Property by Portfolio Manager®.

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Equity Conflict of Interest

See Section 2.25.

Exception(s)

Any exceptions to the Seller/Servicer Representations and Warranties referenced in Section 5.13 of the Guide and found under the "Resources" section of the Legal Documents page at mf.freddiemac.com/lenders/legal.

Expiration Date

The Expiration Date is the date set forth in the Letter of Commitment by which the Seller must accept the Letter of Commitment and Rate Lock. The Expiration Date for an early rate lock application is or the expiration date of the Quote.

Exclusionary List

The Exclusionary List is a confidential list compiled, maintained and distributed by Freddie Mac, containing names and other information concerning persons or entities that have been restricted or excluded from participating in transactions or doing business with Freddie Mac. The Exclusionary List is updated at least monthly by Freddie Mac.

Seller/Servicers can access the Exclusionary List under "Quick Links" on the Originate and Underwrite and Asset Management web pages.

Exempt Inspector

See Section 40.13(b).

Fee Inspector Company

See Section 40.14.

FHA Mortgage

An FHA Mortgage is a Mortgage insured by the FHA.

Final Delivery Instructions

The Final Delivery Instructions are a detailed list of required Loan Documents and other items which, depending on the specific features of a Mortgage, may be required to be included with the Final Delivery Package. The Final Delivery Instructions are set forth in the following documents:

- For all non-SBL and non-TEL Mortgages, the document called "Final Delivery Instructions and Final Delivery Package Table of Contents"
- For SBL Mortgages, the document called "Final Delivery Instructions and Final Delivery Package Table of Contents – SBL"
- For TEL Mortgages, the applicable document referenced below:

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- Final Delivery Instructions and Final Delivery Package Table of Contents – Unfunded Forward Tax-Exempt Loan
- Final Delivery Instructions and Final Delivery Package Table of Contents – Conversion of Unfunded Forward Tax-Exempt Loan
- Final Delivery Instructions and Final Delivery Package Table of Contents – Immediate Funding Tax-Exempt Loan

Each of these documents are available at mf.freddiemac.com/lenders/purchase/.

Final Delivery Package

As further defined in Chapter 32, the Final Delivery Package is the complete set of the required Purchase and Servicing Documents set forth in Chapter 32 and in the Final Delivery Instructions, which set may be comprised of both hardcopies and electronic versions of such documents.

Financial Crimes

Crimes to obtain personal or business advantage or that may result in conversion of property. Such crimes are generally characterized by fraud, deceit, concealment, or violation of trust and typically do not depend on the application of threat or physical force or violence. Examples include fraud, bribery, money laundering, sanctions violations, forgery, counterfeiting and terrorist activity financing.

First Lien

A First Lien is any lien that grants to the lienholder a claim against the Property that, under the law of the jurisdiction where the Property is located, is prior to the rights of all others, subject only to prior liens and encumbrances that Freddie Mac has expressly waived pursuant to Section 29.2.

First-Time Sponsor

See Sections 9.2(d) and 9SBL.2(c)(3).

Floating-Rate Mortgage

A Floating-Rate Mortgage, also known as an adjustable rate mortgage or ARM, is a Mortgage for which the interest rate is adjusted at specified intervals for the entire Mortgage term. A Floating Rate Mortgage may be amortizing or interest-only. Floating-Rate Mortgages must have either a Freddie Mac internal interest rate cap (“internal interest rate cap”) or a third-party interest rate hedge.

Foreign Guarantor

An individual or entity who signs a Guaranty for the Mortgage is considered a Foreign Guarantor if they are any of the following:

- Not a United States entity
- Not a United States citizen or lawful permanent resident of the United States

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- A United States citizen or lawful permanent resident of the United States who does not reside in the United States

The requirements for a Foreign Guarantor are set forth in Sections 9.11 and 9SBL.2(e), as applicable.

Forward Commitment

Forward Commitment has the meaning provided in Section 19A.2, as supplemented by Chapter 25A for TEL.

Forward Commitment Maturity Date

The Forward Commitment Maturity Date is the date by which Conversion must occur unless extended pursuant to an extension approval letter.

Forward Commitment Property Inspection

A property inspection that is required prior to commitment for each Property under a Forward Commitment. The requirements for a Forward Commitment Property Inspection are set forth in Section 8.16. At the time of conversion, a complete property inspection is required.

Freddie Mac Access Manager

A Multifamily Software Application that enables Seller/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.

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Freddie Mac Matters Employee

See Section 7.1

Freddie Mac Preservation

Freddie Mac Preservation is defined as Properties for which rent restrictions are in place through the Loan Agreement (e.g., Borrower-elected rent restrictions) or third-party, non-governmental rent restrictions. Freddie Mac Preservation rent restrictions may vary by product. TAH Mortgage products eligible for Freddie Mac Preservation include Non-LIHTC Preservation Rehabilitation and Non-LIHTC Forwards (see Sections 19.2 and 19A.2 and the TAH term sheets referenced therein). Workforce Housing Preservation is a Conventional Mortgage product eligible for Freddie Mac Preservation (see Section 17.6).

Freddie Mac Underwriting Value

The market value of a Property for purposes of Freddie Mac's underwriting and purchase of Mortgages, and for calculation of Loan-to-Value (LTV) Ratios in connection therewith, is the lower of appraised value as determined by a third-party appraiser or the value determined by Freddie Mac.

FreddieMac.com

FreddieMac.com is Freddie Mac's Internet home page. FreddieMac.com includes information about Freddie Mac's programs and products and makes multifamily Loan Documents and other Mortgage origination information available to Seller/Servicers at mf.freddiemac.com.

Funded Forward Commitment

See Section 28A.2.

General Loan Information

See Sections 40.11, 41.1(a), and 41SBL.1(a).

Gold PC

A Gold PC is a Participation Certificate (PC) in which the payments by Borrowers on the Gold PC Securitized Mortgages are passed through, with a payment delay of 45 days, to the holders of the Gold PCs.

Gold PC Securitized Mortgages

Gold PC Securitized Mortgages are Mortgages that are purchased under the Multifamily Negotiated Transactions Program or the Multifamily PC 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 Advantage®

Green Advantage® is a Freddie Mac suite of offerings providing benefits to Borrowers who have made or plan to make their Properties more energy and water efficient.

Green Assessment®

Green Assessment® is a report detailing proposed property-level improvements to promote utility consumption efficiency at the Property. It uses the ASHRAE Level 1 standard and otherwise meets the requirements set forth in Chapter 65. The report describes projected savings in terms of utility consumption and dollars saved per improvement item.

Green Assessment Plus®

Green Assessment Plus® is report that contains the same information as the Green Assessment® but provides a more detailed analysis of projected savings in terms of utility consumption and dollars saved at the Property. It uses the ASHRAE Level 2 standard and otherwise meets the requirements set forth in Chapter 65.

Green Certified

Green Certified is a benefit available for Properties that have a Green Building Certificate as set forth in Section 55.2 and that meet Freddie Mac affordability requirements.

Green Consultant

Green Consultant is a certified environmental design/inspection or engineering firm that meets the requirements set forth in Chapter 65.

Green Improvements

Green Improvements are the energy and water conservation measures selected by the Borrower from the list of qualifying conservation measures identified in a Green Report. These selected conservation measures are identified as Green Improvements in the Green Improvement Rider to the Loan Documents.

Green Rebate

Green Rebate is a benefit available to a Borrower who provides an ENERGY STAR® Score but has not chosen any other Green Advantage® offering.

Green Retrofits®

Green Retrofits is a loan option with benefits that may be available if the Borrower can certify that energy and/or water efficiency improvements are in place at the Property.

Green Up®

Green Up® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment®.

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Green Up Plus®

Green Up Plus® is a loan option available when a Borrower commits to making Green Improvements identified in a Green Assessment Plus®.

Ground Lease

See Section 30.1.

Ground Lease Mortgage

See Section 30.1.

Ground Lessee

See Section 30.1.

Ground Lessor

See Section 30.2.

Guarantor

Any person or entity that is liable under the Guaranty. (See also Foreign Guarantor)

Guide

The Guide is the official version of the Multifamily Seller/Servicer Guide, including the exhibits and related supplements, Bulletins and Industry Letters.

Hardcopy Delivery Package

The Hardcopy Delivery Package is the set of documents comprising a portion of the Final Delivery Package which must be delivered in their original hardcopy form. For identification of the documents comprising the Hardcopy Delivery Package, refer to the appropriate Final Delivery Table of Contents available at mf.freddiemac.com/lenders/purchase/.

Hard Subordinate Debt

See Section 19.2(f).

Home Mortgage

A Home Mortgage is a Mortgage secured by a First Lien on real estate on which there is located a structure designed principally for residential use by one to four families.

Imminent Life Safety Hazard

An Imminent Life Safety Hazard is a hazard that is about to cause harm. Imminent Life Safety Hazards are of the highest concern as they as they represent an immediate risk to any tenant that encounters such a hazard.

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Exposed live electrical wires and balconies with inadequate guard rails are among the types of conditions that represent Imminent Life Safety Hazards.

Imminent Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Imminent Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

Income and Expense Statement

The Income and Expense Statement is the actual or pro forma statement of income and expense items for a person, an entity, or a Property during a specified period of time.

Increased Mortgage Amount

For the purposes of the early rate lock delivery option and the early rate lock application, see ~~“”~~Section 27.20.

Increased Scrutiny for Moisture or Mold Issues

Increased Scrutiny for Moisture or Mold Issues is a specific inspection protocol, set forth in Section 8.3(b), which is used to evaluate the risk of moisture or Mold issues in certain Properties.

Independent Director/Manager

Independent Director/Manager is an individual who is not affiliated with the Borrower, any SPE Equity Owner, Guarantor or any other Borrower Principal or any parties associated or affiliated with the foregoing parties. See the Loan Documents for a more complete definition.

Independent Living Property

See Section 21.2.

Index Lock

See Section 27.1(b).

Index Lock Agreement

See Section 27.1(b).

Industry Trained Inspector

See Section 40.13(b).

Insurable Value

See Section 31.1(~~d~~c).

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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(~~d~~c).

Key Borrower Principal

Key Borrower Principal is:

- Any Guarantor, regardless of the amount of ownership interest in the Borrower and even if not in the organizational structure of the Borrower
- Seniors Housing Operator
- Any operator of the Property that is a Master Tenant under a master lease structure (e.g., a Delaware Statutory Trust or Shariah-compliant loan)
- Any person or entity that has Ultimate Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any Pre-Approved Transferee
- Any non-Controlling person or entity that meets both of the following conditions, including LIHTC Investors:
  - Has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
  - Is not owned by any other person or entity that also has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
    - If a trust meets the two conditions above, the following parties are also considered Key Borrower Principals:
      - The settlor (grantor) of a living or revocable trust
      - The beneficiary of an irrevocable trust if the beneficiary has aggregate ownership (direct or indirect) of 50% or more of the Borrower, Borrower-affiliated Seniors Housing, Operator, or Borrower-affiliated Master Tenant
- Any individual or entity that does not meet the criteria set forth above but who is determined by Freddie Mac to be a Key Borrower Principal. These may include individuals or entities defined as a Required Equity Owner in the Loan Agreement.

Except for a LIHTC Investor that is a U.S. publicly traded entity a Key Borrower Principal must submit a Complete Borrower/Key Borrower Principal Due Diligence Package.

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Leasehold Interest

See Section 30.1.

Legal Issues Analysis

See Sections 6.4. and Section 29.2.

Letter of Commitment

A Letter of Commitment or Commitment is the written indication that Freddie Mac has made an offer to the Seller to purchase a Mortgage. The Letter of Commitment and any amendments set forth the terms and conditions of the purchase transaction. For an early rate-lock delivery, a counter-signed early rate-lock application, with all modification and acceptance letters, takes the place of the Letter of Commitment. Letters of Commitment also include Forward Commitments.

Life Safety Hazard

Life Safety Hazards consist of conditions that increase the possibility of personal injury or death. Traditionally, these hazards are associated with inadequate protections and often result from noncompliance with code requirements.

See also the definitions of Imminent Life Safety Hazard and Potential Life Safety Hazard, which apply to the post-purchase annual inspection of a Property. There is no comprehensive list of Imminent or Potential Hazards and the inspector must exercise judgment to determine the Hazard category.

LIHTC Investor

In a LIHTC transaction, each person or entity that has aggregate ownership (direct or indirect) of 50% or more of the Borrower's limited partner. The LIHTC Investor expects to receive the benefit of the LIHTC and does not Control the Borrower.

LIHTC Syndicator

In a LIHTC transaction where the LIHTC investment is made through a syndicated LIHTC fund, the entity with Ultimate Control of the general partner of the LIHTC fund. In that capacity, the LIHTC Syndicator, for the benefit of the LIHTC fund and the LIHTC Investor(s), provides acquisition, underwriting, portfolio management, asset management and investor reporting services.

Linked Buildings

For SBL Mortgages, Linked Buildings are a Property comprised of buildings located on non-contiguous parcels. If the Property is comprised of non-contiguous parcels of land the transaction must be prescreened by Freddie Mac as required by Section 8SBL.6(c).

Limited Multifamily Experience Sponsor

See Section 9.2(d).

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Liquid Assets

For the purposes of Seller/Servicer financial eligibility, see Section 3.3(a).

Otherwise, see Liquidity.

Liquidity

Cash, cash equivalents, Treasury bills, money market investments or certificates of deposit with maturities of one year or less, and marketable securities (such as stocks and bonds). Restricted assets, pledged accounts, and stocks or bonds for a company or municipality in default or bankruptcy must be excluded. All Liquidity must be measured in US dollars.

Loan Agreement

The Loan Agreement is the Multifamily Loan and Security Agreement. The Loan Agreement sets forth the terms of the Mortgage, including the representations and covenants of the Borrower, the events of default, the securitization terms and the lender's remedies. There is also a specially designated Loan Agreement for use with Seniors Housing Mortgages.

Loan Documents

Loan Documents are the Freddie Mac Multifamily Loan Documents, the forms of which are posted at mf.freddiemac.com/lenders/legal/. The Loan Documents include the following documents, together with any modifications and Riders to the documents:

- Note
- Loan Agreement
- Security Instrument
- Guaranty
- Omnibus Assignment
- All other documents used in connection with the origination or Servicing of Mortgages under Freddie Mac's programs and products.

The Legal Documents page of mf.freddiemac.com includes a list of current Loan Documents. The revision date is indicated for each Loan Document.

Loan Management Form

See Section 40.2.

Loan-to-Value Ratio

The Loan-to-Value Ratio is the relationship between the principal amount of the Mortgage and the value of the Property, expressed as a percentage of the value, as determined by Freddie Mac.

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Localized Peril or Regional Peril

See Section 31.1(~~d~~c).

Malicious Code

See Section 2.26(c).

Mandatory Delivery Date

The Mandatory Delivery Date is the delivery date identified in the Letter of Commitment or early rate-lock application. The Seller must deliver the Final Delivery Package to Freddie Mac by noon Eastern time on the Mandatory Delivery Date.

Mandatory Funding Date

Unless otherwise agreed upon, the Mandatory Funding Date is the date which is 15 days after the Mandatory Delivery Date; provided, however, that if such day is not a Business Day, then the Mandatory Funding Date will be the Business Day immediately preceding such date.

Manufactured Housing Community Product

A program under which Freddie Mac Multifamily will purchase Mortgages secured by Manufactured Housing Communities, as described in Chapter 22.

Manufactured Housing Resident-Owned Community

See Section 22.1(b).

Master Forward Financing Agreement

The Master Forward Financing Agreement documents the general terms and conditions governing all Forward Commitments with a particular construction lender.

Master Insurance Policy

See Section 31.1(~~d~~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.

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Material Vendor

With respect to one or more Mortgages owned by Freddie Mac (*i.e.,* from Freddie Mac's purchase until securitization or other disposition of such Mortgage(s)), a vendor engaged by the Servicer while Servicing such Mortgage or Mortgages on behalf of Freddie Mac that has the potential to create information security risk or compliance risk for Freddie Mac.

Refer to the Material Vendors Material Vendors web page for more details and examples of Material Vendors.

Maturity Loan-to-Value

See Section 18SBL.2.

MHC Tenant Protections

See Section 22.1(b).

MHC Tenant Protections Notification

See Section 22.2(p).

Minimum Consumption Savings Threshold

See Section 24.3(a).

Minimum Occupancy

The minimum number of units at the Property that must have current leases that comply with the provisions of the Loan Agreement in order for a Borrower to undertake or continue certain Property Improvement Alterations. The Minimum Occupancy is expressed as a percentage in the Loan Agreement.

Minimum Origination Fee

The Minimum Origination Fee is the minimum fee the Seller/Servicer must charge in connection with the origination of the Mortgage. The Minimum Origination Fee requirements are set forth in Section 17.1(f) for non-SBL Mortgages and in Section 18SBL.1(f) for SBL Mortgages.

Modification Letter

The Modification Letter is used by Freddie Mac to propose material modifications to an early rate lock application.

Moderate Rehabilitation Mortgage

See Section 17.4.

Moisture Management Plan

An Moisture Management Plan is a plan provided by the Borrower to manage moisture or Mold issues at the Property in accordance with the requirements set forth in Section 8.3(a). If a Moisture Management Plan is

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required, the Moisture Management Plan must be maintained at the Property and be made available for verification at annual inspections. Additional information on the requirements for a Moisture Management Plan is in the Moisture Management Plan Handbook

Mold

Mold is a naturally occurring growth that is frequently dark in color with a musty odor. Mold feeds on organic material, and the growth of Mold is typically associated with damp or moist conditions. Mold is also referred to as fungus or mildew.

Mortgage

A Mortgage is a loan meeting the requirements of Section 1.2 and secured by a lien on real estate held in fee simple or on an acceptable leasehold estate. A Mortgage may also be a bond credit enhancement meeting the requirements of Chapter 28 or Chapter 28A, the mortgage loan securing a TEL meeting the requirements of Chapter 25 or Chapter 25A. When used alone in the Guide, and unless the context indicates otherwise, the term “Mortgage” is a multifamily Mortgage secured by a property containing five or more dwelling units.

The term "Mortgage" includes the Security Instrument (mortgage, deed of trust, or deed to secure debt), the Note, the evidence of title, and all other Loan Documents that evidence the Mortgage and includes, for bond credit enhancement transactions, the bond mortgage note, the bond mortgage, the reimbursement mortgage and the reimbursement agreement.

Mortgage Documents

See Loan Documents.

Mortgage Financial Terms

The Mortgage Financial Terms are the maximum Mortgage amount, Freddie Mac net spread, gross spread, term, amortization period (if applicable), interest only period (if applicable), prepayment terms, yield maintenance period (if applicable), lock out period (if applicable), treasury floor (if applicable), and any other relevant Mortgage financial terms as determined by Freddie Mac.

Mortgage File

The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/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-Deals℠, Q-Deals℠, 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)
- General Loan Information (GLI)
- Insurance Compliance Tool (ICT)
- Multifamily Eligibility System (MES)
- Multifamily Securities Investor Access tool (MSIA)
- Multifamily Seller/Servicer Guide via AllRegs® Online (Guide)
- myOptigo℠
- Origination and Underwriting System (OUS)
- Property Reporting System (PRS)
- Small Balance Loan Production Pipeline Manager (PPM)

National Flood Insurance Program

See Section 31.1(~~d~~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, 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(~~d~~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.

Participation Certificate

A Participation Certificate represents an undivided interest in specified Mortgages purchased by Freddie Mac from a single Seller, either for cash or in exchange for Participation Certificates, and placed in a discrete pool bearing a unique Participation Certificate pool number. Participation Certificates are offered only in book-entry form.

Pledged Mortgage

See Section 33.1.

Portfolio Manager®

Portfolio Manager® is an online tool used to measure and track energy and water consumption at the Property. Portfolio Manager is located on the ENERGY STAR® website of the EPA.

Potential Life Safety Hazard

A Potential Life Safety Hazard is a hazard with a lower capacity to cause harm or consists of a condition that could become harmful. A Potential Life Safety Hazard is also of concern but does not represent the same immediacy of risk for tenants as an Imminent Life Safety Hazard. Potential Life Safety Hazards include conditions that will be recognized by most residents and avoided, including trip hazards or conditions that represent a risk only in special circumstances, such as an out-of-date fire extinguisher.

Potential Life Safety Hazards are identified during the annual physical inspection of a Property post-purchase. There is no comprehensive list of Potential Life Safety Hazards and the inspector must exercise judgment to determine the Hazard category.

See also Life Safety Hazard.

PR-90 Repairs

See Sections 62.3(b) and 62SBL.3(b).

Pre-Approved Transferee

Any person or entity that is pre-approved by lender to assume Ultimate Control (direct or indirect) of Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant.

Preferred Equity

See Section 9.9(b).

Preferred Equity Return

See Section 9.9(b).

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Preliminary legal issues memorandum

See Section 6.4.

Preservation Rehabilitation

See Section 19.2(e).

Principal

A Principal, for purposes of Freddie Mac's policy concerning the exclusion of certain persons from participating in transactions or doing business with Freddie Mac, may be:

- A Seller/Servicer, or
- A person with substantial management or supervisory responsibilities within a Seller/Servicer's organization, or
- A person with critical influence on or substantive Control over any material aspect of a Mortgage purchase or Servicing transaction or any function related to such a transaction

There are three categories of principals:

- Seller/Servicers
- Officers, directors, owners, partners, key employees or other persons within a Seller/Servicer's organization who have substantial management or supervisory responsibilities. Suspended or excluded persons within this category are presumed to have critical influence on or substantive Control over all the organization's Mortgage purchase or Servicing transactions.
- Principals, consisting of any other person (whether an individual or an entity) who has a critical influence on or substantive Control over any material aspect of a Mortgage purchase transaction or a Servicing transaction or any function related to such a transaction. Such a Principal may be an employee of a Seller/Servicer, a third-party provider of services to a Seller/Servicer or an employee of a third-party provider of services. Persons who have a critical influence on or substantive Control over Mortgage purchase transactions or Servicing transactions or related functions include loan officers, underwriters, appraisers, inspectors, real estate agents and real estate brokers.

Priority Repairs

See Sections 62.3(b) and 62SBL.3(b).

Private Entity

A Private Entity is an entity such as a partnership, limited liability company, private real estate fund, LIHTC fund or private REIT whose shares are not traded on a public exchange. A Private Entity can Control who purchases the ownership interests in such entity.

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Private Investment Fund

A U.S. private company that invests capital from different investors in various assets, including direct and indirect equity interests in real estate. To qualify as a Private Investment Fund, the entity must have each of the following:

- A minimum of $50,000,000 in capital commitments
- Liquid assets of at least $750,000
- A minimum net worth of $5,000,000
- A management team with all of the following:
  1. At least 10 years of collective experience managing multifamily properties,
  2. At least 10 multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively
  3. At least $100,000,000 in multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively

Private Transfer Fee

A Private Transfer Fee is any fee, charge or payment imposed by a Private Transfer Fee Covenant due in connection with a transfer of title to a Property. A Private Transfer Fee is payable each time a Property is transferred for a set period of time or indefinitely. The Private Transfer Fee can be a fixed amount or a percentage of the Property's sale price. A Private Transfer Fee does not include:

- A charge payable to the federal, State or local government
- A charge that defrays the actual cost of the transfer of the Property, such as transfer of membership in a covered association such as a homeowners' association, condominium association, cooperative association or a federally tax-exempt 501(c)(3) or 501(c)(4) organization
- A charge payable to a covered association such as a homeowners' association, condominium association, cooperative association or a federally tax-exempt 501(c)(3) and 501(c)(4) organization that is used exclusively to provide a direct benefit to the Property

Private Transfer Fee Covenant

A Private Transfer Fee Covenant is any covenant, restriction or other similar document that (i) purports to run with the land or to bind current and future owners whether or not such covenant is recorded and (ii) imposes a Private Transfer Fee upon transfer of all or part of the Property, as defined in 12 C.F.R. Part 1228. A Private Transfer Fee Covenant can be attached to a Property by the original developer or another third party.

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Prohibited Substances

Prohibited Substances are any drugs or controlled substances whose use, manufacture, distribution or possession are prohibited by any law, whether federal, state or local law.

Project Loan

For a Cash Funded Forward Commitment, the Project Loan is Freddie Mac's loan to the construction lender.

Property

The Property is the land, improvements and fixtures that are, or will be, subject to the lien of a Mortgage.

Property Improvement Alterations

Alterations and additions to the improvements existing at or upon the Property, as more fully defined in the Loan Agreement. Repairs, capital replacements, restoration and other work required to be performed at the Property pursuant to the terms of the Loan Documents are not considered to be Property Improvement Alterations.

Property Improvement Alterations Notice

A notice to the lender from the Borrower pursuant to the terms of the Loan Agreement that the Borrower intends to begin the Property Improvement Alterations specified in the Property Improvement Alterations Notice.

Property Reporting System

See Section 40.2.

Public Company

A Public Company is a company whose shares are traded on a public exchange or an over the counter exchange. A Public Company does not Control who purchases its shares after the initial public offering. A pension fund that is not privately controlled is also a Public Company.

Public Records Searches

See Section 2.28.

Purchase Contract

The Purchase Contract is an agreement between the Seller and Freddie Mac covering the purchase of a specific Mortgage or Mortgages, the Seller's obligation to deliver such Mortgages on a mandatory basis (unless otherwise noted in the Letter of Commitment or early rate-lock application), the delivery period and the Servicing after Freddie Mac's purchase of the Mortgage. The Purchase Contract may be a

1. Purchase agreement

2. Letter of Commitment (as it may be amended) fully accepted by the Seller

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3. Early rate-lock application (as modified or adjusted) fully accepted by Freddie Mac
4. Other offer by Freddie Mac to purchase, fully accepted by the Seller
5. Other offer by Seller to sell, fully accepted by Freddie Mac

Purchase Contract Date of Acceptance

The Purchase Contract Date of Acceptance is the date the Seller accepts Freddie Mac's offer as stated in a Purchase Contract.

Purchase and Servicing Documents

The Purchase and Servicing Documents applicable to a Mortgage are the following:

1. The Purchase Contract, including all Exhibits
2. The separate Servicing Agreement, if any
3. The official version of the Guide
4. Any agreement pursuant to which a Seller or affiliate of a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
5. Additionally, for Delegated TAH Mortgages, the Seller/Servicer's Delegated TAH Master Agreement and the TAH Guide in effect at the time of underwriting
6. Any Servicing transaction approval issued by Freddie Mac to a Servicer

The Guide and all of its terms are incorporated by reference into, and constitute part of, each Purchase Contract. A Seller must sell Mortgages in accordance with the terms of each Purchase Contract entered into between the Seller and Freddie Mac.

A Seller/Servicer must service each Mortgage that the Seller/Servicer has sold to Freddie Mac and has agreed to service for Freddie Mac in accordance with the standards set forth in the Guide (including amendments to Servicing provisions of the Guide that Freddie Mac has made since Freddie Mac purchased the Mortgage) and any applicable Purchase Contract. All of a Seller/Servicer's obligations to service Mortgages for Freddie Mac will be considered to constitute, and will be performed pursuant to, a unitary, indivisible master Servicing contract, and the Servicing obligations assumed under any Purchase Contract will be deemed to be merged into, and will be performed under, the same unitary, indivisible master Servicing contract. The Seller/Servicer agrees that any failure to service any Mortgage in accordance with the terms of the unitary, indivisible master Servicing contract, or any breach of any of the Seller/Servicer's obligations under any aspect of the unitary, indivisible master Servicing contract, will be deemed to constitute a breach of the entire contract and will entitle Freddie Mac to terminate the contract.

If a Servicer who services Mortgages for Freddie Mac is not also the Seller of the Mortgages to Freddie Mac, the Servicer must agree to service Mortgages for Freddie Mac by separate agreement, which incorporates the Guide and any applicable Purchase Contract by reference. In such case, the separate agreement shall be deemed to be one of the "Purchase and Servicing Documents," which constitute the unitary, indivisible master Servicing contract.

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Quote

A Quote is Freddie Mac's non-binding statement of proposed Mortgage Financial Terms. A Quote does not require the Seller to submit a full underwriting package, nor does it bind Freddie Mac to purchase a Mortgage.

Rapid Growth Sponsor

See Sections 9.2(d) and 9SBL.2(c)(3).

Rate Lock

Rate Lock is the procedure in which Freddie Mac agrees to hold the yield rate on the applicable U.S. Treasury index, net spread to Freddie Mac and Servicing Spread for a fixed rate Mortgage (Interest Rate Lock) and to hold the net spread to Freddie Mac and Servicing Spread for a Floating-Rate Mortgage (Spread Rate Lock).

Rate Lock Call

The Seller must call the person whose name is set forth in the Letter of Commitment or early rate lock application to Rate Lock and confirm all of the other terms of the Mortgage, including the term, amortization period and prepayment period. Even though the interest rate for a Floating-Rate Mortgage cannot be Rate Locked, the Seller must complete a Rate Lock Call in order to confirm all of the terms of the Mortgage.

Rate Reset

A Rate Reset Mortgage is a Mortgage with a five-year term, during which there is an option to extend the term of the Mortgage for an additional five years at a reset interest rate.

Rating Agencies

Rating Agencies are Fitch, Inc.; Moody's Investors Service, Inc.; Dominion Bond Rating Service (DBRS); Realpoint LLC; or Standard & Poor's Ratings Services, a division of the McGraw Hill Companies, Inc., or any successor entity of the foregoing, or any other nationally recognized statistical rating organization.

Real Estate Owned

Real Estate Owned is property acquired through foreclosure or deed~~-~~ in~~-~~ lieu of foreclosure.

Redemption Date

See Section 9.9(c).

Regulatory Agreement

An agreement with a governmental entity that places income, rent or other use restrictions on all or selected units of a Property for a given period.

Rejection; Reject

A Rejection is Freddie Mac's determination that it will not accept the early rate lock application submitted by the Seller.

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Repair Reserve

A Repair Reserve is a Reserve established to hold funds allocated for the completion of repairs, rehabilitation or incomplete items of construction. The Repair Reserve can be established by a Repair Escrow Agreement, a Repair and Escrow Agreement or by a Rider to the Loan Agreement that establishes a Repair Reserve.

Replacement ~~Cost Value~~

~~See Section 31.1(d).~~

~~Replacement~~ Reserve

A Replacement Reserve (also referred to as a Replacement Reserve Fund or Replacement Reserve Escrow) is a Reserve established to hold funds allocated for the replacement of capital items. A Replacement Reserve can be established by a Replacement Reserve Agreement or by a Rider to the Loan Agreement establishing a Replacement Reserve.

Required Net Yield

The Required Net Yield is the amount of interest Freddie Mac receives from each Mortgage it purchases.

Reserve

Reserve is all funds, other than principal and interest, collected to cover expenses to be paid under the Mortgage, including hazard insurance premiums and taxes, special assessments, ground rents, water and sewer charges, any other charges that are or may become first liens on the Property, payments for fees for a subsequent third-party interest rate cap agreement, and any other escrow or reserve established under the terms of the Mortgage or the Loan Documents.

Restricted Multiple Asset Entity

As further defined in Chapter 9SBL, a Restricted Multiple Asset Entity is a Borrower that is structured so that it:

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property (as defined in the Security Instrument), the Permitted Property (as defined in the Loan Agreement – SBL), and such 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:

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- The disposition, distribution or sale of Prohibited Substances or any establishment whose primary business is the sale of merchandise normally used or associated with Prohibited Substances
- Any establishment whose primary business is the disposition, distribution, sale or viewing of adult or pornographic materials or activities, including strip clubs and adult bookstores
- Any use involving the disposition or sale of Hazardous Materials
- Any establishment whose primary business is gambling or off-track betting
- Any establishment whose primary business is the sale of alcoholic beverages for off-site consumption

Restricted Party

See Section 7.1.

Restricted Party Lists

See Section 7.1.

Risk Rating

A designation Freddie Mac gives to a Mortgage to reflect Freddie Mac's current risk outlook associated with the Mortgage. Risk Ratings for all Mortgages in the retained portfolio are currently between three and 10 with three deemed the lowest level of risk associated with a Mortgage and 10 being the highest level of risk.

Scheduled Interest

Scheduled interest is the monthly interest scheduled to be paid under the amortization schedule applicable to the Mortgage.

Scheduled Principal

Scheduled Principal is the monthly principal scheduled to be paid under the amortization schedule applicable to the Mortgage, calculated in accordance with Section 53.1.

Schedule of Values

See Section 31.1(~~d~~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.

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Security Incident

See Section 2.26(c).

Security Instrument

A Security Instrument is an instrument (mortgage, deed of trust, deed to secure debt) creating a valid lien on real estate.

Seller

Unless the context otherwise requires it, the term "Seller," as used in the Guide and the other Purchase and Servicing Documents, refers to an Optigo Lender or a Multifamily Structured Transaction Lender acting in its capacity as a Seller of Mortgages to Freddie Mac.

Seller/Servicer

Unless the context otherwise requires it, the term "Seller/Servicer," as used in the Guide and the other Purchase and Servicing Documents, refers to a Seller, a Servicer or an Optigo Lender.

Seller Application

Seller Application is the application between the Seller/Servicer and the Borrower for the Seller/Servicer to make a loan to the Borrower to be secured by the Property and to be sold to Freddie Mac.

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)

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- Corporate Secretary
- General Counsel
- Director
- Chairman of the Board
- General Partner; or
- Member or manager of an LLC

Servicer

Unless the context otherwise requires it, the term “Servicer,” as used in the Guide and the other Purchase and Servicing Documents, refers to an entity acting in its capacity of Servicing multifamily Mortgages for Freddie Mac. A Servicer may be an Optigo Lender, a Multifamily Structured Transaction Seller/Servicer, a Servicer approved on a Servicing-only basis, or a Servicing Agent.

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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Single Asset Entity

A Single Asset Entity is a Borrower that is structured so that it:

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property and such Personal as may be necessary for the operation of the Mortgaged Property and will conduct and operate its business as presently conducted and operated
- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and activities incidental to such ownership, operation, and maintenance

Single Counsel

For SBL Mortgages, as further described in Chapter 6SBL, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of SBL Mortgages.

For TEL Mortgages, as further described in Chapters 25 and 25A, Single Counsel represents Freddie Mac and Seller/Servicers jointly in the origination, delivery and purchase of TEL Mortgages.

Single Purpose Entity

An Single Purpose Entity is a Borrower or SPE Equity Owner that is structured with a single purpose and usually owns only one asset to avoid becoming insolvent due to its owner's conduct and that is insulated from harmful effects of the insolvency of others.

Significant Repairs or Replacements

Significant Repairs or Replacements are those that must be completed in order to protect the tenants from Life Safety Hazards, prevent significant physical or functional decline of the Property and/or negatively impact the value of the Property. Examples of Significant Repairs or Replacements include repairs or replacements to

- Structural elements such as framing, foundations, balconies, and stairs
- Major building systems, such as boilers, ~~HVAC,~~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).

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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(~~d~~c).

State

As used in this Guide, the term "State" includes the District of Columbia, Guam, Puerto Rico and the Virgin Islands as well as the 50 states.

Student Housing Property

A Student Housing Property is a multifamily Property with a student occupancy rate of more than 50 percent. These Properties cater to a student tenant base because of proximity to colleges or universities and may have been constructed as “Purpose Built/Dedicated Student Housing,” or they may be conventional multifamily Properties currently targeted for student tenants.

Stand-Alone Memory Care Property

See Section 21.2.

Subordinate Financing

Subordinate Financing is any Mortgage or other lien that is subordinate to the lien of the first Mortgage on the Property.

Supplemental Mortgage

See Section 20.1.

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Suspicious Activity

Activity that a Seller or Servicer reasonably believes may involve actual or possible money laundering, terrorist financing, mortgage-related fraud or other financial crimes, and which is undertaken by any party involved in any stage of the origination, underwriting, or Servicing of a Freddie Mac Mortgage.

Targeted Affordable Housing Mortgage

A Mortgage originated under either of the following:

- Targeted Affordable Housing (TAH) prior approval model, described in the Multifamily Seller/Servicer Guide
- Delegated Underwriting Model for TAH, described in the Freddie Mac Delegated Underwriting for Targeted Affordable Housing Guide (TAH Guide)

Tax Exempt Bond Credit Enhancement Mortgages

Tax Exempt Bond Credit Enhancement Mortgages are Mortgages that are used as collateral for tax exempt bond transactions in which Freddie Mac has entered into a Credit Enhancement Agreement in a specially negotiated transaction.

Tax-Exempt Loan

A Tax-Exempt Loan is originated under Chapter 25 or Chapter 25A.

Title Agent

An approved agent or agency authorized by the Title Insurance Underwriter to write or issue a Title Policy.

Title Company

Individually and/or collectively, any Title Insurance Underwriter, Title Agent, and/or escrow and settlement company that is issuing a Title Policy, recording documents and/or performing escrow and settlement functions in connection with a Mortgage transaction. When a Title Insurance Underwriter and a Title Agent are handling separate matters for a Mortgage closing, the term Title Company will include both such parties.

Title Insurance Underwriter

An entity that underwrites and issues, or authorizes issuance of, a Title Policy or, as applicable, reinsurance or coinsurance for a Title Policy, that is the party insuring the risks addressed by the Title Policy or such reinsurance or coinsurance, and which is licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa) and regularly issuing title insurance in such jurisdiction. A Title Insurance Underwriter may also authorize its Title Agent to write a Title Policy.

Title Policy

A single paid-up loan title insurance policy meeting the requirements in Chapter 29 and the Title Policy and Endorsement Requirements.

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Total Insurable Value

See Section 31.1(~~d~~c).

Transfer of Ownership

For the purposes of Chapter 41, Transfers of Ownership and Chapter 41SBL, SBL Transfers of Ownership is any conveyance or other transfer of (a) an interest in the Property (including fee simple title or a Mortgage or other lien) or (b) an interest in the Borrower entity, which conveyance or transfer, if carried out without Freddie Mac's prior written approval, would violate a due-on-transfer provision or prohibition on Subordinate Financing contained in the Loan Documents.

Transfer of Servicing

See Section 42.2(a).

Ultimate Control

Ultimate persons or entities that have Control (direct or indirect) of an entity. A party with Ultimate Control must be one of the following:

- An individual,
- Private Investment Fund,
- A revocable trust (including the settlor/grantor and trustee of the revocable trust), or
- A U.S. public company (U.S. publicly traded entity).

If an individual or entity is a Control party in a Private Investment Fund which is a Key Borrower Principal, then that individual or entity must be disclosed and will be subject to all Office of Foreign Assets Control (OFAC) and Anti-Money Laundering (AML) Laws compliance-related obligations set forth in the Guide, including those identified in Chapters 2, 9, 41, 43 and 44.

Unfunded Forward Commitment

See Section 28A.2.

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:

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- Multiplying the purchased unpaid principal balance of each Mortgage by the Coupon Rate of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of the products by the aggregate purchased unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Coupon is conclusive.

Weighted-Average Remaining Maturity

The Weighted-Average Remaining Maturity of any group of Mortgages is calculated by:

- Multiplying the unpaid principal balance of each Mortgage by the number of months remaining to maturity of such Mortgage (resulting in a "product" for each Mortgage)
- Adding the products so obtained for all of the Mortgages
- Dividing the sum of all the products by the aggregate unpaid principal balance of all the Mortgages in the group

Freddie Mac's determination of the Weighted-Average Remaining Maturity is conclusive.

Workforce Housing Preservation

Workforce Housing Preservation is a Conventional Mortgage product designed to preserve middle-income rental housing stock by restricting rents through Borrower-elected rent restrictions in the Loan Agreement or third-party, non-governmental rent restrictions subject to Freddie Mac review and approval of the third-party agreement terms. See Section 17.6.

Yield Maintenance Period

The Yield Maintenance Period is that period of time specified in certain Notes or Riders to Notes during which the Borrower's prepayment of the Mortgage results in its obligation to pay a Yield Maintenance Prepayment Premium.

Yield Maintenance Prepayment Premium

The Yield Maintenance Prepayment Premium is a prepayment premium charged in connection with any prepayment of certain Mortgages during the Yield Maintenance Period.

Yield Rate

The Yield Rate is the yield on the applicable U.S. Treasury.

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Commonly Used Acronyms

AIF

Annual Inspection Form

AMI

Area Median Income

AML

Anti-Money Laundering

ARM

Adjustable-Rate Mortgage

ASTM

American Society for Testing and Materials. See Chapters 61, 62, 64 and 66.

CCRC

Continuing Care Retirement Community

C-PACE

Commercial Property Assessed Clean Energy

Co-op

Cooperative

CRT

Consent Request Tracker

DCR

Debt Coverage Ratio

DDLPI

Due Date of Last Paid Installment

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DBRS

Dominion Bond Rating Service

DMS

Document Management System

ECOI

Equity Conflict of Interest

EGI

Effective Gross Income

EPA

The United States Environmental Protection Agency

EPSH

Employer Enabled Permanent Supportive Housing

FAM

Freddie Mac Access Manager

FEMA

Federal Emergency Management Agency

FHA

Federal Housing Administration

FIC

Fee Inspector Company

GLI

General Loan Information

ICT

Insurance Compliance Tool

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IV

Insurable Value

LIA

Legal Issues Analysis

LIHTC

Low-Income Housing Tax Credit

LMF

Loan Management Form

LODR

Letter of Determination Review

LOMA

Letter of Map Amendment

LOMR

Letter of Map Revision

LST

Loan Submission Template

LTV

Loan-to-Value

MAE

Multiple Asset Entity

MES

Multifamily Eligibility System

MHC

Manufactured Housing Community

MHROC

Manufactured Housing Resident-Owned Community

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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

PLIM

Preliminarily Legal Issues Memorandum

PPM

Small Balance Loan Production Pipeline Manager

PRS

Property Reporting System

RCV

Replacement Cost Value

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REIT

Real Estate Investment Trust

REO

Real Estate Owned

Restricted MAE

Restricted MAE

S&P

Standard and Poor's

SAE

Single Asset Entity

SBL

Small Balance Loan

SFHA

Special Flood Hazard Area

SOV

Schedule of Values

SPE

Single Purpose Entity

TAH

Targeted Affordable Housing

TEL

Tax-Exempt Loan

TIV

Total Insurable Value

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UPB

Unpaid Principal Balance

WAC

Weighted Average Coupon

WARM

Weighted Average Remaining Maturity

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