

Appendix B to August 15, 2024 Bulletin: Redlined Guide Chapter Changes

A combined redlined file of all Guide chapter changes
made with the August 15, 2024 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 August 15, 2024 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 August 15, 2024 Bulletin and Appendix A to August 15, 2024 Bulletin, Guide Updates Spreadsheet. The redlined changes may appear more extensive than the change is, as text may have moved or formatting may have changed. The footers are updated by chapter.

Official electronic version of the Guide available on AllRegs®

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



- 2.1 Notification concerning Principals (04/15/21)
- 2.2 Limitation on the number and amount of Mortgage purchases and commitments (10/07/02)
- 2.3 Limitation on the number and amount of multifamily Mortgages (12/15/20)
- 2.4 Sale of Mortgages by Freddie Mac (12/05/03)
- 2.5 Modification of programs and products (12/05/03)
- 2.6 Race or racial composition of a neighborhood (12/05/03)
- 2.7 Freddie Mac audit (09/14/23)
 - a. Before the audit (09/14/23)-
 - b. After the audit (09/14/23)
- 2.8 Receipt and treatment of confidential information (12/07/04)
- 2.9 Availability of Freddie Mac Multifamily Loan Documents and other legal forms (02/29/12)
 - a. Freddie Mac Multifamily Loan Documents (02/29/12)
 - b. All other legal forms (02/29/12)
- 2.10 Co-marketing with the Freddie Mac Multifamily and Optigo® name, logo and offerings (06/27/19)
 - a. Optigo® Lenders (06/27/19)
 - b. Seller/Servicers not approved to sell to Freddie Mac (06/27/19)
 - c. Other entities (06/27/19)
 - d. Delivery of materials or requests for approval (06/27/19)
 - e. Withdrawal of approval (06/27/19)
- 2.11 Minority-owned and women-owned business enterprises (06/27/19)
- 2.12 Using the Freddie Mac Multifamily Software Applications (02/18/21)
 - a. Authorization to use the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (02/18/21)
 - b. Seller/Servicer's use of the Freddie Mac Multifamily Software Applications and Freddie Mac Approved Third Party Applications (09/30/20)
 - c. Seller/Servicer's warranties (09/30/20)
 - d. No Freddie Mac liability (09/30/20)
 - e. Ownership of the Freddie Mac Multifamily Software Applications (02/29/12)
 - f. Termination of the right to use the Freddie Mac Multifamily Software Applications (09/30/20)
- 2.13 System administrator requirements (06/17/21)
 - a. Seller/Servicer assignment of a system administrator (06/17/21)
 - b. System administrator responsibilities (06/17/21)
 - c. System administrator certification of valid users (09/30/20)
 - d. Seller/Servicer officer verification and certification of system administrators (04/27/18)
- 2.14 Electronic Signatures, Electronic Records, and data security (06/13/24)



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

2.15 Standard of care (02/07/08)

2.16 Payment instructions (04/30/19)

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

2.18 ~~Freddie Mac Exclusionary List (02/15/21)~~ [Freddie Mac Exclusionary List \(08/15/24\)](#)

- a. Purpose of the Exclusionary List (06/28/13)
- b. Access to the Exclusionary List (02/15/21)
- c. ~~Use of the Exclusionary List (02/15/21)~~ [Use of the Exclusionary List \(08/15/24\)](#)
- d. Process for placement on the Exclusionary List (06/29/18)
- e. Controls regarding use and confidentiality of the Exclusionary List (09/28/18)
- f. Waiver of Seller representations and warranties regarding Persons on the Exclusionary List (09/28/18)
- g. Servicer representations and warranties regarding a Transfer of Ownership (09/28/18)
- h. Waiver of Servicer representations and warranties regarding the Exclusionary List (09/28/18)
- i. Reporting obligations of the Seller and Servicer (10/07/11)
- j. Confidentiality and use of the Exclusionary List (06/29/18)
- k. Indemnification (06/29/18)
- l. Remedies (10/07/11)

2.19 Compliance and regulatory risk management (01/01/25)

- a. Policies and procedures (01/01/25)
- b. Chief Compliance Officer (01/01/25)
- c. ~~Prevention, detection and reporting of fraud and other Suspicious Activity (04/18/24)~~ [Prevention, detection and reporting of fraud and other Suspicious Activity; Restricted Vendor List \(08/15/24\)](#)

2.20 Business continuity and recovery (06/13/24)

- a. Business Continuity Plan (06/13/24)
- b. Business Disruption notification requirements (10/19/23)

2.21 Email communications with Seller/Service's (07/01/14)

2.22 Anti-money laundering compliance (02/15/21)



2.23 ~~Office of Foreign Assets Control (OFAC) compliance (12/14/23)~~ [Office of Foreign Assets Control \(OFAC\) compliance \(08/15/24\)](#)

2.24 ~~Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) (12/14/23)~~ [Federal Housing Finance Agency \(FHFA\) Suspended Counterparty Program \(SCP\) \(08/15/24\)](#)

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

2.26 Information security (06/13/24)

- a. Information security minimum requirements (06/13/24)
- b. Access control (10/19/23)
- c. Compliance with Freddie Mac Security Incident requirements (06/13/24)

2.27 Vendor risk management program (10/19/23)

[2.28 Public Records Searches \(08/15/24\)](#)



2.1 Notification concerning Principals (04/15/21)

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

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

- Cease involving the Principal in any of the Seller/Servicer's Freddie Mac business, and
- Notify in writing the Senior Vice President, Freddie Mac Multifamily at the following address:

Attn: Senior Vice President, Freddie Mac Multifamily
Freddie Mac
8100 Jones Branch Drive
M/S B4M
McLean, VA 22102-3110

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

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

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

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

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

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

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



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

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

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

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

2.7 Freddie Mac audit (09/14/23)

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

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

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

b. After the audit (09/14/23)

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

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

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

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

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



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

1. The Seller/Servicer must treat all confidential information and all information or materials prepared from confidential information, defined as "derivative information," as strictly confidential and proprietary. The Seller/Servicer must not release or disclose or permit the release or disclosure of all or any part of the confidential information or the derivative information for any purpose at any time except to the extent:

- Allowed by this section
- Expressly required or consented to by Freddie Mac in writing, or
- Ordered by a court or administrative agency

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

2. Unless the Seller/Servicer has obtained prior written consent from Freddie Mac, the Seller/Servicer must not copy or permit copies to be made of all or any part of the confidential information or the derivative information except to the extent necessary for Servicing the Mortgages or fulfilling any other obligations to Freddie Mac. The Seller/Servicer must mark "Confidential" in a prominent location on all confidential information, derivative information and on all copies.
3. The Seller/Servicer may provide confidential information or derivative information to those officers, directors, principals, partners or employees of the Seller/Servicer and its regulators, auditors, counsel and accountants to the extent necessary to Service the Mortgages. The Seller/Servicer must notify any individuals receiving confidential information or derivative information that the individual has the same obligations as the Seller/Servicer to keep the confidential information or derivative information confidential.
4. Confidential information and derivative information do not include any information that is:
 - Generally available to the public
 - Provided to the Seller/Servicer by a third party that is not itself under a confidentiality obligation with respect to the information, or
 - Independently developed by the Seller/Servicer without use of any portion of the confidential information



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

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

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

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

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

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

a. Optigo® Lenders (06/27/19)

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

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

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

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

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

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

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

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



4. Approval to link to online Freddie Mac resources

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

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

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

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

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

c. Other entities (06/27/19)

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

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

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

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

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

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

Freddie Mac may withdraw an approval to use the Freddie Mac Optigo Lender designation, the Freddie Multifamily or Optigo logo, the Freddie Mac Multifamily or Optigo name, graphic, web link or product terms at any time upon 10 Business Days' prior notice. After receipt of such notice, the Optigo Lender must discontinue use of the designation, logo, name, graphic, product terms and/or web links, as applicable. However, if the withdrawal of the consent is required by Freddie Mac's regulators or any other governmental entity, Freddie Mac may

withdraw the consent with such prior notice as is commercially reasonable or practicable under the circumstances. Upon receipt of notice that Freddie Mac is withdrawing its consent at the requirement of a regulator or other government entity, the Optigo Lender must promptly and diligently use good faith efforts to discontinue use of the product terms and/or web links, as applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

b. System administrator responsibilities (06/17/21)

The system administrator is required to identify:

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

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

- Enter the user's contact information in FAM, to provide access to myOptigoSM for Investor Reporting, and the Multifamily secure content
- Enter the user's contact information in both FAM and in OUS, to provide access to OUS
- Complete the DMS New User Setup, Reactivation and Deactivation form and submit it to MF_Service_Desk@freddiemac.com, to provide access to or reactivate user access to DMS
- Enter the user's contact information in FAM, complete the Insurance Compliance Tool (ICT) User Access Request, and submit it to MF_Service_Desk@freddiemac.com, to provide access to the ICT
- Enter user information into PRS to manage access to that software application
- Enter user information into MES to manage access to that software application



- Confirm or revoke requests for user access to CRT as appropriate
- Work with the third-party service provider to manage user access for the applicable Freddie Mac Approved Third Party Application

When an employee or vendor for a Seller/Servicer leaves the Seller/Servicer's employ or transitions to a role that no longer requires access to any Freddie Mac Multifamily Software Application or Freddie Mac Approved Third Party Application, the system administrator must, no later than 30 days after the departure or transition, take each of the following actions:

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

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

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

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

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

Days of receipt of a request from Freddie Mac. Additionally, Seller/Servicer grants Freddie Mac the right to periodically request a user listing for Seller/Servicer's users from the system administrators of Freddie Mac Approved Third Party Applications.

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

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

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

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

2.14 Electronic Signatures, Electronic Records, and data security (06/13/24)

a. Overview (05/05/17)

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

b. Definitions (06/30/16)

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

- **Computer Systems**

All computers, servers, fax machines, other Electronic devices, hardware, web sites, Internet, private networks, telephone lines or wireless communications, together with software applications, security measures, proprietary coding, interfaces and/or connectivity used to create, present, sign, transfer, transmit, send, submit, deliver, receive, retrieve, maintain, and/or store Records, Electronic Records or Electronic Signatures in order to engage in and/or conduct Electronic Transactions

- **Computer Contagion**

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

- **Electronic**



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

- **Electronic Record**

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

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

- **E-SIGN**

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

- **Electronic Signature**

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

- **Electronic Transaction**

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

- **Host**

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

- **ISP**

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

- **Record**

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

- **UETA**



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

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

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

d. Security standards (06/13/24)

1. Minimum standards

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

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

2. Restricted access from foreign countries or regions

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

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

3. Minimum security standards

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

4. Notification of Security Incident

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

5. Failure to adopt or maintain standards

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

6. Seller/Service Provider responsibility

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

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

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

1. The Seller/Service Provider consents to the use of Electronic Records and/or Electronic Signatures whenever expressly required or permitted by Freddie Mac.
2. The Seller/Service Provider agrees to adopt any Electronic Signature required or provided by Freddie Mac.
3. The Seller/Service Provider agrees to adopt and maintain security measures sufficient to protect and safeguard its Electronic Signature from loss, theft and unauthorized or improper disclosure or use.
4. The Seller/Service Provider agrees that if its Electronic Signature is attached to or logically associated with any Record transmitted or submitted to Freddie Mac, such attachment or association of its Electronic Signature will be conclusive verification that the Seller/Service Provider executed and intended to be bound by the terms of the Record. In addition, such Electronic Signature will be deemed as valid as its ink counterpart on paper, and will not require the Seller/Service Provider to conduct due diligence on DMS or on any signing technology embedded in a form downloaded from a Freddie Mac website, nor will it constitute any Seller/Service Provider representation or warranty regarding the same.

5. Before Freddie Mac requires or permits the Seller/Servicer to send any Electronic Transaction to Freddie Mac, Freddie Mac may specify its requirements for the Seller/Servicer's Computer System and ISP, in which event the Seller/Servicer must ensure that it complies with those requirements.
6. The Seller/Servicer agrees that it is able to readily print, store and retrieve any Electronic Record transmitted by Freddie Mac to it; and the Seller/Servicer is able to transmit or submit Electronic Records to Freddie Mac.
7. The Seller/Servicer agrees that it is fully responsible for protecting and safeguarding its Computer System from all Computer Contagions that may damage Freddie Mac's or any Freddie Mac Host's Computer System.

g. Indemnification (06/30/16)

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

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

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

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

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



3. Any indirect, incidental, special or consequential damages arising out of or relating to any Electronic Transaction

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

i. Method of notification (06/30/16)

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

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

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

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

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

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



I. Electronic Signatures from Seller/Serviceirs (05/05/17)

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

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

m. Governing law (06/30/16)

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

n. Conflict (06/30/16)

If the requirements set forth in this section conflict with requirements in other sections of the Guide, or with other Purchase and Servicing Documents, or any other written agreement between the Seller/Serviceir and Freddie Mac, then the requirements in such other Guide sections, or other Purchase and Servicing Documents, or other written agreements (as applicable), will control and prevail over these requirements, but only to the extent necessary to resolve the conflict. If the Seller/Serviceir believes there is any such conflict, the Seller/Serviceir must contact Freddie Mac to discuss any such conflict in an effort to resolve it.

2.15 Standard of care (02/07/08)

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

2.16 Payment instructions (04/30/19)

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

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

This Guide contains instructions for the delivery of various documents and forms to Freddie Mac, including the delivery of the underwriting packages, final delivery packages and a number of different Servicing forms. In lieu of using the delivery instructions set forth in this Guide, any

Seller/Servicer that is a user of DMS must deliver all documents and forms in accordance with the instructions provided in the training provided to the Seller/Servicer for its use of DMS.

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

2.18 ~~Freddie Mac Exclusionary List (02/15/21)~~ Freddie Mac Exclusionary List (08/15/24)

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

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

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

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

c. ~~Use of the Exclusionary List (02/15/21)~~ Use of the Exclusionary List (08/15/24)

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

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

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

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



1. Screen employees and contractors of the Seller/Servicer.

The Seller/Servicer must ensure that no individual or entity whose name is on the Exclusionary List is employed by or contracted to the Seller/Servicer for the purpose of working on sales or servicing transactions involving Freddie Mac loans. The Seller/Servicer must screen each individual or entity that:

- Has a substantive role in any credit decision that is part of the origination or Servicing of a Freddie Mac Mortgage
- Is responsible for the receipt or remittance of funds in connection with the sale of a Mortgage to Freddie Mac
- Reports, remits or processes Mortgage payments
- Performs property inspections for Freddie Mac Properties
- Manages Custodial Accounts for Freddie Mac loans
- ~~Performs custodial fund accounting for Freddie Mac Mortgages including the Seller/Servicer's own officers, directors, employees, any third parties to whom sales or Servicing functions regarding Freddie Mac Mortgages are outsourced.~~ Performs custodial fund accounting for Freddie Mac Mortgages including the Seller/Servicer's own officers, directors, employees, any third parties to whom sales or Servicing functions regarding Freddie Mac Mortgages are outsourced

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

- A. Seller/Servicer must use the Exclusionary List to screen each applicable individual and entity in connection with the origination of a Mortgage and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. See also Section 2.28.
- B. ~~A. Prior to the submission of the preliminary underwriting package and the full underwriting package for a Mortgage using the early rate lock delivery option, or the submission of the full underwriting package for a Mortgage using the standard delivery option, the Seller must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File.~~ Prior to final delivery of the Mortgage to Freddie Mac, the Seller must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File:
- Broker/correspondent
 - ~~Borrower~~ Appraiser (the entity and any individual who signs the Appraisal)
 - ~~Borrower Principal~~ Title insurer (the entity which will issue the title policy)
 - Closing agent (the entity and any individual responsible for escrowing any funds in connection with the origination of the Mortgage)



- Surveyor (the entity and the surveyor who signs the survey)
- Property condition consultant (the entity and engineer who signs the property condition report)
- Environmental consultant (the entity and any environmental consultant who signs the environmental report)
- Seller/Servicer's counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)
- Borrower's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)
- ~~Property seller, if applicable (including the entity and any principal of that entity)~~ Guarantor's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)

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

3. Screen parties involved in a Transfer of Ownership.

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

- A. The Servicer must use the Exclusionary List to screen each applicable individual and entity involved in the Transfer of Ownership or in the underlying real estate transaction in accordance with requirements set forth in the Guide and the Public Records Search Requirements. See also Section 2.28.
- ~~B. Prior to final delivery of the Mortgage to Freddie Mac, the Seller must screen each of the following:~~ Prior to the closing date of the Transfer of Ownership, the Servicer must screen each of the following and maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File, if applicable for the particular transaction:
- Appraiser (the entity and any individual who signs the Appraisal)
 - Title insurer (the entity which will issue the title policy)
 - ~~Closing agent (the entity and any individual responsible for escrowing any funds in connection with the origination of the Mortgage)~~
 - ~~Surveyor (the entity and the surveyor who signs the survey)~~



- ~~Property condition consultant (the entity and engineer who signs the property condition report)~~
- ~~Environmental consultant (the entity and any environmental consultant who signs the environmental report)~~
- ~~Seller/Servicer's counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)~~
- ~~Borrower's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)~~
- ~~Guarantor's counsel (the firm and any attorney who signs a legal opinion or provides any certification to the Seller and/or to Freddie Mac)~~

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

~~3. Screen parties involved in a Transfer of Ownership.~~

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

~~A. Prior to the submission of the request for Freddie Mac approval of a Transfer of Ownership, the Servicer must screen each of the following and provide evidence of the screening in the materials submitted to Freddie Mac in connection with the request:~~

- ~~New Borrower, if applicable~~
- ~~Any new Borrower Principal~~

~~B. Prior to the closing date of the Transfer of Ownership, the Servicer must screen each of the following and provide evidence of the screening (e.g., screenshots of the searches) in the materials submitted to Freddie Mac, if applicable for the particular transaction:~~

- ~~Appraiser (the entity and any individual who signs the Appraisal)~~
- ~~Title insurer (the entity which will issue the title policy)~~

- Closing agent (the entity and any individual responsible for escrowing any funds in connection with the Transfer of Ownership)



- Surveyor (the entity and the surveyor who signs the survey)
- Property engineer (the entity and engineer who signs the property condition report)
- Environmental consultant (the entity and any environmental consultant who signs the environmental report)
- Seller/Service's counsel (the firm and any attorney who prepares the preliminary legal issues memorandum, prepares any Loan Documents, manages the closing or provides any certification to Freddie Mac)
- New Borrower's counsel
- New guarantor's counsel

4. Screen proposed new property management companies.

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

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

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

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

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



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

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

f. Waiver of Seller representations and warranties regarding Persons on the Exclusionary List (09/28/18)

Before the Origination Date of a Mortgage, a Seller may contact Freddie Mac to request a waiver of representation and warranty obligations under Section 5.2(g) with respect to the Mortgage. The Seller must make such request to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such request by fax or regular mail to the *Investigation Unit*.

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

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

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

h. Waiver of Servicer representations and warranties regarding the Exclusionary List (09/28/18)

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

The Servicer must make such request to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such request by fax or regular mail to the *Investigation Unit*.

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



i. Reporting obligations of the Seller and Servicer (10/07/11)

The Seller/Servicer must immediately report the discovery of any possible breach of its warranties regarding the Exclusionary List. The Seller/Servicer must make such report to the Freddie Mac Fraud Mailbox at mortgage_fraud_reporting@freddiemac.com, or alternatively may make such report by fax or regular mail to the *Investigation Unit*.

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

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

k. Indemnification (06/29/18)

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

l. Remedies (10/07/11)

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

2.19 Compliance and regulatory risk management (01/01/25)

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

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

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

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

1. Training

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

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



2. Monitoring

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

3. Non-compliance

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

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

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

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

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

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

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

c. ~~Prevention, detection and reporting of fraud and other Suspicious Activity (04/18/24)~~ Prevention, detection and reporting of fraud and other Suspicious Activity; Restricted Vendor List (08/15/24)

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



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

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

~~It is also important for Seller/Service's to know the parties with whom they do business. Each Seller/Service must approve, evaluate and monitor appraisers, Title Companies and any third party to whom functions relating to a Mortgage or REO are outsourced or assigned, including consulting the~~ Freddie Mac's acceptance of the engagement of any specific third-party or vendor may be subject to such additional terms and conditions as Freddie Mac deems necessary, reasonable, or appropriate in Freddie Mac's sole discretion. When applicable, Freddie Mac identifies these third-parties and vendors as Third-Party Vendors on the "Vendors With Conditions List," which is attached as a schedule to the Multifamily Restricted Vendor List. (See Sections 29.1(c), 29SBL.1(c), 60.4(c), 61.17(e) and 62.8(e)). These parties may continue to be engaged by Borrowers or Seller/Service's but will be subject to the additional conditions described in the Vendors With Conditions List.

2.20 Business continuity and recovery (06/13/24)

a. Business Continuity Plan (06/13/24)

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

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



- Geographically dispersed work areas and resources available in the event of a regional disruption
- Environmental controls to monitor, mitigate and protect the organization with regard to a loss of connectivity, access to, or integrity of, information and damage caused by natural disasters or manmade incidents such as fire, earthquake, flood, hurricane, tornado or weather-related adverse conditions
- Documented procedures for crisis management, plan invocation and activation of recovery sites
- Identification of all mission-critical systems, external dependencies, network diversity, vital records, personnel and the provisions in place to ensure their continued availability
- Standards and controls that are appropriate for customers participating in the critical financial services markets

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

b. Business Disruption notification requirements (10/19/23)

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

If, at any time during the investigation of the Business Disruption, there is reason to believe that there has been any unauthorized access to, or acquisition of, data or computing resources that may compromise the security, confidentiality, availability, integrity or privacy of Freddie Mac information (examples include a phishing email or malware attack, etc.) (“Security Incident”), the Seller/Service must follow the requirements in Section 2.26(c).

Business Disruption notification requirements	
The Seller/Service must...	
1.	Immediately, and in no event later than 24 hours after the Business Disruption is discovered notify Freddie Mac of the Business Disruption via email at multifamily_eligibility@freddiemac.com and:
1a.	Provide the name, phone number and email address of the contact leading the Business Disruption investigation
1b.	Promptly investigate, correct and/or mitigate the Business Disruption at the Seller/Service’s expense, including by identifying Freddie Mac information affected by the Business Disruption and preventing the continuation and recurrence of the Business Disruption
1c.	Provide Freddie Mac with such information as Freddie Mac may reasonably request to evaluate the effect of the Business Disruption on Freddie Mac and Freddie Mac’s operations

Business Disruption notification requirements	
The Seller/Servicer must...	
1d.	Provide Freddie Mac via email at multifamily_eligibility@freddiemac.com with all details of the Business Disruption known at that time and related internal and external investigations, including all tactics, techniques and procedures for addressing and resolving the Business Disruption
2.	Once known, email Freddie Mac at multifamily_eligibility@freddiemac.com with details characterizing any anticipated potential damage estimates (including reputational), what actions are being taken to protect individuals and business assets in the future, and any resulting after-action reports generated
3.	Provide to Freddie Mac updates with details on progress made since the last update until the Business Disruption is fully resolved and closed

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

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

2.22 Anti-money laundering compliance (02/15/21)

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

2.23 ~~Office of Foreign Assets Control (OFAC) compliance (12/14/23)~~ Office of Foreign Assets Control (OFAC) compliance (08/15/24)

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

Seller/Servicer's compliance program must include written practices and procedures for conducting searches of the SDN List and the OFAC Consolidated Sanctions List including how to verify and address potential positive and positive matches on those lists.

~~It is the Seller/Servicer's responsibility to determine compliance with these OFAC requirements, and to verify that the names of any Borrowers, Borrower Principals, Guarantors, Non-U.S. Equity Holders or property management companies do not appear on the most current SDN List or Consolidated Sanctions List prior to (1) delivering a full underwriting package to Freddie Mac, (2) delivering a Servicer's certificate regarding OFAC/FHFA SCP compliance to Freddie Mac for Transfers of Ownership (as described in Section 41.1(d) and 41SBL.1(d)), Default Analysis (as described in Section 44.5(a)) or property management change (as described in 43.19(c)(5)), or (3) undertaking any other Servicing-related transaction, as applicable. The Seller/Servicer must: (a) maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage, and (b) provide evidence of the screening in the materials submitted in connection with any Servicing-related transaction, as applicable. It is the Seller/Servicer's responsibility to determine compliance with these OFAC requirements, and to verify that the names of any applicable individuals and entities do not appear on the most current SDN List or Consolidated Sanctions List in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. The Seller/Servicer must maintain evidence (including the date of the search) of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage or any Servicing-related transaction, as applicable.~~

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

2.24 ~~Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP)~~ (12/14/23) Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) (08/15/24)

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

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

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

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

~~It is the Seller/Servicer's responsibility to verify that the Borrower, each Borrower Principal and property management company is not a Named Party on the FHFA SCP List prior to (1) delivering a full underwriting package to Freddie Mac, (2) delivering a Servicer's certificate regarding OFAC/FHFA SCP compliance to Freddie Mac for a Transfer of Ownership (as described in Section 41.1(d) and 41SBL.1(d)), Default Analysis (as described in Section 44.5(a)), or property management change (as described in 43.19(c)(5)), or (3) undertaking any other Servicing-related transaction, as applicable. The Seller/Servicer must: (a) maintain evidence of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage, and (b) provide evidence of the screening in the materials submitted in connection with any Servicing-related transaction, as applicable, including the date the search was conducted. It is the Seller/Servicer's responsibility to verify that each applicable individual and entity is not a Named Party on the FHFA SCP List in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. The Seller/Servicer must maintain evidence (including the date the search was conducted) of the screening (e.g., screenshots of the searches) in the Mortgage File in connection with the origination of a Mortgage or any Servicing-related transaction, as applicable.~~

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

(a) An Equity Conflict of Interest occurs when:

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

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

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

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

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

- The Seller/Servicer-Level Owner does not currently have, or have the ability to assume, control of the Borrower

- The property inspection and lease audit is not delegated by Freddie Mac to the Seller/Servicer

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

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

- (ii) A Transfer of Servicing must occur on or prior to Freddie Mac's purchase of the Mortgage
- (iii) The property inspection and lease audit may not be delegated by Freddie Mac to the Seller/Servicer
- (iv) Notwithstanding the provisions of Section 60.4, neither the appraiser nor the appraisal firm may be affiliated with or related to the Seller/Servicer
- (v) No other Equity Conflict of Interest is occurring

2.26 Information security (06/13/24)

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

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

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

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

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

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

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



a. Information security minimum requirements (06/13/24)

(i) Information security program

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

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

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

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

(ii) Human resources security

- Pre-employment screening: Each Seller/Servicer must conduct, or retain a qualified third party to conduct, thorough background verification checks (screening) for all candidates for employment or contractor status who will have access to Freddie Mac information
- Confidentiality and acceptable use: Before granting access to Freddie Mac information or systems, a Seller/Servicer must have in place written requirements that apply to its employees and, where relevant, contractors and third-party users, that require such employees, contractors, and third-party users to appropriately use and maintain the confidentiality of Freddie Mac information and systems
- Information security awareness, education and training: Each Seller/Servicer must provide information security awareness training to all employees of its organization, and, where relevant, contractors and other third-party users of the Seller/Servicer's information technology. The awareness training must be current in substance, reflecting up-to-date vulnerabilities, threats and techniques and provide information on roles and responsibilities for all users in protecting information at the Seller/Servicer, along with practical ways to incorporate information security into daily routines, as well as awareness of various types of phishing campaigns and techniques.



(iii) Physical and environmental security controls

The Seller/Service must create and maintain:

- A physical security control program of the organization's buildings and facilities containing information systems designed to detect, monitor and prevent unauthorized persons gaining access and to respond to physical security incidents using real-time physical intrusion alarms and surveillance equipment
- A business continuity and disaster recovery plan as detailed in Section 2.20

(i) Communications and operations management

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

(ii) Removable media policy

The Seller/Service must:

- Have a data loss prevention/transmission protection mechanism or establish in related written policy requirements to protect the confidentiality and integrity of information exchange using technology applications or information systems, including requirements for secure data transmission across company information systems, networks and external (public and third-party) networks
- Use adequate and up-to-date data loss prevention (DLP) software to scan for sensitive information stored on disk and outgoing transmissions over public communication paths as well as to restrict the transfer of data to USB and other removable media devices at the desktop level. Ensure that a corresponding management process is in place to ensure the software is adequate and up-to-date.

(iii) Anti-virus program/updates

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

(iv) Boundary protection

The Seller/Service must:

- Implement information technology controls to block all traffic inbound from, and outbound to public networks that have not been expressly permitted by policy (i.e., "deny by default")

- Manage and restrict ports, protocols and services to only those that are required and approved for business operations
- Formally recertify and authorize firewall rules upon each significant change in infrastructure and otherwise at least annually

(v) Mobile computing

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

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

(vi) Wireless networks

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

- Implement and keep up to date a strong Wireless Local Area Network (WLAN) Authentication method that meets or exceeds the current industry standard (e.g., those set forth by NIST or FFIIEC) Encryption strength and technology
- Prohibit use of outdated wireless technologies such as Wired Equivalent Privacy (WEP) algorithm
- Regularly perform reviews of approved wireless networks to validate and verify authorized users and access points
- Password protect and control administrative access to the router

(vii) Vulnerability Management

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

- Employ a qualified and independent third party to conduct penetration testing on system or system components at least annually
- Have written vulnerability assessment requirements that are periodically reviewed and up-to-date
- Prioritize and remediate identified vulnerabilities

- Maintain a record of all identified vulnerabilities and their status and a plan for remediation

(viii) Configuration and patch management

The Seller/Service must:

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

(ix) Auditing, logging and monitoring

The Seller/Service must:

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

The Seller/Service should ensure an independent security assessment of the control environment is performed not less than annually and upon the occurrence of any data security incident or privacy incident.

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

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

- Management and separation of production and development environments that reflects contemporary best practices



- Secure coding requirements
- Open-source requirements
- Code development and security scanning pre- and post-deployment

(xi) Treatment of sensitive data and Data Encryption

(i) Treatment of sensitive data

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

(ii) Data Encryption

The Seller/Service must:

- Provide for the protection, integrity and confidentiality of data in transit and at rest
- Use Encryption during transmission and at rest for any potentially sensitive personal data
- Deploy Encryption standards that meet or exceed the then current industry standard (e.g., those set forth by NIST or FFIEC) Encryption strength and technology
- Prohibit use of outdated and unsupported technologies
- Use Encryption mechanisms on portable end-user devices to protect data if the hardware (e.g., laptop, mobile device) is lost or stolen

(xii) Incident management

The Seller/Service must:

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

(xiii) Secure transmission of data to Freddie Mac's systems

The Seller/Service must not transmit to Freddie Mac's systems, through an Application Programming Interface (API) or otherwise, any materials that contain bugs, viruses, worms or other functions, routines, devices or instructions that may create any

unauthorized access or damage the protection, integrity and confidentiality of data in transit.

b. Access control (10/19/23)

(i) Access management policy

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

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

(ii) Granting, removing and reviewing access

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

- Approval of access requests
- Removal of access upon employee/contractor terminations and transfers
- Analysis of account user access, inactivity and subsequent removal of access that is no longer needed for employees/contractors
- Periodic review of all user access privileges and certify access according to the principle of least privilege

- Prohibit or prevent using the same service account identifiers and passwords in both production and non-production environments

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

(iii) Authentication requirements and guidelines

Seller/Servicers must require employees to authenticate or prove their identity to the system through a private, protected method or process which includes user identification codes, passwords, personal identification numbers, a smart card and/or a token device. If passwords are used, the authentication policy must mandate minimum guidelines for password complexity, reuse timelines and password changes must be conducted at least once every 90 days except for system-to-system credentials, which must be conducted at least once every 365 days.

(iv) Asset management

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

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

(v) Cloud computing

Where applicable, Seller/Servicers must have formal written cloud computing requirements that are reviewed periodically and kept up-to date with current practices.

(vi) Vendor risk management

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

c. Compliance with Freddie Mac Security Incident requirements (06/13/24)

Immediate notification to Freddie Mac is required if:

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



Immediately, and in no event later than 24 hours after the Security Incident is discovered, the Seller/Service must notify Freddie Mac of the Security Incident via email at Information_Security@freddiemac.com and cc MF_Data_Security_and_Privacy@freddiemac.com ~~If the Seller/Service does not have access to email, call 571-382-3333 to report the incident. The Seller/Service must report information about the incident as soon as it known, following the minimum requirements in the table below:~~ If the Seller/Service does not have access to email, call 571-382-3333 to report the incident. The Seller/Service must report information about the incident as soon as it is known, following the minimum requirements in the table below:

Security Incident notification requirements	
The Seller/Service must...	
1.	Provide the name, phone number and email address of the contact leading the Security Incident investigation
2.	Promptly investigate, correct and/or mitigate the Security Incident at the Seller/Service's expense, including by identifying Freddie Mac information affected by the Security Incident and preventing the continuation and recurrence of the Security Incident
3.	Comply in a timely manner with applicable laws concerning notification requirements, giving Freddie Mac the opportunity to first review and comment on any notification that in any way refers to or identifies Freddie Mac. Upon request, timely provide Freddie Mac and its designees all information and assistance needed to enable Freddie Mac to timely make any notification it deems necessary or advisable concerning the Security Incident.
4.	Provide Freddie Mac with such information, including technical and forensic reports, as Freddie Mac may reasonably request to evaluate the effect of the Security Incident on Freddie Mac and Freddie Mac's data and operations and impacted Borrowers, Borrower Principals and/or other individuals affected by a certain Security Incident. If the Service determines not to send notices to any Borrowers, Borrower Principals and/or other individuals affected by a certain Security Incident, the Service must provide written notice to Freddie Mac including a rationale and explanation for not sending notice to all affected parties as soon as practicable after the Security Incident. Notwithstanding the Service's determination not to provide such notices, Freddie Mac may direct the Service to provide notices to the affected Borrowers, Borrower Principals and/or other individuals affected by the Security Incident, at the Service's expense.
5.	Provide Freddie Mac via email at Information_Security@freddiemac.com and cc MF_Data_Security_and_Privacy@freddiemac.com with all details of the Security Incident known at that time and related internal and external investigations, including: <ul style="list-style-type: none"> • Technical indicators of compromise (email addresses, hash values, IP addresses, malware code, vector of compromise, etc.) • All tactics, techniques, and procedures of the incident • Other details surrounding the attack methodology and timing of the compromise

Security Incident notification requirements	
The Seller/Servicer must...	
	<ul style="list-style-type: none"> Point of contact information for the Seller/Servicer and any law enforcement agencies involved for further inquiries
6.	<p>Once known, email Freddie Mac at Information_Security@freddiemac.com and cc MF_Data_Security_and_Privacy@freddiemac.com with details:</p> <ul style="list-style-type: none"> Indicating whether or not Freddie Mac data was accessed, taken or exposed Characterizing the nature of information accessed, taken or exposed Of the likelihood of misuse and, if applicable, how any data was misused Of any anticipated potential damage estimates (including reputational) Concerning what actions are being taken to remediate the Security Incident and its cause and to protect individuals and business assets in the future; and Any resulting after-action reports generated
7.	<p>Provide to Freddie Mac updates with details of the Security Incident, including:</p> <ul style="list-style-type: none"> Copies of any communications to Borrowers, state and federal agencies, regulators, credit reporting agencies or others Interim status updates Freddie Mac may request, including details on progress made since the last update until Freddie Mac is satisfied the incident giving rise to the Security Incident is fully resolved and closed Final incident closure report with details such as remediation actions or workarounds or correction that fixed the incident and restored service to its best quality, eradication and recovery steps taken and lessons learned from the incident

2.27 Vendor risk management (10/19/23)

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

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

2.28 Public Records Searches (08/15/24)

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



Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:36:24 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 02 - General FM Policies GB-06-13-24.docx	
Modified filename: 02 - General FM Policies GB-08-15-24.docx	
Changes:	
Add	105
Delete	87
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	192



3.1 Freddie Mac Seller/Servicer requirements and

designations (06/15/23)

- a. Optigo Lender (06/15/23)
- b. Freddie Mac Multifamily Structured Transaction Seller/Servicer (05/11/10)
- c. Freddie Mac Multifamily Servicing-only approval (06/17/21)
- d. Prescreen and Application Processes and fees (06/15/23)

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

3.3 Financial eligibility minimum servicing volume and experience requirements (04/18/24)

- a. Net worth and minimum servicing volume requirements (04/18/24)
- b. Additional financial requirements for non-SBL Seller/Servicers (02/28/20)
- c. Additional requirements and considerations for SBL Mortgages (02/28/20)

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

3.5 Annual Certification Report (02/06/17)

- a. Multifamily Annual Certification Report, Form 16M (02/06/17)
- b. Multifamily Annual Certification Report – Multifamily Structured Transaction & Tax-Exempt Bond Seller/Servicers, Form 17M (02/06/17)
- c. Multifamily Annual Certification Report – Servicer Only, Form 1110M (05/11/10)

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

- a. Internal control report (12/16/21)
- b. Mortgage bankers quarterly financial report (02/07/08)

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

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

3.8 ~~Seller/Servicer change notification requirements (06/13/24)~~ [Seller/Servicer change notification requirements \(08/15/24\)](#)

- a. ~~Seller/Servicer changes requiring 60-day advance notice and Freddie Mac approval (06/13/24)~~ [Seller/Servicer changes requiring 60-day advance notice and Freddie Mac approval \(08/15/24\)](#)
- b. Seller/Servicer changes requiring 30-days' notice to Freddie Mac (02/16/23)
- c. Seller/Servicer changes requiring 14-days' notice to Freddie Mac (02/16/23)
- d. Seller/Servicer and parent changes requiring immediate notice to Freddie Mac (06/13/24)
- e. Seller/Servicer changes requiring subsequent notice to Freddie Mac (06/13/24)

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

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

- a. Special terms (02/07/08)



- b. Existing Mortgages (07/31/12)
- c. Commitment, delivery and purchase of Loans-in-Process (02/07/08)
- d. Categories of Loans-in-Process (07/31/12)

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

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

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

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

3.15 Additional requirements applicable to Seller/Servicers (01/01/25)

- a. Policies and procedures (01/01/25)
- b. Additional requirements applicable to SBL Seller/Servicers (12/14/23)
- c. Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (12/14/23)

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

- a. Acceptable insurer (09/26/19)
- b. Seller/Servicer fidelity insurance coverage (09/26/19)
- c. Seller/Servicer errors & omissions (E&O) insurance coverage (09/26/19)
- d. Documentation of fidelity and E&O insurance (02/16/23)
- e. Blended fidelity and E&O insurance policies (02/16/23)
- f. Reinstatement of coverage (02/16/23)
- g. Self-insurance and Fidelity and/or E&O insurance provided by a captive insurance company (09/26/19)
- h. Other Seller/Servicer obligations for fidelity and E&O insurance (02/16/23)

3.17 Non-discrimination (12/14/23)



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

All Freddie Mac Seller/Servicers must:

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

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

a. Optigo Lender (06/15/23)

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

1. Optigo Conventional Lender

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

2. Optigo Targeted Affordable Housing (TAH) Lender

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

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

3. Optigo Small Balance Loan Lender

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



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

4. Optigo Seniors Housing Lender

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

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

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

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

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

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

d. Prescreen and Application Processes and fees (06/15/23)

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

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

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

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

Prescreen Review Fee

Designation	Fee	Notes
Conventional Seller/Servicer	\$5,000	<ul style="list-style-type: none"> Freddie Mac may adjust the fee based on prior approval and transaction type There is no additional fee for an approved Conventional Seller/Servicer to become an approved Seniors Housing Seller/Servicer
TAH Seller/Servicer		
SBL Seller/Servicer		

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

Application fee to become an approved Seller/Servicer		
Designation	Fee	Notes
Conventional Seller/Servicer	\$50,000	<ul style="list-style-type: none"> Freddie Mac may adjust the fee based on prior approval and transaction type There is no additional fee for an approved Conventional Seller/Servicer to become an approved Seniors Housing Seller/Servicer
TAH Seller/Servicer		
SBL Seller/Servicer		
Servicer-only	\$50,000	

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

Application fee to become an approved Structured Transaction Seller/Servicer		
Designation	Fee	Notes
Structured Transaction Seller/Servicer that will both sell and service the Mortgage	\$30,000	<ul style="list-style-type: none"> The fee is valid for 12 months if the Structured Transaction Seller/Servicer returns with the same transaction structure and the same approved Seller/Servicers The fee is reduced by 50 percent if the Structured Transaction Seller/Servicer returns beyond 12 months

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

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

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

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

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

3.3 Financial eligibility minimum servicing volume and experience requirements (04/18/24)

a. Minimum net worth and other financial eligibility requirements, and minimum servicing volume and experience requirements (04/18/24)

These requirements are effective for financial reporting for the period ending June 30, 2024.

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

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

Eligibility topic	Requirement
Minimum tangible net worth	Greater of: \$7.5 million



	<p>OR</p> <p>\$2.5 million plus 10 bps of total servicing portfolio UPB</p>
Minimum capital ratio	≥ 6%
Minimum Liquid Assets	\$500,000
Minimum volume of servicing portfolio and servicing experience	<p>\$750 million of mortgages secured by multifamily and/or commercial properties</p> <p>AND</p> <p>Three years' experience servicing commercial and/or multifamily securitized loans, consisting of a minimum of 100 securitized loans</p>

For purposes of determining compliance with the requirements of this section:

- Tangible net worth = net worth (as determined in accordance with generally accepted accounting principles (GAAP)), less restricted cash, less receivables due from related parties, less goodwill and other intangible assets, less carrying value of pledged assets, less restricted retained earnings, less deferred tax assets
- Capital ratio = tangible net worth / total assets

b. Additional financial requirements for non-SBL Seller/Serviceirs (02/28/20)

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

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

c. Additional requirements and considerations for SBL Mortgages (02/28/20)

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

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

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

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

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

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

3.5 Annual Certification Report (02/06/17)

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

1. Seller/Serviceir requirement to submit Form 16M

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



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

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

2. Form 16M reporting requirements

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

3.8 Seller/Servicer change notification requirements (06/13/2408/15/24)

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

a. Seller/Servicer changes requiring 60-day advance notice and Freddie Mac approval (06/13/2408/15/24)

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

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

Such major changes include:

- a. Transfer of ownership interests that results in any person or entity directly or indirectly owning a percentage of ownership interests that results in a Change of Control
- b. Transfer by the Seller/Servicer of all or most of its assets or the assets of a subsidiary or a related entity that performs a mortgage-related function
- c. Merger, acquisition or consolidation (including a regulatory agency-assisted transaction)
- d. A major change in the Seller/Servicers' organization that has an effect on the operational capabilities of the Seller/Servicer as it relates to its business with Freddie Mac, including but not limited to, plans for significant staff reduction or significant restructuring of teams associated with production, underwriting or servicing in any capacity for Freddie Mac
- e. Performance of any Freddie Mac-required functions by a subsidiary or other related organization



- f. Change in its charter regarding its purpose or authority
- g. Conversion (such as a thrift institution converting from mutual to stock form)
- h. Contracting with a Servicing Agent for the performance of Freddie Mac Servicing (note: the Servicing Agent chosen by the Servicer must have prior Freddie Mac approval to service the requested collateral type), or
- i. A change of the Seller/Servicer's fiscal year end

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

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

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

3. Information required at Freddie Mac's discretion

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

- Information regarding financing of the transaction
- Copies of revised organizational documents
- Confirmation regarding change to the Named Insured



- Certificate of good standing for the resulting entity or transferee

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

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

- Custodial Accounts
- Change of Named Insured on all insurance policies
- Transfer of Servicing (see Chapter 42 ~~and Transfer of Servicing Agreement – Form 984M~~ [for Transfer of Servicing Agreement – Form 981M or Transfer of Securitized Servicing Agreement – Form 983M as applicable](#))
- Personnel retention
- Minimum net worth
- Standard & Poor's rating
- Assumption of liability
- Evidence of fidelity and E&O coverage
- Evidence of good standing with creditors and investors

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

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

1. The Seller/Servicer will change its name
2. The Seller/Servicer will employ or change a "Doing Business As" ("DBA") name

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

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

1. The Seller/Servicer will change its address
2. The Seller/Servicer will change any of its banking relationships, including a change in the institution to which or from which Freddie Mac funds are wired
3. Any contract between a Seller/Servicer and a vendor, that will have or is reasonably likely to have a Material Adverse Effect, which for the purposes of this Section 3.8, shall mean any event or circumstance having a material adverse effect on:



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

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

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

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

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

1. The Seller/Servicer or a Seller/Servicer Parent has:
 - Filed a voluntarily bankruptcy petition under the United States Bankruptcy Code
 - Become the subject of an order for relief issued in any involuntary bankruptcy proceeding, or
 - Become the subject of any reorganization, receivership, insolvency or similar proceeding under State or federal law
2. A trustee, receiver, custodian, conservator, liquidator or similar entity or individual has been appointed for the Seller/Servicer or a Seller/Servicer Parent or its property
3. Any agency of the federal or State government has placed the Seller/Servicer or a Seller/Servicer Parent on probation or restricted its activities in any manner
4. The Seller/Servicer or a Seller/Servicer Parent has become subject to any judgment, order, finding or regulatory action that would adversely affect the Seller/Servicer's ability to comply with the terms and conditions of the Purchase and Servicing Documents
5. The Seller/Servicer has changed its fiscal year end, not in connection with a transaction addressed in Section 3.8(a)
6. A secondary market agency has terminated its business relationship with the Seller/Servicer or a Seller/Servicer Parent
7. The Seller/Servicer's or a Seller/Servicer Parent's warehouse credit line has been terminated
8. The Seller/Servicer or a Seller/Servicer Parent has violated any financial covenants in its warehouse lending agreement



9. With respect to any dispute, litigation or other adversary proceeding with a vendor that may have a Material Adverse Effect:
 - (a) Receives notice of a dispute not subject to litigation or other adversary proceeding, no later than one Business Day after Seller/Servicer's reasonable determination that such dispute may have a Material Adverse Effect;
 - (b) Initiates litigation or other adversary proceedings asserting claims by or on behalf of the Seller/Servicer that may have a Material Adverse Effect, no later than one Business Day after the initiation of such litigation or proceedings; and
 - (c) Receives notice of litigation or other adversary proceedings asserting claims against the Seller/Servicer that may have a Material Adverse Effect, no later than one Business Day after notice to the Seller/Servicer of any such litigation or proceedings

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

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

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

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

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



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

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

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

For the purposes of this Section 3.9:

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

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

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

a. **Special terms (02/07/08)**

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

1. **Acquired Entity**

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

2. **Loan-in-Process**

A Mortgage that has been assigned a Freddie Mac loan number

3. **Resulting Entity**

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

4. **Effective Date**

The effective date of the acquisition or merger



b. Existing Mortgages (07/31/12)

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

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

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

1. In the case of a Loan-in-Process, “Seller’s full underwriting package” in the “Material Differences” provision of the Commitment will be deemed to refer to any full underwriting package submitted by the Acquired Entity with respect to that Loan-in-Process, together with any underwriting information submitted by the Resulting Entity.
2. As of the Effective Date, the Resulting Entity will be obligated for all representations and warranties with respect to the Loans-in-Process that are set forth in the fully-executed Commitment, the Guide and any other Purchase and Servicing Documents. All references to the “Seller” or “Seller/Servicer” in the representations and warranties, including references to the knowledge of the “Seller” or to acts or disclosures of the “Seller,” will be deemed to refer to the Resulting Entity. As of the Effective Date, for purposes of the representations and warranties, any knowledge of either of the Acquired Entity or the Resulting Entity will be attributed to the Resulting Entity, and any acts or disclosures by either of the Acquired Entity or the Resulting Entity prior to Freddie Mac’s purchase of a Loan-in-Process will be deemed to have been committed or made by the Resulting Entity.
3. Upon Freddie Mac’s purchase of each Loan-in-Process, the Resulting Entity must service the Loan-in-Process in accordance with the applicable fully-executed Commitment, the Guide and any other Purchase and Servicing Documents.

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

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

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

The Resulting Entity represents and warrants to Freddie Mac that the Acquired Entity has originated each Loan-in-Process in this category that has not yet been delivered to Freddie

Mac, since Freddie Mac has no independent knowledge that a Mortgage has been originated until it receives delivery of that Mortgage.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

- 9 percent Low Income Housing Tax Credits (LIHTC) as a source of capital
- Sources of capital specific to housing preservation
- Tax-exempt bond financing with or without LIHTC

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

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

- One or more TAH Underwriting Supervisors with approximately seven to 10 years of experience in underwriting affordable multifamily properties, to include those with:
 - 9 percent LIHTC equity as one of the capital sources for construction or rehabilitation
 - Other rental and operational subsidy programs for LIHTC and affordable multifamily properties
 - Capital, rental and operational subsidy programs designed to preserve affordable multifamily properties, including those with restrictive covenants
 - Tax-exempt bonds and LIHTC equity as capital sources



- Forward commitments and substantial rehabilitations, if the TAH Seller/Servicer wishes to do Forward Commitments
- At least two Senior Underwriters with a minimum of five years of debt underwriting experience with LIHTC equity and other sources of capital for affordable multifamily properties

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

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

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

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

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

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

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

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



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

3.15 Additional requirements applicable to Seller/Servicers (01/01/25)

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

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

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

Each SBL Seller/Servicer must:

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

c. **Additional requirements applicable to Seller/Servicers with broker or correspondent relationships (12/14/23)**

1. **Broker; Correspondent.** The terms “broker” and “correspondent” refer to any individual and/or entity who arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Servicer on behalf of the Borrower, whether such individual or entity is referred to as a broker, mortgage broker or a correspondent. For the purposes of this chapter, the terms “broker” and “correspondent” may sometimes be referred to together as “broker/correspondent.”
 - For acquisition financing, an investment sales team, investment sales team representative or listing agent retained by the Property seller and not otherwise engaged by the borrower in connection with the loan financing (for the purposes of these policies, individually or collectively referred as the “investment sales team”) will not be considered a “broker/correspondent” for the purposes of this chapter.
2. **Initial information.** The following requirements regarding brokers and correspondents must be satisfied:
 - A. **Non-Small Balance Loans.** For any loan that is not a Small Balance Loan:
 - i. Broker and correspondent firms and individual names must be disclosed to Production at loan submission for a Quote request in the Loan Submission Template (LST).
 - ii. Quote requests involving a broker/correspondent must be accompanied by a confirmation from the Borrower that the Seller/Servicer is the sole lender authorized to submit the loan to Freddie Mac.
 - iii. The Optigo® Lender’s Fee Certification – Conventional & Targeted Affordable Housing form must be submitted with delivery of the underwriting package for any transaction that involves a broker or correspondent.
 - B. **Small Balance Loans.** For Small Balance Loans, the Seller/Servicer must complete the broker information (deal contacts) tab in the Pipeline Management Tool (PMT) at loan application and provide updates if the information changes at Full Underwriting.
 - C. **Inspection process.** The broker/correspondent must not be involved in the Property inspection process. The Seller/Servicer must manage the inspection process in accordance with the inspection requirements set forth in Chapters 8 and 40. This also includes any inspections performed in connection with Freddie Mac required third-party reports or appraisals.
 - D. **Due diligence; chain of custody.**
 - i. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and Borrower Principals (*i.e.*, rent rolls, aged receivables, operating statements, financial statements, etc., but excluding required reports ordered by the Seller/Servicer from third parties) must be delivered directly to the Seller/Servicer by the Borrower and Borrower Principals or the member, partner, director or employee of the Borrower or



Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal, without the broker/correspondent being in the chain of custody of the documentation. Seller/Serviceirs must communicate directly with the Borrower and Borrower Principals or their authorized representatives with respect to source documentation, due diligence and other underwriting matters.

- ii. For acquisition financing, Freddie Mac may provide a "soft quote" or "preliminary quote" to a Seller/Serviceir based upon financial information obtained from the Property seller and provided to the Seller/Serviceir by an investment sales team. However, for issuance of a Quote (as provided in Section 27.3 and other chapters), the source documents and due diligence must be delivered directly to the Seller/Serviceir by the Borrower and Borrower Principals or the authorized representatives of such parties, as provided above.
 - iii. When a broker/correspondent arranges or otherwise brokers the Mortgage loan financing for the Property with the Seller/Serviceir on behalf of the Borrower, the Seller/Serviceir must preserve emails or other documentation regarding the Seller/Serviceir's compliance with the due diligence and underwriting documentation chain of custody requirements set forth in this section.
 - iv. By submission of source documents, due diligence or other underwriting documentation to Freddie Mac, the Seller/Serviceir will be deemed to represent and warrant to Freddie Mac that it has complied with the requirements of this subsection.
- E. **Index Lock.** Prior to any Index Lock, for all transactions submitted to the Seller/Serviceir through a broker/correspondent:
- i. The Seller/Serviceir must either (a) have conducted a preliminary property inspection of the Property, consisting of the elements described in Section 8.15(a), or (b) for a refinance of a Freddie Mac Mortgage, have reviewed a servicing inspection of the Property completed in accordance with Chapter 40 and dated within 120 days from Index Lock and determined it was acceptable.
 - ii. The Seller/Serviceir must have received source documentation and other due diligence directly from the Borrower as noted in Section 3.15(c)2.D. above, and in addition, for first-time sponsors only, financial statements for the proposed Borrower Principal(s) and, when applicable, the proposed Guarantor(s).
 - iii. The Seller/Serviceir must submit the Optigo Lender's Index Lock Agreement Certification for Broker/Correspondent Loans.
- F. **Broker/Correspondent policies and searches.** When a Seller/Serviceir engages a broker/correspondent or otherwise has an agreement to compensate a broker/correspondent for referring a Borrower to the Seller/Serviceir in connection with the financing of Freddie Mac Mortgage(s), the Seller/Serviceir must (i) develop and implement internal policies and procedures to address the broker/correspondent firm's business, including qualifications for determining acceptability, which must be periodically reviewed, as well as performance monitoring and quality control reviews, and (ii) complete a broker/correspondent background search periodically for both the



firm and the individuals employed at the firms who are involved in the Mortgage transactions.

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

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

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

a. Acceptable insurer (09/26/19)

The fidelity insurance and mortgagee’s errors and omissions (E&O) insurance must be underwritten by one or more insurers authorized by law to conduct business in the jurisdiction where the Seller/Servicer is located. Such insurers must meet or exceed at least one of the requirements below:

1. Minimum A.M. Best rating:
 - Financial Strength Rating of “A-”, AND
 - Financial Size Category of “VII”

OR
2. If rated by Fitch, Inc., Standard & Poor’s Ratings Services or Moody’s Investors Service, Inc., a minimum Financial Strength Rating of:
 - “A-” or its equivalent by Fitch, Inc., or
 - “A-” or its equivalent by Standard & Poor’s Ratings Services, or
 - “A3” or its equivalent by Moody’s Investors Service, Inc.

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

1. General fidelity insurance requirements

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

- Fidelity/Employee Dishonesty
- On Premises
- In Transit



- Forgery or Alteration
- Securities/Extended Forgery

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

- Officers and/or employees of the Seller/Servicer
- Persons duly authorized by the Seller/Servicer to act on its behalf in the servicing of mortgages
- Employees of outside firms who provide legal services to the Seller/Servicer or who perform as data processors of checks for the Seller/Servicer, unless such firms have provided to the Seller/Servicer satisfactory evidence of fidelity insurance at least equal to that required of the Seller/Servicer by Freddie Mac
- Persons assigned to the Seller/Servicer through an intervening employer or agency to perform the usual duties of an employee of the Seller/Servicer on a contingent or temporary basis

Additionally, the policy must:

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

2. Fidelity insurance requirements – single loss limit of liability

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

Base* (Insured Portfolio UPB)	Coverage Calculations by Base*	Cap
≤ \$100 million	\$2.5 million	N/A
>\$100 million and ≤ \$500 million	\$2.5 million + 0.125% * Base over \$100 million	N/A
>\$500 million and ≤ \$1 billion	\$3 million + 0.1% * Base over \$500 million	N/A

Base* (Insured Portfolio UPB)	Coverage Calculations by Base*	Cap
> \$1 billion	<p><i>The lesser of:</i></p> <p>\$3.5 million + 0.075% * Base over \$1 billion</p> <p><i>or</i></p> <p>\$150 million</p>	\$150 million

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

3. Fidelity insurance deductible/SIR

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

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

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

1. Seller/Servicer E&O insurance requirements

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

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

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

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

- Failure to determine whether the Property is located in a Special Flood Hazard Area (SFHA) as defined by the Director of the Federal Emergency Management Agency



(FEMA)

- Failure to maintain any and all of the insurance (property and liability insurance) required by Chapter 31, as amended by the Purchase and Servicing Documents
- Failure to pay real estate taxes, ground rents and/or any other mandatory assessments on the Property, as required

Additionally, the policy must:

- Name Freddie Mac as a loss payee as its interest may appear on payment drafts issued by the insurer for losses in which Freddie Mac has an interest resulting from acts covered by the insurance, and
- Upon failure of the Seller/Servicer to make a claim, give Freddie Mac the right to file a claim directly with the insurer for losses in which Freddie Mac has an interest in connection with acts covered by the insurance

2. E&O insurance coverage requirements

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

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

unpaid principal balance of all loans covered by the E&O insurance policy

- **Freddie Mac does not require more than \$50 million in E&O coverage, regardless of Base

3. E&O deductible/SIR

T
h



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

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

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

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

1. Acceptable documentation

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

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

2. Required information

Each form of documentation must include all of the following:

- Name of insurer
- Bond or policy number
- The Seller or Seller/Servicer, as applicable, as named insured or joint named insured
- Entity covered by the insurance policy
- Freddie Mac named loss payee
- Type of insurance and coverage
- Effective date and expiration date of coverage
- Deductible or SIR or combined deductible and SIR
- Any endorsement or optional coverage modifying the original bond or policy if the endorsement or optional coverage reinforces compliance with Freddie Mac's requirements or reduces the coverage required by Freddie Mac (The Seller/Servicer must submit a copy of the endorsement or optional coverage if the endorsement or



optional coverage is not summarized on the certificate or other documentation.)

- Coverage amount:
 - For fidelity insurance, the single loss (per occurrence) limit of liability and the maximum single loss limit of liability and any aggregate, if applicable to the policy
 - For E&O insurance, the per occurrence limit of liability and any applicable sub-limits
- The aggregate unpaid principal balance of all loans covered by the fidelity insurance policy
- The aggregate unpaid principal balance of all loans covered by the E&O insurance policy

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

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

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

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

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

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

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

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

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

1. Notice of change in coverage



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

- The receipt of a notice from the insurer that the insurer has taken or intends to take action to cancel, reduce, not renew or restrictively modify the Seller/Servicer's fidelity or mortgagee's E&O insurance for any reason. The Seller/Servicer must include a copy of the insurer's notice and detail the reasons for the insurer's action or intended action if not stated in the insurer's notice. The Seller/Servicer must also report its efforts to obtain replacement coverage or otherwise satisfy Freddie Mac's insurance requirements.
- The determination that any single act of embezzlement, theft of funds or fraud or mortgagee's E&O loss has caused a loss exceeding \$100,000, whether or not Freddie Mac's interests are affected, or a claim is filed with the insurer.

2. Obligation to compensate

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

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

3. Notice of loss

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

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

4. Annual certification

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

3.17 Non-discrimination (12/14/23)

1. Freddie Mac requires all Seller/Servicers to:

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



- Contractually require each subcontractor it engages to provide services or goods for the use of Freddie Mac to practice the principles of equal employment opportunity and non-discrimination in all its business activities.
2. Upon request by Freddie Mac, a Seller/Servicer must provide Freddie Mac with information and appropriate certifications regarding:
- The diversity status of the Seller/Servicer
 - The diversity status of subcontractors engaged by the Seller/Servicer to provide services or goods for the use of Freddie Mac with respect to originating or servicing Mortgages under the Purchase Documents
 - Any other information Freddie Mac requests in order to comply with HERA and applicable diversity and inclusion regulations

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:40:30 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 03 - SS Eligibility Reqs GB-06-13-24.docx	
Modified filename: 03 - SS Eligibility Reqs GB-08-15-24.docx	
Changes:	
Add	11
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	19



8SBL.1 Introduction (06/30/16)

8SBL.2 Structure (06/16/22)

- a. Structure type and habitability (06/16/22)
- b. Commercial use (06/30/16)
- c. Reserved (06/30/16)
- d. Aluminum wiring (06/30/16)
- e. Reserved (06/30/16)

8SBL.3 Moisture or Mold issues (08/17/23)

- a. Moisture Management Plan (08/17/23)
- b. Increased Scrutiny for Moisture or Mold Issues (02/28/18)
- c. Special Moisture or Mold Issues Inspection (06/30/16)

8SBL.4 Occupancy (09/30/20)

8SBL.5 Zoning and building code conformity; certificates of occupancy (09/26/19)

8SBL.6 Independent Property (09/26/19)

- a. General Requirements (06/30/16)
- b. Essential Facilities and Recreational Facilities (06/30/16)
- c. Purchase of an SBL Mortgage secured by a Property that is not an Independent Property (09/26/19)
- d. Indirect access (access via easement) (06/30/16)
- e. Shared Essential Facilities and Recreational Facilities; Shared Use Agreement (06/29/17)
- f. Reserved (09/26/19)

8SBL.7 Tax parcels, taxes and utilities (06/30/16)

- a. Tax parcels (06/30/16)
- b. Taxes and utilities (06/30/16)

8SBL.8 Owner-Occupied units (06/29/17)

8SBL.9 Reserved (06/30/16)

8SBL.10 No condemnation or other adverse circumstances—Property (06/30/16)

8SBL.11 Nonresidential leases (06/29/17)

- a. General (06/30/16)
- b. Analysis (06/29/17)
- c. Tenant improvements and leasing commissions (06/30/16)
- d. Reserved (06/30/16)
- e. Subordination, nondisturbance and attornment (SNDA) (06/30/16)
- f. Subordination of a commercial lease with Affiliate (06/30/16)



8SBL.12 Subordinate Financing (06/30/16)

8SBL.13 General property management requirements (04/13/23)

8SBL.14 SBL Mortgages ineligible for purchase (12/15/22)

8SBL.15 Property inspections and lease audits (06/13/24)

- a. Reserved (10/12/17)
- b. Complete property inspection and lease audit (04/18/24)
- c. Timing of property inspections and lease audits (06/13/24)

8SBL.16 Reserved (03/03/17)

8SBL.17 ~~SBL Physical Risk Report (06/13/24)~~ [SBL Physical Risk Report \(08/15/24\)](#)

8SBL.18 Condominiums (06/29/18)

- a. Condominiums (10/12/17)
- b. Reserved (06/29/18)
- c. Reserved (06/30/16)
- d. Reserved (06/30/16)
- e. Reserved (03/03/17)

8SBL.19 Tax abatements (04/14/22)

- a. Tax abatement definition and overview (06/30/16)
- b. Tax abatement eligibility (04/14/22)
- c. Documentation required for underwriting package and tax abatement approval (04/14/22)
- d. Collateral valuation for tax abatement (06/30/16)
- e. Refinance test and DCR calculation for Properties with tax abatements (06/30/16)



8SBL.1 Introduction (06/30/16)

This chapter details Freddie Mac's requirements for the Property secured by a Small Balance Loan (SBL) Mortgage.

These Property requirements also apply to SBL Special Servicing Requests when appropriate.

8SBL.2 Structure (06/16/22)

a. Structure type and habitability (06/16/22)

The Property must be designed, in whole or in part, for residential use and contain five or more dwelling units. If a Property is in New York and contains six or fewer dwelling units, the Seller must confirm whether it is required under State law to pay a portion of the mortgage recording tax and the Seller must pay such tax at origination of SBL Mortgage if so required; the Seller may not pass the cost of such tax through to the Borrower.

Construction of the Property, including subsurface utilities and off-site improvements, must be completed as of the Delivery Date. If improvements cannot be completed for valid reasons, such as inclement weather, an adequate Reserve for the incomplete items must be established. Reserves must also be established for any repairs, improvements, alterations, conditions or construction as required by Freddie Mac. A satisfactory completion certificate, accompanied by color photographs, must be submitted to Freddie Mac.

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

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

b. Commercial use (06/30/16)

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

Mortgages on such Properties are eligible for purchase under Freddie Mac's SBL Purchase Product, provided that each of the following conditions is satisfied:

- Commercial usage is permitted under local zoning and use ordinances
- Utilization of the commercial space is compatible with the Property and the neighborhood



- The amount of commercial income recognized and the lease term must be supported by market comparison
- Underwritten commercial income is no more than 40 percent of Gross Potential Rent (GPR) and is otherwise acceptable to Freddie Mac
- Square footage devoted to commercial space is no more than 40 percent of the Net Leasable Space and is otherwise acceptable to Freddie Mac

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

c. Reserved (06/30/16)

d. Aluminum wiring (06/30/16)

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

1. Certification from the appraiser indicating whether the wiring has any adverse impact on the value of the Property
2. A cost estimate from a licensed electrical engineer for any repairs or corrections required by any applicable code
3. Certification of completion for all repairs and corrections to the wiring in the Property required by any applicable code.

e. Reserved (06/30/16)

8SBL.3 Moisture or Mold issues (08/17/23)

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

If the physical risk consultant determines that a Moisture Management Plan (MMP) is needed, then the Borrower must maintain an MMP for the Property. The MMP must provide for all of the following requirements:

1. Training the maintenance staff to understand the hazard and respond to all water intrusion events or leaks according to Environmental Protection Agency (EPA) guidelines
2. Providing information to tenants including, but not be limited to
 - Tenant housekeeping responsibilities (This information must be provided to tenants when they execute a new lease and at lease renewal.)



- Tenant responsibility for notifying management in a timely manner regarding moisture or Mold issues
 - Description of any remediation done within a tenant's unit or on a tenant's behalf
3. Identifying the source of and remedying the water intrusion or leak, or remediating the Mold (in accordance with EPA guidelines) and recording the corrective actions taken
 4. Documenting and promptly responding to tenant complaints relating to water intrusion, leaks, Mold, musty odors or health impacts and recording actions taken
 5. Scheduling and documenting routine inspections of building areas to search for evidence of water intrusion, leaks or Mold (At a minimum, these inspections must take place annually for all common areas and areas with a past history of water intrusion, leaks or Mold and at unit turnover or at a tenant's request for all units.)
 6. Keeping all plan documentation at the Property or at the property manager's office and available for the annual assessment inspection by the Servicer

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

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

Note:

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

b. Increased Scrutiny for Moisture or Mold Issues (02/28/18)

Freddie Mac will require the Servicer to inspect a Property in accordance with the Increased Scrutiny for Moisture or Mold Issues requirements for any Property:

- With a history of moisture or Mold issues identified at underwriting, or
- With moisture or Mold issues identified during the term of the SBL Mortgage, or
- Without a Moisture Management Plan (MMP) (if the physical risk consultant recommended a plan but Freddie Mac waived the MMP)

If a Property is subject to Increased Scrutiny for Moisture or Mold Issues, during the annual assessment inspection, the Servicer must:



1. Conduct a specific evaluation of the integrity of the building envelope; roof and drainage; heating, ventilation and air conditioning (HVAC) system; plumbing system and associated spaces (for example, mechanical closets) for each building on the Property and document that evaluation
2. Inspect a minimum of 10 percent of the units, including those units that the Servicer deems most likely to be exposed to moisture conditions
3. Conduct a specific evaluation of the condition of finishes in inspected dwelling units and in all common areas and document that evaluation
4. Inspect any areas where the Borrower or property manager has detected a musty odor or observed Mold, as well as all spaces typically associated with moisture issues, water intrusion or leaks, such as basements and unheated storage areas
5. Evaluate all completed repairs to correct water intrusion or leak issues since the last assessment and document that evaluation
6. Evaluate and comment on all areas where Mold has been removed since the last assessment and document that evaluation

c. Special Moisture or Mold Issues Inspection (06/30/16)

Freddie Mac, in its sole discretion, may require a Special Moisture or Mold Issues Inspection for a Property if:

- A moisture or Mold issue has been identified at underwriting
- Mold is identified after a water intrusion event or leak during the term of the SBL Mortgage

Freddie Mac will have the right to continue to require a Special Moisture or Mold Issues Inspection until the moisture or Mold issue has been resolved to its satisfaction. After the Borrower has resolved the moisture or Mold issue to Freddie Mac's satisfaction, Freddie Mac will require a subsequent Special Moisture or Mold Issues Inspection no more frequently than once every three years.

The Borrower will bear the cost of all Special Moisture or Mold Issues Inspections in accordance with the Loan Documents.

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

1. A third-party property condition consultant, meeting the requirements of Section 62.8, must conduct the Special Moisture or Mold Issues Inspection.
2. The third-party property condition consultant who performs the Special Moisture or Mold Issues Inspection must
 - a. Conduct a visual and olfactory inspection for evidence of current or past moisture or Mold issues
 - b. Look for evidence of moisture or Mold issues in all areas customarily inspected in accordance with Section 62SBL.5(d)



- c. Make inquiries of the Borrower or property manager regarding past and current water intrusion or potentially damaging leaks; any known Mold problems; or any tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks
- d. Examine any areas where water intrusion or leaks have been reported
- e. Examine all building components or areas most typically associated with water intrusion or potentially damaging leaks
- f. Identify any defective building conditions that would likely lead to future water intrusion or potentially damaging leaks
- g. Provide Freddie Mac with a comprehensive report on the inspection.

8SBL.4 Occupancy (09/30/20)

For an SBL Mortgage to be eligible for purchase by Freddie Mac, the Property securing it must have a minimum stabilized average physical occupancy of 90 percent for the trailing three-month period prior to underwriting and for the month immediately preceding submission of the full underwriting package to Freddie Mac.

8SBL.5 Zoning and building code conformity; certificates of occupancy (09/26/19)

- a. For an SBL Mortgage to be eligible for purchase by Freddie Mac, the Property securing it must conform to all applicable zoning, subdivision and use laws, ordinances or codes and local building and housing codes. A zoning report is not required for an SBL Mortgage.
- b. The Seller must confirm that all certificates of occupancy required for the use, operation and occupancy of the Property for its presently-contemplated use have been issued and are in effect or, if certificates of occupancy are not available, that the absence of any certificate of occupancy is not a violation of local laws, ordinance, or codes, nor will it give rise to any enforcement action affecting the Property.
- c. If the Seller cannot confirm the requirements regarding certificates of occupancy specified in Section 8SBL.5, then Freddie Mac may purchase the SBL Mortgage only if all the following requirements are satisfied with respect to each unit for which such confirmation cannot be obtained (each a "Non-Permitted Unit"):
 - The underwritten income from the Property must exclude the gross potential rent (GPR) for any Non-Permitted Unit and the total unit count must not include the Non-Permitted Unit.
 - The underwritten expenses for the Property (including management fee and Replacement Reserves) must include all expenses attributable to all Non-Permitted Units.
 - The Non-Permitted Units must be excluded from any determination of whether minimum occupancy requirements are satisfied.
 - The Appraisal must not include any Non-Permitted Unit or any income derived from any Non-Permitted Unit in either the direct cap or final as-is valuation.

- The insurance for the Mortgaged Property must include full coverage for all Non-Permitted Units and may not contain any exclusion based on the lack of a certificate of occupancy for any Non-Permitted Unit.
- The SBL Physical Risk Report must specifically note the condition of each Non-Permitted Unit is compliant with all local laws related to habitability. Generally, such units must have direct ingress/egress, windows in bedrooms and Essential Facilities. Electrical and plumbing must be consistent with the rest of the building. The SBL Physical Risk Report may include Non-Permitted Units in the total unit count but must note that such units lack a certificate of occupancy or equivalent.
- The Borrower and Guarantor will be liable for any loss, damages or costs suffered by the lender as a result of the use of any Non-Permitted Units.
- For each Non-Permitted Unit, the Borrower will be required to diligently proceed with and complete one of the following remedies, as soon as practicable after the origination of the SBL Mortgage, at the Borrower's election:
 - (i) Obtain a certificate of occupancy for the Non-Permitted Unit
 - (ii) Obtain one of the following, confirming that the absence of a certificate of occupancy will not give rise to any enforcement action affecting the Mortgaged Property:
 - Zoning report
 - Written statement/certification from the applicable governmental authority
 - Opinion of legal counsel
 - (iii) Cease to use the Non-Permitted Unit for residential or commercial purposes, as applicable
- d. If the Property does not conform to current zoning regulations, including those governing density, building restriction lines, size or parking, Freddie Mac may purchase the SBL Mortgage for the Property if one of the following requirements is met:
 - Full Restoration - The Seller must submit documentation that the improvements may be rebuilt to predamage size, density and configuration in the event of partial or full destruction by fire or other casualty ("statement of full restoration"). The statement of full restoration must be satisfactory to Freddie Mac and must be from the zoning or housing authority or other authorized agency representative or official ("zoning authority").

If it is not possible to obtain the statement of full restoration from the zoning authority, Freddie Mac may accept a copy of legislation or a variance demonstrating that the Property may be rebuilt as is in the event of a partial or full casualty loss. Any statement of full restoration or copy of legislation or variance must be accompanied by an evaluation by the Seller, and if a copy of legislation or a variance is submitted, Freddie Mac may request that Single Counsel submit a written evaluation of the legislation or variance and its applicability to the Property.



- Limited or Conditional Restoration - If the Seller cannot provide a statement of full restoration or satisfactory variance or legislation that the Property can be completely restored, in order for Freddie Mac to consider the SBL Mortgage for purchase, the Seller must submit a damage restoration statement from the zoning authority that does each of the following:
 - a) States the requirements of the current zoning classification (i.e., the number of units that could be rebuilt or the set back that would be required under current zoning).
 - b) Specifies the percentage of damage to the Property's market, replacement, or appraised value that could occur (the "damage threshold level") that would still allow the owner to rebuild the Property to predamage size and density without having to comply with current zoning requirements. The percentage of destruction must not be based on the Property's taxation assessed value.

8SBL.6 Independent Property (09/26/19)

a. General Requirements (06/30/16)

Except as set forth in this Section 8SBL.6, Freddie Mac requires that a Property be an "Independent Property". An Independent Property is a Property that satisfies all of the following conditions:

1. Has direct access to a publicly dedicated and maintained street for all improvements and parking spaces without reliance on any easements
2. Contains the Essential Facilities needed to operate independently
3. Contains Recreational Facilities needed to operate independently
4. Is located on contiguous parcels of land; parcels separated only by a public right of way will be considered contiguous
5. Is financially viable and independent of all other properties, including other properties in the same phased development, if applicable

b. Essential Facilities and Recreational Facilities (06/30/16)

"Essential Facilities" include the following, if applicable:

- Leasing offices
- Model units
- Parking required for the Property to comply with zoning laws and regulations
- Utility and maintenance buildings
- Heating and cooling systems



- Privately owned/operated utilities
- Pedestrian ingress/egress points (including connecting bridges, tunnels, or walkways)

“Recreational Facilities” include the following, if applicable:

- Swimming pools
- Tennis, basketball and/or other hard-surface courts
- Playgrounds
- Indoor recreation centers, club houses, and gym facilities
- Other recreational facilities
- Laundry facilities, if the units are not equipped with a washer/dryer
- View easements
- Air rights

c. Purchase of an SBL Mortgage secured by a Property that is not an Independent Property (09/26/19)

Freddie Mac will consider purchasing an SBL Mortgage secured by a Property that is not an Independent Property provided all the following requirements are satisfied:

1. Seller’s underwriting package must identify that the Property is not an Independent Property and describe what features/circumstances prevent the Property from being an Independent Property and analyze the impact of these features/circumstances on the Property and the SBL Mortgage.
 - For a Property with access via an easement, Seller must describe the access easement and the nature/type of property that Borrower must cross to reach the public right of way
 - For a Property that relies on Essential Facilities and Recreational Facilities located on another property, Seller must list which Essential or Recreational Facilities are located on the Property and which are located off-site, and must describe the off-site Essential or Recreational Facilities and their owner(s). Seller must also analyze the feasibility and practicality of Borrower creating or constructing the identified off-site Essential Facilities or Recreational Facilities on the Property. This analysis must include financial considerations as well as zoning issues and the availability of land.
2. Seller’s underwriting package must include either (i) confirmation from Single Counsel that any easement, Shared Use Agreement for Essential or Recreational Facilities, and/or any scattered site Property comply or will comply as of the Origination Date with the requirements set forth in this Section 8SBL.6, or (ii) a detailed analysis of which requirements will not be satisfied, and Single Counsel’s recommendation as to whether



and why Freddie Mac should accept the non-compliant easement, Shared Use Agreement, and/or scattered site Property.

Freddie Mac's approval of any non-compliant provisions in the easement and/or Shared Use Agreement does not discharge or limit the Seller's liability for breach of any warranties made under the Purchase and Servicing Documents. See Section 29SBL.2 for more information on title exceptions.

3. Freddie Mac will require that the Borrower be personally liable for any loss or damages incurred by Freddie Mac because the Property is not an Independent Property and may require one or more of the following as a condition to Freddie Mac's agreeing to purchase the SBL Mortgage:
 - If Freddie Mac determines that it is feasible to create or construct Essential Facilities, Recreational Facilities or direct primary access, Freddie Mac may require the Borrower to make the necessary modifications so that the Property meets all of the requirements for an Independent Property
 - Freddie Mac may require the Borrower to establish a Reserve of the funds necessary to make the required modifications at a later date determined by Freddie Mac
4. If the Property is accessed via an easement, all of the requirements of Section 8SBL.6(d) are satisfied.
5. If the Property does not contain the Essential Facilities needed to operate independently, all of the requirements of Section 8SBL.6(e) are satisfied.
6. If the Property does not contain the Recreational Facilities needed to operate independently, all of the requirements of Section 8SBL.6(e) are satisfied.
7. If the Property is located on non-contiguous parcels of land (Linked Buildings) the transaction must be prescreened by Freddie Mac.

d. Indirect access (access via easement) (06/30/16)

Freddie Mac will consider purchasing an SBL Mortgage secured by a Property with primary access to a public right of way via an easement, provided all of the following requirements are satisfied:

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



5. Signage (if applicable) must be of sufficient size so that it is clearly visible from the public street.
6. The easement must be perpetual.
7. Each party's rights and responsibilities under the easement (including expenses) and remedies in the event of a breach by any other party must be generally acceptable to a prudent lender.
8. The easement may not allow for loss of use in the event of a breach. However, the easement may permit the placement of a lien which is subordinate to the SBL Mortgage for unpaid maintenance costs for the easement.
9. The easement must be recorded in the applicable land records for the jurisdiction prior to the Freddie Mac Funding Date and must be included in the insured legal description of the Property.
10. Seller must include in the underwriting package either a copy of the existing survey, tax map, or satellite images of the Property detailing the location of the easement as well as photographs taken from the public street showing the view of the Property from the public street and the location of the easement as well as the signage for the Property.
11. Seller must provide the appraiser with all information regarding the easement.
12. Seller must notify Freddie Mac and the appraiser if it learns of any circumstances that might limit access to the Property.

e. Shared Essential Facilities and Recreational Facilities; Shared Use Agreement (06/29/17)

Freddie Mac will consider purchasing an SBL Mortgage on a Property that utilizes Essential Facilities or Recreational Facilities that are not located on the Property and under the exclusive control of the Borrower, provided all of the following requirements are satisfied:

1. There is a written Shared Use Agreement in place between the Borrower and the party controlling the applicable Essential Facilities or Recreational Facilities.
2. The Shared Use Agreement must be recorded in the applicable land records for the jurisdiction prior to the Freddie Mac Funding Date and must be included in the insured legal description of the Property.
3. The Shared Use Agreement must contain a stipulation that access to and use and enjoyment of the Essential Facilities and/or Recreational Facilities are perpetual and that such rights will inure to the benefit of all future owners of the Property.
4. Each party's responsibilities and share of expenses under the Shared Use Agreement must be stipulated and generally acceptable to a prudent lender.
5. Each party's remedies in the event of a breach by any other party must be generally acceptable to a prudent lender. The Shared Use Agreement may not allow for loss of use in the event of a breach. However, the Shared Use Agreement may permit the placement of a lien which is subordinate to the SBL Mortgage for unpaid maintenance costs.

6. The Seller/Service must provide the appraiser with all information regarding the Shared Use Agreement.
7. The Seller/Service must notify Freddie Mac immediately if the Seller/Service learns of any circumstances that might limit the access to or the use or enjoyment of the Essential Facilities and/or Recreational Facilities.

f. Reserved (09/26/19)

8SBL.7 Tax parcels, taxes and utilities (06/30/16)

a. Tax parcels (06/30/16)

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

b. Taxes and utilities (06/30/16)

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

8SBL.8 Owner-Occupied units (06/29/17)

If one or more units at a Property is occupied by either a Borrower, a Borrower Principal (including a Guarantor) or a family member of a Borrower or Borrower Principal ("Owner-Occupied Unit"), then one of the following two conditions must be satisfied:

1. The Property satisfies the minimum DCR requirement for the Mortgage after both (i) excluding the gross potential rent (GPR) of the Owner-Occupied Unit(s) from the underwritten income and (ii) including all expenses attributable to the Owner-Occupied Unit(s).

For each commercial lease, the Seller must submit a Commercial Lease Analysis and Estoppel – SBL in the full underwriting package (see Chapter 55SBL for additional details regarding this requirement). If income from any one commercial lease represents five percent or more of gross potential rent (GPR) for the Property, the Commercial Lease Analysis and Estoppel – SBL must be signed by the commercial tenant.

2. The SBL Mortgage meets all the following characteristics:

- (i) The Borrower is an entity
- (ii) The Borrower provides evidence of trailing one-month collections for each Owner-Occupied Unit
- (iii) The Property has a minimum DCR of 1.00x after both (1) excluding the GPR of the Owner-Occupied Units and (2) including all expenses attributable to the Owner-Occupied Units



- (iv) The Property satisfies the minimum DCR requirement for the Mortgage after including the GPR and expenses attributable to the Owner-Occupied Units

For the purposes of this Section 8SBL.8, “family member” means any of the following:

- Spouse
- Child (including step-children)
- Parent (including step-parents and in-laws)
- Grandparent (including step-grandparents and in-laws)
- Sibling (including step-siblings and in-laws)
- Aunt or uncle (including step-aunt, step-uncle and in-laws)
- Niece or nephew (including step-niece, step-nephew and in-laws)

8SBL.9 Reserved (06/30/16)

8SBL.10 No condemnation or other adverse circumstances—Property (06/30/16)

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

8SBL.11 Nonresidential leases (06/29/17)

a. General (06/30/16)

For the purposes of this section, the term “commercial lease” refers to any non-residential lease under which the Borrower is the lessor (excluding ground leases, which are addressed separately in this Guide), including telecommunication agreements (as defined in Section 29SBL.2), leases for retail space, office space, laundry facilities, cellular communication equipment, billboards, and petroleum products/minerals.

b. Analysis (06/29/17)

If income from any one commercial lease represents five percent or more of the gross potential rent of the Property, the Seller must submit a Commercial Lease Analysis and Estoppel – SBL, signed by the tenant, in the full underwriting package for each such lease. Freddie Mac, in its sole discretion, may require a Commercial Lease Analysis and Estoppel – SBL in other circumstances as it deems appropriate.

See Section 55SBL.2 regarding commercial lease documentation required in the full underwriting package.



c. Tenant improvements and leasing commissions (06/30/16)

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

d. Reserved (06/30/16)

e. Subordination, nondisturbance and attornment (SNDA) (06/30/16)

In its sole discretion, Freddie Mac may enter into a subordination, nondisturbance and attornment agreement with a commercial tenant that is not an affiliate of the Borrower and/or a Borrower Principal.

f. Subordination of a commercial lease with Affiliate (06/30/16)

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

8SBL.12 Subordinate Financing (06/30/16)

Freddie Mac will only permit SBL Subordinate Financing as described in Section 43.30.

8SBL.13 General property management requirements (04/13/23)

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

A third-party management company will be required if, at the time of Seller Application, there is no individual with Control over the Borrower who resides less than 100 miles from the Property.

However, as an exception to the above, a third-party management company will not be required if at least one Key Borrower Principal with Control of the Borrower meets the requirements of Section 9SBL.2(c)2. No property management company will be acceptable if the property management company appears on the Freddie Mac Exclusionary List or the Multifamily Restricted Vendor List, each of which is available on FreddieMac.com.

See Section 2.18 regarding the Freddie Mac Exclusionary List.

The Servicer must not obtain an Assignment of Management Agreement and Subordination of Management Fees for loans purchased under the Freddie Mac Small Balance Loan Program.



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

8SBL.14 SBL Mortgages ineligible for purchase (12/15/22)

An SBL Mortgage is ineligible for sale to Freddie Mac if any of the following circumstances apply:

- The Property receives any of the following:
 - Local rent subsidies for greater than 10 percent of the units
 - Local rent subsidies for 10 percent or fewer of the units, but the subsidy is contingent on the owner's initial or ongoing certification of each tenant's eligibility
 - Federal rent subsidies (for example, project-based Section 8 HAP program or a similar Federal program)
- The Property is encumbered by any of the following:
 - A regulatory agreement that imposes income and/or rent restrictions if there are funds related to the regulatory agreement that have not yet been disbursed to the Borrower
 - A regulatory agreement that encumbers any property other than the Property
 - A Low-Income Housing Tax Credit (LIHTC) land use restriction agreement (LURA) in compliance years 1-12
 - A Private Transfer Fee Covenant that was created on or after February 8, 2011
 - A HUD foreclosure deed restriction or similar restriction
- The Property benefits from any of the following:
 - Tax exempt bond interest reduction payments (IRPs)
 - Historic Tax Credits (HTCs) that require a master lease structure
- The Property has any of the following tenant characteristics:
 - Seniors housing with resident services
 - Greater than 50 percent concentration of student tenants (whether graduate or undergraduate)
 - Greater than 50 percent concentration of military tenants
- The Property has a Scenario Expected Loss-475 (SEL-475) greater than 40 percent, as determined by a Seismic Risk Assessment (SRA), and the affected buildings have not undergone a seismic retrofit (see Chapter 64SBL for further information on seismic risk)



assessments)

- The Property is in an area that has been identified by FEMA as a Special Flood Hazard Area (SFHA) and the community where the Property is located does not participate in the National Flood Insurance Program (NFIP), regardless of whether private flood insurance is available

8SBL.15 Property inspections and lease audits (06/13/24)

The Seller must inspect the Property, audit leases and submit the required Property Inspection and Lease Audit form.

An inspector employed by the Seller who is familiar with evaluating multifamily asset quality must review the age, condition and quality of all major asset components. None of the following individuals may perform the inspection:

- A third-party contractor engaged by the Seller
- Any employee of the Seller responsible (individually or as part of a team) for originating the Mortgage
- Any employee of the Seller directly benefitting financially or otherwise from the origination of the Mortgage

At least two Business Days prior to the scheduled site inspection, the Seller must deliver a rent roll dated within seven Business Days to Freddie Mac.

a. Reserved (10/12/17)

b. Complete property inspection and lease audit (04/18/24)

At full underwriting, the Seller must conduct a complete property inspection including, but not limited to, the following:

1. The unit inspection must include the following:
 - A minimum number of residential units as follows:
 - The greater of 10 percent of the total number of units at the Property or five units. Inspected units should include a representative sample of vacant units, occupied units, unit types and floor levels, including top floor and bottom floor units. If inspecting the greater of 10 percent of the total number of units or five units results in an insufficient number of inspected units to meet lease audit requirements, then additional units must be inspected to meet those requirements.
 - All Down Units
 - All commercial/non-residential units
 - A representative sample of units with corporate leases



2. Prior to the date of the inspection, unless delegated to the Seller, Freddie Mac must select units for the inspection and the Seller must instruct Borrowers to provide notices to the selected units:
 - For Properties located in Very Small Markets, the Borrowers must provide notification to all tenants that a site inspection is pending.
 - For Properties in all other markets (Top, Standard, or Small Markets), the Borrower must provide advance site inspection notifications to a minimum of twice the required number of units for inspection. If a Property has ten or fewer units, the Borrower must provide notification to all tenants. The number of selected units for which the Borrower must provide notification to tenants must be sufficient for the inspected units to meet lease audit requirements. If the selected units are not sufficient, the Seller must select additional units for which the Borrower must provide notification to tenants.

The inspector may require access to more or different units than those to which the Borrower provided notifications. If the Borrower cannot provide the inspector access to those units, the inspection must be rescheduled and those units inspected before the inspection is deemed complete.

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

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

4. The Seller must interview the property manager, if applicable, to discuss unit and property amenities, concessions, tenant mix, renovations, capital expenditures, marketing efforts, turnover, current competition, and any new supply that will compete with the Property. If unit renovations are reported, the Seller should request a list of such units.
5. The Seller must inspect each building, including exteriors and all common spaces to include the following:
 - Roof access should be gained if not clearly visible from the ground (flat roofs).
 - Inspect a representative sample of ongoing or recently completed unit renovations, if applicable
 - Verify reported completed or in process capital improvements
 - Verification may also be supplemented through review of the Appraisal, Physical Risk Report, or SBL Cash Out Analysis following submission of the full underwriting package

- If none of the above are sufficient to verify completion of the capital improvements or unit renovations, the UW must require proof of completed capital improvements or unit renovations (such as invoices, etc.)
 - Inspect amenities available to tenants at the Property
 - Walk the Property and look for deferred maintenance and any easily recognizable need for environmental remediation
 - Inspect the building's heating, ventilation and air conditioning (HVAC) and other systems
6. The Seller must include in the property inspection documentation the names of all parties participating in the property inspection and the management interview, including the company each individual represents.
7. The Seller must conduct a market analysis to include the following:
- Drive by identified rental comparables
 - Determine the Property's compatibility with the neighborhood and assess the Property's competitiveness in its submarket
 - Take photographs of rental comparables when unique issues or material concerns exist
 - If requested by Freddie Mac, inspect any other multifamily properties that are owned by the Borrower and/or Key Borrower Principal and are located in the Property's submarket
8. The Seller must document the complete property inspection and lease audit. At full underwriting, the Seller must submit the property inspection and lease audit documentation set forth below:
- Photographs representative of the Property. If Freddie Mac delegates the property inspection to the Seller, at least two photographs of each unit inspected must be provided.
 - Current rent roll from the property manager that was used to prepare the property inspection including the full tenant names, current lease start and end dates and unit occupancy status
 - A sample or unexecuted residential lease or an executed lease with any personal or private information redacted
 - Completed Property Inspection and Lease Audit form to reflect a lease audit of:
 - If the Property has 15 or fewer total units, 100 percent of occupied units capped at 10 units, or



- If the Property has more than 15 total units, the greater of 25 percent of all units or 10 units, up to a maximum of 30 units, unless otherwise required by Freddie Mac or the Seller

Additionally, the audited leases: (i) must include all occupied units inspected and (ii) should be selected by the person conducting the inspection. Also, if lease files are maintained on-site, the lease audit must be conducted at the time of the site inspection. The lease audit must also include representative samples of:

- Leases from any inspected corporate units
- Leases signed within the last 60 days
- Effective for transactions taken under application on or after April 18, 2024, validation of leases must also be validated against documentation reflecting actual rental payments received by the respective tenant, such as a tenant ledger, general ledger, copies of checks, or similar documentation. If discrepancies are identified, the applicable comments field must be used to provide an explanation, such as when a portion of the rental payment is in the form of a governmental subsidy (e.g., Section 8 or Medicaid) or when the ledger reflects additional payments (e.g., late fees or other one-time charges).

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

- An indication of the number of units that were actually notified of the potential property inspection, as required by Section 8SBL.15(b)
 - Documentation of complete property inspection in accordance with this section
 - If Freddie Mac has delegated the property inspection to the Seller, acknowledgement that the inspection is a delegated inspection
9. If Freddie Mac delegates any inspection requirement to the Seller, the Seller may not further delegate the inspection requirement. Delegation to the Seller must be approved by Freddie Mac and is permitted on an exception basis only.

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

The inspection and lease audit requirements of Section 8SBL.15(b) must have been completed within 90 days of Freddie Mac's receipt of the full underwriting package.

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

8SBL.16 Reserved (03/03/17)



8SBL.17 SBL Physical Risk Report (~~06/13/24~~08/15/24)

This section sets forth the requirements, duties and responsibilities of the Seller/Serviceicer once the SBL Physical Risk Report has been completed by the physical risk consultant. See Chapter 62SBL for the following:

- The physical risk consultant's requirements for evaluating the physical condition of the Property and completing Form 1104, SBL Physical Risk Report
- The Seller's requirements for retaining a physical risk consultant and reviewing Form 1104

Freddie Mac requires the Seller/Serviceicer to submit an SBL Physical Risk Report meeting the requirements of Chapter 62SBL before Freddie Mac will issue a Letter of Commitment to purchase an SBL Mortgage.

Once the Seller has received and reviewed Form 1104, the Seller must disclose to Freddie Mac any Critical Repairs, as defined in Section 62SBL.3(b), including actual or suspected structural, mechanical, electrical or other material physical deficiencies or Mold at the Property and inform the *Small Balance Loan Team* of unusual or questionable conditions. In addition, the Seller must:

- Verify that all Critical Repairs have been addressed and provide evidence of completion to Freddie Mac prior to Freddie Mac's issuance of the Letter of Commitment
- Prepare Loan Documents which include funded Replacement Reserves, where applicable, for certain Priority Repairs and PR-90 ~~repairs~~Repairs, as defined in Section 62SBL.3(b)
- Provide a copy of the completed SBL Physical Risk Report to the Borrower so that the Borrower is aware of the Priority Repairs (including PR-90 Repairs), as defined in Section 62SBL.3(b), that must be completed by the Borrower per the Loan Document requirements

If any of the following conditions exist at the Property, Freddie Mac will require a Reserve for all identified Priority Repairs (including PR-90 Repairs):

- The estimated cost to complete all Priority Repairs (including PR-90 Repairs) identified in the SBL Physical Risk Report is \$25,000 or greater, or
- The Property receives an "Overall Property Condition Rating/Capital Needs Over the Loan Term" rating of "Below Average" or lower in the SBL Physical Risk Report, or "Poor" in the Seller and/or Freddie Mac inspection

~~The Loan Agreement must require completion within 12 months of SBL Mortgage closing.~~

8SBL.18 Condominiums (06/29/18)

a. Condominiums (10/12/17)

Freddie Mac will consider purchasing an SBL Mortgage that is secured by a security interest in Property that is subject to a condominium regime ("Condominium" or "Condo") only if it is a 100 percent Borrower-owned Condo. The following additional requirements must be satisfied:



- The Appraisal must indicate that the Property is a 100 percent Borrower-owned Condo.
- The Letter of Commitment may require certain modifications to the Loan Agreement and the Security Instrument.

b. Reserved (06/29/18)

c. Reserved (06/30/16)

d. Reserved (06/30/16)

e. Reserved (03/03/17)

8SBL.19 Tax abatements (04/14/22)

a. Tax abatement definition and overview (06/30/16)

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

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

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

1. Program eligibility

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

- Obtain and review the documents required for program eligibility listed in the Tax Abatement/Exemption Analysis – SBL, and
- Include in the applicable underwriting package the Tax Abatement/Exemption Analysis – SBL and the applicable documentation required in the Tax Abatement/Exemption Analysis – SBL

2. Statutory approval

The applicable statute for the tax abatement must be in force at the time that the Seller/Servicer submits the full underwriting package to Freddie Mac.



3. Continuation of tax abatement

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

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

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

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

1. For all tax abatements, the Seller/Servicer must include in the applicable underwriting package the evidence of tax abatement documentation listed in Section 55SBL.2.

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

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

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

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

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

- Prepare the Tax Abatement/Exemption Analysis – SBL ,



- Include the applicable documentation required in the Tax Abatement/Exemption Analysis – SBL, and
- Respond to any issues raised by the Multifamily Attorney

d. Collateral valuation for tax abatement (06/30/16)

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

e. Refinance test and DCR calculation for Properties with tax abatements (06/30/16)

1. Refinance test for all SBL Mortgages underwritten with tax abatements

Freddie Mac performs a refinance test as follows:

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

2. DCR calculation for all SBL Mortgages underwritten with tax abatements

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

- If any of the following conditions exist, Freddie Mac considers the tax abatement to be “infinite” and abated taxes can be utilized to derive the NOI and perform the refinance test:
 - a. The phase-in period, if any, begins at least 10 years after the SBL Mortgage maturity date
 - b. The abatement runs at least 20 years after the Origination Date.
 - c. The abatement runs for the full term of a fully amortizing SBL Mortgage.

For all other SBL Mortgages, the underwritten NOI must include the tax expense based on actual in-place taxes, whether fully or partially abated. Freddie Mac performs a cash flow analysis to show the effect on NOI of any decrease in the tax abatement for the term of the SBL Mortgage plus 10 years.

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:42:39 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 08SBL - SBL Property Fundamentals GB-06-13-24.docx	
Modified filename: 08SBL - SBL Property Fundamentals GB-08-15-24.docx	
Changes:	
<u>Add</u>	5
Delete	6
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	11



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

9SBL.2 Borrower and Borrower Principal requirements (06/13/24)

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

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

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

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

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

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

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

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

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

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

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

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

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

~~9SBL.13 Borrower/Borrower Principal public record searches (10/14/16)~~



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

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

9SBL.2 Borrower and Borrower Principal requirements (06/13/24)

a. General Borrower requirements (06/16/22)

1. The following types of Borrower are generally acceptable:
 - Limited partnership
 - Limited liability partnership
 - Limited liability company
 - Real estate investment trust (REIT)
 - Irrevocable trusts meeting the requirements of Section 9SBL.6
 - Tenancy-in-Common (TIC) meeting the requirements of Section 9SBL.12, provided the TIC has five or fewer members
2. The following types of Borrower are not permitted:
 - Individual
 - Land trusts or business trusts (including Delaware Statutory Trusts)
 - Pension or retirement funds or accounts
 - Not-for-profit corporations
3. The following types of Borrower may be approved by Freddie Mac in its discretion:
 - Revocable trust meeting the requirements of Section 9SBL.6
 - General partnership
 - For-profit corporation
 - Restricted Multiple Asset Entity meeting the requirements of Section 9SBL.2(b)(3)
4. Borrower must be organized in the United States.
5. If an Equity Conflict of Interest as defined in Section 2.25 exists, then the Seller must disclose the nature and extent of the conflict in writing to Freddie Mac when the Seller delivers the full underwriting package. The Seller must notify Freddie Mac in writing



immediately if an Equity Conflict of Interest arises following delivery of the underwriting package to Freddie Mac.

6. Borrower must not be involved in any active bankruptcy, foreclosure, deed in lieu of foreclosure, or other liquidation proceeding.

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

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

c. Borrower Principal, Key Borrower Principal (including Guarantor) requirements (06/13/24)

1. General Requirements. A Borrower Principal (including all Guarantors), must satisfy all of the following requirements:
 - Be an individual, or if approved by Freddie Mac, an entity formed in the United States
 - If an individual, must:
 - Either be a United States citizen or lawful permanent resident of the United States, and be residing in the United States, or
 - An individual meeting the Foreign Borrower Principal requirements in Section 9SBL.2(e)



- If an individual is identified as the Key Borrower Principal with the primary responsibility for the daily operations of the Property, they must reside within 100 miles of the Property

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

2. Key Borrower Principal Requirements. In addition to the requirements set forth above, at the time of the “as of date” of a compliant Form 1116, Real Estate Schedule, Seller Application, or submission of the full underwriting package, at least one Key Borrower Principal must:
 - Have had Control of and owned an equity interest in (including through an entity) at least three multifamily properties each with five or more units (which may include the Property), together with Control (including through an entity) of at least one of these multifamily properties for the preceding two years, without interruption, or
 - Have had Control of and owned an equity interest in (including through an entity) a multifamily property containing five or more units (which may include the Property) for at least the five preceding years, without interruption, or
 - Have had Control of and owned an equity interest in at least 10 residential units (including through an entity) consisting of 2- to 4-unit properties for a minimum of the preceding two years.
3. Key Borrower Principal Due Diligence. Effective for transactions taken under Seller Application on or after April 18, 2024, with respect to
 - (A) Each Key Borrower Principal with Ultimate Control or Guarantor who does not individually meet the criteria noted in subsection (c)(2) above when the Seller/Servicer received Freddie Mac approval to deliver a full underwriting package, or
 - (B) Each Key Borrower Principal with Ultimate Control or Guarantor who is a First-Time Sponsor (as defined below),
 then the Seller/Servicer must provide each of the following in its underwriting package:
 - Liquidity Verification documentation (See Section 55SBL.2)
 - A Form 1116, Real Estate Schedule, that complies with the verification and record retention requirements set forth in Section 11.6(b) and (c).

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

d. **Guarantor requirements (04/13/23)**

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



- At least one Guarantor must have Control of the Borrower (including through an entity)
- Demonstrate a minimum net worth that is equal to the SBL Mortgage amount
- Demonstrate Liquidity equal to nine months of amortizing debt service before origination of the SBL Mortgage
- Must not be involved in any active bankruptcy, foreclosure, deed in lieu of foreclosure, or other liquidation proceeding, either directly or through any entities owned in whole or in part by the Guarantor
- If an individual, must have FICO® scores of 680 or better with at least two of the national credit bureaus (Equifax, TransUnion or Experian) or an average FICO score of 680 or better with all three national credit bureaus
- If an entity, must provide evidence of at least twice the minimum net worth and Liquidity requirements

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

Freddie Mac may approve a Borrower Principal that is any of the following:

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

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

- Foreign Guarantor must manage and/or own United States real estate assets other than the Property, and have a demonstrated understanding of United States real estate practices,
- Foreign Guarantor must appoint an unaffiliated agent in the United States acceptable to Freddie Mac for service of process on behalf of the Guarantor (for example, an attorney or a company whose business is to accept service of process for its customers), and
- If there is no financially compliant United States Guarantor, the Foreign Guarantor(s) must:
 - Provide evidence of at least 2x the minimum net worth and Liquidity requirements.
 - Maintain a minimum Liquidity in one or more U.S. bank accounts equal to five percent of the original principal balance of the SBL Mortgage, or such other amount as Freddie Mac may require; the bank(s) holding the account must be acceptable to Freddie Mac. This requirement may be satisfied in the aggregate by the Foreign Guarantor(s) exclusive of any U.S. Guarantor Liquidity.



- If there is one or more Foreign Guarantor(s) and no financially compliant U.S. Guarantor, the minimum Foreign Guarantor net worth and Liquidity requirements may be satisfied in the aggregate by the Foreign Guarantors and any non-compliant U.S. Guarantors.

f. Reserved (09/26/19)

g. Borrower requirements specific to Crowdfunding (02/28/20)

No direct or indirect interest in Borrower may consist of investments raised via Crowdfunding.

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

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

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

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

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

Freddie Mac, in its sole discretion, may refuse to enter into a Letter of Commitment to purchase a Mortgage or allow any Transfer of Ownership under Chapter 41SBL, or approve any other Servicing-related transaction if a Web Search indicates any of the following with regard to a Borrower, Borrower Principal, or Guarantor or any person or entity that is proposed



as a potential Borrower, Borrower Principal, or Guarantor or any person or entity that Controls any Borrower, Borrower Principal, or Guarantor:

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

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

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

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

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

In addition to its ordinary underwriting procedures, the Seller must take the following steps when reviewing an application for an SBL Mortgage to a trust Borrower or for an SBL Mortgage with a trust Guarantor. The Seller must examine the trust agreement to determine that it has received a complete copy of the trust agreement, including all amendments, and if the trust is a revocable trust (also known as a living or inter vivos trust), that each of the following requirements are satisfied:

- The settlor (also known as the grantor) is still alive.
- The settlor is the trustee or one of the co-trustees or there is an institutional trustee.
- If the trust is a Borrower, the settlor is a co-Borrower with the trust or a Guarantor.
- If the trust is a Guarantor, the settlor is a co-Guarantor with the trust.

b. Trust legal requirements (06/29/17)

1. Legal analysis

For all trust Borrowers and trust Guarantors, Single Counsel must examine the trust agreement to determine that the trust meets all of the following conditions in addition to meeting the general conditions set forth in Section 9SBL.7, where applicable.

- a. The beneficiary does not need to grant written consent for the trust to borrow money or to guarantee the debt of another entity (as applicable); or, if the beneficiary must grant such consent, the beneficiary has granted the consent in writing for purposes of the SBL Mortgage.
- b. If the trust is a Borrower, each of the following conditions must be satisfied:



- There are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Borrower's ability to hold and manage the Property.
 - There is no unusual risk of impairment of Lender's rights (for example, the trust agreement should only permit distributions to be made from net income remaining after payment of amounts due under the SBL Mortgage).
 - A lender can enforce its security interest in the trust property in the event of a default.
 - The title insurer will provide full title protection to Freddie Mac, without exception for the trust structure.
 - The form of identification of the Borrower in the deed conveying the Property to the trustee or trust is the same as that in each Loan Document and the title policy is the same as the form in which the Borrower holds title to the Property.
- c. If the trust is a Guarantor, each of the following conditions must be satisfied:
- The trustee is authorized to guarantee the debts of another entity.
 - There are no statutory or contractual restrictions on the activities of the trust or the trustee that would impair the Guarantor's ability to guarantee the SBL Mortgage.

If the trust or the trust agreement does not meet the requirements set forth above, and the trust or the trust agreement will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of the differences and recommendations as to whether and why Freddie Mac should accept the trust or trust agreement without them being fully compliant with this Section 9SBL.6.

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

Single Counsel must review the organizational documents for any entity (including a trust) that is a Borrower or Borrower Principal (including an entity Guarantor) to ensure that the following conditions are met:

1. The entity is validly formed under the laws of the State in which it was organized.
2. For the Borrower and the general partner of a general partnership Borrower only, the entity is qualified to do business in the State in which the Property is located.
3. The entity does not expire, or in the case of an investment fund, have a termination date, during the term of the SBL Mortgage.
4. The entity has the required organizational power to execute, deliver and perform its obligations under the Loan Documents or the Guaranty (as applicable).
5. The individual executing the Loan Documents or the Guaranty (as applicable) on behalf of the entity has been properly authorized by the entity to take such actions on its behalf.

6. The entity complies with any additional Freddie Mac conditions set forth in the Guide or the Letter of Commitment.
7. There is no risk of impairment of Freddie Mac's rights resulting from the structure or operation of the entity that would be unacceptable to a prudent institutional lender originating a mortgage loan secured by a comparable property in the same locale as the Property.

If the organizational documents do not meet the requirements set forth above, and the organizational documents will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of the differences and recommendations as to whether and why Freddie Mac should accept the organizational documents without them being fully compliant with this Section 9SBL.7.

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

Seller may not be aware of any circumstances or conditions involving the credit standing of the Borrower that adversely affect the value or marketability of the SBL Mortgage.

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

Preferred Equity is not permitted in SBL.

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

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

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

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

- There may not be more than 5 TIC owners.
- Unless otherwise approved by Freddie Mac, each TIC owner must be an SAE.
- The TIC owners must enter into a tenant in common agreement ("TIC Agreement").
- The TIC owners and the TIC Agreement must satisfy the requirements set forth in the "Tenant in Common Borrowers – Minimum Requirements (SBL)" document.

If the TIC owners or the TIC Agreement do not meet the requirements set forth above, and the TIC owners or the TIC Agreement will not be modified prior to the Origination Date of the SBL Mortgage to comply with all of the requirements, Single Counsel must provide Freddie Mac with a description of the differences and recommendations as to whether and why Freddie Mac should accept the TIC owners or the TIC Agreement without them being fully compliant with this Section 9SBL.12.

~~9SBL.13 Borrower/Borrower Principal public record searches (10/14/16)~~

~~The Public Records searches required in Section 18SBL.30, including credit reports, web searches, bankruptcy, tax lien, criminal and litigation searches, must be conducted within~~



~~60 days prior to the submission of the full underwriting package to Freddie Mac for each SBL Mortgage.~~

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:44:01 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 09SBL - SBL Borrower Fundamentals GB-06-13-24.docx	
Modified filename: 09SBL - SBL Borrower Fundamentals GB-08-15-24.docx	
Changes:	
Add	2
Delete	7
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	9

Multifamily Seller/Servicer Guide

Chapter 11

Miscellaneous Fundamentals



11.1 Introduction (09/08/05)

11.2 Letters of credit (08/18/22)

- a. General requirements for a letter of credit (04/15/21)
- b. Issuer and issuer's rating (12/12/14)
- c. Issuer's security (02/28/11)
- d. Form of letter of credit (06/29/17)
- e. Seller/Servicer responsibilities regarding letters of credit (08/18/22)
- f. Documents to be delivered to Freddie Mac (06/29/17)
- g. Change in issuer's Freddie Mac approval status (06/29/17)
- h. Delivery of letter of credit to Freddie Mac (06/29/17)
- i. Presentation of letter of credit (10/07/08)
- j. Notification to Freddie Mac of letter of credit expiration (02/27/15)
- k. Indemnification (10/07/08)

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

- a. Cap provider (12/12/14)
- b. Cap agreement (04/07/06)
- c. Cap guaranty; opinion (04/07/06)
- d. Delivery of cap agreement (02/29/16)
- e. Payments under the cap agreement (04/07/06)
- f. Reserve for subsequent cap agreement (07/01/14)
- g. Expiration of cap agreement (04/07/06)
- h. Servicing a cap agreement (02/07/08)

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

11.5 Insurance requirements for third-party consultants (10/12/17)

11.6 ~~Real Estate Schedule — Form 1116 verification (04/18/24)~~ [Real Estate Schedule — Form 1116 verification \(08/15/24\)](#)

- a. [Verification applicability \(04/18/24\)](#)
- b. [Verification requirements \(08/15/24\)](#)
- c. [Retention of Records \(04/18/24\)](#)

[11.7 Historical property financial statement reconciliation for Refinances of Freddie Mac Mortgages and Supplemental Mortgages \(08/15/24\)](#)

- a. [Reconciliation applicability \(08/15/24\)](#)
- b. [Reconciliation requirements \(08/15/24\)](#)
- c. [Submission of Servicing Statements \(08/15/24\)](#)
- d. [Identification of possible misrepresentation \(08/15/24\)](#)
- e. [Retention of Records \(08/15/24\)](#)



11.1 Introduction (09/08/05)

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

11.2 Letters of credit (08/18/22)

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

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

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

Additional requirements:

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

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

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

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



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

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

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

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

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

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

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

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

The letter of credit must

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



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

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

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

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



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

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

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

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

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

- Any time the Seller/Servicer is holding the original letter of credit, the Seller/Servicer must deliver to Freddie Mac a copy of the letter of credit, the original Letter of Credit



Certification and original opinion of issuer's counsel.

- For a letter of credit that Freddie Mac will hold, the Seller/Servicer must deliver the original letter of credit to Freddie Mac with the Final Delivery Package.

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

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

- For Mortgages prior to origination:

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

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

- For Mortgages that have been purchased by Freddie Mac:

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

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

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

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

- For Mortgages or SBL Mortgages, with the Final Delivery Package
- For any other matter, as specified by Freddie Mac in the applicable agreement or Chapter 46SBL

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

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

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

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

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

k. Indemnification (10/07/08)

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

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

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

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

a. Cap provider (12/12/14)

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

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

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

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

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

**b. Cap agreement (04/07/06)**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

11.5 Insurance requirements for third-party consultants (10/12/17)

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

- Appraisers
- A/E Consultants performing the duties outlined in Chapter 63



- Property condition or Physical Risk consultants
- Environmental consultants
- Property inspectors conducting:
 - Forward Commitment property inspections as described in Section 8.16(b)
 - Property inspections at time of conversion as described in Section 8.16(d)
- Green consultants

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

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

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

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

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

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

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

11.6 Real Estate Schedule – Form 1116 verification (04/18/2408/15/24)

a. Verification applicability (04/18/24)

The requirements in this section apply to transactions taken under Seller Application on or after April 18, 2024, with respect to each Form 1116, Real Estate Schedule, delivered to Freddie Mac for the following parties:

- For all Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of a First-Time Sponsor,



- For all Mortgages other than SBL Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor meeting the definition of a Limited Multifamily Experience Sponsor as referenced in Section 9.2(d), and
- For SBL Mortgages, each Key Borrower Principal with Ultimate Control and each Guarantor not meeting the requirements of Section 9SBL.2(c)(2).

b. Verification requirements (04/18/2408/15/24)

Upon the delivery to Freddie Mac of each Form 1116, Real Estate Schedule, for the parties listed in Section 11.6(a), ~~Lender~~the Seller/Servicer is certifying to Freddie Mac that each such party's ownership ~~of~~role (e.g. general partner, limited partner, managing member, member, etc.) of each residential asset (other than a personal residence) listed has been verified by the Seller/Servicer's review of the documentation described in (1), (2) and/or ~~(23)~~ below:

1. Documentation either independently obtained or received from the party completing the Form 1116, Real Estate Schedule, consisting of both of the following:
 - Evidence of the owner name of each asset provided by the party completing Form 1116, Real Estate Schedule, (such as a tax bill, title policy, property deed or other commercially reasonable evidence)
 - Organizational documents, provided by the party completing Form 1116, Real Estate Schedule, for the owner(s) of each asset evidencing the Key Borrower Principal or Guarantor ownership ~~and~~ role (redacted copies are acceptable so long as the ownership ~~and~~ role can be verified)
2. Federal tax return (Schedule K-1) for the parties listed in Section 11.6(a) confirming each party's ownership role in applicable assets identified on the Form 1116, Real Estate Schedule (redaction of non-relevant information permitted).
3. ~~2-~~ Other reasonable documentation approved by Freddie Mac (e.g., website listing real estate assets for an SEC-registered entity or lender certification ~~from lender involved in the financing of certain assets as to the ownership of the~~confirming Key Borrower Principal, ~~federal tax return with other supporting documentation [redaction of non-relevant information permitted]). Any asset listed on Form 1116, Real Estate Schedule, not validated via this Section 11.6(b)(2) must be confirmed via the methods noted in Section 11.6(b)(1) above. ownership role for those assets in which the lender was involved in the prior financing).~~

The Seller/Servicer must contact Freddie Mac Underwriting if the Seller/Servicer is unable to verify any ownership information or if discrepancies are found.

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

**c. Retention of Records (04/18/24)**

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

11.7 Historical property financial statement reconciliation for refinances of Freddie Mac Mortgages and Supplemental Mortgages (08/15/24)**a. Reconciliation applicability (08/15/24)**

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

With respect to acquisition Mortgages, nothing herein shall restrict or limit Freddie Mac or Seller/Servicer from performing a reconciliation of property financial statements available to Freddie Mac or Seller/Servicer, similar to the reconciliation described in Section 11.7(b). In connection with any such reconciliation related to an acquisition Mortgage, Seller/Servicer must comply with all reporting requirements, including but not limited to those in Section 7.2, with respect to any Suspicious Activity and actual or possible fraud or misrepresentation in connection with such reconciliation.

b. Reconciliation requirements (08/15/24)

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

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

By delivering the underwriting package to Freddie Mac, the Seller/Servicer is certifying that the reconciliation required by this section has been performed and either (i) there are no deviations identified or (ii) any deviations have been clearly disclosed to Freddie Mac in the Mortgage Transaction Narrative Analysis.

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

If the Servicing Statements are not found on DMS for the existing or senior Mortgage, as applicable, the Seller/Servicer must submit the Servicing Statements used to perform the



reconciliation required in Section 11.7(b) as part of the underwriting package.

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

d. Identification of possible misrepresentation (08/15/24)

Seller/Servicer must comply with all reporting requirements, including but not limited to those in Section 7.2, with respect to any Suspicious Activity and actual or possible fraud or misrepresentation in connection with the reconciliation required in Section 11.7(b).

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

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

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:14:29 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 11 - Misc Fundamentals GB-04-18-24.docx	
Modified filename: 11 - Misc Fundamentals GB-08-15-24.docx	
Changes:	
<u>Add</u>	77
Delete	17
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	94

Multifamily Seller/Service Guide

Chapter 18SBL

Originating an SBL Mortgage



18SBL.1 Overview (12/14/23)

- a. Description of the SBL Purchase Product (09/26/19)
- b. Investment quality (06/30/16)
- c. Types of SBL Mortgages (06/30/16)
- d. Securitization of Mortgages and transfer of Servicing (06/30/16)
- e. Delivery options (10/12/17)
- f. Minimum Origination Fee (12/14/18)
- g. Final delivery requirements (09/01/16)

18SBL.2 SBL Mortgage characteristics (05/01/24)

18SBL.3 Standard delivery—overview (06/30/16)

18SBL.4 Standard delivery—underwriting package (06/29/17)

18SBL.5 Standard delivery—application fee (10/14/16)

18SBL.6 Standard delivery—Letter of Commitment (04/15/21)

- a. Issuance of Letter of Commitment (04/15/21)
- b. Seller/Service acceptance (06/30/16)
- c. Locking the Coupon Rate and fixing SBL Mortgage amount and terms (04/30/19)
- d. Contract Number and Mandatory Delivery Date (06/30/16)
- e. Application fee (04/30/19)

18SBL.7 Standard delivery—final delivery (09/01/16)

18SBL.8 Standard delivery—funding (09/01/16)

18SBL.9 Standard delivery – late delivery; non-delivery (06/30/16)

- a. Late delivery (06/30/16)
- b. Remedies for late delivery (06/30/16)
- c. Nondelivery (06/30/16)
- d. Remedies for nondelivery (06/30/16)
- e. Calculation of the breakage fee (06/30/16)

18SBL.10 - 23 Reserved

18SBL.24 Accuracy of information (10/12/17)

18SBL.25 SBL Purchase Product Loan Documents (SBL Loan Documents) (04/15/21)

18SBL.26 SBL Maryland or Florida – Originating SBL Mortgages by Assignment, Amendment and Restatement; New York – Originating SBL Mortgages by Consolidation, Extension and Modification Agreement (06/30/16)

18SBL.27 South Carolina notice (06/30/16)

Guide Bulletin Update ~~04/18/24~~[08/15/24](#) Chapter 18SBL – Page 1

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



18SBL.28 Assignment (10/12/17)

18SBL.29 Buy Up (Premium Pricing) (10/12/17)

18SBL.30 ~~Public record searches (04/13/23)~~[Public Record Searches \(08/15/24\)](#)

18SBL.1 Overview (12/14/23)

This chapter describes the requirements and procedures that the Seller/Servicers must follow to originate a Mortgage under the SBL Purchase Product. SBL Mortgages submitted for purchase

Guide Bulletin Update ~~04/18/24~~[08/15/24](#) Chapter 18SBL – Page 2

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

must comply with the requirements of this chapter and all other applicable chapters of the Guide including the requirements of the following chapters, which apply specifically to SBL Mortgages:

- Chapter 6SBL: SBL Legal Services for Mortgage Origination and Servicing
- Chapter 8SBL: SBL Property Fundamentals
- Chapter 9SBL: SBL Borrower/ Borrower Principal Fundamentals
- Chapter 62SBL: SBL Physical Risk Report Requirements
- Chapter 64SBL: SBL Seismic Risk Assessment Requirements
- Chapter 29SBL: SBL Title, Description, Survey and UCC Search
- Chapter 41SBL: SBL Transfers of Ownership
- Chapter 46SBL: SBL Collateral, Loss, Repurchase, Servicing and Securities Purchase
- Chapter 55SBL: SBL Documentation and Deliveries

Freddie Mac, in its sole discretion, sets credit parameters for any transaction based on its underwriting criteria at the time of such request.

a. Description of the SBL Purchase Product (09/26/19)

Freddie Mac will purchase SBL Mortgages from SBL Seller/Servicers as described in Section 3.1(a). This chapter describes the unique requirements for the SBL Purchase Product.

Unless otherwise approved in writing by Freddie Mac, SBL Mortgages must have a principal balance between \$1 million and \$7.5 million.

Loans of this size may also be purchased by Freddie Mac under the Multifamily Conventional Cash Mortgage Purchase Program, which is described in Chapter 17.

Freddie Mac intends to securitize all SBL Mortgages. Seller/Servicer's obligations regarding repurchase of defaulted SBL Mortgages, loss sharing, and the securitization process are described in Chapter 46SBL.

b. Investment quality (06/30/16)

Each SBL Mortgage must have characteristics that demonstrate investment quality (see Section 10.7).

c. Types of SBL Mortgages (06/30/16)

Freddie Mac may purchase any or all of the following types of SBL Mortgages:

- Fixed-rate SBL Mortgages in which the interest rate is unchanged for the entire SBL Mortgage term. (See Section 18SBL.2)

- Fixed to floating-rate “Hybrid ARM” SBL Mortgages in which the interest rate is fixed for an initial set term and is then adjusted periodically until the end of the term of the SBL Mortgage. (See Section 18SBL.2)
- Other types of SBL Mortgages as announced by Freddie Mac from time to time

d. Securitization of Mortgages and transfer of Servicing (06/30/16)

At the time of a securitization of an SBL Mortgage, as described in Chapter 46SBL, Freddie Mac will cease to own the applicable Mortgage and Servicing of the applicable SBL Mortgage will be terminated and transferred to a master servicer without compensation to the Seller/Servicer. Seller/Servicer must cooperate with all transfers of Servicing and SBL Securitization provisions described in Chapter 46SBL.

e. Delivery options (10/12/17)

For SBL Mortgages, Freddie Mac offers only the Standard delivery underwriting delivery option. The SBL Mortgage terms, conditions and interest rate are fixed after receipt and approval of the full underwriting package. For detailed information about standard delivery, see Sections 18SBL.3 through 18SBL.9.

f. Minimum Origination Fee (12/14/18)

A Seller must charge a Minimum Origination Fee in connection with the origination and sale of an SBL Mortgage to Freddie Mac as specified in the Freddie Mac Multifamily Small Balance Loan Pricing Grid Explanation document.

The Seller may satisfy the requirement for a Minimum Origination Fee with any combination of a premium buy-up and an origination fee.

The Minimum Origination Fee must be collected by the Seller and may not be used to reimburse closing costs.

g. Final delivery requirements (09/01/16)

Chapter 32 contains the requirements for final delivery of SBL Mortgages to Freddie Mac.

**18SBL.2 SBL Mortgage characteristics (05/01/24)**

Each SBL Mortgage must have the following characteristics:

Loan Purpose	<p>Acquisition or refinance</p> <p>If the SBL Mortgage is a refinance with a return of equity and, at the time of submission of the full underwriting package to Freddie Mac, a Key Borrower Principal with Control has owned the Property for less than two years, evidence must be provided that previously completed capital expenditures or construction costs that have exceeded the greater of \$50,000 or three percent of the SBL Mortgage amount.</p> <p>The improvements must be verified in the SBL Physical Risk Report (pursuant to Chapter 62SBL) and/or the Appraisal (pursuant to Chapter 60).</p>
Loan Terms	<ul style="list-style-type: none"> Fixed Rate SBL Mortgages - 5, 7, or 10 years Hybrid ARM SBL Mortgages - Following the initial fixed rate period, there is an adjustable-rate period through maturity for Hybrid ARM SBL Mortgages - 10 years total term on hybrid loans with initial fixed-rate periods of 5 and 7 years, and 20 years total term on hybrid loans with an initial fixed-rate period of 10 years
Amortization	For amortizing SBL Mortgages, the maximum amortization period is 30 years. Any interest-only period will be followed by an amortization period of no more than 30 years.
Interest Only	Partial-term and full-term interest-only debt service payments are available for Fixed Rate SBL Mortgages. Partial interest-only payment terms are available during the fixed rate period of the Hybrid ARM SBL Mortgage.
Interest Rate calculation – Hybrid ARM SBL Mortgages	Hybrid ARM SBL Mortgages will have initial fixed rate periods of 5, 7, or 10 years followed by an adjustable rate period through the maturity of the Hybrid ARM SBL Mortgage. During the adjustable rate period, the interest rate and amortization period may be adjusted every six months based on the index and margin specified in the Note Hybrid ARM - SBL. The adjustable interest rate will never be less than the initial fixed rate, will not increase or decrease more than one percent at any one adjustment period, and will be capped at the initial fixed interest rate plus five percent, unless otherwise specified in the Note Hybrid ARM - SBL. Amortization will be based on an actual/360 interest schedule.



Prepayments	As specified in the Note Fixed Rate – SBL and the Note Hybrid ARM-SBL available at mf.freddiemac.com/lenders/legal
Sales or Transfers of Property or beneficial interest in Borrower	Transfer of Ownership to a qualified purchaser is permitted on terms approved by Freddie Mac, in accordance with the terms of the SBL Loan Documents and the Guide.
Borrower Recourse/Third-Party Guaranties	<p>Generally non-recourse, except upon the occurrence of certain events specified in the SBL Loan Documents.</p> <p>Freddie Mac may require additional Borrower recourse for Properties located in Very Small Markets (as provided in the SBL Market Tiering Spreadsheet) or at other times in its discretion.</p> <p>See Section 10.2(b) in the event Freddie Mac requires one or more of the Key Borrower Principals, in the Key Borrower Principal's individual capacity, to guaranty the payment of all or a portion of the amounts due under the SBL Mortgage.</p>
Servicing Spread	The Servicing Spread for each SBL Mortgage will be as stated in the Letter of Commitment for that SBL Mortgage.
Reserves	<p>The Seller/Servicer must establish Reserves pursuant to the requirements of Sections 39.2 and 39.3 with the following exceptions specific to SBL Mortgages:</p> <ul style="list-style-type: none"> • Reserves for real estate taxes may be deferred provided original LTV Ratio is 65 percent or less. • Reserves for insurance may be deferred. • Monthly Replacement Reserve deposits may be deferred at the discretion of Freddie Mac based on information from either the SBL Physical Risk Report or the Property site inspection.
Financing of Origination Fees	Proceeds of the SBL Mortgage may be used to pay loan origination fees or comparable fees to the Seller/Servicer only to the extent that such fees are reasonable and in accordance with general industry standards.
Late Charges/Default Interest	Requirements regarding late charges and default interest are set forth in the SBL Loan Documents. The Seller/Servicer may not change any provisions regarding late charges or default interest without Freddie Mac's prior approval. Freddie Mac reserves the right to waive any late charge, in its discretion.

**18SBL.3 Standard delivery—overview (06/30/16)**

Freddie Mac will regularly publish a Pricing Grid indicating coupon rates applicable to Fixed-rate and Hybrid ARM SBL Mortgages.

Provided the SBL Mortgage presented in the full underwriting package meets the requirements of the SBL Purchase Product and has been approved by the *Small Balance Loan Team*, as evidenced by issuance from Freddie Mac of the Letter of Commitment, Seller/Service providers may rate lock the SBL Mortgage with Freddie Mac at the applicable published Coupon Rate included in the SBL Letter of Commitment.

18SBL.4 Standard delivery—underwriting package (06/29/17)

To begin the standard delivery process, Seller/Service providers must submit to Freddie Mac, via Freddie Mac's Document Management System (DMS), a full underwriting package including all documents specified in the SBL Underwriting Checklist, Section 1.2 of Exhibit 1. See Chapter 55SBL, SBL Documentation and Deliveries, for instructions on preparing and delivering the underwriting package and remitting any required fees to Freddie Mac as well as descriptions of Freddie Mac's requirements for each document in the underwriting package.

If the proposed SBL Mortgage does not meet one or more of the requirements for the SBL Purchase Product, Seller/Service provider must obtain a waiver from the *Small Balance Loan Team* prior to submitting the proposed SBL Mortgage to Freddie Mac.

If Freddie Mac approves the proposed SBL Mortgage, Freddie Mac will issue a Letter of Commitment as described in Section 18SBL.6.

18SBL.5 Standard delivery—application fee (10/14/16)

Upon delivery of the full underwriting package, a nonrefundable application fee equal to 10 basis points of the Loan Amount will be deemed earned by Freddie Mac from Seller/Service provider. This application fee will not be due for Properties located in Top Markets (identified in the document titled "Market Tiering (SBL)") unless otherwise specified in writing by Freddie Mac.

18SBL.6 Standard delivery—Letter of Commitment (04/15/21)

The Letter of Commitment represents Freddie Mac's offer to purchase an SBL Mortgage secured by an eligible Property as determined by Freddie Mac. A Letter of Commitment provides the purchase conditions applicable under a mandatory Purchase Contract.

a. Issuance of Letter of Commitment (04/15/21)

After the Seller/Service provider submits a full underwriting package meeting the requirements of Section 18SBL.4, Freddie Mac will determine if the SBL Mortgage is acceptable for purchase.

Freddie Mac intends to complete its review of the full underwriting package within nine Business Days of its receipt of the full underwriting package (including all third-party reports), but reserves the right to take such additional time as is reasonably necessary to complete its review.



If the contemplated SBL Mortgage is acceptable, Freddie Mac will issue a Letter of Commitment stating the maximum Mortgage amount, the maximum annual debt service (principal and interest or interest only), loan term and amortization period (if applicable), and all additional conditions that must be satisfied before Freddie Mac purchases the SBL Mortgage.

The Letter of Commitment is valid for the period of time stated in the Letter of Commitment. If the Seller/Servicer fails to accept the Letter of Commitment offer within that stated time period, the Letter of Commitment will automatically expire, Freddie Mac will not be obligated to purchase the SBL Mortgage under any conditions, and the Seller must remit the application fee set as set forth in Section 18SBL.6(e). The Letter of Commitment will automatically incorporate by reference the terms set forth in the following sections of Chapter 27:

- Section 27.4: Seller Application
- Section 27.29: General Terms
- Section 27.30(e): O&M programs

b. Seller/Servicer acceptance (06/30/16)

The Seller/Servicer may accept the Letter of Commitment by following the procedures set forth in the Letter of Commitment.

After the Seller/Servicer executes the Letter of Commitment, the Seller/Servicer may not transfer, assign or otherwise modify the letter without Freddie Mac's prior written approval.

c. Locking the Coupon Rate and fixing SBL Mortgage amount and terms (04/30/19)

Provided the Seller/Servicer has accepted the Letter of Commitment, per Section 18SBL.6(b), the Seller/Servicer may lock the Coupon Rate stated in the Letter of Commitment and fix the actual SBL Mortgage amount and terms by submitting the executed Letter of Commitment to Freddie Mac, via DMS, no later than 3:30 p.m. Eastern time on the "Commitment Expiration Date" as specified in the Letter of Commitment. If either the Seller/Servicer or Freddie Mac does not have access to Multifamily DMS for a period of time, and as a result, Freddie Mac is unable to lock the Coupon Rate before the Coupon Rate Expiration Date, Freddie Mac will not be liable for any damages whether direct or consequential.

If the Seller fails to lock the Coupon Rate by the Commitment Expiration Date, the Seller must remit the application fee as set forth in Section 18SBL.6(e).

d. Contract Number and Mandatory Delivery Date (06/30/16)

Freddie Mac will provide the Seller/Servicer with the contract number of the Purchase Contract (Contract Number) and the Mandatory Delivery Date of the SBL Mortgage via email following its receipt of the countersigned Letter of Commitment in accordance with Section 18SBL.6(c) (Contract Number Confirmation Email). When it is issued, the Contract Number Confirmation Email is incorporated into and becomes a part of the Letter of Commitment. Seller/Servicer must upload the Contract Number Confirmation Email to DMS on the date of its receipt of the Contract Number Confirmation Email as part of the Letter of Commitment file.

**e. Application fee (04/30/19)**

Upon the delivery of the full underwriting package, the nonrefundable application fee will be deemed earned by Freddie Mac and will be payable by Seller by wire transfer to Freddie Mac as follows:

- (i) If the Seller locks the Coupon Rate as described above, Seller must remit the application fee by 2:00 p.m. Eastern time on the second Business Day following the Coupon Rate Lock.
- (ii) If Freddie Mac determines that it will not issue a Letter of Commitment for any reason, Seller must remit the application fee upon demand by Freddie Mac.
- (iii) If Freddie Mac issues a Letter of Commitment and Seller either fails to accept the Letter of Commitment or fails to lock the Coupon Rate by the Commitment Expiration Date, Seller must remit the application fee upon demand by Freddie Mac.

The Seller must obtain wire transfer instructions from the *Multifamily Small Balance Loan Team*.

The Seller must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person in Production or Underwriting, and the Freddie Mac loan number.

18SBL.7 Standard delivery—final delivery (09/01/16)

At or before noon Eastern time on the Mandatory Delivery Date, the Seller/Servicer must deliver to Freddie Mac all of the documents listed in the Final Delivery Table of Contents – SBL. The Seller/Servicer must comply with the requirements for final delivery provided in Chapter 32 and the requirements in the SBL Final Delivery Instructions.

18SBL.8 Standard delivery—funding (09/01/16)

After final delivery of the SBL Mortgage, Freddie Mac will review the documentation and set the Freddie Mac Funding Date. See Chapter 32 for provisions relating to funding.

18SBL.9 Standard delivery – late delivery; non-delivery (06/30/16)**a. Late delivery (06/30/16)**

For SBL Mortgages delivered or to be delivered under the standard delivery option, Freddie Mac may, in its discretion, treat either of the following situations as a late delivery of an SBL Mortgage:

- The Seller/Servicer fails to deliver the Final Delivery Package to Freddie Mac, including sending an email to mf_purchase_boarding_mgrs@freddiemac.com notifying *Multifamily Purchase* of the delivery of the Electronic Delivery Package, at or before noon Eastern time on the Mandatory Delivery Date.
- The Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents.

**b. Remedies for late delivery (06/30/16)**

If Freddie Mac determines that there has been a late delivery of an SBL Mortgage, Freddie Mac may take whatever action or actions it deems appropriate to protect its interests and enforce its rights, including

- Terminating the Purchase Contract (Freddie Mac will elect not to purchase the Mortgage)
- Charging the Seller/Servicer a late delivery extension fee
- Taking any other action set forth in Chapter 4

c. Nondelivery (06/30/16)

For SBL Mortgages delivered or to be delivered under the standard delivery option, Freddie Mac may, in its discretion, treat any of the following situations as a nondelivery of an SBL Mortgage:

1. The Seller/Servicer fails to deliver the Final Delivery Package to Freddie Mac, including sending an email to mf_purchase_boarding_mgrs@freddiemac.com notifying *Multifamily Purchase* of the delivery of the Electronic Delivery Package, at or before noon Eastern time on the Mandatory Delivery Date.
2. Either the SBL Mortgage or the Final Delivery Package, as delivered, fails to meet Freddie Mac's requirements as set forth in the Purchase and Servicing Documents.

d. Remedies for nondelivery (06/30/16)

If Freddie Mac determines that there has been a nondelivery of an SBL Mortgage, Freddie Mac may take whatever action or actions it deems appropriate to protect its interests and enforce its rights, including

- Terminating the Purchase Contract (Freddie Mac will elect not to purchase the Mortgage.)
- Charging the Seller/Servicer a breakage fee
- Taking any other action set forth in Chapter 4

e. Calculation of the breakage fee (06/30/16)

As liquidated damages for the nondelivery of an SBL Mortgage, Freddie Mac will charge the Seller/Servicer a breakage fee equal to two percent of the proposed SBL Mortgage amount. Freddie Mac's collection of the breakage fee will not prevent it from exercising any other remedies set forth in the Guide.



18SBL.10 **Reserved**

18SBL.11 **Reserved**

18SBL.12 **Reserved**

18SBL.13 **Reserved**

18SBL.14 **Reserved**

18SBL.15 **Reserved**

18SBL.16 **Reserved**

18SBL.17 **Reserved**

18SBL.18 **Reserved**

18SBL.19 **Reserved**

18SBL.20 **Reserved**

18SBL.21 **Reserved**

18SBL.22 **Reserved**

18SBL.23 **Reserved**

18SBL.24 **Accuracy of information (10/12/17)**

Freddie Mac is relying upon the truth and accuracy of all representations, warranties, statements, certificates and other information furnished to Freddie Mac by the Seller/Servicer in connection with the Letter of Commitment and the SBL Mortgage regardless of whether any of such documents were prepared by the Seller/Servicer or whether the Seller/Servicer knew or had reason to know the accuracy of their contents.

18SBL.25 **SBL Purchase Product Loan Documents (SBL Loan Documents) (04/15/21)**

The loan execution documents for the SBL Purchase Product (“SBL Loan Documents”) can be found on ~~FreddieMac.com~~mf.freddie.mac.com; those not found on ~~FreddieMac.com~~mf.freddie.mac.com will be included in the Letter of Commitment for the applicable SBL Mortgage.

The Seller/Servicer may use any version of the SBL Loan Documents that have been included on the Currently Acceptable Multifamily Loan Documents-SBL list at <https://mf.freddie.mac.com/lenders/legal/> during the period between the date of the Letter of Commitment and the Origination Date.



18SBL.26 Maryland or Florida – Originating SBL Mortgages by Assignment, Amendment and Restatement; New York – Originating SBL Mortgages by Consolidation, Extension and Modification Agreement (06/30/16)

- a. If the Property is located in Maryland or Florida, the Seller/Servicer may originate the SBL Mortgage by purchasing an existing mortgage from the current holder of that mortgage (MD/FL Existing Mortgage), and then modifying, extending, renewing, amending and/or consolidating the MD/FL Existing Mortgage (MD/FL Amended and Restated Mortgage).
- b. If the Property is located in New York, the Seller/Servicer may originate the SBL Mortgage by combining and then restating the rights, obligations, promises and agreements stated in existing mortgages secured by the Property (NY Existing Mortgages) by using a Consolidation, Extension and Modification Agreement (CEMA) (NY CEMA Mortgage).
- c. The MD/FL Existing Mortgage and NY Existing Mortgages will be assigned to the Seller/Servicer in lieu of being discharged (Assignment). The Seller/Servicer may document the Assignment in the manner appropriate to local practice, except that if the Assignment is by Freddie Mac, then the note(s) for the MD/FL Existing Mortgage or NY Existing Mortgages will be endorsed by Freddie Mac to the Seller/Servicer without recourse or warranty, and the security instrument(s) for the MD/FL Existing Mortgage or NY Existing Mortgages will be assigned by Freddie Mac to the Seller/Servicer using the standard form of Freddie Mac Assignment of Security Instrument.
- d. Specific delivery requirements for MD/FL Amended and Restated Mortgages and NY CEMA Mortgages are set forth in the SBL Final Delivery Instructions and SBL Tables of Contents.
- e. If Freddie Mac holds the MD/FL Existing Mortgage or the NY Existing Mortgages, the Seller/Servicer must prepare and deliver to the Freddie Mac Multifamily Loan Accounting Payoff Team (mfopsloanacctpayoffs@freddiemac.com) at least five days before the scheduled origination date of the SBL Mortgage, the forms for completing the Assignment of the MD/FL Existing Mortgage or the NY Existing Mortgages from Freddie Mac to the Seller/Servicer. The Seller/Servicer must also notify the Payoff Team that the SBL Mortgage will be originated by Assignment in order to obtain the original note(s) and security instrument(s) for the MD/FL Existing Mortgage or NY Existing Mortgages. Freddie Mac will endorse the original note(s) for the MD/FL Existing Mortgage or NY Existing Mortgages to the Seller/Servicer and deliver it or them to the Seller/Servicer (delivery to Single Counsel will constitute delivery to the Seller/Servicer) to be held in escrow until Freddie Mac has received the funds for payment in full for the MD/FL Existing Mortgage or NY Existing Mortgages.

18SBL.27 South Carolina notice (06/30/16)

If the Property is located in South Carolina, then prior to originating the SBL Mortgage, Seller/Servicer must deliver to Borrower and Guarantor the following Notice Letter or another notice letter in compliance with the requirements of the South Carolina Code providing prior written notice that a waiver of appraisal will be required on the origination date of the Mortgage.

NOTICE OF WAIVER OF APPRAISAL RIGHTS

[Name and Address]



Re: [Describe Mortgage Transaction]

Dear [Insert name of Borrower and Guarantor]:

This letter provides you with written notice as required by S.C. Code Ann. Section 29-3-680 (1976), as amended, that a requirement of the above-referenced credit transaction is your agreement to waive appraisal rights provided by statute in South Carolina with respect to all real property serving as collateral for such loan.

The Mortgage documents to be executed by you at closing will include the waiver. If you have any questions regarding the foregoing, please do not hesitate to contact the undersigned.

18SBL.28 Assignment (10/12/17)

Freddie Mac will have the right to assign or otherwise transfer the Letter of Commitment or any Purchase Contract to any affiliate or subsidiary of Freddie Mac without the consent of Seller/Servicer (Freddie Mac Assignment). After a Freddie Mac Assignment, all references to Freddie Mac in the Letter of Commitment, Purchase Contract, or in this Guide will be deemed to refer to the affiliate or subsidiary of Freddie Mac to which the Freddie Mac Assignment is made.

18SBL.29 Buy Up (Premium Pricing) (10/12/17)

If Freddie Mac purchases the Mortgage, in addition to the purchase price Freddie Mac pays to Seller/Servicer for the SBL Mortgage, Freddie Mac will pay Seller/Servicer an amount equal to the Buy Up Fee amount to be paid to Seller as set forth in the Letter of Commitment.

18SBL.30 Public ~~record searches (04/13/23)~~ Record Searches (08/15/24)

[Seller/Servicers must conduct the Public Records Searches on applicable individuals and entities in accordance with the requirements set forth in the Guide and the Public Records Search Requirements. See also Section 2.28.](#)

~~The following public record searches must be conducted no earlier than 60 days prior to the submission of the full underwriting package to Freddie Mac for each SBL Mortgage:~~



SEARCH	BORROWER	GUARANTOR	BORROWER PRINCIPAL	KEY BORROWER PRINCIPALS (not Guarantor)	NON-U.S. EQUITY HOLDER	PROPERTY	PROPERTY MANAGEMENT COMPANY	PROPERTY SELLER	SEARCH PROVIDER/LOCATION
FM Exclusionary List (See Section 2.18)	X	X	X	X	X		X		freddiemac.com
FHFA SCP List (See Section 2.24)	X	X	X	X	X		X		fhfa.gov
OFAC (See Section 2.23)	X	X	X	X	X		X		sanctionssearch.ofac.treas.gov; LexisNexis, or similar
Credit Reports – Individual (See Section 55SBL-2, Credit Report entry)	X	X							At least two of the national credit bureaus (Equifax, TransUnion and Experian)
Web Search	X	X	X (1)	X (2)	X	X	X		Google.com or similar
Bankruptcy	X	X	X	X				X	title or search firm, Pacer.gov, LexisNexis or similar
Tax Lien (Federal, State)	X	X	X	X				X	title or search firm, law firm, Pacer.gov, LexisNexis or similar
Criminal – Individual	X	X	X	X					LexisNexis, Westlaw or similar
Litigation, pending and judgments (Federal and Local)	X	X	X	X				X	title or search firm, law firm, or similar
<p>1. Borrower Principals that are required to undergo Web Searches are:</p> <ul style="list-style-type: none"> –The last individual or entity in the organizational structure with an aggregate equity interest in Borrower of 25% or more (i.e., an entity in which no owner also holds an equity interest of 25% or more in the Borrower) –The first Borrower Principal in the organizational structure that is not wholly owned by another entity <p>2. If a Key Borrower Principal is a Private Investment Fund, a Web Search is also required on the individual, revocable trust (including settlor/grantor and trustee of the revocable trust), or U.S. public company with Ultimate Control of the Private Investment Fund.</p>									

The following requirements apply to the public record searches:

- a. Searches on entities formed within 90 days of the loan closing are not required
- b. Property Seller searches are only required for acquisition loans
- c. Litigation searches for Sellers, if applicable, must be conducted at the following level:
 - Federal



- ~~Local — county or city of Mortgaged Property~~
- d. ~~Litigation searches for Borrowers must be conducted at the following levels:~~
 - ~~Federal~~
 - ~~Local — county or city (of primary residence for individuals) (of registered office for entities)~~
 - ~~If a refinance, county or city of Mortgaged Property if different from county or city of primary residence~~
- e. ~~Litigation searches for Borrower Principals, including Guarantors, must be conducted at the following levels:~~
 - ~~Federal~~
 - ~~Local — county or city (of primary residence for individuals) (of registered office for entities)~~

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:23:08 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 18SBL - Originating SBL Mortgages GB-04-18-24.docx	
Modified filename: 18SBL - Originating SBL Mortgages GB-08-15-24.docx	
Changes:	
<u>Add</u>	9
Delete	41
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	1
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	51

Multifamily Seller/Service Guide

Chapter 29

Title, Description, Survey, UCC Searches and Opinions



29.1 ~~Title insurance policy~~

~~requirements (04/18/24)~~ [Title insurance policy requirements \(08/15/24\)](#)

- a. ~~Maximum single risk amount (10/07/03)~~ [Maximum single risk amount \(08/15/24\)](#)
- b. ~~Reinsurance and coinsurance (04/18/24)~~ [Reinsurance and coinsurance \(08/15/24\)](#)
- c. ~~Title insurance underwriter; title insurance agency; title escrow company; escrow and settlement company (04/18/24)~~ [Selection of Title Company \(08/15/24\)](#)
- d. [Acquisitions \(08/15/24\)](#)
- e. ~~d.~~ Amount of protection (08/17/23)
- f. ~~Insured (04/18/24)~~
- f. ~~Legal description (08/17/23)~~ [Insured \(08/15/24\)](#)
- g. ~~Endorsements (04/18/24)~~ [Legal description \(08/15/24\)](#)
- h. ~~Insured Closing Protection Letter (04/18/24)~~ [Endorsements \(08/15/24\)](#)
- i. [Insured Closing Protection Letter \(08/15/24\)](#)

29.2 Title exceptions (04/18/24)

- a. Approval of title exceptions (04/18/24)
- b. Submission of analysis (04/18/24)
- c. Delivery of a Title Insurance Policy Certification and written analysis approval (04/18/24)
- d. Analysis of title exceptions for Supplemental Mortgages (04/18/24)
- e. Analysis of title exceptions for Assumptions (04/18/24)
- f. Encroachments and violations on Survey (04/18/24)
- g. Exception for Private Transfer Fee Covenant (08/17/23)
- h. Exception for condominium/cooperative conversion restriction (04/18/24)

29.3 Uniform Commercial Code search requirements (04/18/24)

- a. Names to search (04/18/24)
- b. Location of search (03/03/17)
- c. Date of search (02/07/05)
- d. Prior financing statements (04/18/24)
- e. UCC search (04/18/24)
- f. Product-specific UCC search requirements (04/18/24)
- g. Newly formed Borrowers and SPE Equity Owners (04/18/24)

29.4 Survey requirements (04/18/24)

- a. ALTA/NSPS requirements; survey waivers (04/18/24)
- b. Additional Freddie Mac requirements (03/03/17)
- c. Survey – encroachments and violations (04/18/24)
- d. Special survey requirements for MHC Mortgages (03/03/17)

29.5 Legal opinions (04/18/24)

- a. Legal opinions required (04/18/24)
- b. Review and analysis of legal opinions (04/18/24)
- c. Opinions requiring Freddie Mac review and approval (04/18/24)
- d. Non-Consolidation Opinion Requirements (04/18/24)
- e. Required opinion provisions for Seller Application (04/18/24)

Guide Bulletin Update ~~04/18/24~~ [08/15/24](#) Chapter 29 – Page 1





29.1 Title insurance policy

requirements (~~04/18/24~~08/15/24)

Each Mortgage purchased by Freddie Mac must be covered by a ~~single paid-up loan title insurance policy (a “Title Policy”) meeting the requirements in this chapter and in the Title Policy and Endorsement Requirements found at mf.freddiemac.com/lenders/legal/ (such requirements found at mf.freddiemac.com, the “Title Policy Requirements”)~~Title Policy. The final Title Policy delivered to Freddie Mac must be accurate and complete and must reflect any additional requirements that may be imposed by Freddie Mac for a particular Mortgage. The Title Policy must be underwritten by a Title Insurance Underwriter.

It is the responsibility of the Seller/Servicer and its counsel to obtain and review in detail the title commitment, documents evidencing or creating each exception to title and the Title Policy.

a. Maximum single risk amount (~~10/07/03~~08/15/24)

The maximum single risk amount (the risk in connection with any one Mortgage) assumed by one ~~title insurance company~~Title Insurance Underwriter may not be more than 25 percent of ~~that company's~~such Title Insurance Underwriters' surplus to policyholders. Policies for amounts in excess of the maximum single risk amount may be acceptable if any excess amount is covered by reinsurance by another ~~title insurance company~~Title Insurance Underwriter meeting the requirements of this chapter.

b. Reinsurance and coinsurance (~~04/18/24~~08/15/24)

• Reinsurance

If the single risk amount exceeds 25 percent of the ~~title insurance underwriter's~~Title Insurance Underwriter's surplus to policyholders, the excess amount may be covered by reinsurance meeting all of the following requirements:

- • ~~The excess amount may not exceed 25 percent of the reinsuring company's surplus to policyholders. Tertiary insurance will not be permitted.~~
- • ~~The reinsurer must be a title insurance underwriter licensed to do business and regularly issuing title insurance in the State in which the Property is located~~Title Insurance Underwriter.
- • ~~The reinsurance must be provided by the issuance of the most current form of American Land Title Association (ALTA) Facultative Reinsurance Agreement.~~
- • ~~Pro forma documentation for all reinsured transactions must be submitted to Freddie Mac for review and approval prior to the final delivery of the Mortgage~~Origination Date.

Any ~~title insurance policy~~Title Policy that is reinsured at the option of the ~~title insurance underwriter~~Title Insurance Underwriter must meet all of the requirements of this subsection.

• Coinsurance



Usually, Freddie Mac will not accept coinsurance (multiple ~~title insurance policies~~ Title Insurance Policies issued by multiple ~~title insurance underwriters~~ Title Insurance Underwriters for the same transaction). Freddie Mac will consider allowing coinsurance only if the ~~title insurance underwriters and policies~~ Title Insurance Underwriters and Title Policies each meet the requirements of this chapter and the use of coinsurance is approved in writing by Freddie Mac prior to Rate Lock. Prior to the ~~purchase of the Mortgage~~ Origination Date, the Seller/Servicer must submit to Freddie Mac for its review and approval the ~~title policies~~ Title Policies for any Mortgage that will be coinsured.

~~c. Title insurance underwriter, title insurance agency; title escrow company; escrow and settlement company (04/18/24)~~

- ~~1. The Title Policy must be written by a title insurance underwriter licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa). For any particular Mortgage transaction, a title insurance underwriter may also perform escrow and settlement functions.~~

c. Selection of the Title Company (08/15/24)

- ~~1.~~ 2. The Seller/Servicer's selection or acceptance of ~~the title insurance underwriter, title insurance agency and/or escrow and settlement company (individually and collectively sometimes referred to as the "any Title Company")~~ must be based solely on considerations typically used by prudent institutional lenders originating or purchasing Mortgages in the jurisdiction where the Property is located, as permitted by applicable law, and acting in the best interests of Freddie Mac. The Seller/Servicer must not base this selection on receipt of anything of value or other consideration by the Seller/Servicer or its employees, officers, or directors paid by or on behalf of a Title Company.
- ~~3. The Seller/Servicer must send written notification immediately to the Applicable Freddie Mac Multifamily Regional Office if the Seller/Servicer, for cause, discontinues the use of a Title Company in connection with a Freddie Mac transaction within the past 12 months. The TAH Seller/Servicer must send written notification immediately to the Multifamily TAH Underwriter. For Mortgage assumptions, the Seller/Servicer must notify Freddie Mac Multifamily Asset Management, Borrower Transactions or Freddie Mac Multifamily Asset Management, Structured Transactions, depending on the product type.~~
2. As provided in Section 2.19, the Seller/Servicer must approve, evaluate and monitor Title Companies and any other third party to whom functions relating to a Mortgage or REO are outsourced or assigned, including consulting the Multifamily Restricted Vendor List.

~~In addition,~~ Freddie Mac reserves the right to: (i) refuse to accept Mortgages for purchase, or (ii) approve the assumption of a Mortgage, in each case involving any specific Title Company on the Multifamily Restricted Vendor List. ~~Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily Restricted Vendor List.~~ If a Title Company appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that Title Company until notified otherwise by Freddie Mac. The decision to place a Title Company on the Multifamily Restricted Vendor List is solely within Freddie Mac's discretion.

~~The~~ With respect to Title Companies, the Multifamily Restricted Vendor List is made available to Seller/Servicers at mf.freddiemac.com for the sole purpose of ensuring that



an unacceptable Title Company does not perform services in connection with Multifamily Mortgage transactions and will constitute “Confidential Information” as defined in Section 2.8. Notwithstanding the Confidential Information classification, when a Borrower has engaged a Title Company on the [Multifamily](#) Restricted Vendor List, the Seller/Servicer is permitted to advise the Borrower that Freddie Mac will require engagement with a different Title Company. Parties are advised of their placement on the [Multifamily](#) Restricted Vendor List.

3. [Freddie Mac also reserves the right to subject Freddie Mac's acceptance of the engagement of any Title Company to such additional terms and conditions as Freddie Mac deems necessary, reasonable, or appropriate in Freddie Mac's sole discretion. When applicable, Freddie Mac is identifying these Title Companies as Third-Party Vendors on the Vendors With Conditions List, which is attached as a schedule to the Multifamily Restricted Vendor List. These Title Companies may continue to be engaged by Borrowers or Seller/Servicers but will be subject to the additional conditions provided in the schedule to the Multifamily Restricted Vendor List.](#)
4. [If the Seller/Servicer, for cause, discontinues the use of a Title Company in connection with a Freddie Mac transaction within the past 12 months and such Title Company is not identified on the Multifamily Restricted Vendor List, the Seller/Servicer must send written notification promptly to Freddie Mac, to the attention of Freddie_Mac_Legal_MF@freddiemac.com.](#)

d. Acquisitions (08/15/24)

1. [Effective for any Mortgage transaction that is an acquisition which is taken under Seller Application on and after August 15, 2024, the Title Insurance Underwriter must directly perform all escrow and settlement functions for both the Mortgage transaction and the acquisition of the Property \(i.e., the Title Insurance Underwriter must receive and disburse all funds from all sources related to the acquisition and prepare the settlement statement for the acquisition of the Property and the acquisition financing\). The settlement statement must be delivered to the Seller/Servicer or the Seller/Servicer's counsel directly by the Title Insurance Underwriter. \(See Section 32.3\(c\) for additional settlement statement requirements.\)](#)
2. [For purposes of the requirements described in this chapter, and notwithstanding any identification of the Mortgage transaction in the Mortgage commitment or otherwise, a Mortgage transaction will be deemed to be an acquisition if the Property \(A\) is acquired by the Borrower effective as of the Origination Date, or \(B\) was acquired by the Borrower or an affiliate of the Borrower within a thirty \(30\) day period prior to the Origination Date.](#)
3. [For any Mortgage transaction that is not an acquisition, the Title Insurance Underwriter may also perform escrow and settlement functions but is not required to do so.](#)

e. ~~d.~~ Amount of protection (08/17/23)

The Title Policy must insure the mortgagee for an amount no less than the original principal balance of the insured Mortgage.

f. ~~e.~~ Insured (04/18/2408/15/24)

The Title Policy must name as the insured either:



- Freddie Mac, its successors or assigns, or
- ~~The~~ Seller/Servicer and/or Freddie Mac, its successors or assigns, as their interests may appear

g. ~~f.~~ Legal description (~~08/17/23~~08/15/24)

The legal description in the Title Policy must conform to the legal description contained in the survey, security instrument, UCC financing statement, lease, and all other documents pertaining to the Mortgage ~~or~~and the Property.

h. ~~g.~~ Endorsements (~~04/18/24~~08/15/24)

Each endorsement required pursuant to the ~~Title Policy Requirements~~[Title Policy and Endorsement Requirements posted on mf.freddiemac.com](#) must:

- Be either attached to or sufficiently incorporated in the Title Policy.
- Be on the specific form of the endorsement identified in the Title Insurance Policy Certifications as defined in Section 29.2(c).
- Include the number of the Title Policy.
- Be dated as of the date of the Title Policy, if dated.
- Be signed electronically by the Title Company. A PDF signature or a signature that is electronically produced as part of the Title Policy or the endorsement is acceptable.

If affirmative coverage in lieu of an endorsement is acceptable as indicated in the ~~Title Policy Requirements~~[Title Policy and Endorsement Requirements](#), then the affirmative coverage language in the Title Policy must be equivalent to the affirmative coverage language described in the Title Policy Requirements.

i. ~~h.~~ Insured Closing Protection Letter (~~04/18/24~~08/15/24)

If either of the recordation of the documents or the escrow and disbursement of funds in connection with the origination of the Mortgage is being handled by a ~~title insurance agency, title escrow company or escrow and settlement company rather than the title insurance underwriter,~~[Title Company other than the Title Insurance Underwriter, then](#) if available in the applicable jurisdiction, the Seller/Servicer must also obtain and provide an insured closing protection letter addressed to Freddie Mac, or to the Seller/Servicer and its successors and assigns, that provides coverage for any loss that arises out of (i) the failure of the Title Company to comply with the Seller/Servicer's written closing instructions, or (ii) fraud or dishonesty in handling the funds or documents in connection with the origination of the Mortgage.



29.2 Title exceptions

(04/18/24)

a. Approval of title exceptions (04/18/24)

The Seller/Servicer or its counsel must obtain, read, and analyze each document that evidences or creates any exception to the title insurance coverage to determine whether the exception would be acceptable to a prudent institutional lender.

If the Seller/Servicer or its counsel determines that any of the following applies with respect to an exception, such exception requires written analysis in the form and manner described in Section 29.2(b) and, whenever required pursuant to Section 29.2(b), must be expressly approved by Freddie Mac:

- Any party's exercise of its rights under the exception could have a foreseeable adverse effect on the Borrower's intended use of the Property, including any interference with the present or proposed improvements on the Property or with the operation of the Property.
- Any party's exercise of its rights under the exception could impair lender's ability to enforce its rights under the Mortgage or could adversely affect the lien priority of the Mortgage.
- The exception would not be acceptable to a reasonable, prudent institutional lender in the area where the Property is located.
- The exception results in an exception to the Seller/Servicer Representations and Warranties.
- The exception could create potential safety or environmental issues.
- The exception could result in a material adverse effect on the Mortgage, the security interest in the collateral described by the Mortgage, or the use, value, operation or marketability of the Property or could impair the lien of or the lien priority of the Mortgage.
- The Guide or Legal Issues Analysis separately requires written analysis or approval with respect to such exception (such as, by way of example and not limitation, ground leases, regulatory agreements or condominium declarations).
- The exception contains a purchase option, right of first refusal, right of first offer, right of reverter, or requires consent to a transfer of all or any portion of the Property (including in connection with foreclosure or deed-in-lieu of foreclosure).

b. Submission of analysis (04/18/24)

If the written analysis required pursuant to Section 29.2(a) was not included in the Legal Issues Analysis and/or any other required legal analysis required by the Guide submitted prior to the effective date of the Commitment, then the analysis must be submitted for approval no later than two business days prior to the anticipated Origination Date.



All requests for approval of title exceptions must be in writing and be submitted to the applicable Multifamily Attorney and Legal Analyst by email and include the anticipated closing date and pool name, if applicable, in the email subject line, and be uploaded to DMS. The request must be in the form of:

- An amended Legal Issues Analysis or other analysis previously submitted to the applicable Multifamily Attorney; and
- If applicable, such other legal analysis required by the Guide.

The analysis must describe which category or categories in Section 29.2(a) applies to such exception necessitating written analysis and must include the Seller/Servicer or its counsel's recommendation (i) for mitigating any risk evidenced by the exception or explanation of why mitigation is not necessary or possible and (ii) as to the acceptability of the exception. The recommendation must expressly state why Freddie Mac should consider accepting this exception. The analysis must provide sufficient detail to enable Freddie Mac to make any necessary decision regarding the acceptability of an exception without having to read the document evidencing or creating the exception.

Submission to Freddie Mac of the underlying document creating the exception does not relieve the Seller/Servicer or its counsel of the requirement to submit the written analysis of the exception. However, Freddie Mac reserves the right to require the Seller/Servicer or its counsel to submit the exception document(s).

c. Delivery of a Title Insurance Policy Certification and written analysis approval (04/18/24)

At final delivery of the Mortgage, the Seller/Servicer's counsel must deliver a Title Insurance Policy Certification in the form found at mf.freddie.mac.com/lenders/legal/ (the "Title Insurance Policy Certification"). Copies of all emails with express approval of any exceptions for which the Seller/Servicer or its counsel submitted a request for approval must be attached to the Title Insurance Policy Certification, along with the final title policy and all required endorsements.

d. Analysis of title exceptions for Supplemental Mortgages (04/18/24)

For any Supplemental Mortgage purchased under the Freddie Mac Multifamily Supplemental Mortgage Product, the Seller/Servicer or its counsel must provide a written analysis only for:

- Any title exception that did not previously appear as an exception to title in the policy insuring the senior Mortgage and falls into one or more categories set forth in Section 29.2(a), or
- Any title exception that previously appeared as an exception to the title in the policy insuring the senior Mortgage but will not be covered by the same endorsement or equivalent coverage.

Therefore, with respect to a Supplemental Mortgage, a written analysis will be required for any exception that appeared as a subordinate item in the policy insuring the senior Mortgage when such exception is not expressly subordinate to the Supplemental Mortgage as well.



e. Analysis of title exceptions

for Assumptions (04/18/24)

For any assumptions, the Seller/Servicer or its counsel must provide the discussion of the exceptions to the Title Policy as required by Section 41.4.

f. Encroachments and violations on Survey (04/18/24)

In addition to any analysis described in Section 29.2(b), the Seller/Servicer or its counsel must submit a written analysis of and receive approval for any encroachment or violation which materially and/or adversely affects the Property's operation, use or value or the security intended to be provided by the Mortgage (examples: income-producing buildings, parking, access ways). The written analysis must include the following:

- A reasonably detailed description of the encroachment and/or violation (e.g., how many feet a building encroaches over an easement)
- Whether there is building law and ordinance coverage for the Property if the encroachment and/or violation impacts a zoning requirement

If the risk posed by any encroachment or violation can be mitigated by an endorsement identified in the Title Policy Requirements and included in the Title Policy, then the exception does not need to be included in a written analysis. If any such required endorsement is not available or has been modified from the standard required form, then a written analysis of the exception must be submitted.

g. Exception for Private Transfer Fee Covenant (08/17/23)

If the Title Policy contains an exception for a Private Transfer Fee Covenant that was created on or after February 8, 2011, the Mortgage is ineligible for purchase by Freddie Mac. See Section 8.14.

h. Exception for condominium/cooperative conversion restriction (04/18/24)

If the Title Policy contains an exception for a prohibition against or any indemnification in connection with the conversion of the Property to a condominium or cooperative structure, the Seller/Servicer or its counsel must examine the underlying agreement/restriction as provided in Section 8.18(f) to determine that the agreement/restriction meets the requirements set forth in such section.

The Seller/Servicer or its counsel must confirm that all such requirements have been satisfied or that any non-compliant provisions have been identified in the Legal Issues Analysis prior to the effective date of the Commitment.

29.3 Uniform Commercial Code search requirements (04/18/24)

It is the responsibility of the Seller/Servicer to ensure that a First Lien security interest is perfected in (1) all fixtures, (2) all personal property of the Borrower that is located in or on the Property or is used or intended to be used in connection with the Property and (3) any other Uniform Commercial Code (UCC) collateral described in the UCC financing statement (collectively the "UCC collateral").



In order to ensure this First Lien security interest, the Seller/Servicer must perform certain searches of the Uniform Commercial Code records ("UCC search"). For additional search requirements for the MHC Mortgage Product, see Section 22.9(c).

a. Names to search (04/18/24)

The Seller/Servicer must perform a UCC search for the Borrower's name and, if the Property is being acquired, the name of the current owner of the Property. For additional search requirements for Seniors Housing Mortgages, see the Final Delivery Instructions available at mf.freddiemac.com/lenders/purchase.

b. Location of search (03/03/17)

Each UCC search must include every office where a financing statement would be filed in accordance with the provisions of Revised Article 9 of the UCC.

c. Date of search (02/07/05)

A UCC search must be dated no earlier than 30 days prior to the Origination Date.

d. Prior financing statements (04/18/24)

If a UCC Search indicates that there are any financing statements on file (other than the financing statements filed by the current lender that will be released at origination of the Mortgage) then, prior to the Origination Date, the Seller/Servicer must provide an explanation of those financing statements to the

- *Multifamily TAH Underwriter*, for TAH Mortgages
- *Applicable Freddie Mac Multifamily Regional Office* for all other Mortgages

The Seller/Servicer must also submit a copy of the explanation to the applicable Multifamily Attorney.

e. UCC search (04/18/24)

1. If the UCC search done at underwriting shows that no financing statements have been filed in connection with any of the UCC collateral, then the Seller/Servicer does not need to deliver any documentation regarding the UCC search to Freddie Mac prior to final delivery of the Mortgage.
2. The UCC search must be updated at the time of final delivery to a date no earlier than 30 days prior to the date of origination of the Mortgage. The Seller/Servicers counsel must examine the UCC search to determine that Freddie Mac has a First Lien security interest in all UCC collateral except for those items previously approved by Freddie Mac and those items for which UCC termination statements have been filed. The Seller/Servicer's counsel must use the Seller's Counsel's Certification set forth at mf.freddiemac.com/lenders/legal to provide a certification regarding the UCC search at final delivery of the Mortgage as set forth in the Final Delivery Instructions found at mf.freddiemac.com/lenders/purchase.



f. Product-specific UCC search

requirements (04/18/24)

For a Mortgage secured by an MHC Property, where a First Lien security interest in a Borrower-Owned Home cannot, under applicable law, be perfected with the filing of a UCC Financing Statement, the Seller/Servicer must take additional actions necessary to verify the ownership of and ensure a perfected First Lien security interest in any Borrower-Owned Home (e.g., obtaining a copy of the certificate of title evidencing the Borrower as the sole title holder of a Borrower-Owned Home).

For a Mortgage secured by a Seniors Housing Project, in addition to the searches required in Section 21.3, UCC searches are required for:

- The Borrower,
- The Manager, if applicable, and,
- If the Property is being acquired, the current owner of the Property.

Each UCC search must include every office where a financing statement would be filed to perfect a security interest in any of the collateral described in Financing Statement Exhibit B - Seniors Housing. Additionally, each search must include the state of organization for the Borrower and the Manager, if applicable.

g. Newly formed Borrowers and SPE Equity Owners (04/18/24)

For each Borrower and SPE Equity Owner, if applicable, that has been formed within 90 days prior to the origination of the Mortgage, the Seller/Servicer will not be required to provide a UCC search for the Borrower or the SPE Equity Owner. For any entity formed more than 90 days prior to the origination, or if Freddie Mac agrees to permit a “recycled” SPE Borrower or SPE Equity Owner, regardless of the entity’s formation date, the Seller/Servicer must provide a UCC search for the Borrower and the SPE Equity Owner, if applicable.

29.4 Survey requirements (04/18/24)

a. ALTA/NSPS requirements; survey waivers (04/18/24)

1. For each Mortgage purchased by Freddie Mac, the Seller/Servicer must submit a survey meeting the then-current minimum standard detail requirements for American Land Title Association/National Society of Professional Surveyors, Inc. (ALTA/NSPS) Land Title Surveys. The survey must be made, dated or revised by a licensed civil engineer or registered surveyor not more than 90 days prior to the date of the Note. The surveyor's certification must:
 - Be the form of certification required by the most current ALTA/NSPS requirements, except that the Table A items need not be listed in the certification
 - Be for the benefit of the Seller/Servicer, Freddie Mac and its successors and assigns and the title insurance underwriter issuing the title insurance policy if required by the title insurance underwriter
2. Unless specifically waived under the terms of the Letter of Commitment, a survey is required for every Mortgage purchased by Freddie Mac. (See also the Waiver of Certain Survey Requirements found at mf.freddiemac.com/lenders/legal/.)



b. Additional Freddie Mac requirements (03/03/17)

In addition to the items that must be included in an ALTA/NSPS Land Title Survey, the survey must also include the following:

- Substantial visible improvements (in addition to buildings) such as entrance or monument signs, parking structures including carports and garages, swimming pools and other recreational facilities such as clubhouses, basketball and tennis courts.
- Indication of access to all public rights of way such as curb cuts, driveways marked, etc.
- Parking areas and type and number of parking spaces (Parking space striping need not be shown.)
- Any setback requirements applicable to the Property (including those imposed via zoning law or building codes and any documents on record affecting the Property).

c. Survey – encroachments and violations (04/18/24)

The Seller/Servicer must analyze all encroachments and violations shown in the survey, as set forth in Section 29.2(f).

d. Special survey requirements for MHC Mortgages (03/03/17)

In addition to the requirements set forth in this Chapter 29 with respect to surveys, if the Property is an MHC Property, the following requirements are applicable:

- The survey must include the number of Home Sites located on the Property, as well as a description of the parking areas or spaces that are generally available for each Manufactured Home (i.e., the number of off-street parking spaces available for each Manufactured Home should be included on the survey).
- The survey must depict the location of:
 1. The extent and approximate dimensions of any encroachments by Manufactured Homes (including any Borrower-Owned Homes), Home Sites, piers, and foundations. If any of the foregoing do not constitute encroachments, their location does not need to be shown on the survey. Instead, a simple indicating mark may be included.
 2. Private interior access roads or streets and visible utilities. Unless such items constitute encroachments, they may be sketched on to the survey to show their approximate location, and can be located by photogrammetric or other approximate methods in lieu of precise field measurements.

29.5 Legal opinions (04/18/24)

a. Legal opinions required (04/18/24)

The Final Delivery Package must include the following legal opinions addressed to the Seller/Servicer (individually and collectively, the “Opinion Letter”):



- A legal opinion with respect to Borrower and any SPE Equity Owner in the form provided on the Freddie Mac Multifamily website (the “Borrower Opinion”).
- A legal opinion with respect to any Guarantor in the form provided on the Freddie Mac Multifamily website (the “Guarantor Opinion”).
- A non-consolidation legal opinion (the “Non-Consolidation Opinion”) for any Mortgage:
 - With an original principal balance equal to or greater than \$40,000,000;
 - That is a part of a cross-collateralized and cross-defaulted pool of Mortgages that are, when aggregated, \$40,000,000 or greater; or
 - If otherwise required by the Letter of Commitment or early rate lock application
- Any other legal opinions required by Freddie Mac under the Guide, in the applicable Letter of Commitment or early rate lock application, or otherwise.

Notwithstanding the foregoing, the enforceability opinions and local law opinions may be omitted from the Borrower Opinion and Guarantor Opinion for a supplemental mortgage originated under the Freddie Mac Multifamily Supplemental Mortgage Product.

b. Review and analysis of legal opinions (04/18/24)

Seller/Servicer’s counsel must review and analyze all Opinion Letters to ensure the Opinion Letters conform to Freddie Mac’s requirements. Additional guidelines and requirements for the review of opinions are set forth in the Opinion Letter Guidelines and, if applicable, the Requirements for Review of Non-Consolidation Opinions, provided on the Freddie Mac Multifamily website.

All Opinion Letters must contain the following use and reliance provision, without modification:

“This opinion letter is furnished to you solely for your benefit, the benefit of subsequent holders of the Note, and any statistical rating agency that provides a rating on securities backed in part by the Loan, all of which we understand may receive copies of this opinion letter. This opinion letter may not be used, quoted from or relied upon by any other person without our prior written consent; however, you or a subsequent holder of the Note may deliver copies of this opinion letter to (a) independent auditors, accountants, attorneys and other professionals acting on behalf of you or a subsequent holder of the Note, (b) governmental agencies having regulatory authority over you or a subsequent holder of the Note, (c) designated persons pursuant to an order or legal process of any court or governmental agency, and (d) prospective purchasers of the Note.”

The counsel rendering the opinions must be acceptable to Freddie Mac or to the Seller/Servicer if Seller/Servicer is authorized to approve the opinion. The Letter of Commitment or the early rate lock application may require that the counsel state additional conclusions in the opinion. Freddie Mac reserves the right to require Seller/Servicer at any time to deliver to Freddie Mac all documents on which the counsel based or should have based the opinion.



c. Opinions requiring Freddie

Mac review and approval (04/18/24)

The Seller/Servicer must submit a copy of the following opinions for Freddie Mac's review and approval not less than three business days prior to the scheduled origination date of the Mortgage:

- All Opinion Letters for any Mortgage with an original principal balance equal to or greater than \$100,000,000.
- Any Seniors Housing Mortgage licensure opinion, specifically opinions #27 and #28 from the Borrower Opinion form.

Such opinions must be marked to clearly indicate the additions to and deletions from the appropriate form of Opinion Letter. The Borrower or the Seller/Servicer must pay for any legal fees associated with the review and approval of any such additions to or deletions from the appropriate form of Opinion Letter in connection with the origination of the Mortgage.

The Seller/Servicer's counsel must provide an analysis and recommendation with respect to such opinions (the "Opinion Analysis"). Freddie Mac will not be responsible for any loss, costs or damages incurred by the Seller/Servicer or Borrower as a result of the origination of the Mortgage being delayed due to the failure of the Seller/Servicer to timely deliver to Freddie Mac a draft Opinion Letter and/or the Opinion Analysis.

d. Non-Consolidation Opinion Requirements (04/18/24)

Non-Consolidation Opinions must state that if any equity owner or group of affiliated equity owners (or group of family members) who own more than 49% of the equity in Borrower were to become insolvent, neither Borrower, nor its assets and liabilities, would be substantively consolidated with that of the equity owner or group of affiliated equity owners (or group of family members) or with the SPE Equity Owner.

A "should" Non-Consolidation Opinion is not acceptable; all Non-Consolidation Opinions must be "would" opinions.

All Non-Consolidation Opinions must be submitted to Freddie Mac for review and approval prior to origination of the Mortgage as provided in the Requirements for Review of Non-Consolidation Opinions provided on the Freddie Mac Multifamily website. The Borrower or the Seller/Servicer must pay for any legal fees associated with the review and approval of any Non-Consolidation Opinion required in connection with the origination of a Mortgage.

e. Required Opinion Provisions for Seller Application (04/18/24)

The Seller/Servicer must include, as part of its Seller Application with or loan commitment to the Borrower, the following provision.

Delivery of Opinion Letters to Be Delivered to Freddie Mac

Borrower acknowledges and agrees that as part of the loan closing process it is required to deliver to [Seller/Servicer to Insert Seller/Servicer's Name] certain legal opinion letters in form and substance acceptable to the Federal Home Loan Mortgage Corporation ("Freddie Mac") addressing, among other things, enforceability, due formation, execution



and delivery, non-consolidation (under certain circumstances) and such other matters as may be required by Freddie Mac (collectively if more than one, the “Opinion Letter”). In order to properly review any Opinion Letter requiring Freddie Mac’s approval Freddie Mac must receive a draft of the Opinion Letter, with analysis and recommendations from [Seller/Servicer to Insert Seller/Servicer’s Name], not less than three business days prior to the anticipated consummation of the loan transaction. Accordingly, Borrower acknowledges and agrees to deliver to [Seller/Servicer to Insert Seller/Servicer’s Name], not less than ____ business days [Seller/Servicer to Insert Number of Days as Required by Seller/Servicer’s Counsel] prior to the anticipated consummation of the loan transaction, a draft Opinion Letter for review. Borrower acknowledges and agrees that [Seller/Servicer to Insert Seller’s/Servicer Name] will not be responsible for reviewing any Opinion Letter received less than ____ Business Days [Seller/Servicer to Insert Number of Days as Required by Seller/Servicer’s Counsel] prior to the anticipated consummation of the loan transaction and that Borrower’s failure to timely deliver such Opinion Letter may result in the consummation of the loan transaction being delayed. Borrower further acknowledges and agrees that neither [Seller/Servicer to Insert Seller/Servicer’s Name] nor Freddie Mac will be responsible for any loss, costs or damages incurred by Borrower as a result of the consummation of the loan transaction being delayed due to the failure of Borrower to timely deliver a draft Opinion Letter.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:24:29 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 29 - Title, Survey UCC GB-04-18-24.docx	
Modified filename: 29 - Title, Survey UCC GB-08-15-24.docx	
Changes:	
<u>Add</u>	89
Delete	69
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	158

Multifamily Seller/Service Guide

Chapter 29SBL

SBL Title, Description, Survey and UCC Search



29SBL.1 ~~Title insurance policy requirements~~

~~(04/18/24)~~ [Title insurance policy requirements \(08/15/24\)](#)

~~a. Reserved (06/30/16)~~

~~a.~~ [Maximum single risk amount; reinsurance and coinsurance \(08/15/24\)](#)

~~b. Subordinated ground leases (09/28/18)~~ [Subordinated ground leases \(08/15/24\)](#)

~~c. Title insurance underwriter (04/18/24)~~ [Selection of the Title Company \(08/15/24\)](#)

~~d. Amount of protection (06/30/16)~~ [Acquisitions \(08/15/24\)](#)

~~e. Insured (04/18/24)~~ [Amount of protection \(08/15/24\)](#)

~~f. Form (04/18/24)~~ [Insured \(08/15/24\)](#)

~~g. Endorsements (04/18/24)~~ [Form \(08/15/24\)](#)

~~h.~~ [Endorsements \(08/15/24\)](#)

~~i.~~ ~~h.~~ [Tax and Parcel Numbers \(04/18/24\)](#)

~~j.~~ [i. \[Date of Title Policy \\(04/18/24\\)\]\(#\)](#)

~~k.~~ [j. \[Identification of recorded documents \\(04/18/24\\)\]\(#\)](#)

~~l.~~ ~~k.~~ ~~Insured Closing Protection Letter (04/18/24)~~ [Insured Closing Protection Letter \(08/15/24\)](#)

29SBL.2 Title exceptions (04/18/24)

- a. Deletion of standard exceptions (04/18/24)
- b. Analysis and approval of title exceptions (04/18/24)
- c. Content of written title analysis (04/18/24)
- d. Delivery of title exception documents (04/18/24)
- e. Safe harbor categories (04/18/24)
- f. Exception for Private Transfer Fee Covenant (04/18/24)

29SBL.3 Legal description requirements (04/18/24)

29SBL.4 Uniform Commercial Code search requirements (04/18/24)

29SBL.5 Survey requirements (04/18/24)



29SBL.1 Title insurance policy

requirements (~~04/18/24~~08/15/24)

Each SBL Mortgage purchased by Freddie Mac must be covered by a ~~single paid-up loan title insurance policy meeting the requirements in this chapter ("Title Policy").~~ Title Policy. The final Title Policy delivered to Freddie Mac must be accurate and complete and must reflect any additional requirements that may be imposed by Freddie Mac for a particular Mortgage. The Title Policy must be underwritten by a Title Insurance Underwriter.

It is the responsibility of the Seller/Servicer and Single Counsel to obtain and review in detail the title commitment, documents evidencing or creating each exception to title, and the Title Policy. It is also their responsibility to bring to Freddie Mac's immediate attention any issue that could result in a material adverse effect on the SBL Mortgage or the use or marketability of the Property or could create potential safety or environmental issues.

~~a. Reserved (06/30/16)~~

a. Maximum single risk amount; reinsurance and coinsurance (08/15/24)

The maximum single risk amount, reinsurance and coinsurance requirements, to the extent applicable, are subject to the provisions of Section 29.1(a) and (b).

b. Subordinated ground leases (~~09/28/18~~08/15/24)

If all or a portion of the Property consists of a leasehold estate and the holder of the fee interest has executed the SBL Mortgage to subject its interest in the land to the lien of the Mortgage, the ~~title insurance policy~~ Title Policy must insure the Lender's interest in both the fee estate and the leasehold estate.

~~c. Title insurance underwriter; title insurance agency; title escrow company; escrow and settlement company (04/18/24)~~

- ~~1. The title insurance policy must be written by a title insurance underwriter licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa). For any particular Mortgage transaction, a title insurance underwriter may also perform escrow and settlement functions.~~

c. Selection of the Title Company (08/15/24)

- ~~2. The Seller's selection of the title insurance underwriter, title insurance agency and/or escrow and settlement company (individually and collectively sometimes referred to as the "Seller/Servicer's selection or acceptance of a Title Company")~~ must be based solely on considerations typically used by prudent institutional lenders originating or purchasing SBL Mortgages in the jurisdiction where the Property is located, as permitted by applicable law, and acting in the best interests of Freddie Mac. The Seller/Servicer must not base this selection on receipt of anything of value or other consideration by the Seller/Servicer or its employees, officers, or directors paid by or on behalf of a Title Company.

- ~~3. The Seller/Servicer must send written notification immediately to the applicable Freddie Mac Small Balance Regional Office if the Seller/Servicer, for cause, discontinues the use of a Title Company in connection with a Freddie Mac~~



~~transaction within the past 12 months.~~

~~For SBL Mortgage assumptions, the Seller/Servicer must notify the applicable Small Balance Regional Office.~~

2. As provided in Section 2.19, the Seller/Servicer must approve, evaluate and monitor Title Companies and any third party to whom functions relating to a Mortgage or REO are outsourced or assigned including consulting the Multifamily Restricted Vendor List.

~~In addition,~~ Freddie Mac reserves the right to: (i) refuse to accept SBL Mortgages for purchase, or (ii) approve the assumption of an SBL Mortgage, in each case involving any specific Title Company on the Multifamily Restricted Vendor List. ~~Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily Restricted Vendor List.~~ If a Title Company appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that Title Company until notified otherwise by Freddie Mac. The decision to place a Title Company on the Multifamily Restricted Vendor List is solely within Freddie Mac's discretion.

~~The~~ With respect to Title Companies, the Multifamily Restricted Vendor List is made available to Seller/Servicers at mf.freddiemac.com for the sole purpose of ensuring that an unacceptable Title Company does not perform services in connection with Multifamily Mortgage transactions and will constitute "Confidential Information" as defined in Section 2.8. Notwithstanding the Confidential Information classification, when a Borrower has engaged a Title Company on the Multifamily Restricted Vendor List, the Seller/Servicer is permitted to advise the Borrower that Freddie Mac will require engagement with a different Title Company. Parties are advised of their placement on the Multifamily Restricted Vendor List.

3. Freddie Mac also reserves the right to subject Freddie Mac's acceptance of the engagement of any Title Company to such additional terms and conditions as Freddie Mac deems necessary, reasonable, or appropriate in Freddie Mac's sole discretion. When applicable, Freddie Mac is identifying these Title Companies as Third-Party Vendors on the Vendors With Conditions List, which is attached as a schedule to the Multifamily Restricted Vendor List. These Title Companies may continue to be engaged by Borrowers or Seller/Servicers but will be subject to the additional conditions provided in the schedule to the Multifamily Restricted Vendor List.
4. If the Seller/Servicer, for cause, discontinues the use of a Title Company in connection with a Freddie Mac transaction within the past 12 months and such Title Company is not identified on the Multifamily Restricted Vendor List, the Seller/Servicer must send written notification promptly to Freddie Mac, to the attention of Freddie Mac Legal MF@freddiemac.com.

d. Acquisitions (08/15/24)

1. Effective for any SBL Mortgage transaction that is an acquisition which is taken under Seller Application on and after August 15, 2024, the Title Insurance Underwriter must directly perform all escrow and settlement functions for both the SBL Mortgage transaction and the acquisition of the Property (i.e., the Title Insurance Underwriter must receive and disburse all funds from all sources related to the acquisition and prepare the settlement statement for the acquisition of the Property and the acquisition financing). The settlement statement must be delivered to the Seller/Servicer or Single



Counsel directly by the Title Insurance Underwriter. (See Section 32.3(c) for additional settlement statement requirements.)

2. For purposes of the requirements described in this chapter, and notwithstanding any identification of the SBL Mortgage transaction in the SBL Mortgage commitment or otherwise, a SBL Mortgage transaction will be deemed to be an acquisition if the Property (A) is acquired by the Borrower effective as of the Origination Date, or (B) was acquired by the Borrower or an affiliate of the Borrower within a thirty (30) day period prior to the Origination Date.
3. For any SBL Mortgage transaction that is not an acquisition, the Title Insurance Underwriter may also perform escrow and settlement functions but is not required to do so.

e. ~~d.~~ **Amount of protection (06/30/1608/15/24)**

The ~~title insurance policy~~ Title Policy must insure the mortgagee for an amount ~~equal to or greater~~ no less than the original principal balance of the insured SBL Mortgage.

f. ~~e.~~ **Insured (04/18/2408/15/24)**

The ~~title insurance policy protection~~ Title Policy must name as the insured either

- Freddie Mac, its successors or assigns, or
- Seller/Servicer and/or Freddie Mac, its successors or assigns, as their interests may appear

g. ~~f.~~ **Form (04/18/2408/15/24)**

The ~~title insurance policy~~ Title Policy must be produced on the form of 2006 or 2021 American Land Title Association (ALTA) Loan Policy ("ALTA Loan Policy") with the following exceptions:

- For an SBL Mortgage secured by a Property located in Florida, the ~~title insurance policy~~ Title Policy must be produced on the form of 2006 or 2021 ALTA Loan Policy with Florida ~~Modifications~~ modifications.
- For an SBL Mortgage secured by a Property located in Texas, the ~~title insurance policy~~ Title Policy must be produced on the form of 2014 Texas Mortgage Policy of Title Insurance (T-2) ("Texas Loan Policy").

All of the endorsements required pursuant to Section 29SBL.1(g) must be attached to the ~~title insurance policy~~ Title Policy.

1. Electronically issued policy

Freddie Mac will accept a ~~title insurance policy~~ Title Policy and its endorsements produced and distributed to the Seller/Servicer or Single Counsel in electronic format (an "electronically issued policy") if the electronically issued policy includes an endorsement that provides that the ~~issuing company~~ Title Insurance Underwriter will not

deny coverage solely on the grounds that the policy and/or endorsements were issued electronically and/or lacked signatures.

2. Arbitration

With respect to a Title Policy issued on either an ALTA Loan Policy or Texas Loan Policy form, Freddie Mac requires the Title Policy to contain one of the following:

- An endorsement deleting all compulsory arbitration provisions from the Title Policy; or
- An amendment to the Title Policy stating that both the title insurance underwriter and the insured must agree to arbitration when the amount of insurance is \$2 million or less with respect to any claim made by or on behalf of Freddie Mac.

The form of ALTA Loan Policy with Florida ~~Modifications~~[modifications](#) does not include any compulsory arbitration provisions. Therefore, any Title Policy issued on that form requires no revisions with respect to the arbitration provisions.

[h.](#) ~~g.~~ **Endorsements** (~~04/18/24~~[08/15/24](#))

The endorsements enumerated in the chart below must be attached to the ~~title insurance policy~~[Title Policy](#). The Title Company may elect to incorporate into the ALTA Loan Policy certain endorsements by reference only without attaching the endorsements to the policy.

Endorsement/Explanation	Alternatives
ALTA Form 8.1-06 or ALTA 8.1-2021, Environmental Protection Lien	<p>Part (b) of ALTA Form 8.1-06 may make an exception only for specific State statutes that provide for possible subsequent “superliens” that could take priority over the SBL Mortgage.</p> <p>An equivalent endorsement is acceptable only if an ALTA Form 8.1 is not available in the State where the Property is located.</p>



Endorsement/Explanation	Alternatives
<p>ALTA Form 9-06, Restrictions, Encroachments, Minerals – Loan Policy (Adopted 04-02-12)</p>	<p>An equivalent endorsement is acceptable only if ALTA Form 9-06 (Adopted 04-02-12) is not available in the State where the Property is located.</p> <p>For properties located in Texas, Texas Form T-19 is acceptable.</p> <p>For properties located in Florida, ALTA 9-06 (revised 05-19-14, with FL modifications) is acceptable.</p>
<p>Lack of Signatures Endorsement</p> <p>Required only if a 2006 ALTA Loan Policy is issued and the requirements set forth in Section 29SBL.1(f)(1) are not otherwise satisfied.</p>	<p>This endorsement is not required if a 2021 ALTA Loan Policy is issued.</p>
<p>Deletion of Compulsory Arbitration Endorsement</p> <p>Required only if the requirements set forth in Section 29SBL.1(f)(2) are not otherwise satisfied.</p>	
<p>ALTA Form 9.6-06, Private Rights – Loan Policy (Adopted 04-02-12 or 04-02-13)</p> <p>Required only if an exception exists which includes a reservation of private rights against the Property.</p>	<p>An equivalent endorsement is acceptable only if an ALTA Form 9.6-06 (Adopted 04-02-12 or 04-02-13) is not available in the State where the Property is located.</p> <p><u>Freddie Mac does not permit exclusions from coverage under this endorsement without prior approval from the applicable Multifamily Attorney.</u></p>



Endorsement/Explanation	Alternatives
<p>Mortgage Recording Tax</p> <p>Required only in Florida, Maryland, New York, and Virginia, where Borrower is saving recording taxes by using a consolidation or assignment/amendment of an existing mortgage.</p>	<p>Seller/Service or Single Counsel will deliver the state specific form applicable to the property jurisdiction.</p>
<p>Texas Form T-30, Tax Deletion</p> <p>Required only in Texas when the language regarding subsequent taxes for prior years cannot be deleted from the policy.</p>	<p>Seller/Service or Single Counsel will either deliver the endorsement or the language regarding subsequent taxes for prior years must be deleted from the policy.</p>
<p>CLTA 103.5-06, Water Rights, Surface Damage or ALTA 41.1-06, Water-Improvements</p> <p>Required only if an exception exists for water rights, claims or title to water.</p>	<p>An equivalent endorsement is acceptable only if CLTA 103.5-06 or ALTA 41.1-06 is not available in the State where the Property is located.</p> <p>The ALTA 41-06 is not an acceptable equivalent without prior approval from the applicable Multifamily Attorney</p>

Freddie Mac requires that each endorsement must:

- Be on the most recent form of endorsement approved by ALTA or CLTA (California Land Title Association), if an ALTA or CLTA form is available. In addition, the ALTA or CLTA form must be the appropriate form for the selected policy;
- Include the number of the Title Policy; and
- Be signed by the Title Company. A signature that is part of the printed form or a signature that is electronically produced as part of the endorsement is acceptable. If a Lack of Signatures Endorsement is delivered, signature will not be required.

i. ~~h.~~ **Tax and Parcel Numbers (04/18/24)**

The Title Policy must include the Property's parcel or tax identifying number(s) if available in the jurisdiction in which the Property is located.



j. ~~j.~~ **Date of Title Policy (04/18/24)**

1. The Title Policy must be dated
 - No earlier than the effective date and no later than the date of recordation of the assignment of the Security Instrument to Freddie Mac.
 - The date of the Title Policy must be a date certain. Freddie Mac will not accept a Title Policy with a blank effective date or an effective date described as “the date of the assignment or the date of recordation, whichever is later”.
2. If the Property is located in a jurisdiction where gap coverage is not available for regulatory reasons, the Seller/Serviceur may submit a Title Policy that is dated earlier than the date of recordation (but not earlier than the date of the assignment of the Security Instrument) if all of the following conditions are met:
 - The Seller/Serviceur must provide a letter addressed to Freddie Mac or to the Seller/Serviceur and its assigns from the Title Company that states (i) that the Title Company has delivered the Security Instrument, the assignment of the Security Instrument and the UCC financing statements to the applicable clerk for recordation and (ii) that the Title Company is assuming the risk of any intervening liens or encumbrances that may be recorded between the policy effective date and the completion of recording. The information in (ii) may also be provided by a note in the Title Policy.
 - Immediately after receipt of recordation information, the Seller/Serviceur must deliver to Freddie Mac Multifamily Purchase an ALTA Form 44-06, or equivalent endorsement which
 1. Changes the effective date of the Title Policy to the date of recordation of the Security Instrument and the assignment of the Security Instrument, and
 2. Provides the recordation date and book and page (or recorded instrument) number for the Security Instrument and the assignment of the Security Instrument.

k. ~~j.~~ **Identification of recorded documents (04/18/24)**

1. The Title Policy must identify the Security Instrument, the assignment of the Security Instrument and any other required recorded documents by title of document, parties, effective date of document, date of recording, and the recording office. If recordation information is not available at the time of closing, the Seller/Serviceur must deliver an endorsement which modifies the policy to include the recordation information for all loan documents filed for record in connection with the Mortgage as soon as such information is made available.
2. The Title Policy must provide one of the following regarding each recorded document:
 - Book and page number or recorded instrument number



- Date of recording of each document and the transaction number or other serial number, if any, indicated on the recording clerk's receipt in accordance with Section 29SBL.1(i)
- Date of recording with blanks for the book and page or recorded instrument number in accordance with Section 29SBL.1(i)
- Blanks for the date of recording and the book and page number or recorded instrument number in accordance with Section 29SBL.1(i)

L. ~~k.~~ Insured Closing Protection Letter (04/18/2408/15/24)

~~When~~If either of the recordation of the documents or the escrow and disbursement of funds in connection with the origination of the SBL Mortgage is being handled by a ~~title insurance agency, title escrow company or escrow and settlement company rather than the title insurance underwriter,~~Title Company other than the Title Insurance Underwriter, then if available in the applicable jurisdiction, the Seller/Servicer or Single Counsel must also obtain and provide an insured closing protection letter addressed to Freddie Mac, or to the Seller/Servicer and its successors and assigns, that provides coverage for any loss that arises out of (i) the failure of the Title Company to comply with the Seller/Servicer's written closing instructions, or (ii) fraud or dishonesty in handling the funds or documents in connection with the origination of the SBL Mortgage.

29SBL.2 Title exceptions (04/18/24)

a. Deletion of standard exceptions (04/18/24)

The Title Company must delete the standard exceptions on Schedule B, Part I of its policy, including any general survey exception, and the policy may omit Schedule B, Part II.

b. Analysis and approval of title exceptions (04/18/24)

Seller/Servicer or Single Counsel must obtain, read and analyze each document that is an exception to the title insurance coverage to determine whether the exception would be acceptable to a prudent institutional lender. Exceptions that fall into one or more of the safe harbor categories set forth in Section 29SBL.2(e) are generally deemed acceptable. Regardless of whether an exception falls into one or more of the safe harbor categories, Seller/Servicer or Single Counsel must submit a written analysis of and receive express approval by Freddie Mac for any exception for which Seller/Servicer or Single Counsel determines any of the following apply:

- Any party's exercise of its rights under the exception could have a foreseeable adverse effect on the Borrower's intended use of the Property, including any interference with the present or proposed improvements on the Property or with the operation of the Property.
- Any party's exercise of its rights under the exception could impair lender's ability to enforce its rights under the SBL Mortgage or could adversely affect the lien priority of the SBL Mortgage.
- It would not be acceptable to a reasonable, prudent institutional lender in the area where the Property is located even if the exception technically falls within a safe harbor



category.

- It results in an exception to the Seller/Servicer Representations and Warranties – Small Balance Loans.
- It could create potential safety or environmental issues.
- It could result in a material adverse effect on the SBL Mortgage, the security in the collateral intended to be provided by the mortgage, or the use or marketability of the Property.

c. Content of written title analysis (04/18/24)

A written analysis of any title exception required by Section 29SBL.2(b) must include the following information:

- The Seller/Servicer or Single Counsel's recommendation for mitigating any risk evidenced by the exception (such as removal of an encroachment or specific affirmative title insurance) or the Seller/Servicer or Single Counsel's explanation of why mitigation may not be necessary or possible.
- The Seller/Servicer or Single Counsel's recommendation as to the acceptability of the exception. Instead of asking Freddie Mac whether the exception is acceptable, the recommendation must state why Freddie Mac should consider accepting this exception.

The Seller/Servicer or Single Counsel must provide sufficient detail to enable Freddie Mac to make any necessary decision regarding the acceptability of such an exception without having to read the document evidencing or creating the exception. Submission to Freddie Mac of the underlying document creating the exception does not relieve the Seller/Servicer or Single Counsel of the requirement to submit the written analysis of the exception. However, Freddie Mac reserves the right to require the Seller/Servicer or Single Counsel to submit the exception document(s).

d. Delivery of title exception documents (04/18/24)

The Seller/Servicer is required to deliver a copy of all recorded exception documents in accordance with the delivery requirements set forth in the Final Delivery Instructions found at mf.freddiemac.com/lenders/purchase.

e. Safe harbor categories (04/18/24)

1. Utility easements

Exceptions for public utility easements for local residential distribution, such as lines for gas, water and sewer, cable for electric, telephone or cable television (CATV), slope, storm drainage and/or storm water management, fire lane, driveway and emergency access easements and private cable easements for nationally recognized telecommunication and cable companies, are acceptable.

In addition to the above, to satisfy this safe harbor any cable easements for nationally recognized telecommunication and cable companies must not impose any obligations on the Borrower to take any affirmative actions or make payments.



This safe harbor category does not include (i) an easement for the storage of or general commercial transportation (except as provided below) or distribution of natural gas or petroleum products, or (ii) the installation or maintenance of any type of electrical or communication substation.

Easements for commercial transportation for utilities purposes are permitted under this safe harbor category; provided the easement limits the transportation area of any product in connection with the utilities to public roadways and the title insurance policy includes a specific notation as to such limitation.

2. Encroachments on or projections over public utility easements or public property

Exceptions for encroachments on or projections over public utility easements or public property, such as streets, alleys or sidewalks are acceptable provided that all of the following conditions are met:

- The encroachment does not interfere with the use of the easements or public property or with the exercise of rights of repair and maintenance in connection with the easements or public property.
- The removal of the encroaching improvement would not adversely affect the security for the SBL Mortgage.
- The Title Policy contains affirmative insurance against loss or damage suffered by reason of the entry of a decree or court order requiring the removal of the encroachment.

Notwithstanding the foregoing, the Seller/Service may use this safe harbor category for any private utility easement, if, in addition to the conditions stated above, the easement identifies the obligations of each party under the easement.

3. Restrictive agreements

Exceptions for covenants of record are acceptable provided that all of the following conditions are met:

- If the excepted document provides for periodic assessments payable by the Borrower, such assessments have been included in the operating expenses of the Property that the Seller/Service submitted to Freddie Mac for purposes of underwriting the SBL Mortgage, and all such assessments have been paid in full as evidenced by an estoppel certificate, or the Title Policy states that any such assessments are not yet due and payable or have been paid in full.
- The excepted document contains no other provisions that materially affect the Property's operating costs.
- There is not a violation of a covenant, condition or restriction known to the Seller/Service.



- The excepted document does not create or provide for any lien that would be prior to the lien of the SBL Mortgage, nor provide for the subordination or extinguishment of the lien of the insured SBL Mortgage or impair its validity or enforceability.
- The Property has been fully developed and is in compliance with any restrictive agreements regarding green space or other restrictions in development.

This safe harbor category does not include restrictive agreements that affect occupancy, leasing, access, use, setback, density, minimum building size or minimum unit size or require the Borrower to reserve a certain number or percentage of units for low income tenants. This safe harbor category does not include condominium declarations or other documentation related to a condominium regime.

4. Mutual easement agreements and party walls

Exceptions for recorded mutual easement agreements that establish a joint driveway, pathway, party wall, storm drain, or detention pond are acceptable if the easement agreement allows all present and future owners unlimited use of the driveway, pathway, party wall, storm drain, or detention pond without any restriction other than restriction by reason of the mutual easement owners' rights in common and duties for joint maintenance.

This safe harbor category does not include mutual easement agreements that relate to shared facilities or primary access to the Property. Such an agreement must also meet the specific requirements of Section 8SBL.6.

Party walls that are not subject to an easement agreement are acceptable provided the title insurance policy affirmatively insures that the wall may remain undisturbed for as long as such wall remains standing.

5. Fence or wall misplacements

Exceptions for fence or wall misplacements on either side of the property line of the Property are acceptable, provided that neither the misplacement nor a future correction of it will interfere with the use of any improvements on the Property nor with the use of the balance of the Property not occupied by improvements.

The definition of walls in this safe harbor category does not include building walls, retaining walls that serve in whole or in part a structural purpose or other permanent structures.

6. Encroachments on the Property by improvements on adjoining property

Exceptions for encroachments on the Property by improvements on adjoining property are acceptable provided that all of the following conditions are met:

- The encroachment does not touch any improvements on the Property.
- Loss of use of any portion of the Property occupied by the encroachment will not interfere with the use of any improvements on the Property or cause the Property



to be out of compliance with any zoning code or building code requirements, including requirements for number of parking spaces, open space or density.

7. Encroachments onto adjoining property

Exceptions for encroachments of the Property onto adjoining property in the form of eaves, awnings, canopies, balconies, cornices or other projections attached to improvements on the Property, or by other structures such as tool sheds, storage sheds, carports, garages not attached to residential structures, or by a driveway appurtenant to the Property are acceptable if an endorsement to the title insurance policy affirmatively insures against loss suffered by reason of the entry of a decree or court order requiring the removal of the encroachment, and for encroachments by carports or garages not attached to residential structures, loss of any parking spaces will not cause the Property to be out of compliance with any zoning code requirement.

8. Oil, gas, ground water and mineral rights

Exceptions for outstanding oil, gas, ground water or mineral rights are acceptable provided all of the following conditions have been met:

- The exercise of such rights will not result in damage to the Property or impairment of the use of the Property for its intended purpose.
- There is no right of surface entry on the Property (whether express or by operation of law).
- If title to the land was initially granted by the U.S. government through a patent grant under which mineral rights were established, then a STG Patent Endorsement 1 or another equivalent endorsement is being provided.

See Section 29SBL.2(e)(15) for the safe harbor exceptions to title for the riparian rights of others.

9. Liens for taxes not due

Exceptions for liens for real estate or ad valorem taxes and assessments are acceptable if they specifically state that such liens either:

- Are not yet due and payable, or
- Are due but not yet delinquent

For states in which there are supplemental real estate taxes or other "roll back" taxes, language substantially similar to the following language must also be included;

"The lien of supplemental taxes and/or adjusted taxes, if any, [pursuant to the (applicable state) Revenue and Taxation Code] assessed as a result of a change in ownership or the completion of new construction occurring on or after the date of the policy, none yet due and payable as of the date of the policy."

10. Tenants in possession



Exceptions for rights of tenants in possession, as tenants only, under prior unrecorded residential leases, are acceptable.

11. Reserved

12. Avigation easements

Exceptions for avigation easements relating to aircraft rights are acceptable.

13. Condominiums

Exceptions for (i) condominium regimes or declarations of condominium rights or the equivalent in which the Borrower owns 100 percent of the condominium units at the Property, and/or (ii) condominium maps or references to condominium maps in the legal description where there is no condominium regime or declaration of condominium rights in effect are acceptable.

If the excepted document provides for periodic assessments payable by the Borrower, then either all such assessments must have been paid in full as evidenced by an estoppel certificate, or the Title Policy must state that any such assessments are not yet due and payable or have been paid in full.

14. Calculation of acreage

Exceptions for calculation of acreage, including shortage of area and engineering calculation of acreage are acceptable.

15. Riparian rights

Exceptions for riparian rights and navigational servitude are acceptable. Exceptions for water rights, claims or title to water are acceptable provided the title insurance policy contains CLTA Form 103.5-06 or ALTA 41.1-06 in accordance with Section 29SBL.1(g).

16. Temporary construction easements

Exceptions for temporary construction easements are acceptable provided that the construction has been completed and there are no further obligations by any party to the easement under such easement.

If a temporary construction easement is dated, or the terms of the easement expired, within the last 12 months of the date of the Title Policy, Single Counsel must advise whether affirmative mechanics lien coverage must be obtained, and if so, arrange to have it included with the Title Policy.

17. Itemized survey and/or plat exceptions

Itemized survey and/or plat exceptions for water detention basins, guy wires, power poles, buffers/landscape easements, curbing, light poles, electric/cable/phone boxes, sanitary sewer manholes, water valves, water/electric/sanitary sewer facilities, lake/creek/stream/pond, reinforced concrete pipes, drains and drainage systems,



building setback lines that have not been encroached upon by buildings or retaining walls that in whole or in part serve as structural support to improvements on the Property as well as other non- structural items that do not violate any zoning laws or regulations to which the Property may be subject (e.g., fences, boundary walls, signs that lie within the building setback lines), sidewalks, road visibility easements, and traffic control devices are acceptable.

18. Sewer and utility line tie-ins benefiting adjacent property

Easements allowing an adjacent property to tie into sewer and utility lines are acceptable provided that the easement specifically allocates responsibility to the parties for maintenance and any costs.

19. Restricted access to roadway, relinquishing rights to future curb cuts

Restricted access to roadway and/or the relinquishment of rights to future curb cuts are acceptable provided that access from the Property to a public roadway is available at all times (whether directly or by agreement meeting the requirements of Section 8SBL.6).

20. Rights of public in and to portions of public roadway, public sidewalks or public trails

Rights of the public in and to portions of public roadways, public sidewalks or public trails are acceptable.

21. Telecommunication and cable company agreements

A lease, license, easement or agreement for the provision of cable television, Internet, personal communications systems, high speed data or other telecommunication systems to the Property, including marketing support agreements, (“telecommunications agreement”) is acceptable, provided that it (a) contains terms and provisions, including compensation, that are customary for the market in which the Property is located, and (b) does not impose any financial obligations equal to or greater than \$50,000 on the Property owner, and does not impose any financial obligations on any mortgagee, and/or subsequent owner by foreclosure, deed in lieu of foreclosure or other conveyance (including reimbursement of any up-front fee paid by the provider to the Property owner upon termination of the agreement).

If any easements are created pursuant to such telecommunication agreements, such easements satisfy Section 29SBL.2(e)(1).

22. Laundry leases

Laundry leases with third party vendors are acceptable.

23. [Facsimile] Collateral Assignment of Beneficial Interest

Exceptions for a [Facsimile] Collateral Assignment of Beneficial Interest for Illinois Land Trust loans are acceptable.

24. Emergency and/or Public Utility Vehicle Access Easements



Exceptions for emergency and/or public utility access easements are acceptable.

25. Waterfront Property or Property Bounded by Water

Exceptions for changes in the location of boundary lines as a result of accretion, reliction, erosion and avulsion are acceptable.

26. Redevelopment and Urban Renewal Plans

Exceptions for rights of cities or other applicable governmental authorities under redevelopment and urban renewal plans are acceptable; provided (i) the Property is in compliance with such plans; (ii) there are no on-going obligations of the Borrower under such plans (including future development, tenant restrictions, filing/reporting obligations, assessments, charges or liens); and (iii) there are no restrictions in the plans which would have an adverse impact on the use or valuation of the Property.

27. Improvements Designated as Landmarks

Exceptions for improvements that are designated by the applicable governmental authorities as landmarks are acceptable; provided that affirmative coverage for any loss resulting from the improvement being designated a landmark is provided or, if affirmative coverage is not available, the results of a current Landmark's Preservation Department search or an equivalent search confirm that there are no landmark violations indexed against the Property.

28. \$1.00 Condemnation Clause in Deeds

Exceptions for a "\$1.00 Condemnation Clause" in New York City deeds conveying the Property from New York City to a third party are acceptable provided that the Seller/Servicer or Single Counsel confirms that no portion of the Property lies within a proposed street.

29. Exception for condominium/cooperative conversion restriction

Exception for a prohibition against conversion of the Property to a condominium or cooperative structure is acceptable, provided the agreement does not contain any indemnification of property seller in connection with the conversion or other potential Lender liability.

If the condominium/cooperative conversion restriction does contain an indemnification in connection with the conversion, the Seller/Servicer or Single Counsel must advise Freddie Mac.

f. Exception for Private Transfer Fee Covenant (04/18/24)

If the Title Policy contains an exception for a Private Transfer Fee Covenant that was created on or after February 8, 2011, the SBL Mortgage is ineligible for purchase by Freddie Mac. See Section 8SBL.14.



29SBL.3 Legal description

requirements (04/18/24)

For each SBL Mortgage purchased by Freddie Mac, Seller/Servicer or Single Counsel must confirm that security instrument, related assignment, title insurance policy, UCC Financing Statements, and all other documents pertaining to the SBL Mortgage have a legal description that matches in all material respects the legal descriptions in the other documents.

29SBL.4 Uniform Commercial Code search requirements (04/18/24)

No earlier than 30 days prior to the Origination Date, the Seller/Servicer must cause a Uniform Commercial Code (UCC) search to be performed in the local jurisdiction in which the Property is located for the Borrower, if the loan is a refinance, or if the Property is being acquired by the Borrower, the current owner of the Property. This search must be conducted by a reputable title or search firm.

If the UCC search indicates that there are any financing statements on file (other than the financing statements filed by the current lender that will be released at origination of the SBL Mortgage) then, prior to the Origination Date, the Seller/Servicer or Single Seller Counsel must provide an explanation of those financing statements to Freddie Mac.

29SBL.5 Survey requirements (04/18/24)

A new survey is not required for SBL Mortgages.

If the title insurance policy contains an exception for any itemized survey or plat matters, the Seller/Servicer must deliver an electronic copy of the referenced survey or plat with the recorded exception documents, in accordance with Section 29SBL.2.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:25:40 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 29SBL - SBL Title, Survey, UCC GB-04-18-24.docx	
Modified filename: 29SBL - SBL Title, Survey, UCC GB-08-15-24.docx	
Changes:	
<u>Add</u>	92
Delete	65
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	157

Multifamily Seller/Servicer Guide

Chapter 32

Final Delivery Requirements



32.1 General final delivery requirements (08/17/23)

- a. Forms (09/01/16)
- b. Delivery of Final Delivery Package (05/05/17)
- c. Delivery and review period; preferred funding (08/17/23)
- d. Completion of documents (09/01/16)
- e. Forms for assignments and Note endorsement (8/17/23)
- f. Electronic recording (09/01/16)
- g. Organization of the hardcopy Final Delivery Package (09/01/16)
- h. Freddie Mac's review not a waiver (05/01/14)
- i. Review of Mortgage prior to purchase (05/01/14)
- j. Funding (09/01/16)
- k. Late delivery; nondelivery (08/18/22)

32.2 Warehouse Mortgage delivery (05/05/17)

32.3 ~~Use of counsel; documents for final delivery (08/17/23)~~ [Use of counsel; Loan Documents; Settlement statements; Seller's Certification of Outstanding Items; Written notices \(08/15/24\)](#)

- [a. Use of counsel \(08/15/24\)](#)
- [b. Loan Documents \(08/15/24\)](#)
- [c. Settlement statements \(08/15/24\)](#)
- [d. Seller's Certification of Outstanding Items \(08/15/24\)](#)
- [e. Written notices \(08/15/24\)](#)

32.4 Specific final delivery requirements (08/17/23)

32.5 Delivery of Initial Delivery Packages for Forward Commitments for non-SBL Mortgages (09/01/16)

32.6 - 32.10 Reserved (05/01/14)

32.11 Preparing for purchase (09/01/16)

- a. File identification prior to funding (05/01/14)
- b. Updated verification of the UPB (09/01/16)
- c. Purchase price (05/01/14)

32.12 Wire transfer instructions (04/18/24)

- a. Authorization documentation (02/16/23)
- b. Multifamily Wire Transfer Authorization (04/18/24)

32.13 Purchase/settlement procedures (09/01/16)

- a. Multifamily Loan Purchase Statement (09/01/16)
- b. Receipt of funds (05/01/14)

32.14 Purchase adjustments (01/13/09)

32.15 SBL collateral (09/01/16)



32.1 General final delivery requirements (08/17/23)

a. Forms (09/01/16)

All of the Loan Documents, Final Delivery Tables of Contents, and Final Delivery Instructions referenced in this chapter are available at mf.freddiemac.com/lenders/purchase.

Final Delivery Table of Contents refers to either of the following, as applicable:

- Final Delivery Package Immediate Cash Loan and TAH Unfunded Forward Cash at Conversion Table of Contents
- Final Delivery Package Table of Contents Small Loan Purchase Product

Final Delivery Instructions refers to either of the following, as applicable:

- Final Delivery Instructions – Immediate Cash and TAH Unfunded Forward Cash at Conversion
- Final Delivery Instructions – Small Balance Loan Purchase Product

b. Delivery of Final Delivery Package (05/05/17)

The Seller must deliver to Freddie Mac, at the Seller's expense, the Final Delivery Package. For all programs and products, the Seller must deliver the Final Delivery Package to *Multifamily Purchase*. Each delivery of a Mortgage to Freddie Mac must comply with the requirements of this chapter, the chapter for the applicable purchase program or product, and the applicable Final Delivery Instructions.

The “Final Delivery Package” consists of:

- The electronic delivery portion of the Final Delivery Package, which consists of documents delivered electronically to *Multifamily Purchase* by uploading such documents into the Document Management System (DMS). For identification of the documents comprising the electronic delivery Final Delivery Package, see the applicable Final Delivery Table of Contents. For guidance on how to deliver documents via DMS, see the document mapping in the Final Delivery Table of Contents.
- The hardcopy delivery portion of the Final Delivery Package, which consists of items delivered to *Multifamily Purchase* in their original hardcopy form. For identification of the documents comprising the hardcopy delivery portion of the Final Delivery Package, see the applicable Final Delivery Table of Contents.

Certain documents required to be included in the Final Delivery Package must be included in both the electronic delivery portion and the hardcopy delivery portion as specified in the Final Delivery Table of Contents.

Freddie Mac will accept delivery of the Note directly from the warehouse lender, and will accept electronic deliveries and hardcopy deliveries received at separate times, but Freddie Mac does not deem a Final Delivery Package to be complete until Freddie Mac has received both the electronic and the hardcopy delivery portions of such package. Note that required electronic documents must all be uploaded to DMS before hardcopy documents arrive at Freddie Mac.



When delivering hardcopy documentation without a Final Delivery Table of Contents, a completed Multifamily Document Transmittal Form, available at mf.freddiemac.com, must be attached. In the case of deliveries of a pool of Mortgages (more than one Mortgage from the same Borrower or related Borrowers), the Seller must coordinate all deliveries so that the electronic and hardcopy delivery portions are received on the same date.

c. Delivery and review period; preferred funding (08/17/23)

1. The Seller must deliver the Final Delivery Package no later than noon Eastern time on the Mandatory Delivery Date identified in the applicable Letter of Commitment or early rate-lock application.

A delivery notification email must be sent to MF_Delivery_Notification@freddiemac.com with the Freddie Mac Loan Number, Property Name, Counsel name and tracking number within 24 hours of expected receipt. The original documents must be delivered in a one inch red-well folder.

2. The Seller must request in writing its preferred funding date (no earlier than 10 calendar days from the date on which Freddie Mac receives the Final Delivery Package and no later than the Mandatory Funding Date) by insertion of the preferred funding date on the applicable blank on the Final Delivery Table of Contents. If the Seller fails to provide a preferred funding date, funding will occur once review is completed, but no later than the Mandatory Funding Date.
3. Freddie Mac will commence review of the Final Delivery Package upon receipt. The Seller should plan for funding on the Seller's requested preferred funding date, as long as that date is at least 10 calendar days after the date on which Freddie Mac receives the Final Delivery Package and no later than the Mandatory Funding Date.

d. Completion of documents (09/01/16)

1. Identification of documents

The Loan Document revision date must appear on each Loan Document.

2. Completion of blanks by the Seller

The Seller must complete each blank in a Loan Document or other form required by Freddie Mac with the information specified by Freddie Mac, with "n/a," or with a cross-reference to the applicable modification Exhibit, as applicable. If the Letter of Commitment, the early rate-lock application or the Guide does not specify how a blank is to be completed, the Seller must contact:

- The *Applicable Freddie Mac Multifamily Regional Office* for instructions, for non-SBL Mortgages
- The *Multifamily Small Balance Loan Team*, for SBL Mortgages

3. Required changes

The Seller must do all of the following:

Guide Bulletin Update 04/18/2408/15/24 Chapter 32 – Page 4



- Make any changes to the Loan Documents that are:
 - Required in writing by Freddie Mac
 - Required by the applicable Mortgage purchase program or product
 - Listed in the Authorized Changes to the Multifamily Loan Documents
- Add the signature block and any required witness signature lines and/or acknowledgments, in the form required by applicable law
- Include any changes to the format of the Loan Documents (for example, paper size, fonts, spacing) that are required by applicable laws

4. Permitted Changes

The Seller may add a table of contents, change the pagination and/or make changes to the font, paper size and other aspects of the Loan Documents. The Seller must ensure that any such permitted changes comply with the requirements of applicable law.

5. Method for making changes

The Seller must make all authorized and required changes on the appropriate modification exhibit to the document, and must mark the applicable box on the document to indicate such an exhibit is attached. The Seller may not make any changes to the Loan Documents by altering the text of the body of the document, except that modifications may be made directly to the text of the body of Riders to Loan Documents so long as such modifications are clearly identified by intentionally showing stricken-through (deleted) text and underlined (new) text.

e. Forms for assignments and Note endorsement (08/17/23)

Freddie Mac requires that the Seller assign to Freddie Mac certain documents in addition to the Security Instrument (for example, the Loan Agreement and the Guaranty) and endorse the Note to Freddie Mac.

1. Omnibus Assignment

Freddie Mac requires the Seller to use the Freddie Mac Omnibus Assignment for all documents required to be assigned to Freddie Mac under the Guide, the Letter of Commitment, or the early rate-lock application (other than recorded documents and the Note).

2. Note Endorsement

- The Note must bear an endorsement to Freddie Mac in the following form:

PAY TO THE ORDER OF THE FEDERAL HOME LOAN MORTGAGE
CORPORATION WITHOUT RECOURSE

(Name of Seller-endorser)
(Signature of duly authorized officer)
(Typed name and title of signatory)



- Do not date the Note endorsement. The Note endorsement may appear on an allonge to the Note if the Freddie Mac loan number appears on the allonge and the allonge is attached to the Note.
- To the extent provided in the Uniform Commercial Code (UCC), the Note endorsement “without recourse” may limit Seller/Service’s obligation, as endorser under the UCC, to pay amounts due under the Note upon default by Borrower but will not affect Seller/Service’s repurchase obligations under the Purchase and Servicing documents.
- Any chain of endorsements must be complete from the original lender shown on the Note to Freddie Mac.

f. Electronic recording (09/01/16)

The Seller must electronically submit for recording or filing all Mortgage documents required to be recorded or filed if the applicable recording office accepts electronic recordings and/or filings.

g. Organization of the hardcopy Final Delivery Package (09/01/16)

With respect to the hardcopy portion of a Final Delivery Package, the Seller must deliver all of the applicable documents (except the Note delivered by a warehouse lender) along with the electronic versions in the following manner:

- Deliver an accordion folder (sometimes referred to as a redwell folder) labeled with the Seller’s name, Freddie Mac loan number, property name, and identified as the Final Delivery Package, with all documents adequately secured. The Seller must fasten each multipage document with a staple (with the exception of the Note and the Loan Agreement, which must be clipped). The Seller must not insert any loose documents or use rubber bands to hold any documents together;
- Arrange the documents in the order listed in the applicable Final Delivery Table of Contents, with the first listed item on top, the second item below it and so on; and
- Include the applicable Final Delivery Table of Contents, which identifies the titles of the documents included, and tabs to mark each item. If a document listed in the Final Delivery Table of Contents is not applicable, “N/A” must be noted on the Final Delivery Table of Contents. No such corresponding blank documents may be delivered or uploaded as part of the electronic delivery package.

h. Freddie Mac’s review not a waiver (05/01/14)

Freddie Mac’s review of submitted documents will not discharge or limit the Seller’s liability for breach of any warranties made under the Purchase and Servicing Documents. Further, the fact that Freddie Mac has prescribed a form for a particular document does not relieve the Seller of its obligation to ensure that all documents comply with and are enforceable under applicable law. If the Seller doubts such compliance or enforceability with respect to a particular document, an attorney who represents the Seller must contact the applicable Freddie Mac *Multifamily Attorney* for instructions.



i. Review of Mortgage prior to purchase (05/01/14)

Before the Freddie Mac Funding Date, Freddie Mac may, in its discretion, refuse to purchase any Mortgage if it determines any of the following:

- The Mortgage is not of investment quality
- The Seller has failed to satisfy or has breached any of the provisions of the Purchase and Servicing Documents
- Any of the Seller's warranties or representations to Freddie Mac are untrue
- Any information provided by or on behalf of the Borrower is untrue, incomplete or misleading

If Freddie Mac declines to purchase a Mortgage for any of the reasons set forth above, it will retain any application fees paid to it and will treat the situation as a non-delivery of the Mortgage.

j. Funding (09/01/16)

After Final Delivery, Freddie Mac will review the Final Delivery Package and set the Freddie Mac Funding Date as the date requested by the Seller on the Final Delivery Table of Contents, subject to the limitations set forth in Section 32.1(c)(3). Freddie Mac will make payment on the requested date provided the conditions set forth in the Letter of Commitment or early rate-lock application, as applicable, and the applicable product chapters, and the Final Delivery Instructions, have been satisfied.

k. Late delivery; nondelivery (08/18/22)

For non-SBL Mortgages, late delivery and nondelivery provisions are found in the following sections:

- Sections 27.24(a), 27.24(c) and 27.26, for Mortgages delivered under the standard delivery option
- Sections 27.24 and 27.26, for Mortgages delivered under the early rate lock delivery option
- Section 19A.17, for Mortgages delivered under a Forward Commitment

For SBL Mortgages, late delivery and nondelivery provisions are found in Chapter 18SBL.

Multifamily Purchase may, in its discretion, assess a late fee for Final Delivery Packages received after the Mandatory Delivery Date. The late fee will be calculated by *Multifamily Purchase* as a per diem, using the interest rate set forth in the Note.

32.2 Warehouse Mortgage delivery (05/05/17)

For Mortgages that are subject to a security interest of a warehouse lender, the Final Delivery Package must include a properly completed, dated and executed Form 987M, Wire Transfer Authorization – Cash Warehouse Delivery, attached to a properly completed and executed Form

Guide Bulletin Update [04/18/24](#)[08/15/24](#) Chapter 32 – Page 7



996M, Warehouse Lender Release of Security Interest, as required by Chapter 33. When delivering hardcopy documentation without a Final Delivery Table of Contents, a completed Multifamily Document Transmittal Form, available at mf.freddiemac.com, must be attached.

32.3 Use of counsel; documents for final delivery ~~(08/17/23)~~; settlement statements

Unless indicated otherwise in the applicable section or subsection, references in this chapter to “Mortgage” refer to non-SBL Mortgages, SBL Mortgages and TELs, and references to “counsel” refer to Seller/Servicers’ counsel for non-SBL Mortgages and Single Counsel for SBL Mortgages and TELs.

By its delivery of the Final Delivery Package to Freddie Mac, the Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with the requirements of this section.

a. Use of counsel (08/15/24)

1. For each non-SBL Mortgage submitted to Freddie Mac for purchase, an attorney who represents the Seller and who has the qualifications and experience required by Section 6.2 must:
 - Perform the tasks required by Chapter 6 and this chapter
 - Prepare and/or review all legal documents
2. For each SBL Mortgage or TEL submitted to Freddie Mac for purchase, Single Counsel who represents the Seller and Freddie Mac must:
 - For each SBL Mortgage, perform the tasks required by Chapter 6SBL and this chapter
 - ~~Perform~~For each TEL, perform the tasks ~~required by Chapter 6SBL for each SBL Mortgage, or~~ required by Chapter 25 or 25A, as applicable, ~~for each TEL~~ and this chapter
 - Prepare and/or review all legal documents

b. Loan Documents (08/15/24)

1. The Seller must originate the Mortgage using the form documents listed in the applicable Currently Acceptable Multifamily Loan Documents accessed at mf.freddiemac.com/lenders/legal. Each form used must have been listed on ~~FreddieMac.com~~mf.freddiemac.com during the period between the date the Letter of Commitment is issued (or the early rate-lock application is submitted by the Seller) and the Origination Date, unless otherwise approved in writing by Freddie Mac.
2. A Seller may:
 - Provide its counsel with the appropriate Loan Documents that the Seller has obtained directly from mf.freddiemac.com, or



- Instruct its counsel to obtain the appropriate Loan Document directly from mf.freddiemac.com.

Regardless of the method used by the Seller's counsel to obtain the Loan Documents, the Seller will be responsible for making the absolute warranty set forth in Section 5.2(c).

c. Settlement statements (08/15/24)

1. Inclusion in Final Delivery Package; Execution. The Final Delivery Package for the Borrower must include a copy of the final settlement statement for the Borrower.

- The settlement statement must include the full legal name of the Borrower
- The settlement statement must have been executed by the Borrower.
- The ~~final~~ settlement statement ~~submitted with the Final Delivery Package must be executed by the Borrower and(s) must~~ also be executed by the ~~closing agent~~ Title Company or be printed on the ~~closing agent's~~ Title Company's letterhead.
- The Seller/Servicer and its counsel must review the settlement statement to verify the information required in subsection c.2. below.

2. Content. There is no specific form for the final settlement statement; however, it must clearly ~~show the following:~~ include the information set forth below.

A. Acquisitions. If the Mortgage transaction is an acquisition as referenced in the Letter of Commitment, the settlement statement must include the following:

- (i)** • For non-SBL Mortgages, ~~if an acquisition,~~ the acquisition price actually paid by the Borrower for the Property, including:
 - the proceeds due to the seller of the Property after all adjustments,
 - the full legal name of the seller of the Property,
 - any credits to the Borrower against the contractual purchase price, and
 - any items which the Seller ~~is asking~~ Servicer has received Freddie Mac ~~to consider~~ Mac's prior approval in determining the acquisition price
- (ii)** • For SBL Mortgages, ~~if an acquisition,~~ the Required Actual Cash Purchase Price as defined in the Letter of Commitment, including:
 - the proceeds due to the seller of the Property after all adjustments,
 - the full legal name of the seller of the Property,
 - any credits to the Borrower against the contractual purchase price,



- and any items which the Seller/Servicer has received Freddie Mac's prior approval to include in determining the Required Actual Cash Purchase Price

(iii) For all Mortgages:

- The Borrower's closing costs and cash contribution after closing costs
- As provided in Sections 29.1 and 29SBL.1, the settlement statement(s) must be delivered to the Seller/Servicer or the Seller/Servicer's counsel directly by the Title Insurance Underwriter.

B. • Refinances. If a Mortgage is a refinance, the settlement statement must include the following:

- The existing loan payoff amount
- The Borrower's closing costs
- ~~If a refinance, the~~ The Borrower's cash out after closing costs
- If a cash-in refinance ~~or acquisition,~~ the Borrower's cash contribution after closing costs

~~• Borrower's closing costs~~

C. • Calculation ~~All Mortgages.~~ For both acquisition and refinance Mortgages, the settlement statement must also include the calculation of up-front escrow deposits, ~~reserves~~ Reserves, and other cash collateral that matches the requirements of the Letter of Commitment or early rate lock application, and the list of all escrows held. In lieu of setting forth a detailed listing of ~~Seller's reserves~~ the Seller/Servicer's Reserves and expenses directly in the main body of the settlement statement, such detail may be set forth as an exhibit to the settlement statement, provided such exhibit is expressly referenced in the main body of the settlement statement for the Borrower.

d. Seller's Certification of Outstanding Items (08/15/24)

All items required to be reviewed and approved by Freddie Mac prior to loan origination or prior to loan purchase as noted in the Letter of Commitment must be listed in the Seller's Certification of Outstanding Items, and to the extent approval from Freddie Mac has not been received by Seller for any such items at the time the Certification is executed, Seller must identify such items on the Certification.

e. Written notices (08/15/24)

Copies of all written notices that Seller/Servicer's legal counsel has determined ~~that~~ must be and/or are generally advisable to be provided to third parties under any documents, instruments or agreement, recorded or unrecorded, affecting the Property, in connection with the origination of the Mortgage and/or the subsequent assignment of the Mortgage to Freddie Mac, ~~including~~ must be included with the Final Delivery Package. , This includes for the



purpose of entitling the Seller and/or Freddie Mac, each in its capacity as a mortgagee of the Property, to any legal rights under such documents, instruments or agreements, ~~must be included with the Final Delivery Package.~~

~~A Seller may:~~

- ~~• Provide its counsel with the appropriate Loan Documents that the Seller has obtained directly from FreddieMac.com, or~~
- ~~• Instruct its counsel to obtain the appropriate Loan Document directly from FreddieMac.com.~~

~~Regardless of the method used by the Seller's counsel to obtain the Loan Documents, the Seller will be responsible for making the absolute warranty set forth in Section 5.2(c).~~

32.4 Specific final delivery requirements (08/17/23)

In addition to the general requirements set forth in this chapter, more specific delivery requirements are set forth in the Final Delivery Instructions and the Letter of Commitment.

32.5 Delivery of Initial Delivery Packages for Forward Commitments for non-SBL Mortgages (09/01/16)

For all Forward Commitment products, the Seller must submit the Initial Delivery Package to *Multifamily Purchase* in accordance with the Final Delivery Instructions – Forward Commitment Initial Delivery. Final Delivery Packages for all Forward Commitment products must be submitted in accordance with the Final Delivery Instructions – Cash and Bonds.

32.6 Reserved (05/01/14)

32.7 Reserved

32.8 Reserved

32.9 Reserved

32.10 Reserved

32.11 Preparing for purchase (09/01/16)

a. File identification prior to funding (05/01/14)

When a Seller delivers a Mortgage to Freddie Mac for purchase, the Seller must note on the Loan Documents and accounting records retained in the Seller's file that Freddie Mac may purchase the Mortgage. Because Freddie Mac may reject a Mortgage before purchase, the Seller must not transfer the Mortgage to a Freddie Mac portfolio designation until Freddie Mac has purchased the Mortgage.

b. Updated verification of the UPB (09/01/16)

When Freddie Mac advises the Seller that it will purchase the Mortgage, the Seller must confirm the current UPB via email to *Multifamily Purchase*.



c. Purchase price (05/01/14)

Freddie Mac determines its purchase price for a Mortgage based on the UPB set forth in the Seller's email verification of the UPB plus the purchase interest (the interest due from the first day of the month in which Freddie Mac will purchase the Mortgage until the day prior to the settlement date minus the Servicing Spread) plus or minus any applicable discount or premium.

32.12 Wire transfer instructions (04/18/24)

Before instructing Freddie Mac to make a wire transfer to an account, a Seller must ensure that the account is eligible to receive direct wire transfers. The Seller must submit to Freddie Mac *Multifamily Cash Management* the documentation required by Section 32.12(a) and 32.12(b). Settlements cannot be made if such documentation is not on file with Freddie Mac and in compliance with Sections 32.12(a) and 32.12(b).

a. Authorization documentation (02/16/23)

<p>The Seller must identify the individuals authorized to provide wire transfer instructions to Freddie Mac on behalf of the Seller (the "authorized individuals") by submitting the applicable "authorization documentation" (below) to Freddie Mac <i>Multifamily Counterparty Risk & Compliance</i>.</p>		
<p>Authorization Documentation</p>		
<p>For a corporation submit a completed:</p>	<p>For a sole proprietorship or a partnership submit a completed:</p>	<p>For a limited liability corporation submit a completed:</p>
<p>Certificate of Corporate Secretary (Freddie Mac Form 989M) with Board resolution attached to Form 989M as Exhibit A</p>	<p>Certificate of Authorized Representative (Freddie Mac Form 988M) with resolutions from the governing body that is empowered to legally bind the Seller attached to Form 988M as Exhibit A, if applicable.</p>	<p>Certificate of Limited Liability Company Secretary/Authorized Representative (Freddie Mac Form 990M) with resolutions from the managers/members who are empowered to legally bind the Seller attached to Form 990M as Exhibit A</p>

Freddie Mac will not accept wire transfer instructions or modifications to the authorization documentation executed by anyone other than an authorized individual.

Once Freddie Mac has received the executed authorization documentation, Freddie Mac will contact one or more of the individuals authorized to provide wire transfer instructions to Freddie Mac to confirm the accuracy of the wire instructions provided to Freddie Mac via the Form 483 or company letterhead, as applicable.

Freddie Mac will retain the authorization documentation on file. The Seller may contact *Multifamily Counterparty Risk & Compliance* to view the authorization documentation on file.

Freddie Mac requests that the Seller recertify its authorization documentation annually on the Multifamily Annual Certification Report (Form 16M, Annual Eligibility Certification Report, or

Guide Bulletin Update 04/18/2408/15/24 Chapter 32 – Page 12



Form 17M, Multifamily Annual Certification Report Structured Transaction & Tax-Exempt Bond Seller/Service, as applicable) confirming that the authorization documentation on file with Freddie Mac remains in full force and effect and that there are no changes to the individuals authorized to provide wire transfer instructions to Freddie Mac.

The Seller may not wait for a recertification request to notify Freddie Mac of any changes in its authorized individuals or wiring instructions. The Seller must notify Freddie Mac of any changes in its authorized individuals or wiring instructions within five Business Days of the change taking place. Freddie Mac *Multifamily Cash Management* will periodically contact the authorized individuals to verify the wire instructions on file. *Multifamily Cash Management* will send such validation requests via secure email.

Settlements cannot be made if Freddie Mac does not have on file a current certification or authorization documentation. The Seller can change, delete or add new authorized individuals only by submitting new authorization documentation. Freddie Mac requires five Business Days to process any such changes.

b. Multifamily Wire Transfer Authorization (04/18/24)

The Seller must submit to Freddie Mac *Multifamily Cash Management* the following forms:

- A completed Form 483M, Wire Transfer Authorization, executed by an authorized individual, as defined in Section 32.12(a), to represent the Seller's legal authorization to instruct Freddie Mac to wire transfer funds to a designated bank
- A completed, current version of the IRS Form W-8 or W-9, as applicable, for the Seller and for each entity in the transaction that will receive funds directly from Freddie Mac via wire transfer (e.g., warehouse lender, Title Company, etc.)

The Seller can change or add new wire transfer instructions only by submitting a newly executed and properly authorized Form 483M and a Form W-8 or W-9, which does not need to be newly executed as long as it is the latest version of the W-8 or W-9 available from the IRS. Freddie Mac will not accept wire transfer instructions submitted in any other manner. Freddie Mac requires at least five Business Days to process such a change.

See Section 33.4 for information regarding wire transfer instructions for the purchase by Freddie Mac of Mortgages subject to the security interest of a warehouse lender.

32.13 Purchase/settlement procedures (09/01/16)

a. Multifamily Loan Purchase Statement (09/01/16)

After reviewing the Final Delivery Package, and prior to the purchase funds being sent, Freddie Mac will generate and send via email to the Seller the Multifamily Loan Purchase Statement, which includes a computation of the amount to be funded to the Seller as well as a statement of the percentage of participation purchased by Freddie Mac.

b. Receipt of funds (05/01/14)

Freddie Mac will advise the Seller of the scheduled Freddie Mac Funding Date. Freddie Mac initiates each wire transfer in sufficient time for the funds to be credited to the Seller's account on the scheduled Freddie Mac Funding Date. It is the Seller's responsibility to call



its bank to confirm receipt of the funds. If the funds have not been credited to the account by the morning of the next Business Day, the Seller must contact the applicable *Multifamily Purchase Manager*.

32.14 Purchase adjustments (01/13/09)

If the Seller has any questions regarding the purchase balance before the funding of a Mortgage or purchase adjustments after the funding of a Mortgage, the Seller must contact the applicable *Multifamily Purchase Manager*.

32.15 SBL collateral (09/01/16)

For SBL Mortgages, the Seller must deliver the collateral required under Chapter 46SBL in accordance with all requirements set forth in that chapter.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:26:56 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 32 - Final Delivery Reqs GB-04-18-24.docx	
Modified filename: 32 - Final Delivery Reqs GB-08-15-24.docx	
Changes:	
<u>Add</u>	109
Delete	49
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	158

Multifamily Seller/Servicer Guide

Chapter 39

Administration of Reserves; Monitoring Repairs



- 39.1 General requirements for the administration of Reserves and monitoring repairs (02/29/16)
 - a. Delivery of documents and notices to Freddie Mac (02/29/16)
 - b. Reserve Custodial Accounts (05/01/14)
- 39.2 Reserve requirements; Reserves for taxes, ground rents, assessments and other charges (10/19/23)
 - a. Reserve requirements (04/30/19)
 - b. Annual certification (02/06/17)
 - c. Requirements when Reserves are not collected (10/19/23)
- 39.3 Replacement Reserves, Repair Reserves, Rental Achievement and similar performance agreements – general requirements (10/12/17)
 - a. Reserve requirements (10/12/17)
 - b. Recordkeeping (10/14/16)
 - c. Investment of funds (10/14/16)
 - d. Annual certification (02/06/17)
- 39.4 ~~Required repairs, Green Improvements and Repair Reserve Servicing for non-SBL Mortgages, or for SBL Mortgages with Loan Agreement forms dated 11-02-2015 or earlier (06/13/24)~~ Required repairs, Green Improvements and Repair Reserve Servicing for non-SBL Mortgages, or for SBL Mortgages with Loan Agreement forms dated 11-02-2015 or earlier or dated on or after 07-30-2024 (08/15/24)
 - a. Monitoring and timely completion of repairs (02/28/19)
 - b. ~~Incomplete repairs, partially completed repairs and extension requests (04/18/24)~~ Incomplete repairs, partially completed repairs and extension requests (08/15/24)
 - c. Disbursement from Repair Reserve (06/13/24)
 - d. Requiring a Borrower to fund an unfunded Repair Reserve upon default (06/25/20)
 - e. Prohibited actions by the Servicer (09/18/14)
- 39.5 ~~Priority Repairs and Replacement Reserve Servicing for SBL Mortgages with Loan Agreement forms dated after 11-02-2015 (02/22/24)~~ Priority Repairs and Replacement Reserve Servicing for SBL Mortgages with Loan Agreement forms dated after 11-02-2015 (08/15/24)
 - a. ~~Monitoring and completion of Priority Repairs (02/22/24)~~ Monitoring and completion of Priority Repairs (08/15/24)
 - b. Reserved (10/14/16)
 - c. Disbursement from Replacement Reserve Fund for Priority Repairs (10/14/16)
 - d. Reserved (10/14/16)
 - e. Prohibited actions by the Servicer (10/14/16)
- 39.6 Replacement Reserve Servicing (06/13/24)
 - a. Funded Replacement Reserves (06/13/24)
 - b. Disbursements for additional capital replacement items (07/01/14)
 - c. Requiring a Borrower to fund an unfunded Replacement Reserve (05/01/14)
 - d. Unfunded Replacement Reserves with required capital expenditures (04/30/19)
 - e. Prohibited actions by the Servicer (09/18/14)
 - f. Mortgages with terms longer than 10 years (12/12/14)



39.7 Rental achievement Reserve Servicing (09/18/14)

- a. Monitoring of Property performance; requests for release or reduction of Reserve funds (09/18/14)
- b. Extension of earn-out expiration date (09/18/14)
- c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/31/12)
- d. Failure of Property to meet performance standard; application of collateral (10/31/12)
- e. Prohibited actions by the Servicer (10/31/12)

39.8 Special Purpose Reserve Servicing (10/14/16)

- a. Monitoring of Property performance; requests for release or reduction of Reserve funds (10/14/16)
- b. Extension of termination date (10/14/16)
- c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/14/16)
- d. Failure of Property to meet performance standard; application of collateral (10/14/16)
- e. Prohibited actions by the Servicer (10/14/16)

39.9 Servicing Moderate Rehabilitation (Mod Rehab) Mortgages (12/15/22)

- a. Servicer responsibilities (12/15/22)
- b. Draw calculation (05/05/17)
- c. Release of retainage and holdback amounts (05/05/17)

39.10 Servicing a Mortgage with a Green Up® or a Green Up Plus® loan option (02/28/19)

- a. Benchmarking Metrics (02/28/19)
- b. Borrower, Green Consultant and Benchmarking Data Consultant Access to Portfolio Manager (02/28/19)



39.1 General requirements for the administration of Reserves and monitoring repairs (02/29/16)

a. Delivery of documents and notices to Freddie Mac (02/29/16)

1. Electronic Delivery

When this chapter requires electronic delivery of backup documentation related to the completion or partial completion of repairs, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Property Reporting System (PRS).

When this chapter requires electronic delivery of documents related to post-origination transactions, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Document Management System (DMS) and using the “File Submission” link to notify:

- For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, *“Structured Transactions”*
- For all other Mortgages, *“Borrower Transactions”*

2. Delivery of original documents to Freddie Mac

When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

- Upload the document into DMS, and
- Deliver the original to
 - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, or Credit Facilities, Freddie Mac *Multifamily Asset Management, Structured Transactions*
 - For all other Mortgages, Freddie Mac *Multifamily Asset Management, Borrower Transactions*

b. Reserve Custodial Accounts (05/01/14)

The Servicer must hold Reserves in Custodial Accounts in accordance with the requirements of the Loan Documents. If the Loan Documents do not contain specific requirements, then the Servicer must hold all Reserves in Custodial Accounts meeting the requirements of Chapter 52.

The Seller/Servicer must provide Freddie Mac all Custodial Account documentation required by Chapter 52.

The Servicer must service all Reserve Custodial Accounts required or permitted under this chapter in accordance with the Loan Documents, this chapter, Chapter 52 and other applicable sections of the Guide, and industry-accepted practices.

Guide Bulletin Update ~~06/13/24~~08/15/24 Chapter 39 – Page 3



39.2 Reserve requirements; Reserves for taxes, ground rents, assessments and other charges (10/19/23)

a. Reserve requirements (04/30/19)

1. Unless Freddie Mac has deferred its right to require a Reserve for any item(s), the Servicer must collect Reserves for:
 - Taxes
 - Ground rents
 - Assessments and charges that may, if not paid on a timely basis, become prior liens on the Property
 - Premiums on all insurance policies (individual policies, Blanket Insurance policies, master insurance policies, and liability insurance policies covering multiple properties) required by Chapter 31 and/or the Purchase and Servicing Documents
 - Cap fee deposits for an ARM with an interest rate cap or swap agreement with a third-party provider that expires before the Mortgage maturity date

For taxes, ground rents, assessments, cap fee deposits and premiums for individual insurance policies, if the Servicer is collecting a Reserve when Freddie Mac purchases the Mortgage, the Servicer must continue to collect 1/12 of the yearly charge for each Reserve together with each monthly installment payable under the Note.

For Blanket Insurance policies, master insurance policies, and liability insurance policies covering multiple properties, the Seller/Servicer must do one of the following:

- Collect 1/12 of the premium allocation obtained from the insurance agent or broker, for each Property securing a Freddie Mac Mortgage that is insured under the applicable policy and serviced by the Servicer to ensure that the Servicer will have sufficient funds in the Reserve to pay the allocated premium due on the applicable policy or policies with each monthly installment payable under the Note.
- Collect 1/12 of an amount sufficient to purchase an individual insurance policy or policies with each monthly installment payable under the Note.
- Collect an amount sufficient to pay the annual premium for an individual insurance policy or policies for the Property.

See Section 31.2(c) for additional information regarding Reserves for insurance premiums.

2. If a Borrower obtains a Supplemental Mortgage, then beginning on the Origination Date of the Supplemental Mortgage, the Servicer of the most senior Mortgage will begin to collect Reserve deposits for taxes, ground rents (if applicable), insurance, and Replacement Reserves, unless one of the following circumstances exists:



- The Mortgaged Property is a Cooperative, and collection of those Reserves was deferred at origination of the most senior Mortgage
 - The Loan Documents for the most senior Mortgage explicitly provide for continued deferral of Reserve deposits following origination of a Supplemental Mortgage (for items other than insurance)
 - The Loan Documents for the most senior Mortgage explicitly provide for the continued deferral of Reserve deposits for insurance because the Mortgaged Property was covered under a Blanket Insurance policy or a master insurance policy and under the Supplemental Mortgage, the Mortgaged Property will continue to be covered under a Blanket Insurance policy or a master insurance policy.
3. The Servicer must pay, at its own expense, any interest payable to the Borrower for Reserve funds or any other funds held by the Servicer, whether due to contractual agreement or operation of law. The Servicer must use funds deposited in a Reserve only for items related to the purpose for which the Reserve was established. The Servicer may not withdraw miscellaneous costs, including Uniform Commercial Code (UCC) filing fees, overnight delivery charges and/or late payment fees, from the Reserve.

The Servicer must obtain bills for and pay all Reserve items before the applicable penalty or termination date. The Servicer must maintain adequate records to prove payment of all Reserve items.

At least annually, the Servicer must compute the required Reserve installment amounts based on reasonable estimates of assessments and bills to determine that sufficient funds are being collected or have been collected to meet all Reserve payments. If the amount held in Reserve by the Servicer, together with the future monthly Reserve installments, exceeds the amount required to pay Reserve items as they fall due, the Servicer must either repay the excess promptly to the Borrower (if there is no default under the terms of the Loan Documents) or credit the excess to the Borrower by a reduction in monthly Reserve installments.

If the Servicer deems the amount held in Reserve insufficient to pay Reserve items when due, the Servicer must obtain the necessary additional funds from the Borrower before the latest date on which the charges may be paid prior to penalty, lapse of insurance policies, etc. If the Borrower fails to remit the deficient amount, or if there is insufficient time to obtain the amount, the Servicer must pay any Reserve items due and reflect a shortage in the Borrower's Reserve. However, during any period in which the Borrower is in bankruptcy, the Servicer may not make any advance in excess of Reserve funds for Reserve items without the prior consent of Freddie Mac.

For Mortgages originated under this Guide, the Servicer must advance the shortage in accordance with Section 52.15 and must notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* if any advance is unresolved for 30 days.

For Delegated TAH Mortgages, the Servicer must advance the shortage to the extent permitted or described in its Delegated TAH Master Agreement.



To the extent permitted by the Loan Documents and applicable law, the Servicer may, without Freddie Mac's prior approval, start collecting Reserves not previously required, but may not discontinue collecting Reserves without Freddie Mac's prior written approval.

b. Annual certification (02/06/17)

Any Servicer that has a Multifamily Servicing-only approval, as described in Section 3.1(e), must certify to Freddie Mac in writing that all of the following have been paid during the preceding fiscal year and are not then delinquent, except as otherwise set forth in the certification:

1. Insurance premiums
2. Ground rents
3. Assessments
4. Taxes
5. Other charges that may, if not paid on a timely basis, become prior liens on the Property

If any such items are delinquent, the certification must describe the nature of the delinquency and the steps being taken to cure that delinquency.

The certification must be made using Form 1110M, Multifamily Annual Certification Report – Servicer Only. Servicers must use the Multifamily Eligibility System, available on FreddieMac.com, to complete the Form and to submit it to Freddie Mac.

The Servicer must submit the completed Form 1110M within 90 days after the end of the Servicer's fiscal year following the instructions found on the form.

c. Requirements when Reserves are not collected (10/19/23)

If Freddie Mac has deferred its right to collect Reserves for any item, or if the Loan Documents or applicable law do not provide for the collection of Reserves or if Reserves were not being collected for some or all items when the Mortgage was sold to Freddie Mac, the Servicer must proceed as follows:

1. Verification of payment

At least annually, the Servicer must either require the Borrower to furnish proof of payment of all taxes, insurance premiums, ground rents, assessments and other charges or use other reliable means (such as tax services) commonly employed by private institutional mortgage investors to determine that these items have been paid.

2. Additional verification for Mortgages with a Risk Rating greater than six

On a semi-annual basis, for each Mortgage secured by a Property with a Risk Rating greater than six, or any Mortgage otherwise identified by Freddie Mac to the Servicer, the Servicer must:



- Require the Borrower to furnish proof of payment of water and sewer charges, or
- Require the Borrower to provide a certification that the water and sewer charges have been paid, or
- Use other reliable means commonly employed by private institutional mortgage investors to determine that water and sewage charges have been paid

Acceptable proof of payment includes copies of paid receipts and/or cancelled checks, and the corresponding water and sewer bills showing the previous amount paid.

3. Demand upon Borrower

If the Servicer discovers that any charge listed in item 1 or 2, above, has not been paid, the Servicer must immediately contact the Borrower in writing and require the Borrower to provide proof of payment within 10 days and provide Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* and Freddie Mac *Multifamily Asset Management, Asset Resolution* with a copy of such notice.

4. Advances by Servicer

For Delegated TAH Mortgages, advances by the Servicer are governed by its Delegated TAH Master Agreement.

For all other Mortgages, if the Borrower fails to pay any charge listed in item 1 or does not provide proof of that payment within the required 10 days, the Servicer must advance funds for the unpaid charge and any applicable penalty unless the Borrower is in bankruptcy.

If the Servicer fails to advance funds for the unpaid charge, Freddie Mac will hold the Servicer solely responsible for any penalties, interest or related charges resulting from the Servicer's failure to make the advance. If the Borrower is in bankruptcy, the Servicer may not make any advances in excess of Reserve funds for Reserve items without the prior consent of Freddie Mac.

The Servicer must attempt to work out an arrangement with the Borrower for repayment of any advance and, if allowed by law and the Loan Documents, must begin to collect Reserves for future charges.

If the Servicer cannot reach an agreement with the Borrower for the Borrower's repayment of the advanced amount or if the Borrower fails to comply with the terms of any such arrangement or refuses to set up a Reserve for future charges, the Servicer must promptly notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* and Freddie Mac *Multifamily Asset Management, Asset Resolution* of all advances and must immediately recommend, in writing, a plan to protect Freddie Mac's interest.



39.3 Replacement Reserves, Repair Reserves, Rental Achievement and similar performance agreements – general requirements (10/12/17)

a. Reserve requirements (10/12/17)

For each Multifamily Mortgage, the Seller/Servicer must establish at the time of Mortgage closing a Repair Reserve, a Replacement Reserve, a Special Purpose Reserve, and a Rental Achievement Reserve to the extent required by Freddie Mac's Letter of Commitment or early rate-lock application. The Seller/Servicer must ensure that upon purchase of the Mortgage, Freddie Mac has a security interest in all amounts deposited in the Repair Reserve, Replacement Reserve, Special Purpose Reserve and Rental Achievement Reserve to further secure all of the Borrower's obligations under the Mortgage.

1. Repair Reserve

Funds deposited into the Repair Reserve may be used solely to defray the costs of required repairs to the Property, as set forth in Freddie Mac's Letter of Commitment or early rate-lock application.

Funds deposited into the Repair Reserve for the purpose of undertaking Green Improvements may be used solely to defray the costs of Green Improvements to the Property, as set forth in Freddie Mac's Letter of Commitment or early rate-lock application.

2. Replacement Reserve

For non-SBL Mortgages and for SBL Mortgages documented on Loan Agreement forms with a revision date of 11-02-2015 or earlier, funds deposited into the Replacement Reserve may be used solely to defray the costs of future replacements of items of real and personal property, as set forth in the Replacement Reserve Agreement or Loan Agreement.

For SBL Mortgages documented on Loan Agreement forms with a revision date after 11-02-2015, funds deposited into the Replacement Reserve may be used to defray the costs of future replacements of items of real and personal property specified in the Loan Agreement, including, if applicable, completion of Priority Repairs and PR-90 Repairs identified in the SBL Physical Risk Report, as set forth in the Loan Agreement.

For Supplemental Mortgages, no new replacement items should be permitted to be drawn from the Replacement Reserve that were not already permitted under the most senior Mortgage unless Replacement Reserve collection will increase accordingly. The Borrower and Seller/Servicer must request that the Loan Documents on the most senior Mortgage be modified to allow the increase to occur. The Borrower and Seller/Servicer must coordinate the request with the holder of the most senior Mortgage.

In all cases, this Section 39.3(a)(2) is subject to the provisions of Section 39.6(b).

3. Rental Achievement Reserve

Funds deposited into the Rental Achievement Reserve, or letters of credit securing Borrower's obligations under a Rental Achievement Agreement or Loan Agreement must be held as continued security for Borrower's obligations under the agreement.

Guide Bulletin Update ~~06/13/24~~08/15/24 Chapter 39 – Page 8



4. Special Purpose Reserve

Funds deposited into the Special Purpose Reserve pursuant to the Loan Agreement must be held as continued security for Borrower's obligations under the Loan Agreement.

b. Recordkeeping (10/14/16)

The Servicer must maintain accurate and complete books and records in connection with its administration of the Repair Reserve and Replacement Reserve, Special Purpose Reserve, and Rental Achievement Agreement Reserve, including maintaining in its files every disbursement request received, together with any invoices, lien waivers, budgets, engineer's certification or other documentation received in connection with any such disbursement request.

c. Investment of funds (10/14/16)

Unless the Commitment or early rate-lock application specifies otherwise, the Servicer may accept only cash or a check (subject to collection) from the Borrower for deposit into the Repair Reserve, Replacement Reserve, Special Purpose Reserve or Rental Achievement Reserve. Funds deposited into the Repair Reserve, Replacement Reserve, Special Purpose Reserve or Rental Achievement Reserve must be held and invested by the Servicer in accordance with the provisions of the Loan Documents. If the Loan Documents do not contain specific requirements, then the Servicer must hold and invest the funds in accordance with the provisions of Section 52.4.

d. Annual certification (02/06/17)

Any Servicer that has a Multifamily Servicer-only approval, as described in Section 3.1(e), must certify to Freddie Mac in writing within 90 days after the end of the Servicer's fiscal year that all Reserve collections and disbursements have been made in accordance with the applicable Reserve agreements. The Servicer must explain in writing any discrepancies from the agreements and provide a description of the steps being taken to resolve each matter.

The certification must be made using Form 1110M, Multifamily Annual Certification Report – Servicer Only. Servicers must use the Multifamily Eligibility System, available at mf.freddiemac.com/lenders/guide, to complete the Form and to submit it to Freddie Mac.

The Servicer must submit the completed Form 1110M within 90 days after the end of the Servicer's fiscal year following the instructions found on the form.

39.4 Required repairs, Green Improvements and Repair Reserve Servicing for non-SBL Mortgages, or for SBL Mortgages with Loan Agreement forms dated 11-02-2015 or earlier ~~(06/13/24)~~ or dated on or after 07-30-2024 (08/15/24)

This Section 39.4 applies to all non-SBL Mortgages and to any SBL Mortgages with Loan Agreement forms with revision dates of 11-02-2015 or earlier: or dated on or after 07-30-2024. See Section 39.5 for all SBL Mortgages with Loan Agreement forms with revision dates after 11-02-2015 or before 7-30-2024.



For the purposes of this chapter, any Repair Agreement, Repair Escrow Agreement, Repair Agreement with LOC, Repair and Escrow Agreement, Loan Agreement Rider relating to repairs or other agreement involving repairs or improvements to the Property will be referred to as a “Repair Agreement.”

a. Monitoring and timely completion of repairs (02/28/19)

The Servicer must monitor the applicable completion date(s) under each Repair Agreement and work with the Borrower to ensure that all repairs are completed on a timely basis.

The Servicer must notify Freddie Mac within 10 Business Days following the Servicer's confirmation of the Borrower's completion of all repairs under a Repair Agreement.

- For all repairs except Green Improvements, this notification must be on the Borrower Certification – Completion of Repairs form, found at mf.freddiemac.com, and must be submitted to Freddie Mac via PRS.
- For repairs classified as a Green Improvements, this notification must be on the Green Improvements Verification Certification, which is an Exhibit to the Loan Agreement, which must be submitted to Freddie Mac via the Property Reporting System (PRS). The Servicer must collect the Green Improvements Verification Certification within 30 days of completion of the Green Improvements. The Verification Certification must provide the following:
 - The date of completion of the Green Improvements
 - The specifications of the completed Green Improvements
 - Confirmation that the Benchmarking Data Consultant uploaded current energy and water usage (Benchmarking Data) into ENERGY STAR® Portfolio Manager®, or if Portfolio Manager, is no longer available, into another benchmarking tool identified by Freddie Mac
 - If Freddie Mac no longer owns the Mortgage, the Servicer must submit the Green Improvements Verification Certification to Freddie Mac via DMS

Unless otherwise specified by Freddie Mac, the Servicer is responsible for documenting that all repairs are completed satisfactorily, including exercising the right of the lender under the Repair Agreement to hire an engineer to certify that the repairs have been completed in a good and workmanlike manner.

The Servicer must cause a qualified engineer to certify that repairs have been completed in a good and workmanlike manner when any one of the following conditions is present:

- The repair, if improperly done, might contribute to material failure of any building component and/or the physical deterioration of the facility
- The repair is a structural repair
- The repair consists of repair to major building systems (for example, electrical, mechanical, fire protection, etc.)



The engineer must meet or exceed the qualification requirements in Section 62.8 or Section 62SBL.17, as applicable. If the Servicer does not have a qualified engineer on staff, the Servicer must retain a qualified third party engineer. When the scope of work requires specialized knowledge to verify completion and quality, the Servicer must retain an engineer with appropriate expertise.

The Servicer must maintain supporting documentation in the Mortgage File for each completed repair, including:

- A list of the items that have been completed,
- Color photographs documenting the completed repairs,
- The final completion date, and
- The engineer's certification, when required, that repairs have been completed in a good and workmanlike manner.

If the Servicer receives an Energy Certification from the Borrower for Green Improvements made at the Property, the Servicer must notify Freddie Mac of receipt of certification. If Freddie Mac no longer owns the Mortgage, the Servicer must submit the certification to green_advantage_reporting@freddiemac.com.

If requested by Freddie Mac for Green Improvement purposes, the Servicer must deliver to Freddie Mac any utility bills, reports or documentation supporting the usage of energy and water at the Property and if available, any calculations of any Borrower savings resulting from the Green Improvements. If Freddie Mac no longer owns the Mortgage, the Servicer must submit this information to green_advantage_reporting@freddiemac.com.

b. Incomplete repairs, partially completed repairs and extension requests
(04/18/2408/15/24)

If it becomes apparent to the Servicer that all required repairs will not be completed by the applicable completion date, the Servicer must work with the Borrower to determine whether an extension is appropriate, and to document that extension as required in this section.

1. Submitting documentation for incomplete or partially completed repairs

At least 10 days prior to the applicable completion date, the Servicer must notify Freddie Mac of partial completion of repairs on the Borrower Certification – Partial Completion of Repairs form, available at mf.freddiemac.com, which must be submitted to PRS. In addition, the Servicer must submit an extension request for incomplete repairs as described in Section 39.4(b)(3) or (4), as applicable. The Servicer must add an update comment to PRS that an extension request will be submitted.

If the Servicer determines that repairs will not be completed by the applicable completion date and that an extension is not appropriate, then at least 10 days prior to the completion date the Servicer must provide Freddie Mac with a detailed update in PRS of the



- Status of the repairs,
- Prospects for ultimate completion of those repairs,
- Borrower's reasons for not completing the repairs in a timely manner, and
- Servicer's recommendation for resolving the matter.

2. Extension requests that the Servicer is permitted to approve

- a. During any period in which Freddie Mac owns the Mortgage, the Servicer may approve an extension of the completion date of a Repair Agreement unless one of the following applies:
 - The Mortgage was originated on a Note labeled "CME"
 - The Mortgage was originated on a Note with a revision date on or after March 1, 2014
 - The Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization
 - The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt or taxable Multifamily bond securitization
- b. For an eligible Mortgage, the Servicer may approve an extension only if all of the following conditions are met:
 - The required repairs pose no life, health or safety issues
 - The remaining repairs represent no more than the lesser of \$500,000 or five percent of the UPB
 - The Borrower is making progress on required repairs, as evidenced by a recent inspection or current, dated photos and paid invoices provided by the Borrower
 - There is no material adverse impact from an extension, including detriment to occupancy or marketing efforts, asset preservation consequences or negative cash flow impact
 - The Property condition was average or better as of the date of the last AIF, or if no AIF has been completed, as of the date of underwriting
 - The Borrower has a reasonable business justification (not including cash flow issues) for requesting the extension
 - The Servicer has not previously authorized an extension of the completion date
 - The Mortgage:



- Has a Risk Rating of six or less,
 - Has a UPB of less than \$30 million,
 - Is not in default,
 - Was not originated under the Acquisition Rehabilitation product, the Acquisition Upgrade product, the Moderate Rehabilitation product, or the REO purchase and stabilization product, and
 - Has no additional investors who have provided credit enhancements other than those provided by a Seller/Servicer, Borrower or Affiliates of the Borrower
- A supervisor or higher-level manager on the Servicer's staff approved the extension of the completion date using the Repair/Rehab Agreement Extension/Modification Request available at <https://mf.freddiemac.com/lenders/guide/> under Forms for Asset Management
- c. Notwithstanding the requirements of 39.4(b)(2)(A) and (B), if the Mortgage was originated as part of the SBL program, the Servicer may approve an extension only if all of the following conditions are met:
- The outstanding required repairs pose no life, health-~~of~~, or safety issues
 - The Mortgage is not otherwise in default
- d. For a non-SBL Mortgage, provided that all of the requirements in Section 39.4(b)(2)(A) and (B) are met, the Servicer has delegated authority to extend the completion date of a Repair Agreement by up to the same amount of time initially granted in the Repair Agreement, but not more than a date that is 12 months after the Origination Date of the non-SBL Mortgage. (For example, if the original completion date was 90 days following the Origination Date of the Mortgage, the Servicer may extend the completion date by no more than 90 days.)

For an SBL Mortgage, provided that all of the requirements in Section 39.4(b)(2)(C) are met, the Servicer has delegated authority to extend the completion date of a Repair Agreement up to a date that is 12 months after the Origination Date of the SBL Mortgage.

- e. For all Mortgages, the Servicer must notify Freddie Mac of any actions taken under this delegated approval within two days after the effective date of the approval by electronically submitting to Freddie Mac via DMS [and updating the respective Loan Item Tracking in PRS.](#)
- The Repair/Rehab Agreement Extension/Modification Request, available at <https://mf.freddiemac.com/lenders/guide/> under Forms for Asset Management
 - A copy of the approval letter that the Servicer provided to the Borrower
 - Copies of any modified loan documents



3. Submitting extension requests requiring Freddie Mac approval

Freddie Mac approval is required for all modifications and extensions of the Repair Agreement with respect to any Mortgage not described in Section 39.4(b)(2)(A) and (C).

If a Borrower requests an extension or modification of a Repair Agreement, the Servicer must, within five Business Days of receiving such request, take the following actions:

1. Enter the extension request into Consent Request Tracker (CRT). The CRT record should be created with the selection that Freddie Mac approval is required for Mortgages owned by Freddie Mac.
2. Electronically deliver the Repair/Rehab Agreement Extension/Modification Request form, including any necessary supporting documentation via CRT or DMS.

The Servicer must charge the Borrower a nonrefundable extension/modification review fee as set forth in Exhibit 10. If a fee is applicable, the Servicer must remit to Freddie Mac 50 percent of the fee and may retain the remaining 50 percent.

4. Documentation of approved extensions

Within the time specified in Freddie Mac's approval of a modification or extension of a Repair Agreement, the Servicer must deliver any required documents and fees to Freddie Mac in accordance with the delivery requirements of the approval letter.

5. Managing outstanding Repair items

The Servicer must manage notifications to the Borrower until the Servicer receives acceptable proof of completion for all items identified in the Repair Agreement. For Repairs not completed as or when required, Freddie Mac requires the Servicer to take the following actions:

- a. Within 30 calendar days following the repair due date, send a "reservation of rights" letter to the Borrower in conjunction with enforcing the Loan Documents. The Servicer must use either the Notice of Default and Reservation of Rights (Conventional) or the Notice of Default and Reservation of Rights (SBL) form, as applicable, and must work closely with Freddie Mac in handling such matters.

Within five business days of sending the "reservation of rights" letter to the Borrower, the Servicer must provide Freddie Mac a copy of the letter via email at MF_Surveillance@freddiemac.com and upload a copy to the Document Management System (DMS). If collection of Reserve deposits for Replacement Reserves was deferred at the time of such Repair item noncompliance, the Servicer must begin collection of the Reserve deposits for Replacement Reserves. Collection of Reserve deposits for Replacement Reserves must commence not later than the second payment installment date immediately following the Repair item completion due date. The Servicer may include notice of the collection of Reserve deposits for Replacement Reserves in the "reservation of rights" letter to the Borrower or in a separate Borrower communication.

**c. Disbursement from Repair Reserve (06/13/24)**

The Servicer must review all estimates or contracts from contractors to determine that the bid amount for each repair is reasonable. The Servicer also must ensure that the bid price is reasonably sufficient to pay for all necessary labor and materials to be performed or supplied by that contractor. The Mortgage File retained by the Servicer must include all estimates and contracts.

Unless otherwise specified by Freddie Mac, the Servicer will be responsible for authorizing disbursements from the Repair Reserve and for documenting that all repairs are completed satisfactorily. If the Borrower has met all of the Repair Agreement conditions for disbursement, then the Servicer may make the requested disbursement to

- The Borrower, if the Borrower has submitted evidence that the work for which disbursement is requested has been fully paid for by the Borrower. This evidence must be in the form of copies of canceled checks, receipts or invoices that are in the amount of the disbursement request and that are marked "paid," and if required by Seller/Servicer, valid lien waivers."
- The Borrower and the contractor or vendor jointly, if the Borrower has not submitted evidence that the work has been paid for in full.

d. Requiring a Borrower to fund an unfunded Repair Reserve upon default (06/25/20)

Even if a Repair Agreement did not require immediate funding of a Repair Reserve, the Repair Agreement may require the Borrower to fund the Repair Reserve upon the occurrence of an event of default under the Loan Documents. The Servicer must consult with Freddie Mac *Multifamily Asset Management, Asset Resolution* upon the occurrence of an event of default by the Borrower, and must require the Borrower to establish the Repair Reserve within the time and in the amount specified by Freddie Mac. Within 10 days following funding of the Repair Reserve, the Servicer must deliver to Freddie Mac, at the address found on the form, the original of one of the following forms, as applicable, executed on behalf of the institution that maintains the Repair Reserve Custodial Account:

- If the Custodial Account for the Repair Reserve is held by an institution other than the Servicer, Form 1058, Letter Agreement for Servicer's Reserve Custodial Account
- If the Custodial Account for the Repair Reserve is held by the Servicer, Form 1060, Letter Agreement for Reserve Custodial Account

e. Prohibited actions by the Servicer (09/18/14)

The Servicer may not take any of the following actions with respect to the Repair Agreement or Repair Reserve without Freddie Mac's prior written consent:

- Charge a one-time fee in excess of the amount set forth in Exhibit 10 for establishing the Repair Reserve
- Charge a fee in excess of the amount set forth in Exhibit 10 (excluding travel and other reasonable expenses) for each inspection of the Property under the Repair Reserve Agreement



- Make disbursements from the Repair Reserve to any party other than the Borrower, except as permitted by Section 39.4(c)
- Require the Borrower to deposit funds into the Repair Reserve in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application
- Exercise the right of the lender under the Repair Reserve Agreement to perform any capital replacement
- Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any repair
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Repair Reserve upon the Borrower's default
- Approve any modifications to the Repair Agreement except as permitted by Section 39.4(b)(2)

39.5 Priority Repairs and Replacement Reserve Servicing for SBL Mortgages with Loan Agreement forms dated after 11-02-2015 ~~(02/22/24)~~ or before 07-30-2024 (08/15/24)

This Section 39.5 applies to all SBL Mortgages with Loan Agreement forms with revision dates after 11-02-2015: or before 7-30-24. See Section 39.4 for all SBL Mortgages with Loan Agreement forms with revision dates on or before 11-02-2015 or on or after 7-30-2024.

a. Monitoring and completion of Priority Repairs ~~(02/22/24)~~08/15/24

In conjunction with the first annual property inspection and all subsequent property inspections, the Servicer must determine whether the Borrower has completed the Priority Repairs (including PR-90 Repairs) listed on Form 1104, SBL Physical Risk Report.

Freddie Mac will create ~~a single~~ Loan Item Tracking (LIT) ~~entry~~entries in PRS that ~~captures all of~~capture the Priority Repairs ~~(to include and~~ PR-90 Repairs) identified on ~~Form 1104, SBL Physical Risk Report~~Form 1104. Within 30 calendar days of deeming any Priority Repair or PR-90 Repair item to be complete, the Servicer must update the respective PRS LIT accordingly.

If the Servicer determines that any Priority Repair (including PR-90 Repairs) has not been completed, the Servicer must issue a notification to the Borrower documenting the outstanding Priority Repair and refer the Borrower to its obligation under the Loan Agreement to complete the identified Priority Repair. If the Borrower does not respond within 30 calendar days following such Servicer notification or if the Borrower timely responds but does not provide a satisfactory Priority Repair action plan, Freddie Mac requires the Servicer to issue a "reservation of rights" letter as soon as possible, and no later than 10 business days following such Borrower inaction. The Servicer must use the Notice of Default and Reservation of Rights (SBL) form. Within five Business Days of sending the "reservation of rights" letter to the Borrower, the Servicer must provide Freddie Mac a copy of the letter via email at MF_Surveillance@freddiemac.com and upload a copy to the Document Management System (DMS).



The Servicer must follow up and work closely with the Borrower on any outstanding Priority Repair items ~~at the next scheduled inspection, unless the incomplete repairs include and any other~~ Life Safety Hazards. ~~If any remaining Priority Repair is a Life Safety Hazard, the Servicer must work closely with the Borrower until the Life Safety Hazard is~~ until they are remediated or resolved.

The Servicer must cause a qualified engineer to certify that repairs have been completed in a good and workmanlike manner when any one of the following conditions is present:

- The repair, if improperly done, might contribute to material failure of any building component and/or the physical deterioration of the facility
- The repair is a structural repair
- The repair consists of a repair to a major building system (for example, electrical, mechanical, fire protection, etc.)

The engineer must meet or exceed the qualification requirements in Section 62SBL.17. If the Servicer does not have a qualified engineer on staff, the Servicer must retain a qualified third-party engineer. When the scope of work requires specialized knowledge to verify completion and quality, the Servicer must retain an engineer with appropriate expertise.

The Servicer must maintain supporting documentation in the Mortgage File for each completed repair, including:

- A list of the items that have been completed,
- Color photographs documenting the completed repairs,
- The final completion date, and
- The engineer's certification, when required, that repairs have been completed in a good and workmanlike manner

b. Reserved (10/14/16)

c. Disbursement from Replacement Reserve Fund for Priority Repairs (10/14/16)

The Servicer must review all estimates or contracts from contractors to determine that the bid amount for each repair is reasonable. The Servicer also must ensure that the bid price is reasonably sufficient to pay for all necessary labor and materials to be performed or supplied by that contractor. The Mortgage File retained by the Servicer must include all estimates and contracts.

Unless otherwise specified by Freddie Mac, the Servicer will be responsible for authorizing disbursements from the Replacement Reserve and for documenting that all repairs are completed satisfactorily. If the Borrower has met all of the conditions for disbursement, then the Servicer may make the requested disbursement to

- The Borrower, if the Borrower has submitted evidence that the work for which disbursement is requested has been fully paid for by the Borrower. This evidence must



be in the form of lien waivers, copies of canceled checks, receipts or invoices that are in the amount of the disbursement request and that are marked "paid."

- The Borrower and the contractor or vendor jointly, if the Borrower has not submitted evidence that the work has been paid for in full.

d. Reserved (10/14/16)

e. Prohibited actions by the Servicer (10/14/16)

The Servicer may not take any of the following actions with respect to the Replacement Reserve Fund without Freddie Mac's prior written consent:

- Charge a fee for establishing the Replacement Reserve Fund
- Charge a fee in excess of the amount set forth in Exhibit 10 (excluding travel and other reasonable expenses) for each inspection of the Property under the Loan Agreement
- Make disbursements from the Replacement Reserve Fund to any party other than the Borrower, except as permitted by Section 39.5(c)
- Require the Borrower to deposit funds into the Replacement Reserve Fund in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application
- Exercise the right of the lender under the Loan Agreement to perform any capital replacement
- Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any Capital Replacement or repair
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Replacement Reserve Fund upon the Borrower's default

39.6 Replacement Reserve Servicing (06/13/24)

For the purposes of this chapter, the term "Replacement Reserve Agreement" means any Replacement Reserve Agreement, Replacement Reserve Rider to Loan Agreement, or other Loan Document establishing a Replacement Reserve, including the Loan Agreement.

a. Funded Replacement Reserves (06/13/24)

The Servicer is responsible for authorizing releases from the Replacement Reserve and for obtaining from the Borrower copies of canceled checks, bills, receipts or invoices that are in the amount of the disbursement request and that are marked "paid" and if required by Seller/Servicer, valid lien waivers. The Seller/Servicer must also document that all capital replacements are completed satisfactorily, including exercising the right of the lender under the Replacement Reserve Agreement to hire an engineer to certify that the capital replacements have been completed in a good and workmanlike manner.

**b. Disbursements for additional capital replacement items (07/01/14)****1. Mortgages for which the Servicer is permitted to approve additional disbursements**

During any period in which Freddie Mac owns the Mortgage, the Servicer may approve a disbursement for certain capital replacement items not specifically listed in the Replacement Reserve Agreement unless one of the following applies:

- The Mortgage was originated on a Note labeled “CME”
- The Mortgage was originated on a Note with a revision date on or after March 1, 2014
- The Servicer has received notification from Freddie Mac that the Mortgage has been designated for inclusion in a Securitization
- The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt or taxable Multifamily bond securitization

2. Types of additional disbursements the Servicer may approve

Subject to the limitations in this Section 39.6(b), the Servicer may authorize a disbursement for certain capital replacement items not specifically listed in the Replacement Reserve Agreement. The only permissible additional items are as follows:

- a. A capital replacement item which was identified and made part of the projected expenditures in the property condition report
- b. A capital replacement item that the Servicer reasonably determines is critical to the continued operation of the Property (“critical replacement”), if each of the following conditions is satisfied:
 - i. The Servicer has determined that the Property’s cash flow is insufficient to cover the cost of the critical replacement, and has taken one of the following actions:
 - Confirmed that Replacement Reserve balances and projections are reasonably adequate to cover future disbursements for capital replacements listed in the Replacement Reserve Agreement, or
 - Required the Borrower to amend the Replacement Reserve Agreement to increase the amount of future monthly deposits to cover the original capital replacements as well as the critical replacement, if the Servicer has determined that the disbursement for the critical replacement will cause the amount of the Replacement Reserve to fall below an adequate level. The Servicer must prepare the applicable amendment and submit it to Freddie Mac for its review, approval and signature.
 - ii. The Servicer must retain supporting documentation and copies of its approvals in the Mortgage File for all disbursements made pursuant to Section 39.6(b)(2).



- c. The Servicer may only authorize a disbursement for a critical replacement described in Section 39.6(b)(2) when all of the following additional conditions are met:
- The Property secures a Mortgage that has a Risk Rating of six or less and is not in default.
 - The disbursement is for capital replacement items that are upgrades which add value to and prevent an adverse condition at the Property.
 - A supervisor or higher-level manager on the Servicer's staff has approved the disbursement for the additional capital replacement items.
 - No credit enhancement has been provided by any person or entity that is not a party to the Mortgage.

If any one or more of the conditions described in this Section 39.6(b)(1) or (2) is not met, the Servicer must seek Freddie Mac's approval, as described in Section 39.6(b)(2)(d) below.

- d. Freddie Mac approval is required for any Replacement Reserve disbursement request for any capital replacement item that is not specifically listed in the Replacement Reserve Agreement nor permitted under Section 39.6(b)(1) or (2) (a) – (c). For all such disbursement requests, the Servicer must electronically deliver to Freddie Mac a written request for such modification using the General Servicing Request, available via mf.freddiemac.com, attaching any necessary supporting documentation.

c. Requiring a Borrower to fund an unfunded Replacement Reserve (05/01/14)

If the Replacement Reserve Agreement did not require immediate monthly funding of the Replacement Reserve, the Agreement may nonetheless require the Borrower to begin to make deposits to the Replacement Reserve upon the occurrence of certain conditions specified in the agreement. The Servicer must consult with Freddie Mac upon the occurrence of any of the specified conditions and must require the Borrower to commence funding of the Replacement Reserve when specified by Freddie Mac. Within 10 days following funding of the Replacement Reserve, the Servicer must deliver to Freddie Mac an original of one of the following forms, as applicable, executed on behalf of the institution that maintains the Replacement Reserve Custodial Account:

- If the Custodial Account for the Replacement Reserve is held by an institution other than the Servicer, Form 1058, Letter Agreement for Servicer's Reserve Custodial Account
- If the Custodial Account for the Replacement Reserve is held by the Servicer, Form 1060, Letter Agreement for Reserve Custodial Account

d. Unfunded Replacement Reserves with required capital expenditures (04/30/19)

If the Borrower is required to spend a minimum or specified amount on capital expenditures annually, or an average amount per year over a specified period of time, and a Replacement Reserve Custodial Account is not in place, the Servicer must monitor compliance with the expenditure requirements in accordance with the Replacement Reserve Agreement and



may accept either of the following items as evidence of compliance:

- An operating statement for the reporting period, certified by the Borrower, that includes sufficient details to confirm the capital expenditures were made, or
- An itemized list, certified by the Borrower, of capital expenditures for the reporting period identifying the item, cost for the item, and total paid for capital expenditures for the period.

The Servicer must monitor the capital expenditures in accordance with the Replacement Reserve Agreement. If the Servicer determines the Borrower is not in compliance with the capital expenditure requirements, the Servicer must work with the Borrower to resolve the noncompliance. The Servicer must notify Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* if any of the following conditions is present:

- The Property secures a Mortgage that has a Risk Rating greater than six or is in default
- The Property condition had a rating of
 - Less than Average on the Freddie Mac rating scale, if the last inspection took place before 2012, or
 - Four or five if the last inspection took place in 2012 or later
- There are significant outstanding Deferred Maintenance issues, or the Borrower is out of compliance in an amount that exceeds 20% of the required expenditures
- There are additional investors who have provided credit enhancements (other than those provided by a Seller/Servicer, Borrower, or Affiliates of the Borrower)
- The Mortgage backs a Freddie Mac Multifamily Participation Certificate or a Freddie Mac tax-exempt (or taxable) Multifamily bond securitization

e. Prohibited actions by the Servicer (09/18/14)

The Servicer may not take any of the following actions with respect to the Replacement Reserve without Freddie Mac's prior written consent:

1. Charge a one-time fee in excess of the amount set forth in Exhibit 10 for establishing the Replacement Reserve
2. Charge a fee in excess of the amount set forth in Exhibit 10 (excluding travel and other reasonable expenses) for each inspection of the Property under the Replacement Reserve Agreement
3. Make disbursements from the Replacement Reserve to any party other than the Borrower
4. Require the Borrower to deposit funds into the Replacement Reserve in excess of the deposits required pursuant to Freddie Mac's Letter of Commitment or early rate-lock application, except as authorized under Section 39.6(b)



5. Exercise the right of the lender under the Replacement Reserve Agreement to perform any capital replacement
6. Enter into any contract in its own or the Borrower's name, incur any indebtedness or advance its own funds to perform or complete any capital replacement
7. Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply to the indebtedness any amounts on deposit in the Replacement Reserve upon the Borrower's default

f. Mortgages with terms longer than 10 years (12/12/14)

For a Mortgage with a loan term longer than 10 years, the Replacement Reserve requirements in the Loan Documents may provide that the lender may adjust the Replacement Reserve amount following receipt of an updated property condition report. If the Loan Documents provide for such an adjustment, then on the 10th anniversary of the Origination Date of the Mortgage, the Servicer must conduct a re-evaluation of the adequacy of the Replacement Reserve.

If the Loan Documents permit the lender to adjust the Replacement Reserve amount, then the Servicer must take one of the following actions:

- If the Loan Documents provide that the lender may obtain a property condition report and either charge the cost to the Borrower or deduct the cost from the Replacement Reserve Fund, then the Servicer must obtain an updated property condition report conducted in accordance with the requirements of Chapter 62.
- If the Loan Documents do not contain a provision authorizing the lender to obtain a property condition report at the Borrower's expense, then the Servicer must conduct a property inspection in accordance with the requirements of Chapter 40 for annual inspections; however, third-party fee inspectors are not permitted.

Within 15 days following receipt of the updated property condition report or property inspection, as applicable, the Servicer must electronically submit a recommendation on the General Servicing Request to Freddie Mac regarding the need for adjustments to the Replacement Reserve amount.

Unless the Loan Documents provide otherwise, the Servicer must deduct from the Replacement Reserve Fund an amount sufficient to pay all reasonable fees and expenses charged by the property condition consultant or Servicer.

39.7 Rental achievement Reserve Servicing (09/18/14)

For the purposes of this section, any Property performance achievement agreement, such as a rental achievement guaranty, a Rental Achievement Escrow Agreement – Cash or Rental Achievement Agreement – Letter of Credit, or Rental Achievement Rider to Loan Agreement which a Borrower or Guarantor has executed with respect to a Mortgage, will be referred to as a “rental achievement agreement”.



If a rental achievement agreement exists with respect to the Property, the Servicer must require the Borrower to establish any required Reserve or post any required letter of credit within the time and in the amount specified by Freddie Mac. A rental achievement guaranty executed in connection with the Mortgage may include rental achievement provisions tied to a reduction in the amount of the base guaranty or other provisions. See Section 11.2 for the Seller/Servicer's obligations with respect to the approval and monitoring of Letters of Credit.

a. Monitoring of Property performance; requests for release or reduction of Reserve funds (09/18/14)

The Servicer must monitor the performance of the Property under the terms of the rental achievement agreement. If the Borrower or Guarantor submits a request for release of the Reserve or letter of credit, or a reduction in the base guaranty, the Servicer must:

- Collect all data required to analyze the request under the terms of the applicable document
- Review and analyze the data
- Submit the data and the Servicer's written recommendation with respect to the request to Freddie Mac electronically, using the Release/Extension of Monetary Collateral Request, available via mf.freddiemac.com, and attaching any necessary supporting documentation

If the rental achievement agreement includes an earn-out expiration date, the Servicer must monitor the earn-out expiration date, and must contact Freddie Mac, via email at least 30 days prior to the earn-out expiration date, providing the Servicer's discussion of the Property's performance in relation to the performance standard. In the email, the Servicer must advise Freddie Mac whether:

- The Servicer expects the Property to meet the performance standard prior to the earn-out expiration date,
- The Borrower or Guarantor is likely to request an extension of the earn-out expiration date, and
- The Servicer recommends any action by Freddie Mac.

b. Extension of earn-out expiration date (09/18/14)

If the Borrower or Guarantor requests an extension of the earn-out expiration date, the Servicer must advise the Borrower or Guarantor in writing that Freddie Mac is under no obligation to consider or agree to such a request. If Freddie Mac does agree to an extension, it may charge a fee as set forth in Exhibit 10.

The Servicer must submit any request for an extension of the earn-out expiration date to Freddie Mac electronically. The request must include all of the following:

- A determination of the performance of the Property with respect to the applicable performance standard



- The Servicer's assessment of the likelihood that the Property will meet the performance standard within the extended time requested
- An explanation from the Borrower or Guarantor of the reasons that the Property will not meet the performance standard by the earn-out expiration date
- The Servicer's recommendation regarding the extension request

c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/31/12)

If Freddie Mac approves the addition, release or reduction of the Reserve or letter of credit, or a substitution of collateral, then the Servicer must notify Freddie Mac by email within one Business Day after the completion of the addition, release, reduction or substitution. The Servicer must electronically deliver to Freddie Mac any background documentation regarding the addition, release, reduction or substitution.

d. Failure of Property to meet performance standard; application of collateral (10/31/12)

If the earn-out expiration date passes and the Borrower or Guarantor, as applicable, has not demonstrated that the Property has met the performance standard specified in the rental achievement agreement, then

- Freddie Mac may elect to apply the Reserve or the proceeds of the letter of credit to reduce the outstanding principal balance due under the Note, or to make a claim against the Guarantor, as applicable. If Freddie Mac determines to take such action, it will advise the Servicer in writing and direct the Servicer to take the action necessary to implement Freddie Mac's decision.
- Unless and until Freddie Mac elects to take any action described above, the Servicer must maintain the Reserve or letter of credit, as applicable, and any guaranty will remain in place.

e. Prohibited actions by the Servicer (10/31/12)

Without Freddie Mac's written approval, the Servicer may not:

- Take any action to reduce the amount of or release the Rental Achievement Reserve or letter of credit
- Extend any earn-out expiration date specified in the applicable agreement
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply any Reserve or letter of credit proceeds
- Otherwise amend the terms of the applicable agreement



39.8 Special Purpose Reserve Servicing (10/14/16)

If the Loan Agreement for a Mortgage requires a Special Purpose Reserve, the Servicer must require the Borrower to establish the Reserve within the time and in the amount specified by Freddie Mac.

a. Monitoring of Property performance; requests for release or reduction of Reserve funds (10/14/16)

The Servicer must monitor the performance of the Property under the terms of the Loan Agreement relative to the Special Purpose Reserve. If the Borrower submits a request for release of the Reserve, the Servicer must

- Collect all data required to analyze the request under the terms of the Loan Agreement
- Review and analyze the data
- Submit the data and the Servicer's written recommendation with respect to the request to Freddie Mac electronically, using the Release/Extension of Monetary Collateral Request, available via mf.freddiemac.com, and attaching any necessary supporting documentation

b. Extension of termination date (10/14/16)

If the Borrower requests an extension of the termination date for the Special Purpose Reserve, the Servicer must advise the Borrower in writing that Freddie Mac is under no obligation to consider or agree to such a request.

The Servicer must submit any request for an extension of the termination date to Freddie Mac electronically. The request must include all of the following:

- A determination of the performance of the Property with respect to the applicable performance standard
- The Servicer's assessment of the likelihood that the Property will meet the performance standard within the extended time requested
- An explanation from the Borrower of the reasons that the Property will not meet the performance standard by the termination date
- The Servicer's recommendation regarding the extension request

c. Servicer's notice to Freddie Mac following approved addition, release, reduction or substitution of the Reserve or letter of credit (10/14/16)

If Freddie Mac approves the addition, release or reduction of the Reserve, then the Servicer must notify Freddie Mac by email within one Business Day after the completion of the addition, release, or reduction. The Servicer must electronically deliver to Freddie Mac any background documentation regarding the addition, release, or reduction.

**d. Failure of Property to meet performance standard; application of collateral (10/14/16)**

If the termination date passes and the Borrower has not demonstrated that the Property has met the performance standard specified in the Loan Agreement for the release of the Special Purpose Reserve, then

- Unless prohibited by the Loan Agreement, Freddie Mac may elect to apply the Reserve to reduce the outstanding principal balance due under the Note. If Freddie Mac determines to take such action, it will advise the Servicer in writing and direct the Servicer to take the action necessary to implement Freddie Mac's decision.
- Unless and until Freddie Mac elects to take the action described above, the Servicer must maintain the Reserve.

e. Prohibited actions by the Servicer (10/14/16)

Without Freddie Mac's written approval, the Servicer may not:

- Take any action to reduce the amount of or release the Special Purpose Reserve
- Extend any termination date specified in the applicable agreement
- Exercise any of Freddie Mac's rights or remedies or disburse or otherwise apply any Reserve
- Otherwise amend the terms of the applicable agreement

39.9 Servicing Moderate Rehabilitation (Mod Rehab) Mortgages (12/15/22)

Capitalized terms used but not defined in this section have the meanings given to them in Section 17.4(a).

During the Interim Phase of a Mod Rehab Mortgage the Servicer disburses funds periodically at the request of the Borrower to reimburse renovation expenses; this disbursement is subject to holdbacks as identified in the Disbursement Agreement. The Servicer must disburse draws only upon receipt of documentation sufficient to indicate that the renovation work has been properly completed. A general overview of the draw process is as follows:

- To initiate the disbursement of funds, the Borrower submits a Disbursement Request to the Servicer.
- The Servicer requests that the Architectural Consultant inspect the Property.
- Based on the Architectural Consultant's inspection, the Servicer's review of the Borrower's Disbursement Request, and confirmation that the Mortgage meets the performance metrics as identified in the Disbursement Agreement, the Servicer sends a Disbursement Certification to Freddie Mac.
- Upon receipt of the funds from Freddie Mac, the Servicer forwards the funds to the Borrower.



- The Servicer submits the completed draw package described below to Freddie Mac within five Business Days after the Servicer submits the Disbursement Certification.

The Servicer may not submit a subsequent Disbursement Certificate or draw package to Freddie Mac unless Freddie Mac has approved the previous draw package.

The Borrower's responsibilities are found in the Disbursement Agreement and the Servicer's responsibilities are found in the Disbursement Servicing Agreement, each of which is executed at loan origination.

a. Servicer responsibilities (12/15/22)

As more fully detailed in the Disbursement Servicing Agreement, the Servicer must:

- Evaluate each Disbursement Request from the Borrower (which consists of fully executed AIA Forms G702 and G703, or their equivalent) to confirm that work was adequately completed and properly represented by the request
- Review construction monitoring reports for accuracy, completeness and compliance with Section 63.4
- Review all change orders to ensure that revisions do not impact the scope or quality of renovations and to ensure that sufficient funds remain to complete the project
- Confirm that the Property has met any performance metric requirement set forth in the Disbursement Servicing Agreement, typically related to net rental income
- Submit a Disbursement Certification (the form of which is attached as an exhibit to the Disbursement Servicing Agreement) to mfla@FreddieMac.com and MF_PhysicalRisk@FreddieMac.com upon verification of the request
- Within five Business Days after submitting the Disbursement Certification, submit the completed draw package to MF_PhysicalRisk@FreddieMac.com. The draw package must include the following:
 - A cover letter that summarizes
 - Disbursement Request (including AIA Forms G702/G703 or their equivalent)
 - Budget status
 - Renovation progress
 - Construction monitoring report
 - Status of the performance metric(s)
 - Copy of the Disbursement Certification
 - Title update



- Construction monitoring report meeting the requirements of Section 63.4
- Current rent roll
- Promptly upon receipt of the disbursement funds from Freddie Mac, and no more than 10 Business Days after receipt of the Disbursement Request, make the requested disbursement to the Borrower

b. Draw calculation (05/05/17)

Projects are generally subject to a funding source split between Freddie Mac and Borrower equity. Additionally, the full portion of each draw funded by Freddie Mac is subject to a retainage. The amounts of the Freddie Mac/Borrower equity split, and retainage are detailed in the Disbursement Agreement. The amount shown in the Disbursement Certification must reflect the amount owed to the Borrower, net of the equity portion and the retainage.

Sample Draw Calculation

- The Borrower submits a Disbursement Request in the amount of \$1,300,000
- The Servicer confirms that the amount requested is appropriate and submits the Disbursement Certification to Freddie Mac. The amount submitted to Freddie Mac is the amount requested in the Disbursement Request less the Borrower's equity share of 20 percent and the retainage amount of five percent:
 - Borrower equity is subtracted first: $\$1,300,000 \text{ less } (1,300,000 * 0.20) = 1,040,000$
 - Retainage of five percent is then subtracted: $\$1,040,000 \text{ less } (1,040,000 * 0.05) = \$988,000$
- The Servicer's Disbursement Certification requests the net amount of \$988,000 for funding by Freddie Mac

c. Release of retainage and holdback amounts (05/05/17)

Upon substantial completion of the renovation project and Borrower submission to the Servicer of the documentation outlined in the Disbursement Agreement, Freddie Mac will release to the Servicer the retainage amount, less a \$250,000 holdback.

Upon final completion of the renovation project, including completion of all remaining punch list items, and Borrower submission to the Servicer of final documentation outlined in the Disbursement Agreement, Freddie Mac will release to the Servicer the final \$250,000 holdback balance.

39.10 Servicing a Mortgage with a Green Up® or a Green Up Plus® loan option (02/28/19)

Capitalized terms used but not defined in this section have the meanings given to them in the Glossary.

Green Improvements are treated as repairs. Funds earmarked for Green Improvements are included in the Repair Reserve, and the requirements of Sections 39.1 and 39.3 apply. The



Servicer must monitor and report on Green Improvements in accordance with the requirements of Section 39.4.

a. Benchmarking Metrics (02/28/19)

As a requirement for a Green Up® or Green Up Plus® loan option, the Benchmarking Data Consultant must collect, input and monitor the energy and water usage for the Property in Portfolio Manager®, the online tool located on the ENERGY STAR® website of the EPA, to provide Benchmarking Metrics to Freddie Mac.

The Borrower, through the Benchmarking Data Consultant, will be required under the Loan Documents to provide Benchmarking Metrics generated through Portfolio Manager for the Property. The Benchmarking Metrics include:

- ENERGY STAR® Score
- Energy Use Intensity
- EPA 1-100 Water Score
- Water Use Intensity

Freddie Mac will monitor submission of the Benchmarking Metrics through Portfolio Manager and will notify the Servicer of any metrics not received by the date specified in the Loan Agreement. The Servicer must then contact the Borrower and request that the Borrower, through the Benchmarking Data Consultant submit the required Benchmarking Metrics.

The benchmarking process is as follows:

- The Borrower sets up an account in Portfolio Manager
- The Servicer assists the Borrower in gaining access to the information to be inputted for the Property by the Green Consultant in Portfolio Manager
- The Benchmarking Data Consultant inputs on-going Property consumption data into Portfolio Manager
- The Borrower, through the Benchmarking Data Consultant, submits the annual Benchmarking Metrics to Freddie Mac via Portfolio Manager

The responsibilities of the Borrower, Benchmarking Data Consultant and the Servicer, with respect to the on-going benchmarking process, are found in the Green Improvements Rider attached to the Loan Agreement.

b. Borrower, Green Consultant and Benchmarking Data Consultant Access to Portfolio Manager (02/28/19)

In accordance with Section 65.2, the Green Consultant must input historical Property energy and water consumption information into Portfolio Manager. To enable the Borrower to gain access to the Property information in ENERGY STAR® Portfolio Manager®, the Servicer must:



- Ensure the Borrower has a Portfolio Manager account
- Provide the Borrower's Portfolio Manager user name, email and the name of the Property to the Green Consultant

The Green Consultant must send a connection request to the Borrower through Portfolio Manager. Once the Borrower accepts the connection request, the Green Consultant will share the Property information with the Borrower.

The Borrower will be responsible for ensuring the Benchmarking Data Consultant has access to the Property information in Portfolio Manager to begin inputting energy and water consumption usage in accordance with the timeframes provided in the Loan Agreement.

Prior to the Origination Date, the Seller/Servicer must follow up with:

- The Borrower and the Green Consultant to ensure that the Borrower has access to the Property information which has been inputted by the Green Consultant in Portfolio Manager and
- The Borrower to confirm that the Benchmarking Data Consultant has been given access to the Property information in Portfolio Manager and is able to input energy and water consumption usage

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:28:03 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 39 - Admin of Reserves; Monitoring Repairs GB-06-13-24.docx	
Modified filename: 39 - Admin of Reserves; Monitoring Repairs GB-08-15-24.docx	
Changes:	
<u>Add</u>	28
Delete	22
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	50



- 40.1 General information regarding assessments and other post-purchase reporting (10/19/23)
 - a. General information regarding assessments (10/19/23)
 - b. Additional Seller/Service post-purchase reporting for Mortgages purchased for Securitization (03/03/17)
 - c. Additional reporting requirements for Special Product Type Mortgages including SBL Mortgages (03/03/17)
- 40.2 Types of assessments and timing of assessments (10/19/23)
 - a. Types of assessments (10/19/23)
 - b. Conditions requiring an assessment and timing of assessments (12/16/21)
 - c. Requesting an adjustment of the Annual Financial due date (04/30/19)
 - d. Reporting to senior Mortgage servicers (03/03/17)
- 40.3 Completing and submitting the Annual Financial (04/27/18)
 - a. Source documents for the Annual Financial (03/03/17)
 - b. Completing the Annual Financial (04/27/18)
 - c. Submitting the Annual Financial (04/27/18)
- 40.4 Completing and submitting the Quarterly Financial (04/27/18)
 - a. Source documents for the Quarterly Financial (03/03/17)
 - b. Completing the Quarterly Financial (04/27/18)
 - c. Submitting the Quarterly Financial (12/14/17)
- 40.5 Completing and submitting the Mid-Year Rent Schedule (04/27/18)
 - a. Source documents for the Mid-Year Rent Schedule (04/27/18)
 - b. Submitting the Mid-Year Rent Schedule (04/27/18)
- 40.6 Completing and submitting the Loan Management Form (LMF) (10/19/23)
 - a. Evaluating the Mortgage and determining whether an LMF is required (10/19/23)
 - b. Completing and submitting the LMF (04/30/15)
 - c. Timing of submission of the LMF (10/19/23)
- 40.7 ~~Conducting the inspection of the Property (06/13/24)~~Conducting the inspection of the Property (08/15/24)
 - a. ~~Unit inspection requirements and minimum number of units to inspect (09/30/20)~~Unit inspection requirements and minimum number of units to inspect (08/15/24)
 - b. Requirements for photographs (10/14/16)
 - c. Guidance for photographs (12/12/14)
 - d. Assessing the physical condition of the Property and any risk issues (06/13/24)
 - e. Assessing moisture or Mold issues during the inspection (02/28/19)
 - f. Assessing the property management company (12/12/14)
 - g. Assessing the neighborhood, adjoining land uses and any changes to submarkets impacting the occupancy or performance of the Property (12/12/14)



- 40.8 Timing of the property inspection and the inspection report (10/19/23)
- 40.9 Completing and submitting the inspection; retention of inspection documentation (04/27/18)
- 40.10 Late, incomplete or unacceptable assessments; penalties and enforcement (06/13/24)
- 40.11 Obligation to review and verify the General Loan Information (02/18/21)
- 40.12 Freddie Mac's rights (12/12/14)
- 40.13 Inspector requirements (10/19/23)
 - a. General inspector requirements for all Mortgages (06/25/20)
 - b. Specific inspector requirements (10/19/23)
 - c. Waiver of inspector requirements (03/03/17)
 - d. Guidance for a quality control program for staff inspectors (12/12/14)
 - e. Servicer conflicts of interest and required independent inspections (06/25/20)
- 40.14 Third-party fee inspector company requirements (06/25/20)
 - a. Restrictions on the use of a third-party fee inspector company (06/25/20)
 - b. FIC acceptability (05/31/12)
- 40.15 Additional Seller/Servicer reporting requirements for non-SBL Mortgages prior to Securitization (04/30/19)
- 40.16 Reporting for Special Product Type Mortgages (04/14/22)
 - a. SBL Mortgages (03/03/17)
 - b. Value-Add Mortgages (09/30/20)
 - c. Mortgages secured by Properties deemed unstabilized by Freddie Mac (06/27/19)
 - d. Mod Rehab Mortgages (05/05/17)
 - e. MHC Mortgages with MHC Tenant Protections (04/14/22)
- 40.17 Mortgages with Rent Restrictions Rider to the Loan Agreement – reporting requirements (04/13/23)



40.1 General information regarding assessments and other post-purchase reporting (10/19/23)

a. General information regarding assessments (10/19/23)

Freddie Mac requires the Servicer to perform periodic assessments of each Property to assist Freddie Mac in preventing Mortgage defaults and losses through the early detection and resolution of concerns about a Mortgage.

The Servicer must complete the assessment in a sufficiently detailed manner to provide a framework for Freddie Mac to monitor the performance of the Mortgage. The Servicer must complete all sections of each assessment using the best information available. If the Servicer is unable to accurately complete any section or obtain any required document, the Servicer must provide a satisfactory explanation for the incomplete section or missing document with the assessment submission.

To accomplish competently the objectives of each assessment, the Servicer must employ experienced and trained personnel. Minimum training and experience requirements for all inspectors are set forth in Section 40.13. Section 40.14 sets forth training and experience requirements for the employees and contractors of a fee inspector company (FIC). The Servicer is responsible for the completed assessment submission regardless of who performed the inspection and will be held responsible for material mistakes, misrepresentations or omissions in the assessment submission as outlined in Section 40.10.

b. Additional Seller/Servicer post-purchase reporting for Mortgages purchased for Securitization (03/03/17)

For Mortgages purchased for Securitization, the Seller/Servicer must provide additional reporting prior to Securitization. These requirements are outlined in Section 40.15.

c. Additional reporting requirements for Special Product Type Mortgages including SBL Mortgages (03/03/17)

Special Product Type Mortgages, including SBL Mortgages, have additional or different reporting requirements, as outlined in Section 40.16. Except as provided in Section 40.16, Special Product Type Mortgages are subject to all of the requirements of this chapter.

40.2 Types of assessments and timing of assessments (10/19/23)

a. Types of assessments (10/19/23)

During any period in which Freddie Mac holds a Mortgage, Freddie Mac requires the following:

1. The Annual Financial is a year-end operating statement analysis in which the Servicer reviews the Property's financial condition for the most recent calendar year to identify any risks associated with the Property's financial performance. The Annual Financial includes an analysis of the Property's financial condition, the historical performance of the Mortgage and other pertinent data related to the Mortgage. Section 40.2(b) describes the use and timing of the Annual Financial submissions:



- A-CREFC-MF prepared for multifamily loans in accordance with the Commercial Real Estate Financial Council Investor Reporting Package (CREFC IRP)
- A-CREFC-HC prepared for multifamily healthcare/Seniors Housing loans in accordance with the CREFC IRP

Annual Financial interest rate cap/derivative income and expense reporting for Floating-Rate Mortgages: Notwithstanding anything to the contrary contained in the CREFC IRP, any payments (income) received pursuant to interest rate caps or other derivatives must be excluded from “other income.” Any expenses related to replacement interest rate caps or other derivatives must be excluded from “other expenses.” Accordingly, the reported debt service must reflect the sum of uncapped interest, principal and replacement rate cap escrow amounts less any income received from interest rate caps or other derivatives.

2. The Quarterly Financial is a quarterly submission in which the Servicer reviews the Property’s financial condition for the most recent quarter to identify any risks associated with the Property’s financial performance. Section 40.2(b) describes the use and the timing of the Q-CREFC submissions; Section 40.16 provides additional Quarterly Financial instructions for Special Project Type Mortgages.
 - Q-CREFC-MF prepared for multifamily loans in accordance with the CREFC IRP
 - Q-CREFC-HC prepared for multifamily healthcare/Seniors Housing loans in accordance with the CREFC IRP

Quarterly Financial interest rate cap/derivative income and expense reporting for Floating-Rate Mortgages: Same as Annual Financial reporting. See final paragraph of Section 40.2(a)(1) above.

3. A Mid-Year Rent Schedule is required for any SBL Mortgage originated on a Loan Agreement with a revision date on or after 11/08/2016. For the purposes of this Chapter 40, the Mid-Year Rent Schedule consists of a rent roll dated within five calendar days of the end of the second calendar quarter (or the end of the second quarter of the Borrower’s fiscal year if the Borrower has adopted fiscal year financial reporting).

The Servicer must submit the Mid-Year Rent Schedule and the following three data elements via the Property Reporting System (PRS) by August 31 of each year:

- The effective date of the rent schedule date
 - The physical occupancy percentage
 - The total actual rent for each loan in PRS (total actual rent received for occupied units; no income should be counted for vacant units).
4. The Loan Management Form (LMF) is an analysis of the Borrower’s compliance with the Loan Documents intended to highlight any potential problems associated with the Borrower or the loan.

Beginning with 2024 submissions, Freddie Mac will automatically add LMFs for every portfolio loan in PRS with a due date of 12/31 of that year. If at any time during the year the

Servicer is made aware of any condition that merits reporting per Section 40.6(a), the Servicer must complete the LMF assessment and submit it via PRS. If there is a subsequent event that requires notification per Section 40.6(a), the Servicer must provide notification of the subsequent event by sending an email to MF_Surveillance@freddiemac.com. Each December, the Servicer must evaluate all loans that have an LMF with a “Due” status and submit the remaining LMFs for their portfolio(s). The Servicer may use the bulk LMF assessment submission for multiple submissions.

5. For purposes of this chapter only, rent roll shall mean a document certified by the Borrower that contains the following key data points:
 - a. Tenant name
 - b. Unit number or some other physical identification point
 - c. Contract rent
 - d. Lease start date
 - e. Lease end date
 - f. Commercial units, where applicable
 - g. Market rent (required for vacant units, as available for occupied units)
 - h. Subsidy amount (if any), as available
 - i. Past due balance (if any), as available
 - j. Additional fees or charges (i.e., pet, utilities, etc.), as available
 - k. Unit type, name or description, as available
 - l. Unit size, as available
6. The property inspection report is prepared after the physical inspection of the Property and documents the condition of the Property. When used in this chapter, the term “property inspection report” refers to either:
 - The Annual Inspection Form (AIF), which applies during any period in which Freddie Mac holds the Mortgage, or
 - The MBA Property Inspection Form, for securitized loans.

The AIF uses the same format as the MBA Property Inspection Form, but the Servicer must submit it to Freddie Mac via the Property Reporting System (PRS).

For all types of assessments, the Servicer must use the appropriate version of the form to complete the assessment. In completing the assessment, the Servicer must provide information addressing all of the issues set forth in this chapter. For any assessment issue that does not have a corresponding field in the applicable form, the Servicer must provide a response in the comments section of the form. All assessments must be submitted to Freddie Mac via the Property Reporting System (PRS). If a Servicer discovers that an assessment has not been submitted as required by the chart below, the Servicer must contact Freddie Mac at MF_Asset_Perf@freddiemac.com with details about the loan and assessment.

b. Conditions requiring an assessment and timing of assessments (10/19/23)

Beginning with the Quarterly Financial Submissions for second quarter 2017, the QIE assessment format will no longer be in use. The Q-CREFC-MF or Q-CREFC-HC, as applicable, will be required.



Beginning with the 2018 Annual Financial Submissions, the AIE assessment format will no longer be used. The A-CREFC-MF or A-CREFC-HC, as applicable, will be required.

Assessment Type	Conditions requiring an assessment	Timing of the Assessment
A-CREFC-MF or A-CREFC-HC, as applicable	A Mortgage with a UPB > \$250,000	<ul style="list-style-type: none"> March 31 – a Mortgage with a Risk Rating > 6, or a Special Product Type Mortgage specified in Section 40.16, except SBL Mortgages May 31 – all other Mortgages, including SBL Mortgages
Q-CREFC-MF or Q-CREFC-HC, as applicable, Non-SBL Mortgages	<ul style="list-style-type: none"> A Mortgage with a UPB > \$250,000 A Mortgage with an Origination Date on or after 01/01/2003 	<ul style="list-style-type: none"> May 31 (first quarter) – <ul style="list-style-type: none"> A Special Product Type Mortgage specified in Section 40.16, except SBL Mortgages A Mortgage with a Risk Rating > 6 August 31 (second quarter) November 30 (third quarter)
Q-CREFC-MF or Q-CREFC-HC, as applicable, SBL Mortgages	A Mortgage with a Risk Rating > 6 as of the applicable quarter-end	<ul style="list-style-type: none"> May 31 (first quarter) August 31 (second quarter) November 30 (third quarter)
Mid-Year Rent Schedule – SBL Mortgages	An SBL Mortgage originated on a Loan Agreement form with a revision date on or after 11/08/2016	<p>Within five calendar days of the end of the Borrower's second calendar quarter (or the end of the second quarter of the Borrower's fiscal year), Unless otherwise notified by Freddie Mac, August 31.</p> <p>See Section 40.2(a)(3).</p>

Assessment Type	Conditions requiring an assessment	Timing of the Assessment
LMF Applicable during any period in which Freddie Mac holds the Mortgage	<ul style="list-style-type: none"> • A Mortgage with a UPB > \$1 million, or • A Mortgage with a Risk Rating > 6, or • A Mortgage held by Freddie Mac and subordinate to a securitized loan, or • A Mortgage where the Servicer has specific concerns regarding the Borrower's compliance with the original Loan Documents 	<ul style="list-style-type: none"> • See Section 40.6(c).
Property inspection report – Non-SBL Mortgages	A Mortgage with a UPB ≤ \$2 million	<p>The calendar quarter end of the biennial anniversary of the Origination Date. Unless otherwise notified by Freddie Mac:</p> <ul style="list-style-type: none"> • March 31, • June 30, • September 30, or • December 31

Assessment Type	Conditions requiring an assessment	Timing of the Assessment
	<ul style="list-style-type: none"> • A Mortgage with a UPB > \$2 million, or • A Mortgage with a Risk Rating > 6, or • A Mortgage held by Freddie Mac and subordinate to a securitized loan 	<p>The calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac:</p> <ul style="list-style-type: none"> • March 31, • June 30, • September 30, or • December 31 <p>For a Mortgage with a Transfer of Ownership or subordinate financing, a property inspection report is due at the time of the transfer or subordinate financing.</p> <p>For a Mortgage with a tax lien, a property inspection report is due when the tax lien is filed.</p>
Property inspection report – Mod Rehab Mortgages	Mod Rehab Mortgage	<p>The calendar quarter end of the anniversary of the date of the post-construction analysis report. Unless otherwise notified by Freddie Mac:</p> <ul style="list-style-type: none"> • March 31, • June 30, • September 30, or • December 31

Assessment Type	Conditions requiring an assessment	Timing of the Assessment
Property inspection report – SBL Mortgages	A Mortgage with a Risk Rating ≤ 6	<p>First report will be due the calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac:</p> <ul style="list-style-type: none"> • March 31, • June 30, • September 30, or • December 31 <p>Thereafter, report will be due the calendar quarter end on the biennial anniversary of the Origination Date, unless otherwise notified by Freddie Mac</p>
	A Mortgage with a Risk Rating > 6	<p>The calendar quarter end of the annual anniversary of the Origination Date. Unless otherwise notified by Freddie Mac:</p> <ul style="list-style-type: none"> • March 31, • June 30, • September 30, or • December 31

Notes to above table:

- Subject to Section 40.12, Freddie Mac will not require a Servicer to prepare a Quarterly Financial for a Mortgage secured by a Property owned by a Cooperative.
- When submitting assessments for a Property owned by a Cooperative using the A-CREFC assessment format, the Servicer must complete the Excel® Co-op Assessment Supplemental Form and submit it via PRS. The form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.
- When submitting assessments for a Property securing a Bond Credit Enhancement Mortgage using the A-CREFC assessment format, the Servicer must complete the Excel® Bond ADS Supplemental Form and submit it via PRS (the Bond ADS Supplemental Form is not required for quarterly submissions). The form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.

Due dates for the submission of any assessment type may be otherwise specified in the Letter of Commitment, any Servicing Agreement, or by other written communication from Freddie Mac.

For any assessment submitted via PRS in connection with a securitized Mortgage for which Freddie Mac is the master servicer, the due date will be the earlier of the date specified in the applicable sub-servicing agreement or the date set forth in the above table.

For Mortgages with a Transfer of Ownership, subordinate financing, or a tax lien filing, an LMF and a property inspection report are not required if the Servicer has submitted an LMF and a property inspection report within the previous 180 days and the Servicer does not know of any material changes with respect to the condition of the Property or the Borrower's compliance with the Loan Documents.

c. Requesting an adjustment of the Annual Financial due date (04/30/19)

The Servicer may contact Freddie Mac *Multifamily Asset Management, Asset Performance and Compliance* via PRS to request an adjustment of the Annual Financial due date if:

- The Borrower's fiscal year end would prevent the Servicer from submitting the Annual Financial by June 30 or other date required by Freddie Mac.
- The Mortgage was for the acquisition of the Property, and the purchase occurred so late in the preceding calendar year that the number of months of data available for review would prevent the Servicer from making a meaningful evaluation.

d. Reporting to senior Mortgage servicers (03/03/17)

If the Servicer is reporting Annual Financial or Quarterly Financial information to Freddie Mac with respect to a Supplemental Mortgage related to one or more securitized senior lien Mortgages, the Servicer is authorized to provide that same information to the Servicer(s) of the securitized senior Mortgage(s).

40.3 Completing and submitting the Annual Financial (04/27/18)

This Section applies during any period in which Freddie Mac holds a Mortgage.

a. Source documents for the Annual Financial (03/03/17)

The Servicer must conduct a review of the Property's income and expense statement to determine the Property's financial condition for the most recent calendar year and identify any risks associated with the Property's financial performance.

The Property's income and expense statement must be for the immediate preceding fiscal year. If the Borrower cannot provide an income and expense statement with 12 months of data, the Servicer may accept a partial-year statement from the Borrower. For non-SBL Mortgages, the assessment may be waived if less than six months of data is available from the Borrower. For SBL Mortgages, the assessment may be waived if less than three months of data is available from the Borrower.

The rent roll must be no older than six months prior to the Annual Financial submission date.



b. Completing the Annual Financial (04/27/18)

Prior to submission of the Annual Financial, the Servicer must enter all Property income and expense items into the appropriate fields on the template. Generally the Servicer must enter income details that correspond with the level of detail contained in the Property's income and expense statement. For detailed instructions on completing the A-CREFC templates, see the PRS CREFC Individual Desk Reference, which can be found at mf.freddiemac.com, or any other such documentation as Freddie Mac may provide.

c. Submitting the Annual Financial (04/27/18)

The Servicer must submit all of the following components of the Annual Financial via PRS in order for Freddie Mac to deem the submission of the Annual Financial to be complete:

1. The completed A-CREFC template

The Servicer must provide additional reporting for Seniors Housing Mortgages, Bond Credit Enhancement Mortgages, Mortgages secured by Cooperative (Co-op) Properties and Properties currently deemed unstabilized by Freddie Mac in PRS along with the assessment. All of these additional reporting templates can be found at mf.freddiemac.com/lenders/asset.

2. Annual statement of income and expense for the Property for the most recent fiscal year, certified by the Borrower (the signature of the Borrower is sufficient)

3. Current rent roll, identifying commercial units where applicable, certified by the Borrower

For the purposes of the Annual Financial, a rent roll is considered to be current if it is dated no more than six months prior to the original due date. For example, if the Annual Financial due date is June 1, the rent roll is considered current if dated on or after December 1 of the prior year.

40.4 Completing and submitting the Quarterly Financial (04/27/18)

This Section applies during any period in which Freddie Mac holds a Mortgage.

a. Source documents for the Quarterly Financial (03/03/17)

To complete a Quarterly Financial, the Servicer must conduct a review of the Property's financial condition for the most recent fiscal year to quarter end, as requested, and identify any risks associated with the Property's financial performance.

b. Completing the Quarterly Financial (04/27/18)

Generally, the Servicer must enter income details that correspond with the level of detail contained in the Property's income and expense statement when completing the applicable Q-CREFC template.

For detailed instructions on completing the Q-CREFC templates, see the PRS CREFC Individual Desk Reference, which can be found at mf.freddiemac.com, or any other such documentation as Freddie Mac may provide.



c. Submitting the Quarterly Financial (12/14/17)

The Servicer must submit the following components of the Quarterly Financial in order for Freddie Mac to deem the submission of the Quarterly Financial to be complete:

- The completed template
- For a Mortgage with a Freddie Mac Funding Date
 - Prior to March 1, 2014, a year-to-date or trailing 12-month, quarter-ending property financial statement certified by the Borrower (the signature of the Borrower is sufficient)
 - On or after March 1, 2014, a trailing 12-month property financial statement certified by the Borrower (the signature of the Borrower is sufficient)
- The current rent roll, identifying commercial units where applicable, certified by the Borrower (the signature of the Borrower is sufficient)

For the purposes of the Quarterly Financial, a rent roll is considered to be current if it is dated no more than two months prior to the original due date. For example, if the Quarterly Financial due date is August 31, the rent roll is considered current if dated on or after June 30.

The Servicer must submit the second and third quarter reporting through PRS. Additional quarterly reporting requirements for Special Product Type Mortgages are found in Section 40.16.

40.5 Completing and submitting the Mid-Year Rent Schedule (04/27/18)

This Section applies to any SBL Mortgage originated on a Loan Agreement form with a revision date on or after 11/08/2016.

a. Source documents for the Mid-Year Rent Schedule (04/27/18)

The Servicer must receive and review a rent roll for the Property (statement of rents), identifying any commercial units (as applicable), to determine current physical occupancy.

b. Submitting the Mid-Year Rent Schedule (04/27/18)

The Servicer must submit the Mid-Year Rent Schedule dated within five calendar days of the end of the Borrower's second calendar quarter (or the end of the second quarter of the Borrower's fiscal year) to PRS by August 31 annually. To deem the submission complete, the Servicer must also enter, via PRS, the following data elements:

- Effective date of the Rent Schedule
- Physical occupancy rate
- Total actual rent

40.6 Completing and submitting the Loan Management Form (LMF) (10/19/23)

This Section applies during any period in which Freddie Mac holds a Mortgage.



a. Evaluating the Mortgage and determining when an LMF is required (10/19/23)

To determine when submission of an LMF is necessary, the Servicer must evaluate the Borrower's compliance with Loan Documents, including whether any of the following conditions exist:

1. The Borrower or Property is in non-monetary default with respect to the Loan Documents.
2. There is unauthorized rehabilitation or construction underway at the Property.
3. The Borrower or Borrower Principal is the subject of a bankruptcy or insolvency proceeding.
4. There are problems or issues associated with any Reserve (e.g., *Reserve payments have not been made when due, Reserve is insufficient, etc.*).
5. The Servicer cannot certify that the UCC filings are current.

b. Completing and submitting the LMF (04/30/15)

To complete an LMF, the Servicer must enter the Borrower's compliance information into the appropriate fields on the LMF. For detailed instructions on completing the form, see the PRS Loan Management Form (LMF) Desk Reference, which can be found at mf.freddiemac.com, or other such documentation that Freddie Mac may provide.

The Servicer must upload the completed LMF to PRS in order for Freddie Mac to deem the submission of the LMF to be complete.

c. Timing of submission of the LMF (10/19/23)

Servicers must submit the LMF within 10 Business Days of determining that any of the conditions in Section 40.6(a) above have occurred regardless of the due date in PRS. If not submitted earlier in the year, the LMF must be submitted annually on or before December 31st via PRS. See also Section 40.2(b).

40.7 Conducting the inspection of the Property (~~06/13/24~~08/15/24)

For the purposes of this chapter, any Repair Agreement, Repair Escrow Agreement, Repair Agreement with LOC, Repair and Escrow Agreement, Loan Agreement or Loan Agreement Rider relating to repairs or other agreement involving repairs or improvements to the Property will be referred to as a "Repair Agreement."

The Servicer must conduct a property inspection and complete and submit the applicable property inspection report.

The AIF uses the same format as the MBA Property Inspection Form.

The Servicer must perform a comprehensive property inspection, including

- An evaluation of property management, including specifics regarding the property manager's tenure at the Property, on-site staffing levels, and adequacy of management's response to any changing trends in market occupancy and rental rates

- The current condition of the Property and any trends, including the condition of the site features, building exteriors, interior common spaces, amenities, building systems, vacant and Down Units, and the number of rent-ready vacant units
- Providing specificity for any declining conditions around the property, such as excessive properties for sale in immediate areas, multiple dark buildings, or excessive vacancies. Also note, any specific ingress or egress issues at the Property and any changes to adjoining land uses or major thoroughfares impacting the Property
- Any early warning signs of risk, including evidence of any Life Safety Hazards, significant Deferred Maintenance, especially if related to moisture or Mold issues; environmental issues such as lead-based paint; incomplete Operational Repairs; Repair Agreement compliance; evidence of crime or vandalism; or failure to comply with local laws

The Servicer must request copies of any violations or other notices received regarding compliance with local laws. In addition, the Servicer must request information from the property manager regarding any property condition concerns to enable the Servicer to understand the cause of any problem and the Borrower's plans to remedy the situation.

a. Unit inspection requirements and minimum number of units to inspect (~~09/30/20~~08/15/24)

The units inspected must be randomly selected by the inspector, not by the property manager or the Borrower. The units inspected must also include a cross-section of unit types and locations, including the following:

- Each of the major unit types
- Units on different floors, including top floor and below-grade units, or grade-level units if there are no units below grade
- For Properties with numerous buildings, units in a sampling of various buildings across the Property
- Representative sample of occupied and vacant units

Taking into account the cross-section of unit types and locations described above, the inspector must inspect at least the following number of units:

- Occupied and vacant units: 5 percent of total occupied and vacant units, with a minimum of five units and a maximum of 15 units
- Down Units: 100 percent (Note: If there is a significant number of Down Units due to large renovation project or hazard loss, inspector may choose to inspect a representative sampling of Down Units)
- Commercial space: 100 percent

The inspector must conduct additional occupied and vacant unit inspections, as needed, to determine whether any problems detected in units or specific buildings are restricted to the specific units/buildings or pervasive throughout the Property.



b. Requirements for photographs (10/14/16)

Photographs are essential to convey the condition of the Property. Freddie Mac's requirements for photographs are as follows:

1. The photographs must illustrate any emerging or existing risks, inform the viewer of the trend of the Property and show a representative sample of the Property materials and conditions.
2. The photographs must include views of
 - All Life Safety Hazards
 - Samples of each type of Deferred Maintenance, any Down Units and items requiring significant capital expenditure
 - Moisture/Mold issues or environmental concerns
 - Samples of interiors of typical unit types
 - Grounds (including parking lots, sidewalks, street views and signage)
 - Typical building exterior (including windows, balconies and exterior stairs)
 - Building systems (for example, boiler, roof and HVAC)
 - Amenities, interior common areas, clubhouse, maintenance shop and office, if applicable
 - Commercial space, if applicable
 - Significant repairs and capital improvements completed subsequent to the previous inspection (including, for SBL Mortgages, all Priority Repairs and PR-90 Repairs identified in the Form 1104, SBL Physical Risk Report)
3. Photographs must be compressed and added to the inspection submission. All photographs must include identifying captions.

c. Guidance for photographs (12/12/14)

Taking into account the above requirements, the size of the Property and the characteristics of the Property, the Servicer should submit 20 to 25 photographs with the inspection submission.

For Properties with fewer than 100 units, limited common areas and/or few amenities, fewer photographs may be sufficient to meet the requirements in Section 40.7(b). If the Servicer believes that fewer than 20 photographs are sufficient for a Property, the Servicer must provide a justification in the comment section of the inspection submission.

d. Assessing the physical condition of the Property and any risk issues (06/13/24)

The Servicer must assess the physical condition of the Property and any risk issues as follows:



1. In evaluating the Property's physical condition, the Servicer must assess the current condition and trend of all major components of the Property. The Servicer must include in its assessment:
 - Incomplete items in any Repair Agreement,
 - Items in any Repair Agreement that were completed subsequent to the previous inspection,
 - Incomplete Operational Repair items,
 - Deferred Maintenance items,
 - Imminent Life Safety Hazards and Potential Life Safety Hazards, as defined in the Glossary,
 - Environmental issues and any moisture/Mold concerns,
 - Capital improvements that have been made subsequent to the last inspection and/or plans for future capital improvements at the Property,
 - Status of Deferred Maintenance items from most recent prior inspection, and
 - Any concerns from the property manager regarding site and/or building components

2. The Servicer must estimate and report the cost to remediate any Deferred Maintenance, Life Safety Hazards, environmental issues and moisture or Mold issues. Sources for these cost estimates include:
 - Bids received by the property manager,
 - Cost projections by the property manager, and
 - The inspector's estimate based on experience or industry cost standards

If the estimated sum for remediation of all Deferred Maintenance items is greater than \$10,000, or if there are Life Safety Hazards, environmental issues or moisture or Mold issues identified during the property inspection, the Servicer must notify the Borrower within 30 days following the inspection of the need to undertake corrective action to address the specific identified risk. The notice must distinguish Imminent Life Safety Hazards from Potential Life Safety Hazards. Imminent Life Safety Hazards pose the highest risk to tenants, (see the Glossary).

3. The Servicer must confirm that the Borrower has received any notices regarding Deferred Maintenance. Additionally, if the estimated sum for remediation of the Deferred Maintenance or other identified issues is greater than \$25,000 or the Deferred Maintenance represents a significant deficiency affecting the structure or value, or other identified issues represent an Imminent Life Safety Hazard for the tenants, then the Servicer must follow up in a timely manner until such risks have been remediated or resolved. Quarterly reporting will be required to PRS Loan Item Tracking (LIT) for Properties that have:
 - A property condition rating of 4 or 5



- Deferred Maintenance totaling more than 10 percent of the UPB
 - An identified Imminent Life Safety issue, or
 - A situation that may require additional monitoring (at the discretion of Freddie Mac)
4. For an SBL Mortgage originated on a Loan Agreement form with a revision date on or after 11/02/2015 where the Servicer determines that any Priority Repair or PR-90 Repair on Form 1104, SBL Physical Risk Report, has not been completed, the Servicer must issue a notification to the Borrower documenting the outstanding Priority Repairs and PR-90 Repairs and refer Borrower to its obligation under the Loan Agreement to complete the identified repairs. The Servicer must work with the Borrower until each PR- 90 Repair consisting of an Imminent Life Safety Hazard is remediated or resolved. The Servicer must follow up on any outstanding Priority Repair items at the next scheduled inspection.

Freddie Mac will create LIT entries in PRS that captures Priority Repairs and PR-90 Repairs identified on the Form 1104, SBL Physical Risk Report. Within 30 calendar days of deeming any Priority Repair item or PR-90 Repair item complete, the Servicer must go into PRS and update the respective LIT accordingly.

5. For loans with HUD involvement, the Servicer must obtain a copy of the latest HUD REAC (Real Estate Assessment Center) Inspection and review it as an additional data point to the current inspection. The Servicer must discuss any material differences with the Borrower. If there are items included in the REAC inspection that a Freddie Mac inspection did not identify, the Servicer must explain why such items were not addressed in the AIF comments. The Servicer must include information regarding the latest REAC inspection score and note any material differences between the two inspections within the General Comments section of the AIF assessment.
6. The Servicer must work closely with Freddie Mac in handling adverse matters. If the Borrower does not fully remediate the identified adverse matters or provide an action plan acceptable to Lender within 30 days from the Servicer's notifications, the Servicer must issue a notice of default letter as soon as possible, and no later than 10 Business Days after such Borrower inaction. The Servicer must use the Notice of Default and Reservation of Rights (Conventional) or the Notice of Default and Reservation of Rights (SBL) form.

The Servicer must evaluate such noncompliance, including the loan risk and proposed action. Within 10 Business Days, the Servicer must notify the Freddie Mac Surveillance team via email at MF_Surveillance@freddiemac.com to detail the Deferred Maintenance, potential risk and proposed action.

The Servicer must forward a copy of any reservation of rights letter and notice of default to Freddie Mac via email at MF_Surveillance@freddiemac.com.

7. The Servicer may consider obtaining a limited scope property inspection report for the specified areas of concern. The terms of the Loan Documents will determine whether the Servicer may charge the Borrower for the cost of the property inspection report. The follow-up should take into account the nature of the risk. The Servicer must provide a copy of any limited scope property inspection and related decisions made based on the Servicer's review of the inspection to the Freddie Mac Surveillance team as follows:

- If there is an open LIT for the property condition, provide an update in PRS



- If there is not an open LIT for the property condition, send an email to MF_Surveillance@freddiemac.com
8. Notwithstanding the above, the Servicer must promptly and, in any case, not later than 10 Business Days from submitting the AIF assessment into PRS, notify Freddie Mac via email at MF_Surveillance@freddiemac.com if any of the following property related issues occur and have not been previously reported to Freddie Mac:
- Property has a very low physical occupancy which is defined as less than 65% and the very low physical occupancy has not been previously reported
 - Property has had an unauthorized change in property manager
 - Deferred Maintenance is estimated at greater than 15 percent of the UPB
 - There is a property condition rating of 4 or 5
 - Property has a total of greater than 10 percent of Down Units
 - Property has any catastrophic conditions that require immediate action
 - Property has any unauthorized significant capital improvements or renovations that are likely to or are already negatively impacting occupancy or cash flow

The Servicer must retain a copy of this communication for its records.

9. If the Servicer submits an assessment inspection with a property condition rating of 4 or 5, the Servicer must begin collection of Reserve deposits for Replacement Reserves if such Reserve deposits have been deferred pursuant to the terms of the Loan Agreement. The Servicer must timely notify the Borrower in writing of such collection requirement and provide a copy of the notice to Freddie Mac. Collection of Reserve deposits for Replacement Reserves must begin no later than the second payment installment date immediately following the assessment inspection submission. Deposits for Replacement Reserves will be disbursed pursuant to the terms of the related Replacement Reserve Agreement.

e. **Assessing moisture or Mold issues during the inspection (02/28/19)**

1. Special Moisture or Mold Inspection

See Section 8.3(b) and (c) for information regarding when Freddie Mac may require a Special Moisture or Mold Inspection, and for the parameters of such an inspection.

2. Increased Scrutiny for Moisture or Mold

See Section 8.3(b) for information regarding when Freddie Mac may require the Servicer to inspect a Property using the Increased Scrutiny for Moisture or Mold protocols described below.

If a Property is subject to Increased Scrutiny for Moisture or Mold Issues, during the annual assessment inspection, the Servicer must

- Conduct a specific evaluation of the integrity of the building envelope; roof and drainage; heating, ventilation and air conditioning (HVAC) system; plumbing system and



associated spaces (for example, mechanical closets) for each building on the Property and document that evaluation

- Inspect a minimum of 10 percent of the units, including those units that the Servicer deems most likely to be exposed to moisture conditions
- Conduct a specific evaluation of the condition of finishes in inspected dwelling units and in all common areas and document that evaluation
- Inspect any areas where the Borrower or property manager has detected a musty odor or observed Mold, all spaces typically associated with moisture issues, water intrusion or leaks, such as basements and unheated storage areas and all areas previously identified with significant moisture or Mold issues
- Evaluate all completed repairs to correct water intrusion or leak issues since the last assessment and document that evaluation
- Evaluate and comment on all areas where Mold has been removed since the last assessment and document that evaluation

3. Standard moisture and Mold inspection requirements

For all Properties that are not subject to a Special Moisture and Mold Inspection or Increased Scrutiny for Moisture or Mold Issues, as a part of the inspection, the Servicer must

- Search for visual or olfactory evidence of moisture or Mold issues in each area identified as part of the inspection
- Make inquiries of the property owner, manager or other knowledgeable property staff regarding past and current water intrusion; potentially damaging leaks; known Mold issues; and tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks
- Inspect areas where water intrusion or leaks were reported
- Identify any defective building condition that would likely lead to future water intrusion or leaks
- Provide comments to describe any moisture or Mold issues and recommend further action, including conducting a Special Moisture or Mold Issues Inspection (see Section 8.3(c) or Section 8SBL.3(c), as applicable)

f. Assessing the property management company (12/12/14)

The property management company is a key component of the success of the Property, and the Servicer must evaluate the property management company's performance, including a review of the following:



- Company experience, property manager's experience and length of time at this site and on-site staffing levels
- Whether routine maintenance matters are appropriately addressed
- Leasing status, concessions, occupancy and adequacy of management's response to any significant changes in market occupancy or market rental rates
- Operations & maintenance (O&M) plan compliance, lead-based paint (LBP) compliance, Moisture Management Plan (MMP) compliance and income compliance reports for income-restricted Properties

g. Assessing the neighborhood, adjoining land uses and any changes to submarkets impacting the occupancy or performance of the Property (12/12/14)

The inspector must provide an overview and assessment of the Property's immediate neighborhood, including details on specific ingress or egress issues at the Property. It is the inspector's responsibility to

- Drive through the neighborhood, identify trends and determine if there are any changes to adjoining land uses,
- Identify changes in nearby thoroughfares or major employers that could impact the performance of the Property, and
- Comment on any new construction in the immediate area.

40.8 Timing of the property inspection and the inspection report (10/19/23)

The Servicer must submit the inspection report no later than two calendar months after the date of the actual inspection, even if the inspection report has a later due date. For example, if the inspection took place on April 21, the inspection report must be submitted no later than June 21, even if the inspection report due date would otherwise be June 30.

Servicers can submit the inspection report earlier than the due date, as long as the submission date is within two calendar months of the actual inspection date.

For all Mortgages held by Freddie Mac, if a Servicer submits the AIF in an earlier quarter than the due date, Freddie Mac will change future AIF due dates to the quarter in which the AIF was submitted. For example, if the AIF is due September 30, 2024 and is submitted by June 30, 2024, Freddie Mac will move the 2025 AIF due date from September 30 to June 30, 2025 to make sure that the timing between inspections is maintained at approximately 12 months.

If a property condition report performed on the Property is more current than the most recent inspection, the inspection date of the most recent property condition report can be used as the date to set the new anniversary date for the next property inspection. For example, if the last property inspection was April 15, 2025 and another property condition report was completed on December 15, 2025 in conjunction with the origination of a supplemental loan on the Property, the Servicer can request in PRS that the due date for the next inspection be moved to December 31, 2026. The Servicer should confirm in their PRS due date change request that the property condition report has been uploaded into DMS.



40.9 Completing and submitting the inspection; retention of inspection documentation (04/27/18)

To complete an inspection submission, the Servicer must enter the Borrower's property inspection information into the appropriate fields on the inspection submission. If the Property is a Seniors Housing Property, the Servicer must complete the additional Seniors Housing Supplement tab.

For detailed instructions on completing the form, see the Annual Inspection and Loan Management Forms Desk Reference, which can be found at mf.freddiemac.com, or any such documentation that Freddie Mac may provide.

During any period that Freddie Mac owns the Mortgage, the Servicer must submit the following components of the AIF into PRS in order for Freddie Mac to deem the submission of the AIF to be complete:

- The completed AIF
- The current rent roll, identifying commercial units where applicable, certified by the Borrower or an individual or entity (which may include the property manager) authorized by the Borrower to execute the certification on the Borrower's behalf (the signature of the Borrower or designee is sufficient). If an individual or entity other than the Borrower provides the certificate, the Servicer must obtain and retain in the Mortgage File a copy of the Borrower's authorization for that certifying individual or entity to execute the certificate on behalf of the Borrower

For the purposes of the AIF, a rent roll is considered to be current if it is dated no more than two months prior to or after the inspection date. For example, if the Property was inspected on May 10, the rent roll is considered current if dated from March 10 through July 10.

If the Servicer is submitting an AIF for a Seniors Housing Property, the Servicer must submit the following additional items via PRS for Freddie Mac to deem the submission of the AIF to be complete:

- Completed Seniors Housing Supplement sections of the AIF
- Copies of licenses or certificates and any reports by regulating agencies
- Copies of any violations cited by any regulatory agency and notices of any fines

The Servicer must retain copies of the completed inspection submission, all attachments and any other documentation that supports the summary information shown on the inspection submission, including correspondence with the Borrower regarding any identified risk issue.

40.10 Late, incomplete or unacceptable assessments; penalties and enforcement (06/13/24)

Freddie Mac considers an assessment to be late if not received in complete form on or before the due date of the assessment or if, for an AIF, the assessment is not submitted within 60 days of the Property inspection date.

If the Servicer submits the assessment without all of the necessary attachments, the assessment will continue to have a status of Due and will be late after the due date in PRS until the Servicer submits all necessary items.



If Freddie Mac, in its sole discretion, determines an assessment to be unacceptable, Freddie Mac will identify such assessment deficiencies and require the Servicer to resubmit a corrected, complete assessment and/or to re-inspect the Property as soon as practicable after such determination. Freddie Mac will consider an assessment unacceptable if such assessment: (i) materially misrepresents, misstates or conceals information about the condition of the Mortgaged Property that would otherwise be properly disclosed pursuant to industry-accepted multifamily property inspection standards; and/or (ii) fails to meet the requirements set forth in the Guide.

The Servicer must diligently and in good faith remedy any such identified deficiencies. In doing so, the Servicer must keep Freddie Mac apprised of its efforts, including actions to be taken and related timing, by sending updates to MF_Surveillance@freddiemac.com.

The following penalties are payable to Freddie Mac for: (i) late or incomplete submission of an assessment, or (ii) submission of an unacceptable assessment:

Complete assessment received during the first month following due date month	\$1,000
Complete assessment received during the second month following due date month	\$2,500
Complete assessment not received by the end of the second month following due date	\$5,000
Submission by a Servicer of an unacceptable assessment	\$25,000
Submission by a Servicer of an unacceptable assessment more than one time	\$50,000

The Servicer must pay any penalty assessed against it within 10 Business Days of Freddie Mac's request. If a Servicer fails to comply with any of its assessment/inspection obligations pursuant to this Chapter 40, including the failure to timely remit to Freddie Mac any penalty assessment, the Servicer will be subject to: (i) increased or targeted audits related to the Servicer's quality and control standards; and/or (ii) disciplinary action(s) "with cause" (as described in Chapter 4).

40.11 Obligation to review and verify the General Loan Information (02/18/21)

During any period in which Freddie Mac holds a Mortgage, the Servicer must review, no less than annually, the General Loan Information (GLI) displayed in the Property Reporting System (for example, Property name and total units). If any GLI data is incorrect, the Servicer must submit proposed changes via email noting such changes to MF_Asset_Perf@freddiemac.com.

40.12 Freddie Mac's rights (12/12/14)

In addition to other rights and remedies set forth in the Guide, Freddie Mac reserves the right, in its sole discretion, to

- Require more frequent assessments
- Request the Seller/Servicer to submit to Freddie Mac the following:

- Copies of all tax returns filed by the Borrower, within five days after receipt of tax returns from the Borrower
- Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent that such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)
- With respect to each guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request
- Reject unsatisfactory inspectors, including FICs
- Perform its own assessment (the property inspection and/or any analysis) at the Servicer's expense if the Servicer fails, when required, to perform an assessment or to submit an assessment in accordance with the requirements of this chapter
- With respect to Mortgages secured by a Property owned by a Cooperative, require one or more of the following:
 - A current maintenance roll
 - A statement of income and expenses for a Cooperative Borrower's operation of the Property
 - The most recent approved annual operating budget
 - The most recent capital expense study/plan

40.13 Inspector requirements (10/19/23)

a. General inspector requirements for all Mortgages (06/25/20)

The Servicer must retain qualified inspection staff within its asset management department to inspect Properties securing Freddie Mac Mortgages. Under certain circumstances, the Servicer may use other qualified personnel to perform inspections, such as loan production staff or third-party inspectors, in accordance with the requirements in Sections 40.14. All inspectors must meet the following requirements, as well as the specific requirements in 40.13(b):

- Know Freddie Mac's Guide requirements relating to inspections
- Be able to make independent judgments on the condition of the Property
- Have sufficient multifamily real estate knowledge and experience to assess general functionality and maintenance of the Property, and to conduct a property inspection as described in Section 40.7.

The property inspector cannot be the originator of the Mortgage, unless the Servicer ensures that there is no Equity Conflict of Interest for the Mortgage originator and that the Mortgage originator is able to make an independent, unbiased assessment of the condition of the



Property. The Servicer must retain adequate documentation with the property file to justify this determination.

The appraiser who conducted the Appraisal when the Mortgage was originated may not perform the physical property inspection for an assessment.

b. Specific inspector requirements (10/19/23)

Beginning with all inspections with a PRS submission year of 2024, Freddie Mac requires inspectors to have at least the following specific experience and training based on the level of risk.



Mortgage Characteristics	Eligible Inspector
Mortgage is not on the CREFC Watchlist at the time the inspection is scheduled <u>or</u> the Mortgage's Risk Rating is 6 or less	1. Industry Trained Inspector, or 2. Certified Inspector, or 3. Exempt Inspector
Mortgage is on the CREFC Watchlist at the time the inspection is scheduled, <u>or</u> the Mortgage's Risk Rating is > 6	1. Certified Inspector, or 2. Exempt Inspector
All Mortgages with Significant Repairs and/or Replacements	1. Certified Inspector, or 2. Exempt Inspector
All affordable housing loans originated in the TAH program, and/or with property-based HUD Section 8 involvement, regardless of CREFC Watchlist or Mortgage's Risk Rating	Exempt Inspector at least every other inspection
All Mortgages for Properties that are older than 40 years from the current year and haven't had a renovation (see below) in the prior 20 years from the current year	Exempt Inspector at least every other inspection

Notes:

1. An Industry Trained Inspector has:

- Successfully participated in a Freddie Mac-approved training program relating to property inspections, such as the Mortgage Bankers Association of America's (MBA) Multifamily Property Inspection Workshop, Fannie Mae's Property Risk Management Training or an equivalent inspection program,
- Completed at least 25 multifamily asset inspections under supervision by a Certified or Exempt Inspector, and
- At least one year of experience in analyzing the physical and/or financial condition of commercial real estate assets

2. A Certified Inspector has:

- Successfully participated in a Freddie Mac-approved training program relating to property inspections, such as the Mortgage Bankers Association of America's (MBA) Multifamily Property Inspection Workshop, Fannie Mae's Property Risk Management Training or an equivalent inspection program,
- Completed more than 50 multifamily inspections comparable to Freddie Mac's property inspections, and

- At least two years' experience performing multifamily inspections comparable to Freddie Mac's property inspections
3. An Exempt Inspector:
- Has at least five years' experience performing multifamily inspections comparable to Freddie Mac's inspections and has completed more than 100 of such inspections, or
 - Meets the qualifications for a property condition consultant set forth in Section 62.8 or Section 62SBL.17, as applicable
4. Renovation Criteria – Properties over 40 years old will not require an Exempt Inspector if the date of the renovations is less than 20 years from the current year and all of the following criteria are met:
- The documented property renovations amount to at least \$10,000/unit
 - At least 75% of units were renovated
 - Renovations include updates to at least two major building systems (electrical, heating, ventilation, air conditioning, plumbing, fire protection, elevators roofs, etc.)

c. Waiver of inspector requirements (03/03/17)

If the Servicer determines that an inspector on its staff is the most qualified individual to inspect a particular Property, but that person does not meet the experience requirements in Section 40.13(b), the Servicer may allow the inspector to perform that inspection. However, the Servicer must retain adequate documentation with the property file to justify this determination. The Servicer may use this waiver on an exception basis when warranted, not on an ongoing basis. Freddie Mac reserves the right, in its sole discretion, to determine that a Seller/Servicer may not continue to exercise this waiver.

d. Guidance for a quality control program for staff inspectors (12/12/14)

Freddie Mac recommends that the Servicer establish an inspector quality control (QC) program to ensure that inspections completed by staff and/or third-party fee inspector company (FIC) inspectors are accurate, reliable and in compliance with Freddie Mac's requirements.

e. Servicer conflicts of interest and required independent inspections (06/25/20)

The property inspector must not have an Equity Conflict of Interest, as defined in Section 2.25. If there is a Seller/Servicer-Level Owner Equity Conflict of Interest and/or an Employee-Level Owner Equity Conflict(s) of Interest with respect to all employee(s) who could perform the inspection, an independent third-party fee inspector company must perform the physical inspection, regardless of the Risk Rating or CREFC Watchlist status of the Mortgage.

40.14 Third-party fee inspector company requirements (06/25/20)

a. Restrictions on the use of a third-party fee inspector company (06/25/20)

The Servicer may not engage an FIC to conduct any inspection for a Property securing a Mortgage that is held by Freddie Mac and that has a current Risk Rating greater than six. However, for other inspections, the Servicer may use an FIC that meets all Freddie Mac



inspector and FIC requirements if the FIC has no ownership interest in the Borrower or other conflict of interest with the Borrower. For the purpose of determining a conflict of interest, the Servicer should apply the Equity Conflict of Interest standards set forth in Section 2.25, as if the FIC were the Employee-Level Owner or the Seller/Servicer Level Owner, as applicable.

The Servicer is responsible for working with the FIC to ensure inspectors have the minimum requirements per Section 40.13. The Servicer is ultimately responsible for the accuracy of all information included in the inspection, whether or not the Servicer performed the inspection directly.

b. FIC acceptability (05/31/12)

Freddie Mac does not select, hire or approve any specific FIC for the performance of physical property inspections for assessments. However, Freddie Mac does reserve the right to refuse to accept an assessment for which the property inspection was performed by an FIC or inspector that Freddie Mac deems unacceptable. Freddie Mac will maintain, on FreddieMac.com, the Multifamily Restricted Vendor List. If an FIC appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that FIC for future Freddie Mac assessments until notified otherwise by Freddie Mac. The Multifamily Restricted Vendor List is made available to Seller/Servicers for the sole purpose of ensuring that unacceptable vendors do not prepare reports for Multifamily and will constitute “Confidential Information” as defined in Section 2.8.

An FIC may not at any time represent itself to third parties as being approved by Freddie Mac.

Freddie Mac may revoke the Servicer's general right to use an FIC for physical property inspections for assessments if the Servicer does not administer the selection and use of FICs in a manner that ensures compliance with all Freddie Mac requirements.

An FIC may employ contract workers who meet the inspector requirements and follow all inspection requirements contained in this chapter.

40.15 Additional Seller/Servicer reporting requirements for non-SBL Mortgages prior to Securitization (04/30/19)

For any non-SBL Mortgage scheduled for Securitization, the Seller/Servicer must submit all documentation via DMS with a notice to MF_Asset_Perf@freddiemac.com. The Seller/Servicer must provide all Borrower and Property financial data as presented by the Borrower. No analysis of the data is required. The Loan Documents may permit the Seller/Servicer to assess a late charge if the Borrower does not submit the documentation listed below within a specified time. The Seller/Servicer may retain 100 percent of this late charge.

The Seller/Servicer must submit, in an electronic format acceptable to Freddie Mac, the following documentation:

1. A rent roll, a statement of income and expenses for the Borrower's operation of the Property, and a statement of changes in financial position and balance sheet, as follows:
 - a. Except for Mortgages secured by a Property owned by a Cooperative, within 30 days after the end of each calendar quarter following purchase:
 1. Current rent roll dated no earlier than the date five days prior to the end of such quarter



2. Income and expenses for the Borrower's operation of the Property either

- For the 12-month period ending on the last day of such quarter, or
- If, at the end of such quarter, the Borrower and any Affiliate of the Borrower have owned the Property for less than 12 months, for the period commencing with the first full month of operations following the acquisition of the Property by the Borrower or its Affiliates and ending on the last day of such quarter.

b. Within 100 days after the end of each fiscal year:

1. Annual statement of income and expenses for the Borrower's operation of the Property for that fiscal year
2. Statement of changes in financial position of the Borrower relating to the Mortgaged Property for that fiscal year
3. Balance sheet showing all assets and liabilities of the Borrower relating to the Mortgaged Property as of the end of that fiscal year and a profit and loss statement for the Borrower
4. Accounting of all security deposits held pursuant to all leases meeting the requirements of the Loan Documents

If the Loan Documents have been modified to allow the Borrower more than 90 days to deliver the documents set forth above, the Seller/Servicer must deliver the documents within five days after receiving them from the Borrower.

c. At any time prior to securitization upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:

1. Current rent roll
2. Income and expense statement for the Borrower's operation of the Property for the most recent month or months, as applicable
3. Statement that identifies all owners of any interest in the Borrower and any controlling entity meeting the requirements of the Loan Documents

2. Other documentation

Upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:

- a. Copies of all tax returns filed by the Borrower, within five days after receipt of returns from the Borrower
- b. Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)

- c. With respect to each guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request

40.16 Reporting for Special Product Type Mortgages (04/14/22)

The following Mortgages are considered "Special Product Type Mortgages" for the purposes of this chapter:

- SBL Mortgages
- Value-Add Mortgages
- Mortgages secured by Properties deemed unstabilized by Freddie Mac in PRS
- Mod Rehab Mortgages
- MHC Mortgages with MHC Tenant Protections

Except as modified by this Section 40.16, Special Product Type Mortgages are subject to all of the requirements of this chapter.

a. SBL Mortgages (03/03/17)

Additional documentation requirements for SBL Mortgages prior to securitization will be limited to the following:

- At any time prior to securitization upon Freddie Mac's request, the Seller/Servicer must submit to Freddie Mac the following:
 - a. Current rent roll
 - b. Income and expense statement for the Borrower's operation of the Property for the most recent month or months, as applicable
 - c. Statement that identifies all owners of any interest in the Borrower and any controlling entity meeting the requirements of the Loan Documents
 - d. Copies of all tax returns filed by the Borrower, within five days after receipt of returns from the Borrower
 - e. Other financial information or property management information that Freddie Mac may require (including information on tenants under leases to the extent such information is available to the Borrower, copies of bank account statements from financial institutions where funds owned or controlled by the Borrower are maintained, and an accounting of security deposits)
 - f. With respect to each guarantor and each SPE Equity Owner, a certified balance sheet and profit and loss statement (or if such party is an individual, such party's personal financial statement) and any additional information as Freddie Mac may request



b. Value-Add Mortgages (09/30/20)

The Servicer must submit the Annual Financial and Quarterly Financial assessments for a Value-Add Mortgage as outlined in Sections 40.2(a) and 40.2(b).

In addition, starting with the end of the first quarter after the Origination Date (unless the end of the quarter is within one calendar month of the Origination Date), and continuing every quarter thereafter until the loan has paid off, the Servicer must report on renovation progress and rental conditions at the Property via the **Value-Add Reporting** LIT. The report is due within one month after the close of the quarter. The Servicer must submit the following documentation:

- **Form 1028, Value-Add Monitoring Form**

A version of Form 1028 customized by Freddie Mac for each Property will be attached to the LIT within 45 days of the Freddie Mac Funding Date and must be used for all reporting requirements. The copy available at mf.freddiemac.com/lenders/asset is for informational purposes only and should not be used for reporting. This completed form must be submitted in its original Excel format.

In the event there are errors in the form, corrections should be requested via the **Value-Add Reporting** LIT. Freddie Mac will make form corrections as needed.

The reporting options available (and explained in more detail in the *Help Me Choose* menu in the form) are:

- Quarterly update – work has not commenced
- Quarterly update – work has commenced
- Quarterly update – post renovation completion monitoring
- Close-out

- **Borrower Quarterly Certification, Value-Add Transaction**

A copy of the certification was included in the original Loan Documents. This certification must be fully executed by the Borrower and must include all relevant attachments as defined in the certification.

In addition to the Value-Add Reporting LIT, the Servicer must use the **Construction Completion Date – Value-Add** LIT to document the Value-Add completion date. Upon completion of the renovation, Form 1028 must be submitted to this LIT – using the *Close-out* option – with the following documentation (which, except for the first bullet, are defined further in the Rider to Multifamily Loan and Security Agreement Value-Add Transaction):

- Certification of substantial completion by the Architect of Record using AIA Form G-704 (if applicable)
- Engineer's certificate
- Final and unconditional lien waiver from the general contractor
- Evidence of Compliance with Laws



- Evidence of Minimum Expenditure Requirement
- Other Certificates and Items as detailed in the Rider to Multifamily Loan and Security Agreement Value-Add Transaction

Any additional comments regarding these documents should be made on Form 1028.

In the event close-out documentation is being submitted concurrently with quarterly reporting, then two Form 1028s must be submitted – one to the **Construction Completion Date – Value-Add LIT** using the “Close-out” reporting option, and the other to the **Value-Add Reporting LIT** using the “Quarterly update – post renovation completion monitoring” reporting option.

All reporting must reflect trailing 12-month financial statements, unless indicated otherwise on Form 1028.

With respect to the AIF described in Section 40.7, the Servicer must address the status of each Value-Add component described in the Value-Add Schedule of Work that was included in the final loan package in the “Repairs Verification” tab of the AIF and provide a representative number of photographs. Once the work is completed, the AIF must be performed by an individual meeting the qualifications of either a Certified or Exempt Inspector as identified in Section 40.13(b); an engineer/architect or off-cycle site visit will not be necessary.

c. Mortgages secured by Properties deemed unstabilized by Freddie Mac (06/27/19)

In conjunction with the requirements described in Sections 40.3 and 40.4, the Servicer must submit the following items for Mortgages secured by Properties deemed unstabilized by Freddie Mac in PRS:

- The appropriate Q-CREFC Assessment template with financial spreads provided on a trailing 12-month basis (instead of year-to-date annualized)
- Most recent construction or engineering report, as available, added as an attachment (unless already provided to Freddie Mac)
- The Excel® Unstabilized Monitoring Form, completed as specified in Section 40.3(c), when submitting assessments using the Q-CREFC or A-CREFC assessment format, except for Value-Add Mortgages, which require the use of Form 1028.

The Excel® Unstabilized Monitoring Form can be found under the PRS Assessment: CREFC heading on the *Multifamily Asset Management* page of mf.freddiemac.com.

The Servicer must submit a Quarterly Assessment for the first, second and third quarter reporting to Freddie Mac through PRS by May 31, August 31 and November 30.

d. Mod Rehab Mortgages (05/05/17)

In addition to the requirements described in Section 40.2(b), the Servicer must submit various reports and documentation to Freddie Mac when disbursing funds periodically to reimburse renovation expenses. See Section 39.9 for a description of these requirements.



e. MHC Mortgages with MHC Tenant Protections (04/14/22)

In addition to the requirements described in Section 40.2(b), to validate Borrower's compliance with the MHC Tenant Protections, the Servicer must:

1. Submit the "Borrower's Certificate - MHC Tenant Protections" through Loan Item Tracking (LIT) in PRS no more than 45 days after the first anniversary of the Origination Date, and thereafter no more than 45 days after each successive anniversary of the Origination Date
2. Conduct an annual audit of the residential leases with the Applicable MHC Residents and any other MHC Tenant Protection Document(s) that contain the MHC Tenant Protections, to confirm:
 - A. The MHC Tenant Protections are included in the MHC Tenant Protections Document(s)
 - B. The applicable MHC Tenant Protection Document(s) have been executed by the Applicable MHC Residents; and
 - C. The Applicable MHC Residents are existing residents of the Property

If the Borrower has elected to (i) incorporate the MHC Tenant Protections in the MHC rules and regulations and (ii) deliver to each Applicable MHC Resident an MHC Tenant Protections Notification as described in Guide Section 22.2(p), then in lieu of item B above, the Servicer must conduct an audit of the MHC Tenant Protections Notifications to confirm they include all the MHC Tenant Protections and were correctly addressed to the Applicable MHC Residents.

3. In connection with any audit conducted under this Section 40.16(e)(2):
 - A. The Servicer must request electronic copies of the residential leases and/or applicable MHC Tenant Protections Document(s) and/or applicable MHC Tenant Protections Notifications no more than 10 days after the first anniversary of the Origination Date, and thereafter no more than 10 days after each successive anniversary of the Origination Date
 - B. The Servicer must randomly select residential leases and/or Applicable MHC Residents chosen for the audit and cannot include residential leases and/or Applicable MHC Residents from a prior annual audit unless all residential leases and/or Applicable MHC Residents have already been audited
 - C. The Servicer must review at least five percent, but no greater than 20 residential leases and/or applicable MHC Tenant Protections Document(s) and/or applicable MHC Tenant Protections Notifications
4. Upon completion of the applicable annual audit required under Section 40.16(e)(2) above, the Servicer must submit, through LIT in PRS, the related Chief Servicing Officer (CSO) Certification (MHC Tenant Protections - Compliance) found on [mf.freddiemac.com](https://mf.freddiemac.com/lenders/asset/#ServicerSpecialRequestForms) at <https://mf.freddiemac.com/lenders/asset/#ServicerSpecialRequestForms> certifying as to the status of Borrower's compliance with the MHC Tenant Protections. The Servicer must submit the CSO Certification no more than 45 days after the first anniversary of the Origination Date, and thereafter no more than 45 days after each successive anniversary of the Origination Date.



If the Servicer certifies to the Borrower's "substantial compliance" with the MHC Tenant Protections on any Mortgage, the Servicer will be required to provide a written status update to Freddie Mac every six months addressing the Borrower's efforts to obtain executed copies of the MHC Tenant Protections Document(s) from all Applicable MHC Residents until such time as the Borrower has fully complied with the applicable requirements. The status updates must be submitted through LIT in PRS.

40.17 Mortgages with Required Rent Restrictions Rider to the Loan Agreement – reporting requirements (04/13/23)

In addition to the other requirements described in this chapter, to validate the Borrower's compliance with the Required Rent Restrictions Rider to the Loan Agreement, the Servicer must submit through the Loan Item Tracking (LIT) in the Property Reporting System (PRS):

- Within 15 Business Days after the initial reporting date and each anniversary thereafter (or 10 Business Days after the end of the related cure period, if such cure period is available), the Borrower's Affordability Certification evidencing the Borrower's compliance with the Required Rent Restrictions Rider to the Loan Agreement
- Within 30 days after the initial reporting date and each anniversary thereafter (or 10 Business Days after the end of the related cure period, if such cure period is available), a notice to Freddie Mac of the Borrower's failure to comply with the Required Rent Restrictions Rider to the Loan Agreement, together with Servicer's calculation of any related noncompliance fee
- Within 60 days after the initial reporting date and each anniversary thereafter (or 30 days after the related cure period, if such cure period is available), the Chief Servicing Officer Certification (Required Rent Restrictions - Compliance) form, certifying that the Servicer has validated the Borrower's compliance or noncompliance with the Required Rent Restrictions Rider to the Loan Agreement and, if applicable, has calculated any related noncompliance fee
- As soon as practicable upon request by Freddie Mac or any regulatory body having regulatory authority over Freddie Mac, any other information pertaining to the loan as may be specified in the request, and copies of any leases or other data received and used by the Servicer to: (i) confirm Borrower's compliance or noncompliance with the Required Rent Restrictions Rider to the Loan Agreement, and (ii) calculate any noncompliance fee

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:45:16 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 40 - Assessments Post-purchase Reporting GB-06-13-24.docx	
Modified filename: 40 - Assessments Post-purchase Reporting GB-08-15-24.docx	
Changes:	
Add	7
Delete	6
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	13



- 41.1 Transfers of Ownership in the Property or in the Borrower (04/18/24)
 - a. Applicability, use of the Consent Request Tracker and review of General Loan Information (04/18/24)
 - b. Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership (04/29/16)
 - c. Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (04/29/16)
 - d. Seller/Servicer obligation to screen existing and new Borrowers, Borrower Principals and Non-U.S. Equity Holders (09/01/16)
- 41.2 Loan Document provisions regarding Transfers of Ownership (04/18/24)
 - a. Mortgages that permit transfers without the consent of the Lender (04/18/24)
 - b. Mortgages that conditionally permit Transfers of Ownership (06/29/18)
 - c. Mortgages that prohibit transfers without the consent of the Lender (04/18/24)
- 41.3 Conditionally Permitted Transfers of Ownership (06/13/24)
 - a. Notice to Freddie Mac (04/18/24)
 - b. Delivery of documents requiring Freddie Mac signature (06/29/18)
 - c. Transfer documentation – electronic delivery (06/13/24)
 - d. Post-transfer documentation – delivery of originals (04/18/24)
 - e. Remittance of fees (06/29/18)
- 41.4 ~~Transfer of Ownership requiring Freddie Mac consent – application for approval (06/13/24)~~ Transfer of Ownership requiring Freddie Mac consent – application for approval (08/15/24)
 - a. ~~Basic information required (06/13/24)~~ Basic information required (08/15/24)
 - b. Additional information required for Transfers of Ownership of title to the Property (09/28/18)
 - c. Information required five Business Days prior to the proposed Transfer of Ownership (06/17/21)
- 41.5 Prohibited Transfer of Ownership requiring Freddie Mac consent – review of the application (06/29/18)
- 41.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application (04/18/24)
 - a. Approval (10/07/08)
 - b. Preparation and review of the documents by the Servicer's counsel (11/30/12)
 - c. Freddie Mac's review of draft documents (11/30/12)
 - d. Execution of documents by Freddie Mac (04/18/24)
 - e. Recordation (11/30/12)
 - f. Remittance of fees (11/30/12)
 - g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (04/18/24)
 - h. Servicer's responsibilities following the Transfer of Ownership (04/18/24)
 - i. Servicer's warranties in connection with a Transfer of Ownership (09/28/18)
- 41.7 Prohibited Transfer of Ownership - Declination of the application for Lender consent (06/29/18)
- 41.8 Unauthorized Transfers of Ownership (04/18/24)
 - a. Information to be provided to Freddie Mac (06/29/18)



- b. Property inspection (06/29/18)
- c. Additional Servicer obligations (06/29/18)

41.9 Fees (04/30/19)

- a. Review/processing fee (09/18/14)
- b. Counsel fee (04/29/16)
- c. Transfer fee (09/18/14)
- d. Remittance of fees (04/30/19)



41.1 Transfers of Ownership in the Property or in the Borrower (04/18/24)

As used in this Chapter 41, the term “transferee” refers to

- The new Borrower if the proposed transaction is a Transfer of Ownership in the Property with an assumption of the loan, or
- The new owner of interests in the Borrower if the proposed transaction is a Transfer of Ownership interests in the Borrower.

a. **Applicability, use of the Consent Request Tracker and review of General Loan Information (04/18/24)**

This chapter states the procedures for Servicers to use with respect to permitted, conditionally permitted, and prohibited Transfers of Ownership in the Property (assumptions) and Transfers of Ownership interests in the Borrower.

For each Transfer of Ownership, the Servicer must:

- Use the Consent Request Tracker (CRT) to record date milestones, status information, comments and the date of a Servicer’s decision on individual Borrower requests for lender consent in accordance with Section 36.25. CRT can also be used to upload any applicable documentation for the consent request instead of separately opening Document Management System (DMS) to upload the documents.
- Review the General Loan Information (GLI) (for example, Property name and total units) to ensure that the GLI data is accurate, and send any corrections via email to MF_Asset_Perf@freddiemac.com

b. **Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership (04/29/16)**

1. **Electronic delivery**

When this chapter requires electronic delivery of any document, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Document Management System (DMS) and using the “File Submission” link to notify:

- For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Asset Management, Borrower Transactions*
- For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, *Multifamily Asset Management, Structured Transactions*
- For all other Mortgages, *Multifamily Asset Management, Borrower Transactions*

2. **Delivery of original documents to Freddie Mac**



When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must

- Upload the document into DMS, and
- Deliver the original to
 - For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Asset Management, Borrower Transactions*
 - For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, *Multifamily Asset Management, Structured Transactions*
 - For all other Mortgages, *Multifamily Asset Management, Borrower Transactions*

3. Delivery of notices to Freddie Mac

When this chapter requires email delivery of a notice to Freddie Mac, the Servicer must direct the email to

- For Structured Transactions, Tax Exempt Bond Credit Enhancements, Acquisition Rehabilitation/Lease-Up/Moderate Rehabilitation loan products, Targeted Affordable Housing Mortgages or Credit Facilities, Freddie Mac *Multifamily Asset Management, Structured Transactions*
- For all other Mortgages, Freddie Mac *Multifamily Asset Management, Borrower Transactions*

c. Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (04/29/16)

1. Electronic delivery

When this chapter requires electronic delivery of any document following a Transfer of Ownership, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into DMS and using the “File Submission” link to notify:

- For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Purchase*
- For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted Affordable Housing Mortgages or credit facilities, *Multifamily Asset Management, Structured Transactions*
- For all other Mortgages, *Multifamily Purchase*

2. Delivery of original documents to Freddie Mac



When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

- Upload the document into DMS, and
- Deliver the original to
 - For Transfers of Ownership occurring in conjunction with origination of a Supplemental Mortgage, *Multifamily Purchase*
 - For structured transactions, Tax Exempt Bond Credit Enhancement Mortgages, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, Targeted Affordable Housing Mortgages or credit facilities, *Multifamily Asset Management, Structured Transactions*
 - For all other Mortgages, *Multifamily Purchase*

d. Seller/Servicer obligation to screen existing and new Borrowers, Borrower Principals and Non-U.S. Equity Holders (09/01/16)

Within five Business Days after the Transfer of Ownership occurs, the Servicer must electronically deliver the following certification to Freddie Mac in a letter on the Seller/Servicer's stationery:

- "Servicer certifies that it has determined that none of [insert the Borrower, new Borrower Principals, new Non-U.S. Equity Holders or new property management company, as applicable] are the target of any sanctions law administered or enforced by the U.S. Treasury Department Office of Foreign Assets Control (OFAC), including a person or entity identified on the most current OFAC Specially Designated Nationals and Blocked Persons (SDN) List or OFAC Consolidated Sanctions List; and
- Servicer certifies that it has reviewed the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List in accordance with Section 2.24 of the Guide and that none of the [insert Borrower, new Borrower Principals or new property management company, as applicable] are identified on the FHFA SCP List, subject to any conditions or exclusions set forth in any applicable FHFA SCP final suspension order published on FHFA's SCP website."

See Sections 41.3(c) and 41.6(g) for requirements for submitting this certificate with the required documentation for a Transfer of Ownership.

The Servicer must also conduct the Exclusionary List review as provided in Section 2.18.

41.2 Loan Document provisions regarding Transfers of Ownership (04/18/24)

Loan Documents have varying provisions regarding Transfers of Ownership. The Servicer and its counsel must carefully review the applicable Loan Documents to determine what, if any, Transfers of Ownership are permitted and what the conditions are for reviewing those Transfers of Ownership.



a. Mortgages that permit transfers without the consent of the Lender (04/18/24)

Certain Loan Documents permit Transfers of Ownership without consent of the lender, and without specific pre-authorization provisions. Mortgages purchased through the Multifamily Negotiated Transactions Program may fall under this category.

The Servicer must take the following actions:

1. Enter the permitted transfer into the Consent Request Tracker within five Business days after learning of it, and must, at that time, include the name of the transferee, the date of the Transfer of Ownership, and the terms of the transfer, if known. The Consent Request Tracker record should be created with the selection that Freddie Mac approval is required for Mortgages owned by Freddie Mac.
2. Electronically deliver supporting documentation such as an organizational chart and organizational documents to Freddie Mac
3. Ensure that all insurance policies reflect the new ownership

A confirmation email will be sent by Freddie Mac if Freddie Mac concurs that the transfer is permitted under the terms of the Loan Documents.

For Transfers of Ownership permitted by Mortgages described in this section, the application and approval provisions of this chapter do not apply, and neither Freddie Mac nor the Servicer will impose a review/processing fee or transfer fee (other than as set forth in the Loan Documents).

b. Mortgages that conditionally permit Transfers of Ownership (06/29/18)

Some Loan Documents contain provisions that pre-authorize certain Transfers of Ownership that have been underwritten at the time of the origination or prior assumption of the Mortgage. See Section 41.3 for the procedures for approval and documentation of a conditionally permitted Transfer of Ownership.

c. Mortgages that prohibit transfers without the consent of the Lender (04/18/24)

If the Loan Documents contain a provision that states that the lender may or will permit an otherwise prohibited Transfer of Ownership if the proposed transferee meets certain standards as to credit, management ability or other matters, the Property (and interests in a Borrower entity that are covered by the transfer language) may be transferred, but only subject to the provisions of Sections 41.4 through 41.8.

41.3 Conditionally Permitted Transfers of Ownership (06/13/24)

a. Notice to Freddie Mac (04/18/24)

Within two Business Days after receiving notice of a conditionally permitted Transfer of Ownership – whether that notice is received prior or subsequent to that Transfer of Ownership – the Servicer must enter the applicable information into the Consent Request Tracker.

1. If the Servicer receives notice of a conditionally permitted Transfer of Ownership after the Transfer of Ownership is completed, the Servicer must

- Confirm that the Transfer of Ownership is conditionally permitted under the terms of the Loan Documents and
 - Deliver any documentation required by the terms of the conditional permission provisions in the Loan Documents and remit any applicable fees to Freddie Mac as described in 41.3(b) - (e)
2. If the Servicer receives notice of a conditionally permitted Transfer of Ownership prior to the date of the transfer, then promptly following the Servicer's receipt of notice from the Borrower, the Servicer must electronically deliver to Freddie Mac each of the following:
- Copies of any documentation required by the terms of the pre-authorization provisions in the Loan Documents
 - Preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4 and confirming that the transfer is conditionally permitted under the terms of the Loan Documents
 - Servicer's written certification that the Transfer of Ownership meets all the requirements for a conditionally permitted Transfer of Ownership under the terms of the Loan Documents

If Freddie Mac concurs that the transfer is conditionally permitted under the terms of the Loan Documents, Freddie Mac will issue an Acknowledgment of Conditionally Permitted Transfer. The Servicer must then deliver the documentation and remit the applicable fees as described in 41.3(b) - (e).

b. Delivery of documents requiring Freddie Mac signature (06/29/18)

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least three Business Days prior to the date of the conditionally permitted Transfer of Ownership.

c. Transfer documentation – electronic delivery (06/13/24)

Not later than five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must electronically deliver the following documents if required by the Loan Documents and/or the Freddie Mac Acknowledgment of Conditionally Permitted Transfer:

1. Servicer's certification(s) regarding Borrower and organizational documents, if applicable
2. Servicer's OFAC/FHFA SCP certificate as required by 41.1(d)
3. Reserved
4. An executed Form 1115, Borrower and Key Borrower Principal Certificate, as detailed in Section 55.2, for each transferee and new Key Borrower Principal, as applicable
5. Preliminary legal issues memorandum (PLIM), if not previously provided to Freddie Mac



6. If applicable, a certified copy of any recorded documents such as a Memorandum of Loan Assumption Agreement or a UCC Financing Statement
7. Transfer of Interest Reaffirmation Agreement, if applicable
8. Guaranty Assumption and Loan Modification Agreement, if applicable
9. Assignment of Management Agreement, if applicable
10. Freddie Mac Acknowledgement of Conditionally Permitted Transfer, acknowledged by the Servicer (if required by the terms of the Acknowledgment), if not previously uploaded to DMS
11. Opinions, if applicable
12. Any other documents required by the terms of the Loan Documents or the Freddie Mac Acknowledgement of Conditionally Permitted Transfer

d. Post-transfer documentation – delivery of originals (04/18/24)

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must deliver to Freddie Mac originals of any amendment to any Note, Guaranty or any other Loan Document for which delivery of an original is required under the Final Delivery Table of Contents.

e. Remittance of fees (06/29/18)

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must remit by wire transfer to Freddie Mac any fees required pursuant to the terms of the pre-authorization provisions of the Loan Documents, in accordance with the requirements of Section 41.9.

41.4 Transfer of Ownership requiring Freddie Mac consent – application for approval (06/13/2408/15/24)

Within two Business Days after receiving a request for a Transfer of Ownership, the Servicer must enter the applicable information into the Consent Request Tracker.

If an Equity Conflict of Interest exists as defined in Section 2.25, the Servicer must provide *Multifamily Asset Management, Borrower Transactions* a written statement that discloses the nature and extent of that Equity Conflict of Interest within three Business Days after receiving the Borrower's request for approval of the Transfer of Ownership.

The Servicer must electronically submit all items required for a complete review package and the Servicer's recommendation, including the applicable information required pursuant to Sections 41.4(a), (b) and (c), to Freddie Mac at least 15 days prior to the proposed date of the Transfer of Ownership. The Servicer must comply with the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable federal, State or local laws or regulations.



a. Basic information required (~~06/13/24~~08/15/24)

In this Section, the term “new sponsor” refers to any Key Borrower Principal of the proposed new Borrower following a Transfer of Ownership in the Property.

Promptly following receipt of the existing Borrower’s notification of the pending Transfer of Ownership, the Servicer must collect the information listed below from each of the following:

- For a Transfer of Ownership interests in the Borrower, the proposed new Key Borrower Principals
 - For a Transfer of Ownership in the Property, the existing Borrower and proposed new sponsor
1. A nonrefundable review/processing fee in accordance with Section 41.9
 2. A completed Transfer of Ownership/Assumption Request, available via FreddieMac.com, including:
 - The Servicer’s thorough analysis of the risks, strengths and weaknesses associated with the proposed transfer
 - The Servicer’s justification and support for its recommendations with respect to any requests for waivers or document modifications
 - The Servicer’s recommendations regarding the need for adjustment to any Impositions or Reserves
 - The Servicer’s explanation of the terms of any seller take-back financing or other Subordinate Financing
 - The Servicer’s explanation of any unusual proposed transferee structure or structure of a transaction done for tax purposes
 - Information regarding any deadline for a real estate exchange done pursuant to Internal Revenue Code Section 1031 and any subsequent transfers that will be requested
 3. A copy of the executed contract of sale or other transfer agreement, letter of intent, or other indication of the existing Borrower’s intent to transfer an ownership interest in the Property or in the existing Borrower, together with a Purchase Agreement Analysis form (as described in Section 55.2).
 4. Current financial statements of the proposed transferee and each proposed new Key Borrower Principals, as described in Section 55.2
 5. An executed Form 1115, Borrower and Key Borrower Principal Certificate, for the proposed transferee and each proposed new Key Borrower Principal, as detailed in Section 55.2
 6. An executed Form 1116, Real Estate Schedule, for the proposed transferee and each proposed new Key Borrower Principal, as detailed in Section 55.2



7. Information concerning the managerial experience of the proposed transferee (if not otherwise fully reflected on Form 1115), and the proposed paid professional manager, if applicable, as detailed in the mortgage transaction narrative analysis description in Section 55.2
8. Proposed Borrower organizational chart, which must include
 - Each entity's name, State of formation, and type (e.g., Delaware limited liability company)
 - Each party's ownership percentage
 - Each party's role (e.g., Principal, Guarantor, manager, general partner, etc.)
9. Current financial statements for the Property including a trailing 12-month statement, each certified by the existing Borrower in the manner described in Section 55.2, together with the Servicer's analysis of those statements. If the two most recent certified calendar year financial statements have been submitted to Freddie Mac via the Property Reporting System (PRS), the Servicer may make a statement to that effect on the Transfer of Ownership/Assumption Request and need not attach the calendar year statements unless requested to do so by Freddie Mac.
10. Either a property condition report prepared by a property condition consultant in compliance with Chapter 62 or a Form 1108, Physical Risk Report prepared in compliance with Chapter 66 if any of the following apply:
 - The Property was built more than 15 years previously
 - The most recent Annual Inspection Form (AIF) noted significant Deferred Maintenance
 - The buyer proposes significant capital improvements

Form 1108 is an option only for a Mortgage

 - With an initial principal balance of \$20 million or less, or a Supplemental Mortgage where the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are \$25 million or less in the aggregate
 - That is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
11. If neither a property condition report nor a physical risk report is required pursuant to Section 41.4(a)(10) above, and if the most recent AIF is dated more than six months prior to submission of the transfer request (or 12 months for an SBL Mortgage), then the Servicer must conduct a physical inspection of the Property and deliver an updated AIF to Freddie Mac.
12. Copies of all current property reports obtained in connection with the Transfer (e.g., Appraisal, property condition, environmental report, physical risk report, the Level 1 Seismic Risk Assessment (SRA), etc.)



13. A current credit report for any proposed new Borrower or each Guarantor that is an individual, as detailed in Section 55.2
14. A preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6.4
15. Written certification of the Servicer that there is no uncured event of default or any event, act, or condition that, but for the giving of notice or the passage of time, would constitute an event of default
16. For a Transfer of Ownership that does not involve a transfer of title to the Property, a Certified Organizational Chart (including Form 1114, Certification – Organizational Chart) for the Borrower as constituted prior to the proposed Transfer of Ownership

17. [The Public Records Searches as required by Section 2.28](#)

18. ~~17.~~ Any other information which Freddie Mac may request in connection with its review of the proposed Transfer

b. [Additional information required for Transfers of Ownership of title to the Property \(09/28/18\)](#)

If title to the Property will change as a result of the Transfer of Ownership, the Servicer must provide the following additional information to Freddie Mac:

1. Organizational documents of the proposed Borrower, together with Servicer's certification that it has reviewed the organizational documents and that they comply with the requirements of Section 9.7
2. Certified Organizational Chart of the proposed Borrower, together with the Form 1114, Certification — Organizational Chart
3. If the proposed new Borrower is an existing entity, Uniform Commercial Code (UCC) financing statement search for the proposed new Borrower dated within 30 days prior to the date of the Transfer of Ownership request and meeting the requirements of Section 29.4
4. Title update report dated no earlier than 30 days before the date of the Transfer
5. An explanation meeting the requirements of Section 29.2 for any title exception that did not appear on the title policy that was issued when the Mortgage was originated, with a copy to the applicable *Multifamily Attorney*
6. The proposed new Borrower's first year budget for the Property
7. Evidence of insurance, as described in Section 31.19(b)

c. [Information required five Business Days prior to the proposed Transfer of Ownership \(06/17/21\)](#)

The Servicer must deliver each of the following to Freddie Mac at least five Business Days prior to the date of the proposed Transfer of Ownership:



1. A draft property management agreement in essentially final form
2. A Form 1114, Certification – Organizational Chart, with the Certified Organizational Chart of the proposed Borrower. The Certified Organizational Chart must include the elements set forth in the Organizational Chart Interactive Guidance at https://mf.freddiemac.com/lenders/asset/_under Asset Management References.

41.5 Prohibited Transfer of Ownership requiring Freddie Mac consent – review of the application (06/29/18)

Freddie Mac will evaluate the application and the Servicer's recommendation in accordance with Freddie Mac's credit policies and the terms of the Loan Documents. Factors to be considered may include the following:

- The net income of the Property before debt service and depreciation
- The Debt Coverage Ratio (DCR) and the Loan to Value Ratio (LTV)
- The Property condition
- The proposed transferee's equity in the Property
- The proposed transferee's previous management experience and its ability to maintain or increase the net income of the Property
- The proposed transferee's and proposed Guarantor's financial statements and credit history (evidence that each has the ability to repay the Mortgage and evidence that each has repaid or is repaying other loans according to their respective terms)
- The terms and conditions of any Subordinate Financing

41.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application (04/18/24)

a. Approval (10/07/08)

If Freddie Mac approves the application for the Transfer of Ownership, Freddie Mac will issue an approval letter containing the terms and conditions of its approval.

b. Preparation and review of the documents by the Servicer's counsel (11/30/12)

Chapter 6 sets forth the responsibilities of the Servicer and its legal counsel in connection with a Transfer of Ownership.

The Servicer must obtain the necessary legal documentation to ensure that the existing obligations under the Mortgage remain in full force and effect and that the parties to the Loan Documents continue to be bound by all the terms and provisions of the Mortgage to the extent required by Freddie Mac's approval. The Servicer's counsel must prepare and review the necessary documents in accordance with Section 6.11.



c. Freddie Mac's review of draft documents (11/30/12)

At least 10 Business Days prior to the anticipated closing date for the Transfer of Ownership, the Servicer must submit the documents to Freddie Mac via email for Freddie Mac's review and approval.

d. Execution of documents by Freddie Mac (04/18/24)

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least five Business Days prior to the date of the Transfer of Ownership.

e. Recordation (11/30/12)

Following closing of the Transfer of Ownership, the Servicer must arrange for any recordation commonly required by private institutional mortgage investors or required by law to ensure the priority of Freddie Mac's lien. The Servicer must complete such recordation at no cost to Freddie Mac.

f. Remittance of fees (11/30/12)

Within five Business Days after the Transfer of Ownership, the Servicer must remit the following to Freddie Mac in accordance with the requirements of Freddie Mac's approval of the Transfer of Ownership and Section 41.9:

- The Freddie Mac counsel fee to Freddie Mac or its outside counsel
- The balance of any transfer fee due to Freddie Mac

g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (04/18/24)

If the provisions of this section require delivery of a certified copy of a filed or recorded document, the copy must show the recorder's stamp, book and page numbers or instrument numbers. If recorder or clerk delays make it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the Title Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The Servicer must deliver to Freddie Mac a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

Within five Business Days after the Transfer of Ownership, the Servicer must electronically deliver each of the following documents to Freddie Mac, unless delivery of an original is specified:

1. Recorded transfer deed, if applicable, or other documentation evidencing the transfer (certified copy)
2. If an interest in the Property was transferred
 - a. Recorded Memorandum of Loan Assumption and Modification Agreement (certified copy)



- b. Signed settlement statement (copy)
- c. Endorsement to the existing title policy or a new title policy stating the name of the new Borrower, reflecting the recordation of the Assumption Agreement and evidencing that the effective date of the policy is the date of recordation of the Assumption Agreement and that there are no intervening liens from the date of the original title policy insuring the First Lien until the Transfer of Ownership (copy). If the proposed new Borrower obtains a new title policy, that title policy must meet all of the requirements of Sections 29.1 through 29.3. Freddie Mac reserves the right to require a new title policy rather than to accept an endorsement to the original title policy.

Note: For assumptions involving Property located in Texas, in lieu of a new title policy or down-date endorsement to the original title policy, it is acceptable to provide both of the following:

- A certificate from the Title Company that issued the existing title policy, dated no earlier than the date of recordation of the Loan Modification and Assumption Agreement, listing all matters that affect title to the Property which have been placed of record since the effective date of such title policy
 - A T-38 Endorsement
- d. Explanation meeting the requirements of Section 29.2 of the Guide for any title exception that did not appear on the title policy that was issued when the Mortgage was originated.
 3. Signed Guaranty, if applicable (original)
 4. Signed Guaranty Assumption and Modification Agreement, if applicable (original)
 5. Signed Transfer of Interest Reaffirmation Agreement, if applicable (original if Note or Guaranty is modified; otherwise, a copy)
 6. Signed Loan Assumption and Modification Agreement, if applicable (original)
 7. Signed Assignment of Management Agreement and Subordination of Management Fees, if applicable (copy), with a copy of the fully-executed property management agreement attached
 8. If the proposed transferee is an entity, filed and recorded UCC financing statements in the name of the proposed transferee in accordance with the requirements of the Final Delivery Instructions found at mf.freddie.mac.com/lenders/purchase (certified copy)
 9. Statement from the Servicer's counsel that it has examined the UCC search for the proposed transferee, that the search is dated no earlier than 30 days from the Transfer of Ownership and that the search does not indicate any previous filings (or, in the case of previous filings, that any such filings have been approved by Freddie Mac) (copy)
 10. Opinions of proposed new Borrower's/new Guarantor's counsel, regardless of whether the new Guarantor is an individual or an entity (copy). The opinion of counsel must be addressed to Freddie Mac and must contain the provisions and opinions set forth in the Form of Opinion Letters available at mf.freddie.mac.com/lenders/legal, as applicable.



Except as set forth below, the Servicer may accept modifications to the Form of Opinion Letter without Freddie Mac's prior review and written consent to such changes, provided that the Servicer remains able to make the warranties contained in Section 5.2(c) of the Guide and the proposed new Borrower and new Guarantor (if applicable) meet the requirements of Section 9.7 of the Guide.

For a Mortgage securing a Seniors Housing Property, a cross-collateralized and/or cross-defaulted Mortgage, or a Mortgage for which the Freddie Mac Approval of the Transfer of Ownership requires a specific legal opinion in addition to the Form of Opinion Letter, the Servicer must submit a copy of the opinion marked to indicate clearly the additions to and deletions from the appropriate Form of Opinion Letter and receive Freddie Mac's decision as to the acceptability of the additions and deletions before the Servicer completes the Transfer of Ownership.

NOTE: The counsel rendering the opinions must be acceptable to Freddie Mac, or to the Servicer if the Servicer is authorized to approve the opinion. The Freddie Mac Approval may require that the counsel state additional conclusions in the opinion. Freddie Mac reserves the right to require the Servicer at any time to deliver to Freddie Mac all documents on which the counsel based or should have based the opinion.

11. Signed Borrower's Certificate of Representations and Warranties (copy)
12. UCC along with indications of where filed (certified copy)
13. Servicer's OFAC/FHFA SCP certificate as required by 41.1(d)
14. Any other documents required by the Freddie Mac approval letter

h. Servicer's responsibilities following the Transfer of Ownership (04/18/24)

Following the closing of the Transfer of Ownership, the Servicer must

- For a Transfer of Ownership in the Property, promptly file and record UCC financing statement amendments evidencing the addition of new Borrower, as debtor, and the deletion of original Borrower, with respect to Lender's security interest in the fixtures and personal property of the transferor located on or related to the Property. The Servicer must file such UCC amendments, at the Servicer's expense, in each office in which a UCC financing statement has been filed or recorded
- Deliver to all parties concerned a copy of all documents listed in Section 41.6(g)
- Retain copies in the Mortgage File of the documents listed in Section 41.6(g)
- Provide all notices and disclosures required under applicable law or regulation
- Ensure all data fields in the CRT that are Servicer's responsibility to populate are completed
- Ensure that all insurance policies reflect the Transfer of Ownership
- Continue to service the Mortgage as required in the Purchase and Servicing Documents



i. Servicer's warranties in connection with a Transfer of Ownership (09/28/18)

When a Servicer delivers documentation for a Transfer of Ownership, the Servicer will be deemed to have made the warranties in Sections 5.2 through 5.5, 5.10 and 5.14 as of the date the documentation for a Transfer of Ownership is delivered to Freddie Mac.

41.7 Prohibited Transfer of Ownership - Declination of the application for Lender consent (06/29/18)

If Freddie Mac declines the application for Transfer of Ownership, the Servicer must send written notice of the decision to the Borrower and the proposed transferee on behalf of Freddie Mac, in a manner that complies with all applicable laws and regulations and the requirements of Section 10.13.

41.8 Unauthorized Transfers of Ownership (04/18/24)

If the Servicer suspects a prohibited Transfer of Ownership has taken place, the Servicer must act in a timely, efficient and responsible manner to carry out Freddie Mac's instructions and to fully protect Freddie Mac's interests as follows:

- Immediately notify Freddie Mac via email describing the circumstances of the possible prohibited Transfer of Ownership.
- Immediately contact the Borrower, the transferees that are not permitted or any party that may have been connected with the transfer to determine whether a prohibited Transfer of Ownership has occurred. If the Servicer confirms a prohibited Transfer of Ownership has in fact occurred, the Servicer must notify Freddie Mac via email at Multifamily Asset Management, Borrower Transactions or, for Structured Transactions, email Multifamily Asset Management, Structured Transactions.

a. Information to be provided to Freddie Mac (06/29/18)

The Servicer must electronically submit the following information to Freddie Mac within two Business Days after confirming that the prohibited Transfer of Ownership has occurred:

1. Information detailing the prohibited Transfer of Ownership (The letter must include the Freddie Mac loan number, the name of the Borrower, the property address, the names and addresses of all known parties connected with the prohibited Transfer of Ownership and details of the discovery of the Transfer of Ownership.)
2. A written summary of any conversations between Servicer personnel and the Borrower or any party involved with the Transfer of Ownership
3. Any evidence of the prohibited Transfer of Ownership
4. Any other information requested by Freddie Mac

b. Property inspection (06/29/18)

Freddie Mac may request that the Servicer complete a Freddie Mac Annual Inspection Form (AIF) in connection with the prohibited Transfer of Ownership. Within 60 days of a request by Freddie Mac, the Servicer must inspect the Property and submit the AIF in accordance with the submission procedures in Chapter 40. If the Servicer is unable to fully inspect the Property, the



Servicer must conduct an exterior inspection and identify any Deferred Maintenance. The Servicer must also conduct a market survey, which, along with past rental and expense information, is to be used by the Servicer to complete the AIF.

c. Additional Servicer obligations (06/29/18)

If the Servicer discovers any additional defaults during the investigation of the prohibited Transfer of Ownership, the Servicer must immediately notify Freddie Mac via email.

41.9 Fees (04/30/19)

a. Review/processing fee (09/18/14)

For loans allowing Transfers of Ownership subject to lender consent, unless otherwise provided in the Loan Documents, the Servicer must charge the Borrower a nonrefundable review/processing fee in the amount set forth in Exhibit 10.

The Servicer may retain 50 percent of the review/processing fee and must remit the remaining 50 percent to Freddie Mac by wire transfer with the application for the Transfer of Ownership. The review/processing fee is in addition to the transfer fee and will not be applied to reduce the transfer fee. The Servicer may not charge the Borrower any additional fees for processing a Transfer of Ownership unless required by Freddie Mac.

b. Counsel fee (04/29/16)

At closing of the Transfer of Ownership, the Servicer must collect a nonrefundable counsel fee to reimburse Freddie Mac for the fees, expenses and costs of Freddie Mac's legal counsel, which may be either outside or in-house counsel. When Freddie Mac approves the Transfer of Ownership, Freddie Mac will issue a letter setting forth the amount of the counsel fee.

The Servicer may also require the Borrower to pay the Servicer's legal expenses and costs (for example, costs for searches, filings, title reviews and endorsements) relating to the Transfer of Ownership.

c. Transfer fee (09/18/14)

Unless otherwise set forth in the Loan Documents, for all approved Transfers of Ownership, Freddie Mac charges a nonrefundable transfer fee in the amount set forth in Exhibit 10. If the Loan Documents provide for different fees, the fees specified in the Loan Documents will apply.

NOTE: If the Transfer of Ownership involves a transfer of interests in the Borrower that does not result in a change in control of the Borrower, and if the Transfer of Ownership will not result in the addition of any new Borrower Principal(s), Freddie Mac may consider reducing or waiving the transfer fee upon written request from the Servicer.

At closing of the Transfer of Ownership, the Servicer must collect the transfer fee. Unless Freddie Mac provides otherwise in its approval letter, the Servicer must remit 50 percent of the transfer fee to Freddie Mac by wire transfer. The Servicer may retain the remaining 50 percent of the transfer fee.



d. **Remittance of fees (04/30/19)**

For all Transfers of Ownership, the Servicer must obtain wire transfer instructions from *Multifamily Asset Management, Borrower Transactions*.

The Servicer must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number.

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:46:17 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 41 - Transfers of Ownership GB-06-13-24.docx	
Modified filename: 41 - Transfers of Ownership GB-08-15-24.docx	
Changes:	
Add	10
Delete	8
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	18



- 41SBL.1 Transfers of Ownership in the Property or in the Borrower (04/18/24)
- Applicability; use of the Consent Request Tracker and review of General Loan Information (04/18/24)
 - Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership (06/30/16)
 - Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (06/29/18)
 - Seller/Service obligation to screen existing and new Borrowers and Borrower Principals, and Non-U.S. Equity Holders (09/01/16)
- 41SBL.2 Loan Document provisions regarding Transfers of Ownership (04/18/24)
- Mortgages that permit transfers without the consent of the Lender (04/18/24)
 - Mortgages that conditionally permit Transfers of Ownership (06/29/18)
 - Reserved (06/29/18)
 - Mortgages that prohibit transfers without the consent of the Lender (06/29/18)
- 41SBL.3 Conditionally Permitted Transfers of Ownership (06/13/24)
- Notice to Freddie Mac (04/18/24)
 - Delivery of documents requiring Freddie Mac signature (06/29/18)
 - Transfer documentation – electronic delivery (06/13/24)
 - Post-transfer documentation – delivery of originals (04/18/24)
 - Remittance of fees (06/29/18)
- 41SBL.4 ~~Transfer of Ownership requiring Freddie Mac consent (06/13/24)~~ Transfer of Ownership requiring Freddie Mac consent (08/15/24)
- ~~Conditions for Freddie Mac consent (04/18/24)~~ Conditions for Freddie Mac consent (08/15/24)
 - Continuing liability of the Borrower and Guarantor (06/29/17)
 - Required Servicer disclosure (08/26/21)
 - ~~Application for approval; information required (06/13/24)~~ Application for approval; information required (08/15/24)
 - Additional information required for Transfers of Ownership of interest in the Property (09/28/18)
 - Information required five Business Days prior to the proposed Transfer of Ownership (06/17/21)
- 41SBL.5 Prohibited Transfer of Ownership requiring Freddie Mac consent -- review of the application (06/29/18)
- 41SBL.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application (04/18/24)
- Approval (06/30/16)
 - Preparation and review of the documents by counsel (06/30/16)
 - Freddie Mac's review of draft documents (06/30/16)
 - Execution of documents by Freddie Mac (04/18/24)
 - Recordation (06/30/16)
 - Remittance of fees (06/30/16)



- g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (04/18/24)
- h. Servicer's responsibilities following the Transfer of Ownership (06/30/16)
- i. Servicer's warranties in connection with a Transfer of Ownership (09/28/18)

41SBL.7 Prohibited Transfers of Ownership - Declination of the application for Lender consent (06/29/18)

41SBL.8 Prohibited Transfers of Ownership (04/18/24)

- a. Information to be provided to Freddie Mac (06/29/18)
- b. Property inspection (06/29/18)
- c. Additional Servicer obligations (06/29/18)

41SBL.9 Fees (04/30/19)

- a. Review/processing fee (12/14/18)
- b. Counsel fee (06/30/16)
- c. Transfer fee (12/14/18)
- d. Remittance of fees (04/30/19)



41SBL.1 Transfers of Ownership in the Property or in the Borrower (04/18/24)

As used in this Chapter 41SBL, the term “transferee” refers to:

- The new Borrower if the proposed transaction is a Transfer of Ownership in the Property with an assumption of the loan, or
- The new owner of interests in the Borrower if the proposed transaction is a Transfer of Ownership interests in the Borrower

a. **Applicability; use of the Consent Request Tracker and review of General Loan Information (04/18/24)**

This chapter states the procedures for Servicers to use with respect to permitted, conditionally permitted and prohibited Transfers of Ownership in the Property (assumptions) and Transfers of Ownership interests in the Borrower.

For each Transfer of Ownership, the Servicer must:

- Use the Consent Request Tracker (CRT) to record date milestones, status information, comments and the date of a Servicer’s decision on individual Borrower requests for lender consent in accordance with Section 36.25. CRT can also be used to upload any applicable documentation for the consent request instead of separately opening Document Management System (DMS) to upload the documents.
- Review the General Loan Information (GLI) (for example, Property name and total units) to ensure that the GLI data is accurate, and send any corrections via email to MF_Asset_Perf@freddiemac.com.

b. **Delivery of documents and notices to Freddie Mac prior to a Transfer of Ownership (06/30/16)**

1. Electronic delivery

When this chapter requires electronic delivery of any document, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents into the Document Management System (DMS) and using the “File Submission” link to notify *Multifamily Asset Management, Borrower Transactions*.

2. Delivery of original documents to Freddie Mac

When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must upload the document into DMS and deliver the original to *Multifamily Asset Management, Borrower Transactions*.

3. Delivery of notices to Freddie Mac

When this chapter requires email delivery of a notice to Freddie Mac, the Servicer must direct the email to Freddie Mac *Multifamily Asset Management, Borrower Transactions*.



c. Delivery of documents and notices to Freddie Mac following a Transfer of Ownership (06/29/18)

1. Electronic delivery

When this chapter requires electronic delivery of any document following a Transfer of Ownership, the Servicer must submit all items required to be delivered to Freddie Mac by uploading the documents onto the Freddie Mac Multifamily DMS and using the “File Submission” link to notify *Multifamily Purchase*.

2. Delivery of original documents to Freddie Mac

When this chapter requires delivery of an original document with respect to any Mortgage, the Servicer must:

- Upload the document onto DMS, and
- Deliver the original to Multifamily Purchase.

d. Seller/Servicer obligation to screen existing and new Borrowers and Borrower Principals, and Non-U.S. Equity Holders (09/01/16)

Within five Business Days after the Transfer of Ownership occurs, the Servicer must electronically deliver the following certification to Freddie Mac in a letter on the Seller/Servicer’s stationery:

- “Servicer certifies that it has determined that none of [insert Borrower, new Borrower Principals, new Non-U.S. Equity Holders or new property management company, as applicable] are the target of any sanctions law administered or enforced by the U.S. Treasury Department Office of Foreign Assets Control (OFAC), including a person or entity identified on the most current OFAC Specially Designated Nationals and Blocked Persons (SDN) List or OFAC Consolidated Sanctions List; and
- Servicer certifies that it has reviewed the Federal Housing Finance Agency (FHFA) Suspended Counterparty Program (SCP) List in accordance with Section 2.24 of the Guide and that none of the [insert Borrower, new Borrower Principals or new property management company, as applicable] are identified on the FHFA SCP List, subject to any conditions or exclusions set forth in any applicable FHFA SCP final suspension order published on FHFA’s SCP website.”

See Sections 41SBL.3(c) and 41SBL.6(g) for requirements for submitting this certificate with the required documentation for a Transfer of Ownership.

The Servicer must also conduct the Exclusionary List review as provided in Section 2.18.

41SBL.2 Loan Document provisions regarding Transfers of Ownership (04/18/24)

Loan Documents have varying provisions regarding Transfers of Ownership. The Servicer and Single Counsel must carefully review the applicable Loan Documents to determine what, if any, Transfers of Ownership are permitted and what the conditions are for reviewing those Transfers of Ownership.



a. Mortgages that permit transfers without the consent of the Lender (04/18/24)

Certain Loan Documents permit Transfers of Ownership interests in the Borrower without consent of the lender, and without specific pre-authorization provisions.

The Servicer must take the following actions:

1. Enter the permitted transfer into the Consent Request Tracker within five Business days after learning of it, and must, at that time, include the name of the transferee, the date of the Transfer of Ownership, and the terms of the transfer, if known. The Consent Request Tracker record should be created with the selection that Freddie Mac approval is required for Mortgages owned by Freddie Mac.
2. Electronically deliver supporting documentation such as an organizational chart and organizational documents to Freddie Mac.
3. Ensure that all insurance policies reflect the new ownership.

A confirmation email will be sent by Freddie Mac if Freddie Mac concurs that the transfer is permitted under the terms of the Loan Documents.

For Transfers of Ownership permitted by SBL Mortgages described in this section, the application and approval provisions of this chapter do not apply, and neither Freddie Mac nor the Servicer will impose a review/processing fee or transfer fee (other than as set forth in the Loan Documents).

b. Mortgages that conditionally permit Transfers of Ownership (06/29/18)

Some Loan Documents contain provisions that pre-authorize certain Transfers of Ownership that have been underwritten at the time of the origination or prior assumption of the Mortgage. See Section 41SBL.3 for the procedures for approval and documentation of a conditionally permitted Transfer of Ownership.

c. Reserved (06/29/18)

d. Mortgages that prohibit transfers without the consent of the Lender (06/29/18)

If the Loan Documents contain a provision that states that the lender may or will permit an otherwise prohibited Transfer of Ownership if the proposed transferee meets certain standards as to credit, management ability or other matters, the Property (and interests in a Borrower entity that are covered by the transfer language) may be transferred, but only subject to the provisions of Sections 41SBL.4 through 41SBL.8.

41SBL.3 Conditionally Permitted Transfers of Ownership (06/13/24)

a. Notice to Freddie Mac (04/18/24)

Within two Business Days after receiving notice of a conditionally permitted Transfer of Ownership – whether that notice is received prior or subsequent to that Transfer of Ownership – the Servicer must enter the applicable information into the Consent Request Tracker.



1. If the Servicer receives notice of a conditionally permitted Transfer of Ownership after the Transfer of Ownership is completed, the Servicer must:
 - Confirm that the Transfer of Ownership is conditionally permitted under the terms of the Loan Documents and
 - Deliver any documentation required by the terms of the provisions in the Loan Documents and remit any applicable fees to Freddie Mac as described in 41SBL.3(b) - (e).
2. If the Servicer receives notice of a conditionally permitted Transfer of Ownership prior to the date of the transfer, then promptly following the Servicer's receipt of notice from the Borrower, the Servicer must electronically deliver to Freddie Mac each of the following:
 - Copies of any documentation required by the terms of the pre-authorization provisions in the Loan Documents
 - Confirmation from Single Counsel that the transfer is conditionally permitted under the terms of the Loan Documents
 - Servicer's written certification that the Transfer of Ownership meets all the requirements for a conditionally permitted Transfer of Ownership under the terms of the Loan Documents

If Freddie Mac concurs that the transfer is conditionally permitted under the terms of the Loan Documents, Freddie Mac will issue an Acknowledgment of Conditionally Permitted Transfer. The Servicer must then deliver the documentation and remit the applicable fees as described in 41SBL.3(b) - (e).

b. Delivery of documents requiring Freddie Mac signature (06/29/18)

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least three Business Days prior to the date of the conditionally permitted Transfer of Ownership.

c. Transfer documentation – electronic delivery (06/13/24)

Not later than five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must electronically deliver the following documents if required by the Loan Documents and/or the Freddie Mac Acknowledgment of Conditionally Permitted Transfer:

1. Servicer's certification(s) regarding Borrower and organizational documents, if applicable
2. Servicer's OFAC/FHFA SCP certificate as required by 41SBL.1(d)
3. Reserved



4. An executed Form 1115, Borrower and Key Borrower Principal Certificate, as detailed in Section 55SBL.2, for each transferee and new Key Borrower Principal, as applicable
5. Preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6SBL.7, if not previously provided to Freddie Mac
6. If applicable, a certified copy of any recorded documents such as a Memorandum of Loan Assumption Agreement or a UCC Financing Statement
7. Transfer of Interest Reaffirmation Agreement; if the Reaffirmation Agreement, if applicable
8. Guaranty Assumption and Loan Modification Agreement, if applicable
9. Assignment of Management Agreement, if applicable
10. Freddie Mac Acknowledgement of Conditionally Permitted Transfer, acknowledged by the Servicer (if required by the Acknowledgement), if not previously uploaded to DMS
11. Opinions, if applicable
12. Any other documents required by the terms of the Loan Documents or the Freddie Mac Acknowledgement of Conditionally Permitted Transfer

d. Post-transfer documentation – delivery of originals (04/18/24)

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must deliver to Freddie Mac originals of any amendment to any Note, Guaranty or any other Loan Document for which delivery of an original is required under the Final Delivery Package Table of Contents - SBL.

e. Remittance of fees (06/29/18)

Within five Business Days after the conditionally permitted Transfer of Ownership occurs, the Servicer must remit by wire transfer any fees required pursuant to the terms of the pre-authorization provisions of the Loan Documents, in accordance with the requirements of Section 41SBL.9.

41SBL.4 Transfer of Ownership requiring Freddie Mac consent (06/13/2408/15/24)

a. Conditions for Freddie Mac consent (04/18/2408/15/24)

For all Transfers of Ownership requiring Freddie Mac consent, including (i) transfers of all or any portion of the Property, (ii) transfers of a direct or indirect controlling interest in Borrower, and (iii) transfers of greater than 50% of non-managing member or limited partner interests in Borrower or any entity that controls Borrower, the Servicer must provide to Freddie Mac an analysis of and, if applicable, recommendation with respect to, each of the following requirements:

1. The Borrower has submitted to the Servicer all information required by the Servicer to make the determination required by this Section along with the applicable nonrefundable Transfer of Ownership processing fee



2. The transferee meets Freddie Mac's eligibility, credit, management and other standards (including any standards with respect to previous relationships between Freddie Mac and the transferee), including having no unmitigated adverse findings from the ~~public record searches~~ [Public Record Searches](#) required by ~~Section 48SBL.30~~ [the Guide](#)
3. The transferee's organization, credit and experience in the management of similar properties is appropriate to the overall structure and documentation of the Loan, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests*
4. The Property will be managed by (or will continue to be managed by) a Property manager meeting the requirements of the Loan Agreement
5. The Property, at the time of the proposed Transfer of Ownership, meets all of Freddie Mac's standards as to its physical condition, occupancy, net operating income, and the accumulation of reserves
6. In the case of a Transfer of Ownership of all or any part of the Property, each of the following conditions is satisfied:
 - The transferee meets the requirements of Section 6.13 of the Loan Agreement.
 - The transferee executes Freddie Mac's then-standard assumption agreement for SBL Mortgages that, among other things, requires the transferee to perform all obligations of the Borrower set forth in the Loan Documents, and may require that the transferee comply with any provisions of the Loan Agreement or any other Loan Document which previously may have been waived or modified by the lender.
 - If Freddie Mac requires, the transferee causes one or more Persons acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty (or Guaranty Assumption and Loan Modification Agreement, as applicable) in a form acceptable to Freddie Mac.
 - The transferee executes such additional documentation as Freddie Mac may require.
7. In the case of a Transfer of Ownership of a direct or indirect controlling interest in Borrower, each of the following conditions is satisfied:
 - If Freddie Mac requires, the transferee causes one or more Persons acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty (or Guaranty Assumption and Loan Modification Agreement, as applicable) in a form acceptable to Freddie Mac.
 - If a Guarantor requests that Freddie Mac release the Guarantor from its obligations under a Guaranty executed and delivered in connection with the Loan Documents, then the requirements of Section 41SBL.4(b) will apply.
 - The transferee and Borrower execute such additional documentation as Freddie Mac may require.



8. In the case of a Transfer of Ownership of greater than 50% of non-managing member or limited partner interests in Borrower or any entity that controls Borrower, each of the following conditions is satisfied:
 - If a Guarantor requests that Freddie Mac release the Guarantor from its obligations under a Guaranty executed and delivered in connection with the Loan Documents, then (i) the Borrower causes one or more persons or entities acceptable to Freddie Mac, in Freddie Mac's discretion, to execute and deliver a Guaranty (or Guaranty Assumption and Loan Modification Agreement, as applicable) in a form acceptable to Freddie Mac and (ii) the requirements of Section 41SBL.4(b) will apply.
9. Freddie Mac receives any such legal opinions that Freddie Mac deems necessary, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests*
10. The Servicer collects all costs, including the cost of all title searches, title insurance and recording costs, and all attorneys' fees and costs incurred in reviewing the Transfer of Ownership request
11. At the time of the Transfer, the Borrower pays a Transfer of Ownership Fee equal to one percent of the outstanding principal balance of the indebtedness as of the date of the Transfer of Ownership, *except that this requirement will not apply for transfers of greater than 50% of non-managing member or limited partner interests*

b. Continuing liability of the Borrower and Guarantor (06/29/17)

If the Borrower and Guarantor request a release of their respective liabilities under the Loan Documents in connection with a Transfer of Ownership of all of the Borrower's interest in the Property, and Freddie Mac approves the Transfer of Ownership pursuant to Section 41SBL.6, then one of the following will apply:

1. If the Form 1104, SBL Physical Risk Report, meeting the requirements of Section 62SBL.3 submitted by the Servicer in connection with the Transfer of Ownership (A) is dated within 90 days prior to the date of the proposed Transfer of Ownership, and (B) evidences no presence of environmental hazards or issues using the methodology described in Chapter 62SBL, then Freddie Mac will do each of the following:
 - (i) Release the Borrower from all its obligations under the Loan Documents except for liability under Section 6.12 or Section 10.02(b) or 9.02(b) of the Loan Agreement (as applicable, relating to environmental indemnification) with respect to any loss, liability, damage, claim, cost or expense which directly or indirectly arises from or relates to any Prohibited Activities or Conditions existing prior to the date of the Transfer of Ownership.
 - (ii) Release the Guarantor from all the Guarantor's obligations under the Loan Documents except for the Guarantor's obligation to guaranty the Borrower's liability described in Section 41SBL.4(b)(1)(B)(i) above.
2. If the Form 1104, SBL Physical Risk Report, prepared in connection with the Transfer of Ownership request identifies any environmental hazards or issues using the methodology described in Chapter 62SBL, then Freddie Mac will release the Borrower and the Guarantor from all of their respective obligations under the Loan Documents except for the Borrower's liability under Section 6.12 or Section 10.02(b) or 9.02(b) of

Guide Bulletin Update ~~06/13/24~~08/15/24 Chapter 41SBL – Page 9

the Loan Agreement (as applicable, relating to environmental indemnification) and the Guarantor's obligation to guaranty the Borrower's liability.

c. Required Servicer disclosure (08/26/21)

If an Equity Conflict of Interest exists as defined in Section 2.25, then the Servicer must provide to *Multifamily Asset Management, Borrower Transactions* a written statement that discloses the nature and extent of that Equity Conflict of Interest within three Business Days after receiving the Borrower's request for approval of the Transfer of Ownership.

d. Application for approval; information required (~~06/13/24~~08/15/24)

Within two Business Days after receiving a request for a Transfer of Ownership, the Servicer must enter the applicable information into the Consent Request Tracker.

The Servicer must electronically submit a complete review package and the Servicer's recommendation, including the applicable information required pursuant to Sections 41SBL.4(d) and (e) to Freddie Mac at least 15 days prior to the proposed date of the Transfer of Ownership. The Servicer must comply with the Equal Credit Opportunity Act, Fair Credit Reporting Act, Truth in Lending Act and any other applicable federal, State or local laws or regulations.

Promptly following receipt of the Borrower's notification of the pending Transfer of Ownership, the Servicer must collect the following information from the Borrower and proposed new Key Borrower Principals, as applicable, following up with the Borrower as necessary to ensure timely receipt of required materials. *Items 3, 4, 6, 7, and 9 through 14 are not applicable for Transfers of Ownership of greater than 50% of non-managing member or limited partner interests.*

1. A nonrefundable review/processing fee in accordance with Section 41SBL.9
2. A completed Transfer of Ownership/Assumption Request, available via FreddieMac.com, including
 - The Servicer's thorough analysis of the risks, strengths, and weaknesses associated with the proposed Transfer
 - The Servicer's justification and support for its recommendations with respect to any requests for waivers or document modifications
 - The Servicer's recommendations regarding the need for adjustment to any Impositions or Reserves
 - The Servicer's explanation of the terms of any seller take-back financing or other Subordinate Financing
 - The Servicer's explanation of any unusual proposed transferee structure or structure of a transaction done for tax purposes
 - Information regarding any deadline for a real estate exchange done pursuant to Internal Revenue Code Section 1031 (Note: Reverse 1031 exchanges are not



permissible)

3. A copy of the executed contract of sale or other transfer agreement, letter of intent, or other indication of the Borrower's intent to transfer an ownership interest in the Property or in the Borrower, together with a Purchase Agreement Analysis form (as described in Section 55SBL.2).
4. Current financial statements of the proposed transferee and the proposed new Key Borrower Principals, as described in Section 55SBL.2
5. An executed Form 1115, Borrower and Key Borrower Principal Certificate, for the proposed transferee and each proposed new Key Borrower Principal, as detailed in Section 55SBL.2
6. An executed Form 1116, Real Estate Schedule, for each proposed new Key Borrower Principal, as detailed in Section 55SBL.2
7. Information concerning the managerial experience of the proposed transferee (if not otherwise fully reflected on Form 1115) and the proposed paid professional manager, if applicable, as detailed in the mortgage transaction narrative analysis description in Section 55SBL.2
8. A Form 1114, Certification – Organizational Chart, with the Certified Organizational Chart of the proposed Borrower. The Certified Organizational Chart must include the elements set forth in the Guidance – Organizational Charts.
 - Each entity's name, State of formation, and type (e.g., Delaware limited liability company)
 - Each party's ownership percentage
 - Each party's role (e.g., Principal, Guarantor, manager, general partner, etc.)
9. Current financial statements for the Property including a trailing 12-month statement, each certified by the Borrower in the manner described in Section 55SBL.2, together with the Servicer's analysis of those statements. If the two most recent certified calendar year financial statements have been submitted to Freddie Mac via the Property Reporting System (PRS), the Servicer may make a statement to that effect on the Transfer of Ownership/Assumption Request and need not attach the calendar year statements unless requested to do so by Freddie Mac
10. A Form 1104, SBL Physical Risk Report, prepared by a physical risk consultant in compliance with Chapter 62SBL if any of the following apply:
 - The Property was built more than 15 years previously
 - The most recent Annual Inspection Form (AIF) noted significant Deferred Maintenance
 - The buyer proposes significant capital improvements

- The Borrower and Guarantor are requesting a release from environmental liability pursuant to Section 41SBL.4(b)

11. If a Form 1104, SBL Physical Risk Report, is not required pursuant to Section 41SBL.4(a)(10), and if the most recent AIF is dated more than 12 months prior to submission of the transfer request, then the Servicer must conduct a physical inspection of the Property and deliver an updated AIF to Freddie Mac
12. Copies of all current property reports obtained in connection with the Transfer (e.g., Appraisal, the Level 1 Seismic Risk Assessment (SRA), the Form 1104, SBL Physical Risk Report, etc.)
13. A current credit report for any proposed new Borrower or Guarantor that is an individual, as detailed in Section 55SBL.2
14. A preliminary legal issues memorandum (PLIM) meeting the requirements of Section 6SBL.7
15. Written certification of the Servicer that there is no uncured event of default or any event, act, or condition that, but for the giving of notice or the passage of time, would constitute an event of default unless such Transfer of Ownership would cure the event of default
16. For a Transfer of Ownership that does not involve a transfer of title to the Property, a Certified Organizational Chart (including Form 1114, Certification – Organizational Chart) for the Borrower as constituted prior to the proposed Transfer of Ownership

17. [The Public Records Searches as required by Section 2.28](#)

18. ~~47.~~ Any other information which Freddie Mac may request in connection with its review of the proposed Transfer

e. [Additional information required for Transfers of Ownership of interest in the Property \(09/28/18\)](#)

If title to the Property will change as a result of the Transfer of Ownership, the Servicer must provide the following additional information to Freddie Mac:

1. Organizational documents of the proposed Borrower, together with Servicer's certification that it has reviewed the organizational documents and that they comply with the requirements of Section 9SBL.7
2. Certified Organizational Chart of the proposed Borrower, together with the Form 1114, Certification — Organizational Chart
3. Title update report dated no earlier than 30 days before the date of the Transfer
4. An explanation by the Single Counsel for any title exception that did not appear on the title policy that was issued when the Mortgage was originated that was not previously approved by Freddie Mac or the Servicer, is in violation of the Loan Documents, or would otherwise not be acceptable to a prudent institutional lender



5. The proposed new Borrower's first year budget for the Property

6. Evidence of insurance, as described in Section 31.19(b)

f. Information required five Business Days prior to the proposed Transfer of Ownership (06/17/21)

The Servicer must deliver each of the following to Freddie Mac at least five Business Days prior to the date of the proposed Transfer of Ownership, *except that item 1 is not applicable for Transfers of Ownership of greater than 50% of non-managing member or limited partner interests.*

1. A draft property management agreement in essentially final form
2. A Form 1114, Certification – Organizational Chart, with the Certified Organizational Chart of the proposed Borrower. The Organizational Chart must include the elements set forth in the Organizational Chart Interactive Guidance at <https://mf.freddiemac.com/lenders/asset/> under Asset Management References.

41SBL.5 Prohibited Transfer of Ownership requiring Freddie Mac consent -- review of the application (06/29/18)

Freddie Mac will evaluate the application and the Servicer's recommendation in accordance with Freddie Mac's credit policies and the terms of the Loan Documents. Factors to be considered may include the following:

- The net income of the Property before debt service and depreciation
- The Debt Coverage Ratio (DCR) and the Loan to Value Ratio (LTV)
- The Property condition
- The proposed transferee's equity in the Property
- The proposed transferee's previous management experience and its ability to maintain or increase the net income of the Property
- The proposed transferee's and proposed Guarantor's financial statements and credit history (evidence that each has the ability to repay the Mortgage and evidence that each has repaid or is repaying other loans according to their respective terms)
- The terms and conditions of any Subordinate Financing

41SBL.6 Prohibited Transfer of Ownership requiring Freddie Mac consent – approval of the application (04/18/24)

a. Approval (06/30/16)

If Freddie Mac approves the application for the Transfer of Ownership, Freddie Mac will issue an approval letter containing the terms and conditions of its approval.



b. Preparation and review of the documents by counsel (06/30/16)

Chapter 6SBL sets forth the responsibilities of the Servicer and Single Counsel in connection with a Transfer of Ownership.

The Servicer must obtain the necessary legal documentation to ensure that the existing obligations under the Mortgage remain in full force and effect and that the parties to the Loan Documents continue to be bound by all the terms and provisions of the Mortgage to the extent required by Freddie Mac's approval. Single Counsel must prepare and review the necessary documents in accordance with Section 6SBL.11 or 6SBL.14, as applicable.

c. Freddie Mac's review of draft documents (06/30/16)

If required by Freddie Mac in the approval letter for the Transfer of Ownership, then at least 10 Business Days prior to the anticipated closing date for the Transfer of Ownership, the Servicer must submit the documents to Freddie Mac via email for Freddie Mac's review and approval. Otherwise, Single Counsel will be responsible for the review and approval of all draft documents required for the Transfer of Ownership.

d. Execution of documents by Freddie Mac (04/18/24)

The Servicer must submit any required documentation that must be executed by Freddie Mac to Freddie Mac by email if feasible, or in hard copy form if necessary, at least five Business Days prior to the date of the Transfer of Ownership, including a statement from Single Counsel that the documents are acceptable for execution by Freddie Mac, unless the approval required that the Servicer submit the draft documents to Freddie Mac for prior review in accordance with Section 41SBL.6(c).

e. Recordation (06/30/16)

Following closing of the Transfer of Ownership, the Servicer must arrange for any recordation commonly required by private institutional mortgage investors or required by law to ensure the priority of Freddie Mac's lien. The Servicer must complete such recordation at no cost to Freddie Mac.

f. Remittance of fees (06/30/16)

Within five Business Days after the Transfer of Ownership, the Servicer must remit the following to Freddie Mac in accordance with the requirements of Freddie Mac's approval of the Transfer of Ownership and Section 41SBL.9:

- The Freddie Mac counsel fee to Freddie Mac or its outside counsel, or to Single Counsel, as applicable
- The balance of any transfer fee due to Freddie Mac

g. Delivery of documents to Freddie Mac following closing of Transfer of Ownership (04/18/24)

If the provisions of this section require delivery of a certified copy of a filed or recorded document, the copy must show the recorder's stamp, book and page numbers or instrument numbers. If recorder or clerk delays make it impossible to effect timely delivery of a copy showing the required information, the Servicer may provide a copy that the Title

Guide Bulletin Update ~~06/13/24~~08/15/24 Chapter 41SBL – Page 14



Company or closing attorney has certified as a "true and correct copy of the recorded/filed original." The Servicer must deliver to Freddie Mac a copy of the recorded/filed original showing the required information as soon as the copy becomes available.

Within five Business Days after the Transfer of Ownership, the Servicer must electronically deliver each of the following documents to Freddie Mac, unless delivery of an original is specified:

1. Recorded transfer deed, if applicable, or other documentation evidencing the transfer (certified copy)
2. If an interest in the Property was transferred
 - a. Recorded Memorandum of Loan Modification and Assumption Agreement (certified copy)
 - b. Signed settlement statement (copy)
 - c. Endorsement to the existing title policy or a new title policy stating the name of the new Borrower, reflecting the recordation of the Loan Modification and Assumption Agreement SBL and evidencing that the effective date of the policy is the date of recordation of the Loan Modification and Assumption Agreement SBL and that there are no intervening liens from the date of the original title policy insuring the First Lien until the Transfer of Ownership (copy) (If the proposed new Borrower obtains a new title policy, that title policy must meet all of the requirements of Sections 29SBL.1 through 29SBL.3. Freddie Mac reserves the right to require a new title policy rather than to accept an endorsement to the original title policy.)

NOTE: For assumptions involving Property located in Texas, in lieu of a new title policy or down-date endorsement to the original title policy, it is acceptable to provide both of the following:

 - A certificate from the title insurance company that issued the existing title policy, dated no earlier than the date of recordation of the Memorandum of Loan Assumption Agreement, listing all matters that affect title to the Property which have been placed of record since the effective date of such title policy.
 - A T-38 Endorsement.
 - d. An explanation by the Single Counsel for any title exception that did not appear on the title policy that was issued when the Mortgage was originated that was not previously approved by Freddie Mac or the Servicer, is in violation of the Loan Documents, or would otherwise not be acceptable to a prudent institutional lender
3. Signed Guaranty, if applicable (original)
4. Signed Guaranty Assumption and Modification Agreement, if applicable (original)
5. Signed Transfer of Interest Reaffirmation Agreement, if applicable (original if Note or Guaranty is modified; otherwise, a copy)
6. Signed Loan Assumption and Modification Agreement, if applicable (original)



7. Fully-executed property management agreement (copy)
8. If the proposed transferee is an entity, filed and recorded UCC financing statements in the name of the proposed transferee in accordance with the requirements of the Final Delivery Instructions found at mf.freddiemac.com/lenders/purchase (certified copy)
9. If required by Freddie Mac, opinions of proposed transferee's/Guarantor's counsel (If the proposed transferee or any new Guarantor is a corporation, partnership, limited liability company or other legal entity, then if required, the Servicer must deliver to Freddie Mac an opinion of counsel for each such entity. The opinion of counsel must be addressed to Freddie Mac and must contain the provisions and opinions set forth in the Form of Opinion Letters available at mf.freddiemac.com/lenders/legal, as applicable.) (copy)

NOTE: The counsel rendering the opinions must be acceptable to Freddie Mac, or to the Servicer if the Servicer is authorized to approve the opinion. The Freddie Mac Approval may require that the counsel state additional conclusions in the opinion. Freddie Mac reserves the right to require the Servicer at any time to deliver to Freddie Mac all documents on which the counsel based or should have based the opinion.

10. UCC along with indications of where filed (certified copy)
11. Servicer's OFAC/SCP certificate as required by 41SBL.1(d) (copy)
12. Any other documents required by the Freddie Mac approval letter

The Servicer must not obtain an Assignment of Management Agreement and Subordination of Management Fees for loans purchased under the Freddie Mac Small Balance Loan Program.

h. Servicer's responsibilities following the Transfer of Ownership (06/30/16)

Following the closing of the Transfer of Ownership, the Servicer must:

- Deliver to all parties concerned a copy of all documents listed in Section 41SBL.6(g)
- Retain copies in the Mortgage File of the documents listed in Section 41SBL.6(g)
- Provide all notices and disclosures required under applicable law or regulation
- Ensure all data fields in the CRT that are Servicer's responsibility to populate are completed
- Ensure that all insurance policies reflect the Transfer of Ownership
- Continue to service the Mortgage as required in the Purchase and Servicing Documents



i. Servicer's warranties in connection with a Transfer of Ownership (09/20/16)

When a Servicer delivers documentation for a Transfer of Ownership, the Servicer will be deemed to have made the warranties in Sections 5.2 through 5.5, 5.10 and 5.14 as of the date the documentation for a Transfer of Ownership is delivered to Freddie Mac.

41SBL.7 Prohibited Transfers of Ownership - Declination of the application for Lender consent (06/29/18)

If Freddie Mac declines the application for Transfer of Ownership, the Servicer must send written notice of the decision to the Borrower and the proposed transferee on behalf of Freddie Mac, in a manner that complies with all applicable laws and regulations and the requirements of Section 10.13.

41SBL.8 Prohibited Transfers of Ownership (04/18/24)

If the Servicer suspects a prohibited Transfer of Ownership has taken place, the Servicer must act in a timely, efficient, and responsible manner to carry out Freddie Mac's instructions and to fully protect Freddie Mac's interests as follows:

- Immediately notify Freddie Mac via email describing the circumstances of the possible prohibited Transfer of Ownership.
- Immediately contact the Borrower, the prohibited transferees or any party that may have been connected with the transfer to determine whether a prohibited Transfer of Ownership has occurred. If the Servicer confirms a prohibited Transfer of Ownership has in fact occurred, the Servicer must notify Freddie Mac via email *Multifamily Asset Management, Borrower Transactions*.

The email notification specified above should be sent to *Multifamily Asset Management, Borrower Transactions*.

a. Information to be provided to Freddie Mac (06/29/18)

The Servicer must electronically submit the following information to Freddie Mac within two Business Days after confirming that the prohibited Transfer of Ownership has occurred:

1. Information detailing the prohibited Transfer of Ownership (The letter must include the Freddie Mac loan number, the name of the Borrower, the property address, the names and addresses of all known parties connected with the prohibited Transfer of Ownership and details of the discovery of the Transfer of Ownership.)
2. A written summary of any conversations between Servicer personnel and the Borrower or any party involved with the Transfer of Ownership
3. Any evidence of the prohibited Transfer of Ownership
4. Any other information requested by Freddie Mac



b. Property inspection (06/29/18)

Freddie Mac may request that the Servicer complete a Freddie Mac Annual Inspection Form (AIF) in connection with the prohibited Transfer of Ownership. Within 60 days of a request by Freddie Mac, the Servicer must inspect the Property and submit the AIF in accordance with the submission procedures in Chapter 40. If the Servicer is unable to fully inspect the Property, the Servicer must conduct an exterior inspection and identify any Deferred Maintenance. The Servicer must also conduct a market survey, which, along with past rental and expense information, is to be used by the Servicer to complete the AIF.

c. Additional Servicer obligations (06/29/18)

If the Servicer discovers any additional defaults during the investigation of the prohibited Transfer of Ownership, the Servicer must immediately notify Freddie Mac via email.

41SBL.9 Fees (04/30/19)

a. Review/processing fee (12/14/18)

For loans allowing Transfers of Ownership subject to lender consent, (whether conditionally permitted or prohibited), the Servicer must charge the Borrower a nonrefundable review/processing fee in the amount specified in the Loan Agreement.

The Servicer may retain 50 percent of the review/processing fee and must remit the remaining 50 percent to Freddie Mac by wire transfer with the application for the Transfer of Ownership. The review/processing fee is in addition to the transfer fee and will not be applied to reduce the transfer fee. The Servicer may not charge the Borrower any additional fees for processing a Transfer of Ownership unless required by Freddie Mac.

b. Counsel fee (06/30/16)

At closing of the Transfer of Ownership, the Servicer must collect the counsel fee for Single Counsel, and if specified in the approval letter, the Servicer must collect a nonrefundable counsel fee to reimburse Freddie Mac for the fees, expenses and costs of Freddie Mac's legal counsel, which may be either outside or in-house counsel. When Freddie Mac approves the Transfer of Ownership, Freddie Mac will issue a letter setting forth the amount of the counsel fee other than the Single Counsel fee.

The Servicer may also require the Borrower to pay the Servicer's additional legal expenses and costs (for example, costs for searches, filings and title endorsements) relating to the Transfer of Ownership.

c. Transfer fee (12/14/18)

For all approved Transfers of Ownership, Freddie Mac charges a nonrefundable transfer fee in the amount set forth in the Loan Agreement.

For Loan Agreements with a revision date of 11-21-17 or earlier, Transfers of Ownership requested pursuant to Section 7.05 of the Loan Agreement that will result in a change of Control (as defined in the Loan Agreement), except for transfers of greater than 50% of non-managing member or limited partner interests, must be characterized as a Transfer of the "Mortgaged Property."



NOTE: If the Transfer of Ownership involves a transfer of interests in the Borrower that does not result in a change in control of the Borrower, and if the Transfer of Ownership will not result in the addition of any new Borrower Principal(s), Freddie Mac may consider reducing or waiving the transfer fee upon written request from the Servicer.

d. Remittance of fees (04/30/19)

The Servicer must obtain wire transfer instructions from *Multifamily Asset Management, Borrower Transactions*.

The Servicer must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number.

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:47:28 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 41SBL - SBL Transfers of Ownership GB-06-13-24.docx	
Modified filename: 41SBL - SBL Transfers of Ownership GB-08-15-24.docx	
Changes:	
Add	14
Delete	12
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	26



42.1 General policy (07/31/12)

42.2 ~~Transfer of Servicing definitions (12/12/14)~~ Transfer of Servicing definitions (08/15/24)

- a. Transfer of Servicing (02/28/11)
- b. Transferee (02/28/11)
- c. Transferor (02/28/11)
- d. ~~Effective date of transfer (12/12/14)~~ Effective date of transfer (08/15/24)

42.3 ~~Submitting requests for transfers of Servicing (02/16/23)~~ Submitting requests for transfers of Servicing (08/15/24)

- a. ~~Transfers of Servicing (02/16/23)~~ Transfers of Servicing (08/15/24)
- b. ~~Fee (02/16/23)~~ Fee (08/15/24)
- c. Denied Transfer of Servicing requests (12/05/03)
- d. Freddie Mac's rights (06/28/13)

42.4 Review of transferor and transferee (06/28/13)

42.5 ~~Additional requirements for transfers of Servicing (02/16/23)~~ Additional requirements for transfers of Servicing (08/15/24)

- a. ~~Negotiated Transactions purchase (12/12/14)~~ Negotiated Transactions purchase (08/15/24)
- b. Participations (05/01/14)
- c. Portfolio transfers (05/01/14)
- d. Information to be provided by transferor (02/16/23)
- e. Delegated TAH Mortgages (08/30/13)

42.6 Reporting to Freddie Mac for transfers of Servicing (02/16/23)

- a. Written certification (02/16/23)
- b. Transferee accounting reporting and remitting (12/05/03)
- c. Transferor accounting reporting and remitting (12/05/03)

42.7 Transfer of records for transfers of Servicing (10/31/12)

- a. Transfer of Mortgage files (10/31/12)
- b. Transfer of portfolio records (10/31/12)
- c. Additional requirements for subsequent transfers (10/31/12)

42.8 Transfer costs (10/07/02)

42.9 Transfer of funds for transfers of Servicing (08/30/13)

- a. General (10/31/12)
- b. Reserve Custodial Accounts (08/30/13)
- c. Interest (10/07/02)

42.10 Notice to Borrowers of transfers of Servicing (10/07/02)

- a. Transferor's notice to the Borrower (10/07/02)
- b. Transferee's notice to the Borrower (10/07/02)
- c. Notice requirements (10/07/02)



42.11 Borrower issues and inquiries about transfers of Servicing (05/01/14)

42.12 Funds and correspondence received after transfers of Servicing (10/07/02)

42.13 Notices to third parties of transfers of Servicing (01/01/13)

42.14 Liabilities of the transferor and transferee (08/30/13)

- a. Liability for warranties (08/30/13)
- b. Hold harmless (10/31/12)
- c. Servicing (02/07/08)



42.1 General policy (07/31/12)

Freddie Mac's requirements and definitions for transfers of Servicing are set forth in this chapter.

42.2 Transfer of Servicing definitions (~~12/12/14~~08/15/24)

a. Transfer of Servicing (02/28/11)

Transfer of Servicing means the assignment, sale, conveyance or other transfer of all Servicing duties and responsibilities set forth in the Purchase and Servicing Documents with respect to one or more Mortgages owned by Freddie Mac.

b. Transferee (02/28/11)

The transferee is the Servicer that acquires, or proposes to acquire, the Servicing of the Mortgage(s).

c. Transferor (02/28/11)

The transferor is the Servicer that transfers, or proposes to transfer, Servicing of the Mortgage(s).

d. Effective date of transfer (~~12/12/14~~08/15/24)

The effective date of any transfer is the transfer date set forth on the ~~Form 981M, Transfer of Servicing Agreement~~ Form 981M, Transfer of Servicing Agreement, or Form 983M, Transfer of Securitized Servicing Agreement, as applicable, unless the transferor and transferee are otherwise advised by Freddie Mac.

For all transfers, the effective date of the transfer must be the first Business Day following the cutoff date for a Freddie Mac accounting cycle.

42.3 Submitting requests for transfers of Servicing (~~02/16/23~~08/15/24)

The transferor must obtain Freddie Mac's written approval for each Transfer of Servicing before the transfer takes place, regardless of whether the transfer is initiated or requested by a Servicer or any other party, such as a conservator, receiver or liquidator of the Servicer.

a. Transfers of Servicing (~~02/16/23~~08/15/24)

At least 30 days before the requested transfer date, the Servicer must submit the following to Freddie Mac *Multifamily Counterparty Risk & Compliance*:

- Form 981M, Transfer of Servicing Agreement, or Form 983M, Transfer of Securitized Servicing Agreement, as applicable (executed by the transferor and the transferee)
- A list of Mortgages for which the Servicer is requesting that the Servicing be transferred

- Fully executed copies of the Purchase and Servicing Documents, including a statement of the amount to be paid to the transferor and a copy of any recourse agreement between the transferor and the transferee (submitted by the transferor)
- If the Servicer or any of its directors or officers owns an interest in the Property or the Borrower for any Mortgage for which the Servicer is requesting that the Servicing be transferred, a statement that discloses the nature and extent of that interest

If Freddie Mac approves the transfer, Freddie Mac will indicate that approval by executing and returning a copy of the ~~Transfer of Servicing Agreement, Form 981M~~ [Form 981M, Transfer of Servicing Agreement, or Form 983M, Transfer of Securitized Servicing Agreement, as applicable](#), to the transferor and the transferee.

b. Fee (02/16/2308/15/24)

With the ~~Transfer of Servicing Agreement—Form 981M~~ [Form 981M, Transfer of Servicing Agreement, or Form 983M, Transfer of Securitized Servicing Agreement, as applicable](#), the transferor must remit a nonrefundable transfer processing fee of \$1000. The transferor must remit the transfer processing fee by wire transfer. The Servicer must obtain wire transfer instructions from Freddie Mac *Multifamily Counterparty Risk & Compliance*. The Servicer must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Seller/Servicer name, Seller/Servicer number and the Freddie Mac contact person.

c. Denied Transfer of Servicing requests (12/05/03)

If Freddie Mac does not approve a Transfer of Servicing request, it will provide written notice to the transferor and transferee, explaining the reasons for its decision and detailing the actions, if any, that could be taken to obtain Freddie Mac approval.

d. Freddie Mac's rights (06/28/13)

Freddie Mac has the right to transfer Servicing from any Servicer for cause and without cause as set forth in Chapter 4, including the right to transfer Servicing from a servicer that has purported to assume a Servicer's Servicing obligations without Freddie Mac's prior written approval. Any such unauthorized transfer and assumption of Servicing constitute grounds for suspension of both the transferor and purported transferee as Seller/Servicers and/or termination of Servicing under the provisions of Chapter 4.

42.4 Review of transferor and transferee (06/28/13)

The transferor and the transferee of Servicing must be approved Servicers and must be in compliance with all of the requirements of the Purchase and Servicing Documents. In addition, when reviewing a Transfer of Servicing request, Freddie Mac will review both the transferor and the transferee for compliance with the criteria listed in the chart below. Freddie Mac may refuse to approve a Transfer of Servicing if any of the following criteria are not met:

Criteria:	Transferor must...	Transferee must...
Repurchases	Have none outstanding	Have none outstanding
Delinquency and REO ratios	Not applicable	Have a <ul style="list-style-type: none"> • 30-, 60-, or 90-day Delinquency rate or Real Estate Owned (REO)

Guide Bulletin Update [02/16/2308/15/24](#) Chapter 42 – Page 4

Criteria:	Transferor must...	Transferee must...
		<p>rate by the Seller/Servicer that does not exceed 150 percent of the average 30-, 60-, or 90-day Delinquency rate or REO rate for all multifamily Mortgages owned by Freddie Mac, or</p> <ul style="list-style-type: none"> Delinquency rate on post-1994 Mortgages [see Section 4.6(a)] that does not exceed 150 percent of the average Delinquency rate for all post-1994 Mortgages purchased by Freddie Mac since that date in the same geographic area in which the Properties that secure Mortgages sold by the Seller/Servicer or serviced by the Servicer are located
Reporting and/or remitting	Not applicable	Have reported accurately and timely
Financial obligations to Freddie Mac	Have none outstanding	Have none outstanding

Freddie Mac will not approve a Transfer of Servicing if Freddie Mac, in the exercise of its judgment, determines that such a transfer is not in the best interests of Freddie Mac or determines that the transferee will not be able to adequately service the Mortgages.

42.5 Additional requirements for transfers of Servicing (~~02/16/23~~08/15/24)

As a condition of Freddie Mac's approval of a Transfer of Servicing request, the transferor and transferee must each ensure that it has met the additional requirements in this section relating to the Mortgages being transferred.

a. Negotiated Transactions purchase (~~12/12/14~~08/15/24)

If the Mortgages for which Servicing is being transferred are subject to a Multifamily Negotiated Transactions Purchase Contract, the transferor must attach a copy of that contract to the ~~Transfer of Servicing Agreement—Form 981M~~ [Form 981M, Transfer of Servicing Agreement, or Form 983M, Transfer of Securitized Servicing Agreement, as applicable.](#)

b. Participations (05/01/14)

In an approved Transfer of Servicing, the transferor must either retain, or sell to the transferee, any participation interest the Seller/Servicer retains in Mortgages sold in part to Freddie Mac, unless Freddie Mac elects to purchase the participation interest.



c. Portfolio transfers (05/01/14)

Complete Servicing portfolio transfers must include any Delinquent Mortgages and any REO.

d. Information to be provided by transferor (02/16/23)

During the period prior to the effective date of a proposed Transfer of Servicing, the transferor must provide to Freddie Mac *Multifamily Counterparty Risk & Compliance* and/or the proposed transferee, upon request, the following information:

1. The trial balance or supplemental schedules that confirm
 - The unpaid principal balance of each Mortgage, and
 - All Reserve, suspense and advance account balances
2. All Custodial Account reconciliations related to the Mortgages including
 - Principal and interest
 - Taxes and insurance
 - Replacement Reserve
 - Repair Reserve

This information must be as of the last reconciliation of these Custodial Accounts.

e. Delegated TAH Mortgages (08/30/13)

The transferor must attach a copy of the Seller/Service's Delegated TAH Master Agreement.

42.6 Reporting to Freddie Mac for transfers of Servicing (02/16/23)

a. Written certification (02/16/23)

The transferee, as a condition of Freddie Mac's approval of the transfer, must provide to Freddie Mac *Multifamily Counterparty Risk & Compliance*, within 30 days after the effective date of transfer, written certification of the completion of the transfer. The certification must state that the transferee

- Has received and possesses all funds and records (such as documents, books of account and files) required by the Purchase and Servicing Documents to be transferred in connection with a Transfer of Servicing
- Has had an opportunity to examine such records
- Has determined that such records are correct
- Assumes full responsibility and liability for the correctness of such records



b. Transferee accounting reporting and remitting (12/05/03)

Beginning with reports due for the reporting cycle immediately following the effective date of transfer, the transferee must submit all Servicing reports in the name and Seller/Servicer number of the transferee.

The transferee Servicer must submit all accounting reports in accordance with Chapter 54, and must remit all funds due to Freddie Mac in accordance with Chapter 53.

c. Transferor accounting reporting and remitting (12/05/03)

The transferor must report and remit all of the following:

- Payoffs for which the payoff date is before the effective date of transfer
- Reports and funds due for the accounting cycle cutoff date immediately preceding the effective date of transfer

The transferee must report and remit all of the following:

- Payoffs for which the payoff date is on or after the effective date of transfer
- Reports and funds due for the accounting cycle cutoff dates following the effective date of transfer

42.7 Transfer of records for transfers of Servicing (10/31/12)

a. Transfer of Mortgage files (10/31/12)

On the effective date of the transfer, the transferor must deliver to the transferee a complete loan history of each Mortgage for which Servicing is being transferred. Unless otherwise agreed to by the transferee, the loan histories must be in an automated format, and must include a list of codes used in the loan histories and the definitions of those codes.

No later than 30 days after the effective date of transfer, the transferor must deliver to the transferee the following records for each Mortgage for which Servicing is transferred:

1. Mortgage File

The Mortgage File that the Servicer is required to maintain in accordance with Chapter 34

2. Payment history

The complete history of Mortgage payments and, if applicable, Reserve disbursements (including the most recent Reserve analysis), with supporting documentation, from the Origination Date of the Mortgage

3. Correspondence and reports

Copies of all correspondence with, and reports to, the Borrowers and, as applicable, Freddie Mac and any government authority



4. Notice of transfer

A copy of the notice to the Borrowers regarding the Transfer of Servicing

b. Transfer of portfolio records (10/31/12)

No later than the effective date of transfer, the transferor must deliver to the transferee the following records for the Mortgages for which Servicing is transferred:

1. Notices to third parties

The notices required in Section 42.13

2. Service contracts

Copies of tax and insurance determination service contracts, if applicable

3. Unpaid charges

A list of escrowed charges due and unpaid as of the effective date of transfer

4. Trial balances

Trial balances, as of the close of the last Business Day immediately preceding the effective date of transfer, showing

- Transfers of Ownership, payoffs and other Servicing exceptions in process
- Reserves, Reserve advances and prepayments
- Delinquencies, foreclosures and bankruptcies

5. Insurance policies

A list of Mortgages showing expiration dates of the insurance policies on the Property, whether or not premiums for these policies were escrowed by the transferor

6. Other documents

Ledger records and definitions of codes used in ledger records, trial balances or any other documents required by Freddie Mac to be transferred to the transferee

c. Additional requirements for subsequent transfers (10/31/12)

For a subsequent Transfer of Servicing, the transferor must deliver to the transferee, no later than 30 days after the effective date of transfer, the following documents in addition to those specified in Sections 42.7(a) and 42.7(b):

1. Custodial Accounts

A copy of the depository's reconciliation, as of the close of the bank's last Business Day



immediately preceding the effective date of transfer, for each Custodial Account maintained in accordance with Chapter 52

2. Freddie Mac reports

Copies of all Servicing and accounting reports filed with Freddie Mac for the three months immediately preceding the effective date of transfer

42.8 Transfer costs (10/07/02)

The transferor must pay documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with any Transfer of Servicing of Mortgages purchased by Freddie Mac, unless otherwise negotiated with the transferee.

42.9 Transfer of funds for transfers of Servicing (08/30/13)

a. General (10/31/12)

The transferor must transfer all Custodial Account balances (including Reserves, prepayments and buydown funds) to the transferee's depository. The transferee must establish and hold these Custodial Accounts in accordance with Chapter 52. The transferor must make a final reconciliation of all monies relating to the transfer on the effective date of transfer.

b. Reserve Custodial Accounts (08/30/13)

The transferor must forward the entire balance of all Custodial Accounts related to Reserves and suspense accounts, net of outstanding advances on current Mortgages only, to the transferee's depository on the effective date of transfer. On the transfer date, the transferee must advance outstanding Reserve advances on current Mortgages, netted from the total by the transferor, to the Custodial Account it has established.

Outstanding Reserve advances on Delinquent Mortgages are reimbursable to the transferor in accordance with the provisions of Section 45.3, or the Seller/Servicer's Delegated TAH Master Agreement, if applicable.

c. Interest (10/07/02)

The transferee must reimburse the transferor for delinquent interest (net of prepaid interest) advanced to Freddie Mac by the transferor as of the effective date of transfer, no later than the date the funds are due to Freddie Mac.

42.10 Notice to Borrowers of transfers of Servicing (10/07/02)

a. Transferor's notice to the Borrower (10/07/02)

The transferor must provide timely notice to the Borrowers to ensure a smooth transition, avoid disruption in Mortgage payments and comply with applicable laws and regulations. The transferor must provide written notice to each Borrower at least 15 days before the first payment is due to be received by the transferee.



b. Transferee's notice to the Borrower (10/07/02)

The transferee must provide to each Borrower written confirmation of the information in the transferor's notice to the Borrowers within 15 days before the date the first payment is due to be received by the transferee.

c. Notice requirements (10/07/02)

The notice must advise the Borrower of the following:

1. The effective date of transfer
2. The name and address of the transferee
3. The names and telephone numbers of the contact persons or departments of the transferor and of the transferee where the Borrowers' inquiries relating to the transfer should be directed (If toll-free numbers are not available, the letter must indicate that collect calls will be accepted.)
4. The date when the transferor will no longer collect the Borrowers' payments and when the transferee will begin to collect them

The notice may not amend the terms of a Mortgage other than those relating to where to send payments.

42.11 Borrower issues and inquiries about transfers of Servicing (05/01/14)

The transferor and transferee must ensure that their staffs and facilities are adequately prepared to process Servicing and accounting transactions and to respond to inquiries from the Borrower during the transfer transition period. The transferee must assume responsibility for responding to Borrower inquiries received after the effective date of transfer. If any Servicing or accounting problem cannot be resolved without the involvement of the transferor, the transferee, and not the Borrower, must initiate the contact with the transferor.

During the transfer transition period, the transferor and transferee must make reasonable efforts to resolve disputes to the Borrowers' satisfaction when such disputes arise from legitimate misunderstanding by the Borrower of instructions in the notice of Transfer of Servicing. Late charges must be waived and, if applicable, appropriate adjustments to payment and credit records made for misapplied or unapplied payments due to the transferee but received by the transferor.

42.12 Funds and correspondence received after transfers of Servicing (10/07/02)

Within one day of receipt, the transferor must deliver to the transferee any funds for, or correspondence regarding, any of the transferred Mortgages received on or after the effective date of transfer.

42.13 Notices to third parties of transfers of Servicing (01/01/13)

The transferor must obtain the following approvals and provide the following notices, as applicable:

- Advise all applicable property insurers of the transfer and of the name and address of the transferee to modify the mortgagee clause required by Section 31.2(e).



- Notify all other appropriate parties, including tax and flood hazard determination services, tax authorities, fee owners for leasehold Mortgages, other lienholders and public utilities levying mandatory assessments for which Reserves are collected

42.14 Liabilities of the transferor and transferee (08/30/13)

a. Liability for warranties (08/30/13)

1. Transfers of Servicing effective prior to November 15, 1994

For each Transfer of Servicing with an effective date prior to November 15, 1994, unless otherwise specified by Freddie Mac, the transferee is liable to Freddie Mac for the following, regardless of whether the transferor had such liability:

- With respect to the sale of each Mortgage to Freddie Mac, the representations, covenants and warranties that were in effect on the date of the sale; and
- With respect to the Servicing of the Mortgages and REO for which Servicing is transferred, for the representations, covenants and warranties in effect from time to time during the period that Freddie Mac has owned each Mortgage.

2. Transfers of Servicing effective on or after November 15, 1994

For transfers of Servicing with an effective date on or after November 15, 1994, the following provisions apply:

a. Liability of transferor

Unless otherwise agreed in writing by Freddie Mac, the transferor will retain liability as follows:

- With respect to the sale of each Mortgage to Freddie Mac, for all representations, covenants and warranties in effect on the date of the sale; and
- With respect to the Servicing of the Mortgages and REO for which Servicing is transferred, for the representations, covenants and warranties in effect from time to time during the period that the transferor serviced each Mortgage.

b. Liability of transferee

On the effective date of the Transfer of Servicing, the transferee assumes liability for all representations, covenants and warranties specified in Chapter 5 with respect to

- The Servicing of the Mortgages and REO, and
- The sale of the Mortgages to Freddie Mac. For Delegated TAH Mortgages, all representations, covenants and warranties applicable to origination and underwriting specified in Chapter 5 of the TAH Guide continue to apply.



For any warranties applicable to the sale of Mortgages to Freddie Mac that relate to the knowledge of the Seller, the transferee's liability will be determined based upon the knowledge of the original Seller, not the knowledge of the transferee.

b. Hold harmless (10/31/12)

The transferor and the transferee, jointly and severally, indemnify and agree to hold Freddie Mac, its successors and assigns, harmless from and against any and all losses, claims, demands, actions, suits, damages, costs and expenses (including reasonable attorney fees) of every nature and character that may arise or be made against or be incurred by Freddie Mac as a result of the transferor's or the transferee's failure to comply with applicable law or failure to comply with Freddie Mac's Servicing requirements as set forth in the Purchase and Servicing Documents, including failure to provide the notices required by Section 42.13, failure to make any payment to the appropriate parties for which Reserves are collected, and failure to credit properly any payments received from Borrowers.

c. Servicing (02/07/08)

The transferee must service the Mortgages in accordance with the terms of the unitary, indivisible master Servicing contract comprising the Guide, applicable bulletins and any other applicable Purchase and Servicing Documents.

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:48:24 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 42 - Transfers of Servicing GB-02-16-23.docx	
Modified filename: 42 - Transfers of Servicing GB-08-15-24.docx	
Changes:	
Add	35
Delete	23
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	58

Multifamily Seller/Service Guide

Chapter 55

Documentation and Deliveries



55.1 Use of Chapter 55 (12/14/23)

- a. Preparing an underwriting package (12/14/23)
- b. Resubmission of an underwriting package (05/11/10)
- c. Preparing documentation required for a Transfer of Ownership (06/29/17)
- d. Notification requirements regarding updates to the underwriting package (02/16/23)
- e. Ability to request additional information (04/13/23)

55.2 ~~Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (06/13/24)~~[Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership \(08/15/24\)](#)

55.3 Requirements for documents contained in the prescreen package (04/13/23)



55.1 Use of Chapter 55 (12/14/23)

Chapter 55 is to be used in the preparation of an underwriting package for cash and bond credit enhancement Mortgages, and in the preparation of documentation to be submitted to Freddie Mac in connection with a Transfer of Ownership, as indicated in Chapter 41.

a. Preparing an underwriting package (12/14/23)

1. Due Diligence – Chain of Custody.

- A. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and the Borrower Principal(s) to be submitted as part of the underwriting package as set forth in this chapter (other than Freddie Mac required third-party reports), must be delivered directly to the Seller/Servicer by the Borrower and/or the Borrower Principal or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal.
- B. By submission of the underwriting package to Freddie Mac, Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with this chain of custody requirement.

2. Documentation Delivery. At the Seller's expense, the Seller must deliver the documents to Freddie Mac and remit any required fees to Freddie Mac by wire transfer, subject to Freddie Mac's approval.

- A. The Seller must obtain wire transfer instructions from
 - *Multifamily TAH Production* or the *Multifamily TAH Underwriter*, for TAH Seller/Servicers, or
 - The *Applicable Freddie Mac Multifamily Regional Office*, for all other Seller/Servicers.
- B. The Seller must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person in Production or Underwriting, and the Freddie Mac loan number.
- C. With respect to each delivery
 - The Seller must deliver the documents simultaneously.
 - The Seller may not make any changes to forms prescribed by Freddie Mac without prior written authorization from Freddie Mac.

If the delivery is incomplete, if the documents have not been properly prepared, or if the documents do not, or the delivery does not, otherwise conform to Freddie Mac requirements, Freddie Mac cannot process the package.



b. Resubmission of an underwriting package (05/11/10)

The Seller may not resubmit an application package for a Mortgage for at least six months after the date of

- Freddie Mac's notice of rejection, if Freddie Mac declined to issue a Letter of Commitment for the Mortgage or failed to accept an early rate-lock application following review of the full application package, or
- Freddie Mac's Letter of Commitment, if the Seller failed to accept the Letter of Commitment within the time period specified, or
- Freddie Mac's acceptance of the early rate-lock application, if the Seller failed to sign and return Exhibit A of the early rate-lock application within the time required.

c. Preparing documentation required for a Transfer of Ownership (06/29/17)

Instructions for the preparation of documentation for a Transfer of Ownership can be found in Chapter 41.

d. Notification requirements regarding updates to the underwriting package (02/16/23)

The Seller/Servicer must notify the Freddie Mac personnel primarily responsible for the underwriting of a Mortgage if there is new or revised documentation following Rate Lock or issuance of an Acceptance Letter for an early rate lock application. The mere delivery of documentation to Freddie Mac or inaction by Freddie Mac after receipt of documents will not constitute an approval of such documents or for any change or modification to, or waiver of, any requirements of the Letter of Commitment or the Guide.

e. Ability to request additional information (04/13/23)

Notwithstanding the documentation requirements in Section 55.2 and Section 55.3, Freddie Mac reserves the right to request any document identified in Section 55.2 and Section 55.3 from any Borrower Principal.

55.2 Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (~~04/18/24~~08/15/24)

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

Document	Requirements
501(c)(3) Due Diligence Checklist	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac with a 501(c)(3) Due Diligence Checklist if the bonds for which Freddie Mac is providing the bond credit enhancement are 501(c)(3) bonds.



Document	Requirements
Access easement and Essential Facilities and/or Recreational Facilities easement documentation	<p>The Seller must provide Freddie Mac with the following documentation:</p> <ul style="list-style-type: none"> • If the Property shares primary ingress and/or egress with adjacent or neighboring properties (including another phase of a phased development) via an easement or private road, documentation in accordance with Sections 8.6 and 8.8, as well as a (i) preliminary legal issues memorandum (PLIM) that either (x) confirms the access complies with the requirements set forth in Section 8.8, or (z) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability, (ii) a copy of the survey if required for the Mortgage and photographs showing the location of the access easement and signage, if applicable, and (iii) an opinion from a land use attorney if applicable, or • If the Essential Facilities and/or Recreational Facilities are located off-site (including another phase of a phased development) and are not under the exclusive control of the owner, documentation in accordance with Sections 8.6 and 8.9, a PLIM that either (i) confirms the Borrower's access to and use of the Essential Facilities and/or Recreational Facilities and amenities comply with the requirements set forth in Section 8.9; or (ii) a legal analysis of what requirements are not satisfied and the Seller's counsel's recommendations for acceptability. • See also "confirmation of or a request for approval of shared facilities or access."
Aged Receivables Report	<p>The Seller must review and submit to Freddie Mac a report, if applicable, which displays tenant outstanding balances (including any subsidies) and duration (typically reflected as 30, 60, and 90+ day periods), including a cumulative total. The report must accompany all operating statements prepared on an accrual basis. The report should be dated as of the ending T-12 period for the current property financial statement submitted.</p> <p>Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time.</p> <p>The document(s) must be certified using the Borrower and Key Borrower Principal Blanket Certification, Form 1112.</p>
Application fee (for Bond Credit Enhancement Mortgages)	<p>For Bond Credit Enhancement Mortgages, the Seller must remit the applicable application fee by wire transfer. The Seller must obtain wire transfer instructions from <i>Multifamily TAH Production</i> or the <i>Multifamily TAH Underwriter</i>, for TAH Seller/Serviceers.</p>



Document	Requirements
	<p>The Seller must send the wire transfer to the attention of <i>Multifamily Cash Management</i>. The wire transfer must reference the Property name, the Freddie Mac contact person and the Freddie Mac loan number. The application fee amount is found in the Commitment.</p>
Appraisal	<p>The Seller must provide Freddie Mac with a full Appraisal of the Property that meets the requirements of Chapter 60, including all conditions specified in the Additional Appraisal Requirements Memorandum. The Property value determined in the Appraisal must be no less than the Property value determined by Freddie Mac and the report must meet all Freddie Mac requirements and underwriting conditions.</p> <p><u>Seniors Housing Mortgages</u> For a Seniors Housing Mortgage, the Appraisal must meet the requirements of Chapter 60 and Section 21.16.</p> <p><u>Forward Commitments</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.30 for requirements specific to Forward Commitments.</p> <p><u>Mod Rehab</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Mod Rehab Mortgages.</p> <p><u>Preservation Rehabilitation</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.28 for requirements specific to Preservation Rehabilitation Mortgages.</p> <p><u>Mortgage with Green Up® or Green Up Plus® loan option</u> The Seller must provide an Appraisal meeting the requirements of Chapter 60. See Section 60.29 for requirements specific to Mortgages with the Green Up or Green Up Plus loan option.</p>
Bond distribution list	<p>For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide Freddie Mac <i>Multifamily TAH Production</i> and the <i>Multifamily TAH Underwriter</i> with a list of participants in the bond transaction, including their telephone numbers and e-mail addresses.</p>



Document	Requirements
Borrower and Key Borrower Principal Blanket Certification, Form 1112	<p>Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation:</p> <ul style="list-style-type: none"> • Property Financial Statements (Historical and Budgeted) • Rent Roll • Real Estate Schedule • Financial Statement • Other documentation, as applicable (i.e., Aged Receivable Report, Seniors Housing agreements and contracts, Seniors Housing list of FF&E and motor vehicles, liquidityLiquidity verification documentation, etc.) <p>Form 1112 must be completely populated, including an indicator for the document(s) being certified as well as the applicable date(s) of the document(s).</p> <p>The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.</p>
Borrower and Key Borrower Principal Certificate, Form 1115	<p>If any Borrower or Key Borrower Principal is organized as of the date of submission of the applicable package, the Seller must provide Freddie Mac with the Form 1115, Borrower and Key Borrower Principal Certificate, executed by each Borrower or Key Borrower Principal.</p> <p>Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals:</p> <ol style="list-style-type: none"> 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings <p>Form 1115 must not be dated more than 60 days prior to the date of submission of the applicable underwriting package.</p> <p>For entities where the TIN is not yet available as of the date of this certification, an IRS Form W-9 is permitted as an alternative to resubmitting the Form 1115. The W-9 must be submitted as soon</p>



Document	Requirements
	<p>as it is available (ideally with submission of the full underwriting package) but no later than the Origination Date.</p> <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1115 unless specifically requested by Freddie Mac.</p>
Borrower's budgeted property financial statements	See "property financial statements."
Breakdown of construction costs	<p>For a Property that was built by the Borrower less than one year before the submission of the underwriting package, the Seller must submit to Freddie Mac a breakdown of construction costs.</p> <p>For current or planned construction, see "capital improvement documentation."</p> <p>The document(s) must be certified using Borrower and Key Borrower Principal Blanket Certification, Form 1112.</p>
Building code violation documentation	<p>The Seller must provide building code violation documentation in one of two ways:</p> <ul style="list-style-type: none"> • In the form of a letter or other documentation from the local building code enforcement office which must verify that: <ul style="list-style-type: none"> ○ Any prior building code violations have been corrected ○ The Property is currently in compliance with all applicable building codes • Verification of the above as part of the zoning report or Form 1108, Physical Risk Report, for a Mortgage that meets all of the following conditions: <ul style="list-style-type: none"> ○ The Mortgage has an initial principal balance of \$20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are \$25 million or less in the aggregate



Document	Requirements
	<ul style="list-style-type: none"> ○ The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage <p>If the local building code enforcement office will not provide such a letter, Freddie Mac will accept a certified verification from the Borrower.</p>
Calculation of prepayment premium	For a Mortgage being used to refinance an existing Freddie Mac Mortgage, the Seller must provide to Freddie Mac a calculation of the prepayment premium payable with respect to the Mortgage being refinanced.
Capital improvement documentation	<p>When required by Freddie Mac, the Seller must submit:</p> <ul style="list-style-type: none"> • For current or planned construction on the Property, a summary of all current or planned construction and the projected costs of the construction. • For any major past renovations, a summary of these renovations and documentation concerning the costs. • For a Mortgage whose original principal balance is greater than \$100 million without any construction or major renovation planned for the Property, a statement that no construction or major renovation is planned during the term of the Mortgage. <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Certification — Organizational Chart, Form 1114	A certification that the Organizational Chart is accurate and all owners with a 25 percent or more interest and all Non-U.S. Equity Owners and Control are shown on the organizational chart. If prior to the loan origination or Transfer of Interests the Organizational Chart becomes inaccurate, the Seller must submit a revised Organizational Chart along with a new Form 1114, Certification — Organizational Chart.
Certificate of Good Standing from the Construction Lender	A letter or other documentation certifying that the Borrower is in good standing under the terms of the Construction Loan.
Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Counsel	For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a copy of the Certification Regarding Payment of Fees and Expenses of Freddie Mac's Outside Legal Counsel, available via FreddieMac.com, in accordance with Section 28.8(d).



Document	Requirements
Certified cost accounting	<p>The Seller must provide to Freddie Mac a certified cost accounting of total project costs, including hard and soft costs.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Certified Organizational Chart	An Organizational Chart that is certified using <i>Certification – Organizational Chart</i> , Form 1114.
Commercial lease documentation	<p>The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property.</p> <p>To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the residential and commercial lease portions of the Property's income.</p> <p>If income from a single commercial lease is five percent or more of the gross potential rent of the Property, or if otherwise requested by Freddie Mac in connection with a certain commercial lease, the Seller must provide a completed Commercial Lease Analysis for such lease. The Commercial Lease Analysis form is available at mf.freddiemac.com.</p> <p>See Section 8.11 for requirements regarding commercial lease SNDAs, subordinations, and estoppels; see Section 8.2(b) for commercial use requirements.</p>
Complete Borrower/Key Borrower Principal Due Diligence Package	<p>A Complete Borrower/Key Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Key Borrower Principal Certificate; Form 1116, Real Estate Schedule; certified current financial statements for the Borrower and Key Borrower Principals; a credit report for Borrowers and Guarantors that are individuals; Form 1112, Borrower and Key Borrower Principal Blanket Certification; and liquidityLiquidity verification documentation, if applicable. It is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.</p> <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit Complete Borrower/Key Borrower Principal Due Diligence Packages unless specifically requested by Freddie Mac.</p>
Condominium Analysis	If the Property is subject to a condominium regime, the Seller must submit the following information to Freddie Mac:



Document	Requirements
	<ul style="list-style-type: none"> • The total number of units subject to the Condominium regime • The number of Condominium Units the Borrower owns • The percentage of Borrower's undivided interest in the common elements of the Condominium • If the Borrower does not own 100 percent of the real property that is subject to the Condominium regime, whether the Property is <ul style="list-style-type: none"> ○ A "Partial Condo", where the Property consists of all of the residential units in the Condominium but there are commercial, office, parking or other Condominium Units that will not be part of the collateral for the Mortgage ○ A "Fractured Condo", where the Property does not consist of all of the residential units in the Condominium and some of the residential Condominium Units have been sold to third party purchasers • The number of members that comprise the board of directors of the Condominium association ("Condominium Association") and the number of members of the board of directors of the Condominium Association that the Borrower controls <p>This information may be included in the Mortgage Transaction Narrative Analysis.</p>
Confirmation of compliance or a request for approval of shared facilities or access	<p>If any on-site or off-site facilities or access are shared, the Seller must submit in a preliminary legal issues memorandum (PLIM) either (i) a confirmation that any such sharing arrangement meets the requirements of Sections 8.6, 8.8 and 8.9, or (ii) a request for Freddie Mac approval of the requirements set forth in Section 8.8 or 8.9 that are not satisfied, including the Seller's counsel's recommendations for acceptability.</p>
Construction completion documents	<p>The Seller must include the following documents in the Forward Commitment underwriting package for Conversion:</p> <ul style="list-style-type: none"> • Post-construction analysis report <ul style="list-style-type: none"> ○ Architect's certificate of substantial completion



Document	Requirements
	<ul style="list-style-type: none"> ○ Final punch list from the architect of record ○ Final payment certification ○ Final lien waiver from the general contractor ○ Release of payment and performance bonds ○ Release of bonds required by any governmental authority ○ Final certificate(s) of occupancy ○ Reserve analysis, if not completed previously or if revisions to the previously completed analysis are recommended ○ A summary of all change orders and an analysis of all material changes, as defined in Section 63.4(c) • A summary analysis, prepared by the Seller/Service's Chief Architect/Engineer, indicating that the finished project has been completed, lien-free and in accordance with all other applicable requirements, substantially in accordance with the plans and specifications reviewed at the issuance of the Forward Commitment • Environmental assessment report • A certified cost accounting of total project costs, including hard and soft costs <p>See Section 63.5 for additional information.</p>
Construction documentation for Forward Commitments	<p>For a review by Freddie Mac, the Seller must provide:</p> <ul style="list-style-type: none"> • The final pre-construction analysis report described in Section 63.3(a) • A narrative summary, prepared by the Seller's Chief Architect/Engineer, with the following content: <ul style="list-style-type: none"> ○ Property and site description, including



Document	Requirements
	<ul style="list-style-type: none"> • Adequacy of budget and schedule • Environmental issues/resolution • Seismic issues/resolution • Other outstanding issues/resolution • If a substantial rehabilitation of the Mortgaged Property, statements regarding the adequacy of the scope to address any deficiencies identified in the property condition report and Phase I Report <ul style="list-style-type: none"> ○ A summary analysis of the development team's qualifications, including the capability of the architect, contractor and developer to execute the plan <p>See Section 19A.1(c), 25A.1(e), or 28A.1(e) for construction documentation that must be delivered via the Document Management System (DMS) after the date of the Forward Commitment for Forward Commitments.</p>
Cooperative analysis	<p>If the Property is owned by a cooperative housing corporation, the Seller must submit to Freddie Mac a cooperative analysis that includes</p> <ol style="list-style-type: none"> 1. The following information as it pertains to the sellout of the cooperative: <ul style="list-style-type: none"> • Date property converted to cooperative • Percentage of units sold to owner-occupants (including sublets) • Percentage of units sold to owner-occupants that are sublet • Percentage of units sold to non-sponsor owned investors • Percentage of units held by sponsor or sponsor-related entities 2. Current financial statements for any one owner that holds 20 percent or more of the Cooperative's shares. If an owner of 20 percent or more is a corporation, partnership or other legal entity, the Seller must deliver financial statements for each



Document	Requirements
	<p>officer, general partner or trust beneficiary, including sponsors and beneficiaries that hold unsold shares. All such financial statements must be certified or audited.</p> <ol style="list-style-type: none"> Maintenance fee delinquency report for the previous 12 months showing the number of units delinquent for each month and the corresponding dollar value Analysis of the sponsor's current cash flow from unsold units (rent roll detailing rent, maintenance for each unit, and debt service, if applicable) Analysis of the sponsor's ability to support negative cash flow from unsold units, if applicable Analysis of pro forma Income and Expense Statements showing the economic results if the Property was operated as a rental and as a cooperative Analysis of the estimated value of the Property as a cooperative (co-op) and as a rental project Information on unit sales over the last 12 months including date of sale, unit number, unit type and sale price. If sales over the last 12 months do not include all unit types, provide information on earlier sales so that all unit types are represented Analysis of maintenance costs compared to market rents for each unit type
Credit reports	<p>The Seller must provide to Freddie Mac a current credit report on each Borrower and each Guarantor that is an individual. A credit report is not required for entities or foreign sponsors with no Social Security number. The subject of each report must have authorized the Seller to obtain the report and the report must:</p> <ol style="list-style-type: none"> Be reviewed by the Seller Be issued by an independent credit reporting agency acceptable to Freddie Mac Be dated within 60 days before delivery to Freddie Mac Verify debts listed on the financial statement submitted with the full underwriting package, including terms, balances and ratings



Document	Requirements
	<p>5. List any other debts</p> <p>6. List all legal actions that involve the Borrower or Guarantor and are disclosed by a search of public records</p>
Current property financial statements	See “property financial statements.”
Delegated property inspection letter	See “property inspection documentation.”
Document analysis by Seller’s counsel	The Seller must provide an analysis by Seller’s counsel of certain legal documents affecting the Property, as described in Section 6.7.
Effective annual rental rate	For a Mortgage whose original principal balance is greater than \$100 million, the Seller must provide the effective annual rental rate per unit, as determined by gross potential rent less concessions, for each of the most recent three years, or for each year since the completion of construction, whichever is less.
<u>Employer Enabled Permanent Supportive Housing (EPSH) Borrower Certification, Form 1134</u>	<p><u>Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification, must be used to certify that the Borrower has a discounted employee unit/units at the Property that is/are subject to the EPSH Partnership Agreement (included as an exhibit to Form 1134).</u></p> <p><u>The Form 1134 will include the number of EPSH units at the Property as well as the total annualized discounted rent for those units.</u></p> <p><u>The Form 1134 must be executed by the Borrower and provided with the full underwriting package for a loan to qualify for the benefits described in the EPSH Fact Sheet.</u></p>
<u>Employer Enabled Permanent Supportive Housing (EPSH) Partnership Agreement</u>	<p><u>A fully executed agreement between the Sponsor and a Nonprofit Entity to offer discounted units to employees sourced via the Nonprofit Entity’s job matching network for those at risk of homelessness without subsidy or financial incentive to the Sponsor. The agreement should quantify the discount to be offered if a candidate is hired and must be provided as an exhibit to Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification, for a loan to qualify for the benefits described in the EPSH Fact Sheet.</u></p>
Environmental report and alternatives	The Seller must provide to Freddie Mac an environmental report meeting the requirements of Chapter 61.



Document	Requirements
	<p><u>Supplemental Mortgages</u></p> <p>An environmental report is required under this product when</p> <ul style="list-style-type: none"> • The proposed Mortgage is a split Mortgage, or • An acceptable environmental report was not completed upon origination of the first Mortgage, or • An environmental issue was identified subsequent to the origination of the first Mortgage, or • Freddie Mac, in its sole discretion, determines that an environmental report is needed. <p><u>For each Supplemental Mortgage for which Freddie Mac does not require an environmental report, the Seller must</u></p> <ul style="list-style-type: none"> • Retain a qualified environmental consultant in accordance with Section 61.17 to perform a neighborhood hazardous waste activity review in compliance with Section 61.9, and submit the environmental consultant's analysis and conclusions, and • Confirm that the Borrower has complied with any conditions or requirements in the first Mortgage regarding an identified environmental hazard or Mold and has completed any required work. <p>For TAH Mortgages under a Forward Commitment, see Section 61.1(b)(1) for the requirements applicable to an environmental report prepared by a consultant retained or directed by the Borrower.</p>
EPA Energy Star Score	A score obtained using the U.S. Environmental Protection Agency's (EPA's) Portfolio Manager®, used by Borrowers seeking Green Advantage benefits.
Equity Conflict of Interest statement	<p>If an Equity Conflict of Interest exists, as defined in Section 2.25, the Seller/Servicer must disclose the nature and extent of the conflict in writing to Freddie Mac as follows:</p> <ul style="list-style-type: none"> • With the preliminary underwriting package (for a Seller utilizing the early rate-lock delivery option) or the full underwriting package (for a Seller utilizing the standard delivery option), or • For Transfers of Ownership, including Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage, to <i>Multifamily Asset Management, Borrower Transactions</i>



Document	Requirements
Evidence of Insurance	<p>The Seller must submit the following to Freddie Mac to verify that the Property has, or will have as of the Freddie Mac Funding Date, adequate property damage and liability insurance as required by the Purchase and Servicing Documents:</p> <ul style="list-style-type: none"> Fully completed Form 1133, Seller/Service Certification of Insurance Coverage, via the Insurance Compliance Tool (ICT) The documents listed in Sections 31.20(a) and 31.20(b), as applicable <p>For an underwriting package pertaining to the refinance of an existing mortgage not owned by Freddie Mac, prior to the Origination Date of the Mortgage, the mortgagee or mortgage holders clause and additional insured clause must be changed to reflect the requirements of the Guide.</p> <p>If the Borrower's insurance will not meet the Freddie Mac insurance requirements, the Seller/Service must request a waiver prior to the Origination Date from the</p> <ul style="list-style-type: none"> <i>Multifamily TAH Underwriter</i>, for Targeted Affordable Housing Mortgages <i>Applicable Freddie Mac Multifamily Regional Office</i>, for all other Mortgages.
Evidence of Tax Abatement	<p>For Properties benefiting from real estate tax abatements, including payment in lieu of taxes (PILOT), the Seller must provide documentation from the taxing authority or the governing body confirming:</p> <ul style="list-style-type: none"> That the Property or the Borrower, as applicable, has qualified for the Tax Abatement The amount of annual tax to be paid, if any The term of the Tax Abatement Any other requirements of the Tax Abatement <p>See the Tax Abatement/Exemption/PILOT Questionnaire for additional details concerning the documentation to be provided in the underwriting package for all tax abatements.</p>



Document	Requirements
	The Tax Abatement/Exemption/PILOT Questionnaire is found on the legal document pages of mf.freddiemac.com.
Exclusionary List	See Section 2.18.
Financial statements of Borrower and Key Borrower Principals – certified	<p>The Seller is required to submit to Freddie Mac financial statements from the Borrower and any Key Borrower Principal that is not a newly formed entity.</p> <p>Each financial statement must include the following:</p> <ul style="list-style-type: none"> • Current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and each Key Borrower Principal • Federal income tax returns for the Borrower for the most recent taxable year, if requested <p>NOTE: Freddie Mac may require additional financial statements or federal income tax returns for the three most recent taxable years from the Borrower and each Key Borrower Principal in Freddie Mac's sole discretion.</p> <p>If the financial statements are audited, the financial statements must include a statement of changes in financial position and all notes. If audited financial statements are not available, the party whose finances are summarized by the statement must certify that the statements are complete and accurate.</p> <p>In addition, the Seller must provide a list of:</p> <ul style="list-style-type: none"> • All other non-real estate assets, including the market value of each asset, the basis for calculating the value and any note receivables from related entities • All liabilities and contingent liabilities, including debts under lines or letters of credit, personal guaranties, obligations to limited partnerships and other obligations payable in the future, including the amount and duration of the obligation • Any factors that may materially affect the Borrower or Key Borrower Principal's financial position immediately or during the term of the Mortgage <p>The Seller must review the financial statements.</p>



Document	Requirements
	<p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit financial statements unless specifically requested by Freddie Mac.</p> <p>If the Borrower or Key Borrower Principal is a non-profit, the Seller must identify whether the non-profit Borrower's or Key Borrower Principal's primary funding sources are from fees on development projects or from competitive sources such as public funding, grants, gifts, or donations that may be subject to budget constraints.</p>
Financial statements – property	See “property financial statements.”
Flood zone determination (FZD)	The Seller must provide to Freddie Mac a flood zone determination (FZD) meeting the requirements of Section 31.8(a)
Green Building Certificate	<p>Any industry-standard green rating or certification, when required for Green Certified buildings. Acceptable green ratings or certifications include</p> <ol style="list-style-type: none"> 1. EarthCraft, South Face 2. ENERGY STAR for Multifamily Existing Buildings, High Rise, New Construction, EPA 3. Green Communities, Enterprise Community Partners 4. Green Globes, Green Building Initiative 5. GreenPoint Rated, Build It Green 6. Leadership in Energy and Environmental Design (LEED), US Green Building Council 7. National Green Building Standard, Home Innovation Research Labs 8. Passive House Institute US (PHIUS) Certified 9. Passive House Institute (PHI) Certified and/or



Document	Requirements
	10. Any other approved certification provided by the applicable authority
Green Retrofits Certification, Form 1209	<p>The Seller must provide Freddie Mac with Form 1209, Green Retrofits Certification, executed by the Borrower, (i) if the Borrower seeks to qualify for a Green Retrofits benefit; or (ii) in connection with a TAH TEL Conversion.</p> <p>Form 1209 requests certification of the energy and/or water efficiency improvements currently in place at the Property as of the completion date of Form 1209 and made during the then current calendar year and the preceding two calendar years.</p> <p>The executed and completed Form 1209 must be submitted as part of the full underwriting package (or as part of the preliminary underwriting package in the case of an early rate lock option). For TAH TEL conversions, the executed form must be submitted as part of the full underwriting package at the time of the TAH TEL Conversion.</p>
Ground lease documentation	<p>For a Property subject to a ground lease, the Seller must provide to Freddie Mac all of the following, with a copy of each to the applicable <i>Multifamily Attorney</i>. See Chapter 30.</p> <ul style="list-style-type: none"> • A copy of the ground lease and all existing amendments • An analysis of the ground lease by Seller's counsel using the Ground Lease Analysis form available on FreddieMac.com • Any other items required by Chapter 30
Historical property financial statements	See "property financial statements."
Housing Assistance Payments (HAP) contract	<p>The Seller must provide, if applicable:</p> <ul style="list-style-type: none"> • Copies of the original Section 8 HAP Contract along with all amendments and renewals, including evidence of the currently applicable unit rents approved by the US Department of Housing and Urban Development (HUD) or the HAP Contract administrator • Section 8 Housing Assistance Payments Contract Questionnaire (available at mf.freddie.mac.com), completed by both Seller and Seller's counsel



Document	Requirements
	<ul style="list-style-type: none"> • Evidence of 2530 clearance for Borrower, Borrower Principals and Management Agent • Management and Occupancy Review MOR Form • Current REAC Score • The most recent HUD Inspection Report, if the current REAC Score is less than 80 and the Property is required to undergo an annual HUD inspection <p>See “rent, income and use restriction documentation.”</p>
Land Use Restriction Agreement (LURA)/ regulatory agreement	<p>A copy of the applicable regulatory agreement imposing tenancy, occupancy and other operating and use restrictions on the Property (for tax-exempt bonds, if applicable, and LIHTC).</p> <p>See also “rent, income and use restriction documentation.”</p>
Legal Issues Analysis (LIA) form	<p>The LIA is the form used to prepare the preliminary legal issues memorandum (PLIM) at loan origination. The LIA (and any required updates as described in the LIA instructions) must meet the requirements of Section 6.4. The LIA is available at mf.freddie.mac.com/lenders/legal.</p> <p>See the entry for preliminary legal issues memorandum (PLIM), below, for the analysis required for Servicing transactions.</p>
Liquidity verification documentation	<p>Each Key Borrower Principal in a position of Ultimate Control or Guarantor who is (i) a First-Time Sponsor or (ii) Limited Multifamily Experience Sponsor must provide bank or brokerage statements to validate the Liquidity reported in the certified financial statement.</p> <p>Each bank or brokerage statement must be certified and dated within 60 days of delivery of the full underwriting package.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>Liquidity verification for a Private Investment Fund that is also a First-Time sponsorSponsor or Limited Multifamily Experience sponsorSponsor may also include additional documentation acceptable to Freddie Mac to support unfunded capital commitments, such as investor subscription agreements or similar documentation. Such documentation may not rely solely upon a</p>



Document	Requirements
	<p>certification from the Borrower or Key Borrower Principal and must be certified using Form 1112.</p> <p><u>U.S. publicly traded entities and Governmental Entities that are First-Time Sponsors or Limited Multifamily Experience Sponsors are not required to submit Liquidity verification documentation.</u></p>
Low-Income Housing Tax Credit (LIHTC) Compliance/Monitoring for Income Averaging documentation	<p>For a LIHTC Property where the Income Averaging Set-Aside has been applied, documentation providing details of the LIHTC Investor's compliance and monitoring strategy.</p>
Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation	<p>The Seller must provide a copy of:</p> <ul style="list-style-type: none"> • The allocation letter • The IRS Form 8609, <i>Low-Income Housing Credit Allocation and Certification</i>, used to obtain a housing credit allocation from the housing credit agency when a Property is placed into service • The IRS Form 8823, <i>Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition</i>, if any, that was used to notify the Internal Revenue Service of noncompliance with the requirements of Internal Revenue Code (IRC) §42 from both the property manager and the Borrower Principal <p>In addition, the Seller must obtain from the property manager and the Borrower a report of any unresolved issues with State allocating agencies on existing LIHTC properties.</p> <p>See also "rent, income and use restriction documentation."</p>
Management plan or management agreement	<ul style="list-style-type: none"> • The Seller/Service must obtain the total amount of the management fee as a percentage of effective gross income (EGI), which Freddie Mac will evaluate during the underwriting of the Mortgage • If the Property is managed by the Borrower or the Borrower Principal, the Seller must deliver the Borrower's management plan

Document	Requirements
	<ul style="list-style-type: none"> • If a management firm is managing the Property, the Seller must include a copy of the management agreement for the Property • If the management agreement will not be assigned to the lender, then the agreement must be terminable by the property owner upon not more than 30 days' notice to the manager without the necessity of establishing cause for termination and without payment of a penalty or fee
Manufactured Housing Community (MHC) (unless MHROC, government-owned, or non-profit-owned)	<p>For an MHC Mortgage with MHC Tenant Protections, including all MHC Mortgages quoted on or after September 1, 2021 (unless MHROC, government-owned, or non-profit owned), the Seller must submit the documentation noted in either a. or b. below:</p> <p>a. Form of Agreement with MHC Tenant Protections that will be executed or acknowledged by the Applicable MHC Residents. Seller's counsel must confirm that the Form of Agreement includes all MHC Tenant Protections (including the conflicts of law provision) and requires a written signature of the Applicable MHC Residents. See the MHC Tenant Protections section in the LIA to understand the Borrower's final selection.</p> <p>If the above Form of Agreement (e.g. Rules and Regulations) will not be signed by the Applicable MHC Residents, then a sample form of acknowledgement from the Applicable MHC Residents of the above Form of Agreement is required. See the MHC Tenant Protections section in the LIA.</p> <p>b. For Mortgages originated on or after August 2, 2021 where the Borrower has elected to incorporate the MHC Tenant Protections in the MHC rules and regulations and deliver to each Applicable MHC Resident an MHC Tenant Protections Notification: (1) a copy of the MHC rules and regulations that include the MHC Tenant Protections, and (2) the form of MHC Tenant Protections Notification. Seller's counsel must confirm that the MHC rules and regulations and form of MHC Tenant Protections Notification include all the MHC Tenant Protections, including the conflicts of law provision.</p>
Manufactured Housing Resident-Owned Community (MHROC) Analysis	<p>For a Manufactured Housing Resident-Owned Community (MHROC) Mortgage, a copy of the Manufactured Housing Resident-Owned Community Analysis, available on FreddieMac.com, with a copy to the applicable <i>Multifamily Attorney</i>.</p>



Document	Requirements
Market study	<p>The Seller must provide an independent, third-party market study including the following information:</p> <ol style="list-style-type: none"> 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis by unit type 8. Recommendation <p>Freddie Mac will also accept a market study incorporated into the Appraisal, per the requirements of Section 60.20.</p> <p>For a Forward Commitment, the market study must support the underwriting assumptions.</p>
Master lease documentation	<p>For a Property subject to a master lease, the Seller must provide:</p> <ul style="list-style-type: none"> • A copy of the master lease and all existing amendments • An analysis of the master lease by Seller's counsel in accordance with Section 6.7
Mortgage transaction narrative analysis	<p>The Seller must provide to Freddie Mac a mortgage transaction narrative analysis, which (at the Seller's option) may be based on the Mortgage Transaction Narrative Analysis – Best Practices.</p> <p>a. The mortgage transaction narrative analysis must contain the following:</p> <ol style="list-style-type: none"> 1. Characteristics of the proposed Mortgage that make it an investment quality Mortgage, risk factors and the reasons the Seller recommends the Mortgage 2. Property's physical description, including full address with zip code (including amenities, unit features and general competitive



Document	Requirements
	<p>advantages and disadvantages)</p> <ol style="list-style-type: none"> 3. Property's financial analysis (profile and trend) 4. Evaluation of balloon risk that includes the Borrower's ability to pay the unpaid principal balance (UPB) of the new Mortgage at maturity 5. Surrounding property uses and physical condition, public facilities, shopping facilities and sources of employment 6. Market analysis (occupancy, supply and concessions) 7. History of the Borrower's equity investment in the Property and the Borrower's proposed use of Mortgage proceeds 8. Description of the Borrower, including a description of the borrowing entity, the Borrower's organizational chart and a summary of the qualifications of the Borrower and all Key Borrower Principals, including: <ul style="list-style-type: none"> • An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor or a Limited Multifamily Experience Sponsor, as provided in Section 9.2(d), • An estimate of the financial capacity of the Borrower and each Key Borrower Principal (that is, estimated net worth, Liquidity and contingent liabilities), and • For TAH Mortgages, a summary of the qualifications of any Borrower Principal whose experience is significant to the success of the deal. 9. Description of property manager, including a summary of the qualifications of the proposed property manager, the number of units managed, how long it has managed the Property and the amount of the management fee. <p>For Senior Housing Mortgages:</p> <ul style="list-style-type: none"> • The State and / or regional location of all properties under management • The type and number of acuity of the units managed or owned, and • For Seniors Housing Mortgages that do not require a Seniors Housing Liability Assessment, a description of the depth and level of experience of all key personnel on the



Document	Requirements
	<p>onsite, corporate, and regional leadership team of the property manager or Operator</p> <p>10. Review of third-party reports, including the Seller/Service's reviews of and comments on the Appraisal, environmental and property condition reports (with full underwriting packages only)</p> <p>11. Loan history if there is an existing mortgage on the Property</p> <p>12. Proposed sources and uses of funds</p> <p>13. Information on tenancy characteristics or employer concentration (including whether tenants are primarily elderly, singles or families and whether there is a student or military population) (this item is not required for Seniors Housing Mortgages)</p> <p>14. Cash equity at risk</p> <p>15. Any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7</p> <p>16. 15. Any exception requests</p> <p>The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8.15(a).</p> <p>b. <u>In addition to items a. 1 – 15 above, for Seniors Housing Mortgages include:</u></p> <ol style="list-style-type: none"> 1. Property information, including <ol style="list-style-type: none"> a. Property type (Independent Living Property, Assisted Living Property, Alzheimers/Dementia Care Property or Continuing Care Retirement Community (CCRC)) b. Number of units and beds c. Average monthly rent d. Percentage of skilled nursing beds, if applicable e. Percentage of net income derived from skilled nursing beds, if applicable 2. An evaluation of the Borrower's and Third-party Operator's (if any) experience at the Property and its other properties



Document	Requirements
	<ol style="list-style-type: none"> 3. The discussion of surrounding property uses must also include hospitals, seniors centers, libraries, restaurants and hotels 4. A market analysis, in the description of market supply, must include a list of all comparable properties, including address with zip code, number of units and beds, their service type, and approximate distance from the Property. The Seller must submit at least three comparables. <p><u>c. In addition to items a. 1 – 15 above, for a Supplemental Mortgage behind a Securitized First Mortgage, include:</u></p> <ol style="list-style-type: none"> 1. Confirmation of original UPB, current UPB, amortization (identifying any interest-only period), Annual Debt Service (interest-only and amortizing, as appropriate), and maturity date 2. Identification of Securitization pool 3. Delinquency report 4. Most recent inspection report <p><u>d. In addition to items a. 1 – 15 above, for a Mortgage securing a Property subject to a condominium regime:</u></p> <p>See “Condominium Analysis.”</p> <p><u>e. In addition to items a. 1-15 above, for a Mod Rehab Mortgage:</u></p> <ol style="list-style-type: none"> 1. Summary of renovation scope, budget, and renovation and lease-up schedule. 2. Tax analysis for both the as-is value and the hypothetical as-if renovated and stabilized today value with support tailored to the Property’s jurisdiction. 3. Sponsor’s experience and success with other moderate rehabilitation or value-add projects in recent history with detailed explanation of the extent of the renovations and rent appreciation post renovations. 4. Analysis of any anticipated rent increases or expense savings as a result of the planned renovations at the subject property.

Document	Requirements
Occupancy history	<p>For a Mortgage whose original principal balance is greater than \$100 million, the Seller must provide the annual percentage of physically occupied dwelling units for each of the most recent five years, or for each year since the completion of construction, whichever is less.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Optigo Lender's Fee Certification – Conventional and Targeted Affordable Housing form	<p>Required for all loans where a broker and/or correspondent is involved in the transaction. This form requests certain information about broker and other fees and requires the Seller/Servicer to disclose whether the servicing fee and/or Freddie Mac securitization compensation applicable to a loan will be a factor in determining the broker/correspondent compensation.</p>
Organizational Charts – Borrower, Guarantor (not in Borrower's organizational structure), Master Tenant, Operator, or Pre-Approved Transferee (not in Borrower's organizational structure)	<p>For any entity that is a Borrower, a Guarantor not in the Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant of a Shariah compliant loan, DST loan or other master lease structure or Operator of a Seniors Housing Property, the Seller must submit to Freddie Mac an organizational chart showing the direct and indirect ownership for that entity identifying any individual or entity:</p> <ul style="list-style-type: none"> • With 25 percent or greater aggregate direct or indirect interest in Borrower, Guarantor not in Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant or Operator including beneficial interests in a Delaware Statutory Trust or Illinois Land Trust • That is a Non-U.S. Equity Holder • For Pre-Approved Transferees, all individuals and entities with direct or indirect Control of the Pre-Approved Transferee, and all individuals and entities with direct and indirect Control of the Borrower after the proposed transfer • That directly or indirectly Controls Borrower, Guarantor, Pre-Approved Transferee not in the Borrower's organizational structure, Master Tenant or Operator including any general partner, managing member, non-managing member, member of a board of managers, settlor/trustee of a living trust or revocable trust or trustee of an irrevocable trust <p>100 percent of the ownership interest in Borrower must be shown.</p> <p>The Seller/Servicer's counsel must review the Organizational Chart.</p>



Document	Requirements
	See Guidance – Organizational Charts at mf.freddiemac.com/lenders/uw .
Payroll schedule	<p>The Seller must provide a current schedule of payroll expenses associated with the operation of the on-site leadership team at the Property, including salary, wages, bonuses, net pay and deductions.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Photographs	The Seller must submit to Freddie Mac photographs clearly illustrating all aspects of the Property, including exterior, interior and street scenes.
Physical Risk Report – Form 1108	<p>The Seller/Servicer has the option to provide to Freddie Mac a completed Form 1108, Physical Risk Report, meeting the requirements of Chapter 66 in lieu of an environmental report and a property condition report for a Mortgage that meets all of the following conditions:</p> <ul style="list-style-type: none"> • The Mortgage has an initial principal balance of \$20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are \$25 million or less in the aggregate • The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage
Post-construction analysis report	<p>A post-construction analysis report meeting the requirements of Section 63.5 is required.</p> <p>This report is required for Forward Commitments and for Mod Rehab Mortgages at completion of renovation. See Section 39.9 for submission of a post-construction analysis report for a Mod Rehab Mortgage.</p>
Pre-construction analysis report	<p>A pre-construction analysis report meeting the requirements of Section 63.3(a) is required.</p> <p>For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces</p>



Document	Requirements
	the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.
Preliminary legal issues memorandum (PLIM)	<p>The Legal Issues Analysis form is used to prepare the preliminary legal issues memorandum (PLIM) prior to loan origination.</p> <p>The Preliminary Legal Issues Memorandum Form – Servicing is the form used to prepare a PLIM meeting the requirements of Section 6.4 for Servicing transactions.</p>
Property condition report	<p>The Seller must provide to Freddie Mac a property condition report meeting the requirements of Chapter 62.</p> <p>For Forward Commitments and Mod Rehab Mortgages at Interim Phase underwriting, the pre-construction analysis report replaces the standard property condition report. See Section 63.3(a) for requirements for the pre-construction analysis report.</p>
Property financial statements	<p>The Seller must provide to Freddie Mac financial statements as specified below.</p> <p>Each operating statement must be dated and expressly identify within the document itself the time period to which it relates.</p> <ul style="list-style-type: none"> Historical property financial statements <p>The Seller must provide historical property financial statements for the most recent three years, or since the completion of construction of the Property, whichever is less, and including the net rental income, concessions and gross potential rent.</p> <p>Additionally, Seller must provide a statement for the twelve-month period prior to the month in which the Borrower has made the financing request (current property financial statement in a T-12 format). If available, this statement must reflect monthly operations for each of the preceding 12 months. If a monthly summary statement is not available, the Seller must provide a current fiscal year-to-date Property financial statement and a monthly statement for each of the three months prior to the month in which the Borrower has made the financing request.</p>

Document	Requirements
	<p><u>In the event year-end and T-12 property financial statements are both provided in a monthly format the Seller must advise Freddie Mac of any inconsistencies observed in overlapping months between T-12 and the prior year property financial statement.</u></p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <ul style="list-style-type: none"> Borrower's budgeted property financial statements The Borrower's budget for the following 12-month period The document(s) must be certified using Form 1112. <p>The Seller must review the property financial statements, which must include income and expense statements.</p> <p>If the financial statements are audited, they must include a statement of changes in financial position and all notes.</p> <p>For a refinance of an MHC with Manufactured Home(s) owned by the Borrower or an Affiliate of the Borrower, the Seller must provide income and expense statements of the Manufactured Home(s) which must be certified using Form 1112.</p> <p><u>For (i) a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or (ii) a Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage, the Seller must also provide the Servicing Statements used to reconcile the historical property financial statements as required in Section 11.7(b) if such Servicing Statements are not already present in DMS for the existing Mortgage.</u></p>
Property inspection documentation	<ul style="list-style-type: none"> Prior to early rate-lock, the Seller must complete and document the inspection described in Section 8.15(a) At full underwriting, the Seller must complete and document the property inspection described in Section 8.15(b) Prior to commitment under a Forward Commitment, the Seller must conduct a Forward Commitment Property Inspection as described in Section 8.16



Document	Requirements
	<ul style="list-style-type: none"> Prior to conversion under a Forward Commitment, the Seller must conduct a complete property inspection as described in Section 8.15(b) <p>The inspection requirements must be completed within 90 days of Freddie Mac's receipt of the applicable underwriting package.</p> <p>If Freddie Mac has delegated the property inspection to the Seller, the Seller must acknowledge this delegation on the Property Inspection and Lease Audit form.</p> <p>If the Seller inspection was not completed on the same day as the inspection for either the Appraisal and/or the physical condition report, the Seller must compare the observations from all other inspections to ensure all information is consistent.</p> <p>See Section 8.15 for additional information regarding property inspection requirements.</p>
Proposed transaction schedule	<p>For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement Program, the Seller must provide a proposed transaction schedule that sets forth the schedule and timing for the bond transaction, including the scheduled conference calls, timing for the delivery of documents and the closing date.</p>
Purchase agreement documentation	<p>For acquisition loans, the Seller must submit to Freddie Mac:</p> <ul style="list-style-type: none"> A copy of the purchase agreement and all amendments An analysis of the purchase agreement and all amendments by Seller's counsel using the Purchase Agreement Analysis form <p>Freddie Mac will not be deemed to have knowledge of any hazardous conditions, zoning issues or property condition issues merely by its possession of the purchase agreement.</p>
Quote	<p>The Seller must provide a copy of any written Quote issued by Freddie Mac, or a statement indicating the date and terms of the verbal Quote the Borrower has selected.</p>



Document	Requirements
Real Estate Schedule, Form 1116	<p>The Seller must provide to Freddie Mac a Form 1116, Real Estate Schedule, for all real estate in which any Key Borrower Principal that is not newly formed currently has a direct or indirect interest.</p> <p>NOTE: A Form 1116 is not required for the Seller/Servicer or its affiliate when the Seller/Servicer or its affiliate has an equity interest in the Borrower in the form of a Preferred Equity investment and is a Pre-Approved Transferee under the Mortgage.</p> <p>The Real Estate Schedule must be dated within 180 days from the date of submission of the underwriting package and certified by the Key Borrower Principal as complete and accurate.</p> <p>The Key Borrower Principal must:</p> <ul style="list-style-type: none"> • Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: <ul style="list-style-type: none"> ○ The full recourse obligation to the lender, including the entire amount of joint and several guarantees ○ For loans on properties under construction, the loan amount drawn to date and the as-is value • Provide a written explanation of any non-performing assets in its portfolio • State whether the Key Borrower Principal owns other properties in the market where the Property is located <p>LIHTC Investors that are U.S. publicly traded entities are not required to submit Form 1116 unless specifically requested by Freddie Mac.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>If the Property is a Cooperative or MHROC, the Form 1116 may be waived.</p>
Real Estate Schedule Addendum – Seniors Housing	<p>See “Seniors Housing Real Estate Schedule Addendum.”</p>



Document	Requirements
Real estate tax bill	<p>If the Borrower is acquiring the Property, the Seller must provide to Freddie Mac a copy of the most recent real estate tax bill from the Property's local taxing authority.</p> <p>If the Mortgage is being originated for the purpose of new construction, a real estate tax bill is not required.</p>
Registration of rental units (rent control/stabilization)	<p>The Seller must provide to Freddie Mac proof of compliance with applicable State or local requirement for the registration of rents in New York, including evidence of the current registered rent for each unit in the Property. Freddie Mac may require similar proof of compliance with such requirements for prior years and may require other evidence of compliance with State or local rent control or stabilization laws in other States.</p>
Renovation documentation – Mod Rehab Mortgages and Preservation Rehabilitation Mortgages	<p>For all Mod Rehab Mortgages, the Seller/Serviceicer must provide the documentation listed below. For a Preservation Rehabilitation Mortgage, Freddie Mac may request the Seller/Serviceicer to include the following documentation in the underwriting package. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <ul style="list-style-type: none"> • Construction budget – hard costs and material quantities • Development budget – total project costs, including soft costs, financing costs, land acquisition expenses and hard costs • Construction schedule – the timeline for major construction activities • Lease-up schedule – the timeline for the lease-up • Final plans and specifications – a clear picture of the Property's appearance and new features post-renovation. Plans and specifications are considered to be final when they are stamped and sealed by the associated professional • Construction contract – the contract between the Borrower and the general contractor for the completion of all planned renovations • Development team's qualifications – key staff resumes, a summary of experience with similar projects and years in business. Members of the development team include the



Document	Requirements
	<p>sponsor, the architect, the general contractor and the management company</p> <ul style="list-style-type: none"> Servicing team's qualifications – staff resumes and summary of experience with similar projects. Members of the Servicing team include individuals responsible for administration and those responsible for physical inspections <p>Work in Progress: If renovation work commenced before underwriting, additional information is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <ul style="list-style-type: none"> Sponsor certification regarding all work completed and costs expended All executed change orders to date All construction monitoring reports to date. <p>For any new construction (i.e., new residential or amenity building), a more detailed breakout within the budget, schedule, and plans/specs is required. The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>See Chapter 63 for additional information about renovation documentation.</p>
Rent, income and use restriction documentation	<p>The Seller must provide copies of any existing regulatory agreements (including any amendments) creating tenant income, rent or other operating or use restrictions for the Property.</p> <p>If applicable, see also:</p> <ul style="list-style-type: none"> Land Use Restriction Agreement (LURA)/Regulatory Agreement (for tax-exempt bonds, if applicable, and LIHTC) Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation Housing Assistance Payments (HAP) contract



Document	Requirements
	<ul style="list-style-type: none"> Registration of rental units (rent control/stabilization)
Rent roll	<p>The Seller must review and provide to Freddie Mac a rent roll that meets the following requirements. An optional Rent Roll Template can be found at https://mf.freddiemac.com/docs/rent_roll_template.xls.</p> <ul style="list-style-type: none"> Is dated within 30 days of the underwriting package submission. Is complete with respect to the required information below for each unit: <p><u>For a Property that is not secured by a Seniors Housing Mortgage:</u></p> <ol style="list-style-type: none"> "As of" date of the rent roll clearly indicated within the document Tenant's name(s) Unit number or identification Unit type (number of bedrooms and bathrooms) Square footage of each unit Occupancy status by unit and by bed, if applicable Identification of any employee units, model units, corporate units and units used as rental offices Monthly contract rent Concessions, rebates or discounts given to tenant, if applicable Arrearages owed by tenant, if any Subsidies, if applicable (specify type) Rent controlled or rent stabilized, if applicable



Document	Requirements
	<ol style="list-style-type: none"> 13. Original occupancy date, per tenant 14. Lease commencement date 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held 18. Furnished or unfurnished status <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>For a Property secured by a Seniors Housing Mortgage:</u></p> <ol style="list-style-type: none"> 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Occupancy status 6. Identification of any employee units, model units, corporate units and units used as rental offices 7. Monthly rent and concessions, if applicable, without regard to any applicable additional resident fees, subsidies, or concessions, rebates or discounts given to tenant. If Property or resident receives any Medicaid income, Medicaid subsidy/ reimbursement must be listed separately from the rent the resident pays 8. Entrance fees, community fees or other upfront fees held or charged (refundable or nonrefundable) 9. Additional fees for second residents, if applicable. If the unit has two unrelated occupants, rents for each resident should be combined



Document	Requirements
	<p>10. Fees for resident care associated with Activities of Daily Living (ADLs)</p> <p>11. Miscellaneous ancillary fees, such as furniture rental, beautician, unscheduled transportation or interest income</p> <p>12. Arrearages owed by tenant, if any</p> <p>13. Lease commencement date</p> <p>14. Original occupancy date, per tenant</p> <p>15. Lease expiration date and renewal options, if any</p> <p>16. Month-to-month status, per tenant</p> <p>17. Amount of security deposit held</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>For Mortgages originated under a Forward Commitment:</u></p> <ul style="list-style-type: none"> • A rent roll is not required in the full underwriting package for a Mortgage originated for new construction • For a TAH Cash or TAH Bond Credit Enhancement Conversion Underwriting Package, the rent roll must cover the preceding 90 days and must be dated within 45 days of the Conversion <p>In addition to the rent roll, for an LIHTC Property where the Income Averaging Set-Aside has been applied, the Seller must provide a rent roll analysis confirming that rents on the Origination Date will meet the average AMI requirements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Residential lease sample	Freddie Mac requires the property inspector to upload, to DMS as part of the required Property inspection documentation, a sample or unexecuted residential lease or an executed residential lease.



Document	Requirements
Seismic risk documentation	If a Property is located in an Elevated Seismic Hazard Region, the Seller must provide to Freddie Mac a Seismic Risk Assessment (SRA) and a copy of the Peak Ground Acceleration (PGA) calculation obtained from the United States Geological Survey (USGS) website, as required by Section 64.2. If a Level 1 SRA is required the Seller must also provide to Freddie Mac Form 1102, Seismic Risk Assessment Summary.
Seller's certification and disclosure of any HUD-2530 issues relating to the Borrower Principal and Property Manager	Freddie Mac requires the Seller to certify and disclose any issues with the Borrower Principal and Property manager that may have been identified on a Form HUD-2530, <i>Previous Participation Certificate</i> . This form is HUD's centralized review of the past/present performance of those principals applying for participation in HUD's multifamily housing programs. Principals are reviewed to see if they have carried out their past financial, legal, and administrative obligations in a satisfactory and timely manner.
Seller's certification regarding compliance with representations and warranties	<p>The Seller must provide to Freddie Mac the following certification in a letter on the Seller's stationery:</p> <p>"Seller certifies that it is familiar with and in compliance with the warranties and representations that, pursuant to Chapter 5 of the Freddie Mac <i>Multifamily Seller/Service Guide</i>, it is deemed to make with respect to each Mortgage and related information delivered to Freddie Mac."</p>
Seller's mortgage loan application with Borrower	<p>For all Mortgages, the Seller must provide to Freddie Mac a copy of the mortgage loan application executed by the Borrower and submitted to the Seller. The application must evidence all material terms of the proposed mortgage financing. In addition, for Mortgages submitted under the early rate-lock delivery option, the Seller's application must evidence the Borrower's obligation to pay the Borrower Breakage Fee (see Section 27.2).</p> <p>For any Mortgage, the mortgage loan application must include the following authorization by the Borrower:</p> <p>"The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the "Mortgage") to Freddie Mac. If Freddie Mac purchases the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage."</p>



Document	Requirements
	<p>For any cash execution Mortgage, the mortgage loan application must also include the following acknowledgements by the Borrower:</p> <ul style="list-style-type: none"> • “The Borrower understands that subsequent to the closing of the Mortgage, Freddie Mac may require regular financial statements from the Borrower outlining the Property’s financial performance.” • “The Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac may sell this Mortgage into a commercial mortgage-backed securitization or similar type execution and may not hold this Mortgage in Freddie Mac’s portfolio.” <p>For a Mortgage originated under the Multifamily Housing Bond Credit Enhancement program, the mortgage loan application must include the following authorization by the Borrower:</p> <p>“The Borrower understands that Freddie Mac intends to credit enhance the mortgage loan for which Borrower is applying (the “Mortgage”). If Freddie Mac credit enhances the Mortgage, the Borrower’s signature below constitutes the Borrower’s authorization for Freddie Mac to publicly use, at Freddie Mac’s discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage.”</p>
Seller's pro forma property financial statements	<p>The Seller must prepare the Seller's pro forma property financial statements for the next 12 months. The statements must include historical and year-to-date annualized income and expense information for comparison purposes.</p>
Seniors Housing agreements and contracts	<p>The Seller must provide to Freddie Mac a copy of all potentially material contracts and agreements by the Borrower, manager or operator of the Property related to the ownership and operations of the Seniors Housing Property, acceptable to Freddie Mac, including, but not limited to contracts:</p> <ul style="list-style-type: none"> • For preparing and serving food (not including food supply contracts) • For medical services or healthcare provider agreements, regardless of annual consideration or term, or



Document	Requirements
	<ul style="list-style-type: none"> • Of which the average annual consideration, directly or indirectly, is at least \$50,000 <p>Generally, copies of contracts for routine maintenance such as landscaping, snow removal or general office equipment are not required.</p> <p>The Seller must also provide a certification from the Borrower listing the contracts that fall into the foregoing categories, and who among the Borrower, operator, and property manager is a party to each contract. If there are no contracts that fall into the foregoing categories, the Seller must provide a certification from the Borrower to that effect.</p> <p>The Legal Issues Analysis must specify (i) any contracts that should be considered material for purposes of the Loan Agreement, and (ii) recommendations regarding assignments of contracts that are not in the Borrower's name.</p>
Seniors Housing Liability Assessment	<p>If the Property includes assisted living, Alzheimer's care or skilled nursing units, the Seller must provide to Freddie Mac a Seniors Housing Liability Assessment for each property manager or Operator to evaluate its risk management practices with respect to employees, residents and incident reporting.</p> <p>The Seniors Housing Liability Assessment must be performed by a professional meeting the requirements of Section 21.2(i) and the Seller/Serviceicer must document the suitability of the professional in the Liability Assessment.</p> <p>The Seniors Housing Liability Assessment must address the following topics:</p> <p>1. Professional Qualifications</p> <ol style="list-style-type: none"> Experience Minimum of five years' experience in geriatrics/long-term-care clinical practices. Education Minimum of five years as a Licensed Administrator, licensed practical nurse (LPN) registered nurse (RN), or Physician Extender (PA, RNP)



Document	Requirements
	<ul style="list-style-type: none"> c. References, which address: <ul style="list-style-type: none"> 1. Scope of work 2. Quality of recommendations given 3. Quality of resources provided 4. Timeliness of work product d. Sample work product: <ul style="list-style-type: none"> 1. Copy of typical assessment report 2. Sample recommendations based on industry exposures 3. Sample resources provided to clients to assist in reducing risk to claims 4. Training programs offered 5. Monitoring programs offered <p>2. Employee Practices</p> <ul style="list-style-type: none"> a. Risk Management policies and procedures identifying background checks, reference checks and analyzing the background of individuals employed at the Property (e.g., appropriate credentials and certifications) b. Hiring and screening practices and personnel policies (e.g., employee handbook, orientation materials, initial and in-service training materials, available resources, etc.) c. Identification of the use of electronic systems including Billing, Medical Administration Record (MAR), Patient care management, and Marketing d. Compliance with State property staffing requirements including staff to resident ratios per shift and temporary staff and shift change procedure as applicable by State regulations <p>3. Management Practices</p> <ul style="list-style-type: none"> a. Key Topics <ul style="list-style-type: none"> 1. Evidence of written employee policies and procedures manual 2. Staff orientation, screening and discipline regarding resident care issues b. List of key Property level staff including:



Document	Requirements
	<ol style="list-style-type: none"> 1. A list of the key Property level positions 2. The tenure of individuals in their positions at the facility 3. The amount of experience the individuals have in the seniors housing industry 4. Resumes should be attached to the report <p>c. Identification of the availability and usage of home health services including:</p> <ol style="list-style-type: none"> 1. Identify whether home health services are being used at the Property 2. Identify who is providing or contracting with the home health services – for example is it the Borrower, a Borrower Affiliate, the Operator, an Operator Affiliate, or a third party 3. If home health services are provided or contracted by the Borrower or Operator verify the provider's certification or licensing, as required by State as well as a copy of the referenced contract 4. Identify whether the home health provider leases space or not at the Property 5. Type of services offered by home health agency <p>d. Risk management policies and procedures, including identifying and analyzing the background/experience of individuals employed by the Borrower or the Operator to handle insurance and risk management matters.</p> <p>e. Corporate / Regional Support and Quality Assurance:</p> <ol style="list-style-type: none"> 1. Discussion of the corporate / regional oversight or 3rd-party contract of the facility including identification of the corporate / regional staff that visit the Property including their title and frequency of visits 2. Copy of any risk management tools and summary reports/ audits, if available 3. Implementation of a quality assurance program addressing the regulatory compliance and whether internal results are tracked, trended, analyzed or benchmarked against other properties operated <p>4. Resident Practices:</p> <p>a. The following must be provided, documented, and analyzed regarding resident practices:</p>



Document	Requirements
	<ol style="list-style-type: none"> 1. Copy of written admission agreement(s) and fees that identify scope of services to be provided 2. Copy of resident assessment forms and qualifications of staff responsible for assessing residents prior to admission, as well as how often residents are assessed going forward <p>b. Confirmation that specific policies and procedures are in place to address the following conditions:</p> <ol style="list-style-type: none"> 1. Resident service plan established and updated with changes in condition 2. Resident evacuation in case of emergency 3. Fall management 4. Elopement/Wandering 5. Skin Care 6. Elder Abuse 7. Dehydration/Malnutrition 8. Neglect 9. Mental health behavior plan 10. Physical notification for change in resident condition 11. Medication management 12. Smoking 13. Transfer/Discharge 14. Infectious Control <p>c. Collection of Resident Turnover data by care type to calculate the turnover ratio for the most current year available</p> <p>5. Regulatory Compliance:</p> <p>a. Identity of governmental authorities with jurisdiction over the Property, as well as each governmental authority's definition of the level of care permitted at the Property.</p> <p>b. Copies and a summary of all governmental surveys for last three-years or three certification periods including a summary and analysis of any deficiencies or enforcement actions cited in the surveys. The severity, repeated deficiencies and type of enforcement action (such as probation or ban on admissions) must be part of the analysis, categorized by the following topics:</p> <ol style="list-style-type: none"> 1. State Health Inspections 2. Fire / Life Safety Inspections



Document	Requirements
	<p>3. Food Safety Inspections</p> <ul style="list-style-type: none"> c. Copies of the Plan of Corrections (POCs) submitted by the owner or Operator and the date of acceptance of the government authority, if applicable. If the POC has not been accepted by the government authority, then the process required to resubmit plan of correction of deficiencies must be provided including any steps already taken or remaining to complete. If the correction requires re-inspection, this should be noted and whether it will occur at the next standard licensure inspection or earlier date. d. Discussion of whether the Property is in substantial compliance from most recent inspection and is permitted to continue operations until re-inspection. e. List and copies of all licenses and permits needed to operate the Property, the expiration date of such licenses, and if the license is transferable to include, but not limited to: <ul style="list-style-type: none"> 1. State health licenses 2. Business licenses 3. Food permits f. If a change in licensure is necessary, the report must detail the summary of licensing procedures required to affect a change in Property ownership, any service provider, authority to operate, or management, including the timeline for licensure change, the identification of the State or local governmental authority that needs to receive notice or provide approval, and the content of the notice. g. If the Property receives any sort of subsidy program (for example Medicaid/ Medicare), then the report must include the following: <ul style="list-style-type: none"> 1. Assessment of the status of any federal, state, or local proposed regulations or amendments to existing regulations that could affect the Property 2. Identification and analysis of any special insurance requirements required by any government authority. <p>Recommendation / Summary:</p> <ul style="list-style-type: none"> a. Onsite inspection of the Property



Document	Requirements
	<p>b. An overall assessment of employee, management and resident practices as well as regulatory compliances affecting the Property, including the identification and analysis of shortcomings with recommendations on matters to the ownership, operation or management of the Property</p> <p>c. List of sources and references used to complete the report</p>
Seniors Housing licenses and certificates	<p>The Seller must provide the following to Freddie Mac:</p> <ul style="list-style-type: none"> • A list of any and all licenses, certificates and permits required for the operation of the Property • A copy of each existing license, certificate or permit issued by any governmental or regulatory authority, whether issued to the Borrower, the manager or the operator of the Property, and the renewal date of each such license, certificate or permit • Documentation pertaining to any pending or outstanding violations, findings, investigations or corrective actions by such governmental or regulatory authority with respect to the Property and the status of any corrective actions pending or resolved within the previous three years <p>See Section 21.3(e) for additional license requirements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Seniors Housing list of furniture, fixtures, equipment and motor vehicles	<p>The Seller must submit to Freddie Mac a list of items or classes of items of all furniture, fixtures, equipment and motor vehicles located on or used in connection with the Property ("FF&E") that are not owned by the Borrower, including the name of the owner of each item.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>If all FF&E is owned by the Borrower, the Seller must provide a certification from the Borrower to that effect.</p> <p>The Legal Issues Analysis must include the Seller's counsel's recommendation with respect to the Lender's security interest in FF&E and motor vehicles not in the Borrower's name.</p>



Document	Requirements
Seniors Housing Management Assessment	<p>A Seniors Housing Management Assessment is required for any Seniors Housing Mortgage with a UPB greater than or equal to \$50 million, or for any Seniors Housing Mortgage that is part of a crossed pool, if the pool has a UPB greater than or equal to \$100 million.</p> <p>The Seniors Housing Management Assessment is a narrative report that describes and assesses the experience and capabilities of the Manager or Operator of the Property regarding the daily use and operation of the Property. It is required, whether the Manager or Operator of the Property is or is not an affiliate of the Borrower.</p> <p>The Seller may prepare the Seniors Housing Management Assessment or may contract for its preparation by a third-party.</p> <p>The Seniors Housing Management Assessment must address each of the categories outlined below:</p> <ol style="list-style-type: none"> 1. Management structure and experience <ol style="list-style-type: none"> a. Organizational charts that identify all reporting relationships at the corporate, regional, and Property levels b. Description of the depth and level of experience of all key personnel at the corporate, regional, and Property levels 2. Employee / Management Practices <ol style="list-style-type: none"> a. Corporate, regional, and Property level hiring and retention practices b. Interaction between corporate / regional staff with Property level staff c. Corporate training practices 3. Healthcare IT <p>Review of the corporate and property level healthcare information technology including accounting, resident management, marketing, resident assessments, resident service plans, activities, medication administration records, and electronic health records.</p>



Document	Requirements
	<p>4. Risk Management Program</p> <ul style="list-style-type: none"> a. Corporate policies and procedures for reviewing, investigating, and reporting incidents and accidents b. Corporate level assessment of operations and clinical issues c. Corporate GL/PL insurance overview <p>5. Regulatory Compliance</p> <p>Corporate quality assurance program practices.</p> <p>6. Summary and Conclusion</p> <p>Overall conclusion on the competency of Manager or Operator experience and capabilities and whether they meet, exceed, or fall short of industry standards.</p>
Seniors Housing operating lease	<p>For any operating lease at the Property that will be in place on the Origination Date, the Seller must provide:</p> <ul style="list-style-type: none"> • A copy of the complete operating lease; and • An Operating Lease Analysis completed by the Seller's counsel, using the form available at mf.freddiemac.com/lenders/legal
Seniors Housing Real Estate Schedule Addendum	<p>In addition to the Form 1116, Real Estate Schedule, or other form, for a Borrower who leases the Property to a third-party operator, the Seller must provide Freddie Mac with the following information for each of the other such properties run by the operator:</p> <ol style="list-style-type: none"> 1. Name, address and location 2. Term of the contract 3. Property owner's name, address and telephone number 4. Type of resident care, if any, provided (for example, independent living, assisted living, dementia care or skilled nursing care) 5. A list of any required licenses and certifications that are not current and in good standing



Document	Requirements
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Sources and Uses	<p>The Seller must provide details about a transaction's cash inflows (sources) and outflows (uses) at the time the Mortgage is funded, to enable an underwriter to understand the cash sources of the transaction and how the proceeds from the Mortgage will be used to finance the transaction.</p> <p>Sources and uses may be included in the mortgage transaction narrative analysis.</p>
Student Housing Questionnaire, Form 1120	The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire, for each Student Housing Property.
Subordinate debt documentation	The Seller must provide documentation for any subordinate debt, such as the note, mortgage, loan agreement and regulatory agreement or, if the subordinate loan has not yet been originated, the forms of such documents and the commitment for the subordinate loan.
Summary of interest rate hedge terms	The Seller must provide to Freddie Mac a summary of interest rate hedge terms.
Survey	A current survey of the Property meeting the requirements of Section 29.5. If the Mortgage is being originated for the purpose of new construction, an as-built survey is not required.
Verification of Collections, Form 1144	For a Targeted Affordable Housing Mortgage, the Seller must provide to Freddie Mac Form 1144, Verification of Collections, completed and certified by the Borrower or Key Borrower Principal. The last full month of verified collections must be dated within 30 days of package submission, unless otherwise specified by Freddie Mac. In lieu of a Form 1144, the Borrower may provide certified operating statements for the most recent three months.
Wood-damaging insect inspection documentation	A wood-damaging insect inspection report is not required if the Property has no wood framing or structural members (i.e., significant components that could be subject to damage by wood-damaging insects, such as termites, powderpost beetles, carpenter ants, etc.) as determined by either the Property Condition Report or the Physical Risk Report.



Document	Requirements
	<p>For any Property with wood framing or structural members as described above, the Seller must provide the following documentation to Freddie Mac:</p> <ul style="list-style-type: none"> • A wood-damaging insect inspection report stating that there is no evidence of wood-damaging insect infestation, or • Certification from the Property's current pest control provider stating that there is no evidence of wood-damaging insect infestation and the Property is regularly inspected and/or treated to prevent wood-damaging insect infestation. <p>The wood-damaging insect inspection report or the certification from the Property's current pest control provider must be dated within six months prior to the date of the submission of the full underwriting package to Freddie Mac.</p> <p>Notwithstanding the above, the documentation listed above is not required if the following three conditions are satisfied:</p> <ul style="list-style-type: none"> • The Borrower provides documentation confirming that there is a wood-damaging insect contract in place for the Property; • A wood-damaging insect contract will remain in place for the term of the Mortgage, and • There is no evidence of wood damage per the Property Condition Report (if applicable); <p>See also Sections 62.5(a), Property grounds and buildings, 62.5(e) Wood-damaging insects and 8.2(e) Wood-damaging insect inspection reports.</p>
Zoning documentation	<p>The Seller must provide a zoning report by a third-party reporting company. See Section 8.5 for additional documentation and analysis requirements if:</p> <ul style="list-style-type: none"> • The Property does not conform to current zoning regulations • A zoning report is not available in the jurisdiction where the Property is located • Not all certificates of occupancy required for the use, operation and occupancy of the Property are available



Document	Requirements
	<p>Regardless of whether a zoning report is required, for all full underwriting packages, the Seller must include all available certificates of occupancy as part of the zoning documentation.</p> <p>The zoning report may also include documentation of building code violations.</p> <p>A zoning report is not required if the Appraisal includes the zoning analysis required by Section 60.12(f)(2) and all of the following conditions are met:</p> <ul style="list-style-type: none"> • The Mortgage has an initial principal balance of \$20 million or less, or the Mortgage is a Supplemental Mortgage and the combined initial principal balance of the Supplemental Mortgage and the unpaid principal balances of any senior Mortgages encumbering the Property are \$25 million or less in the aggregate • The Mortgage is not a Moderate Rehabilitation Mortgage, a Lease-up Mortgage, a Value-add Mortgage or a Forward Commitment Mortgage <p>See Section 8.5 for complete requirements.</p>

55.3 Requirements for documents contained in the prescreen package (04/13/23)

Cell phone tower lease	The Seller must provide an analysis of cell phone tower leases, if any.
TAH Conflicts Check – Transaction Parties and Details	The Seller must include a completed copy of the TAH Conflicts Check – Transaction Parties and Details for all Tax-Exempt Loans, Tax Exempt Bond Credit Enhancement Mortgages, and, upon request, for other TAH Mortgages.
Draft Appraisal	The Seller may provide a summary of a draft Appraisal for the Property, if available.
Environmental report and alternatives	The Seller must, to the extent available, provide an environmental report analysis meeting the requirements of Chapter 61.



Financial statements of Borrower and Key Borrower Principals	<p>The Seller must provide, to the extent available, current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and any Key Borrower Principal that is not a newly formed entity.</p> <p>If current certified financial statements are unavailable, the Seller must provide an informed analysis, developed based on discussions and other due diligence, of the financial capacity of the Borrower(s) and Key Borrower Principal(s).</p>
Information on similar projects completed	<p>The Seller must provide information on, and analysis of, targeted affordable housing projects that the Borrower has completed, for new construction or rehabilitation, that are similar in size and scope and/or are in the same market or sub-market.</p>
TAH Request for Initial Cash Quote or Initial Bond Quote	<p>The Seller must provide, as applicable, a completed copy of the TAH Request for Initial Cash Quote or the TAH Request for Initial Bond Quote, available at mf.freddiemac.com/lenders/uw.</p>
Loan Submission Template for Targeted Affordable Housing	<p>The Seller must include a completed copy of the Loan Submission Template for Targeted Affordable Housing that is provided to the Seller by Freddie Mac. The latest version of the Template can be found at mf.freddiemac.com/lenders/uw/loan_submission_template.html.</p>
Market study	<p>The Seller must provide an independent, third-party market study including the following information:</p> <ol style="list-style-type: none"> 1. Market area definition 2. Physical and location analysis 3. Economic analysis 4. Demographic analysis 5. Supply analysis 6. Demand analysis 7. Capture rate analysis 8. Recommendation



Prescreening Executive Summary	The Seller must include a completed copy of the Prescreening Executive Summary form provided to the Seller by Freddie Mac.
Property condition report	The Seller must, to the extent available, provide an analysis of the property condition report meeting the requirements of Chapter 62.
Real Estate Schedule, Form 1116	The Seller must provide a Form 1116, Real Estate Schedule, or other form that contains comparable information, for all real estate in which any Key Borrower Principal currently has a direct or indirect interest.
Rent comparables summary	The Seller must provide a list of comparable properties in the market/submarket, detailing rents, unit size, unit mix, etc.
Resumes of Borrower and Key Borrower Principals	The Seller must provide a description of the Borrower's and Key Borrower Principals' (and Borrower Principals on TAH Mortgages where the qualifications of the Borrower Principal is significant to the success of the deal) experience with projects that are comparable in size and scope to the proposed transaction.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:29:37 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 55 - Doc and Deliveries GB-06-13-24.docx	
Modified filename: 55 - Doc and Deliveries GB-08-15-24.docx	
Changes:	
<u>Add</u>	17
Delete	11
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	2
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	30

Multifamily Seller/Service Guide

Chapter 55SBL

SBL Documentation and Deliveries



55SBL.1 Use of Chapter 55SBL (12/14/23)

- a. Preparing an underwriting package (12/14/23)
- b. Preparing documentation required for a Transfer of Ownership (06/29/17)
- c. Notification requirements regarding updates to the underwriting package (02/16/23)
- d. Ability to request additional information (04/13/23)

55SBL.2 ~~Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (06/13/24)~~[Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership \(08/15/24\)](#)



55SBL.1 Use of Chapter 55SBL (12/14/23)

This Chapter 55SBL applies to SBL Mortgages originated under Chapter 18SBL. In this Chapter 55SBL, SBL Seller/Servicers are referred to as “Seller,” and SBL Mortgages are referred to as “Mortgages.”

Chapter 55SBL is to be used in the preparation of an underwriting package for an SBL Mortgage, and in the preparation of documentation to be submitted to Freddie Mac in connection with a Transfer of Ownership, as indicated in Chapter 41SBL.

a. Preparing an underwriting package (12/14/23)

1. Due Diligence – Chain of Custody.

- A. All source documentation, due diligence and other underwriting documentation relating to the Property, the Borrower and the Borrower Principal(s) to be submitted as part of the underwriting package as set forth in this chapter (other than Freddie Mac required third-party reports) must be delivered directly to the Seller/Servicer by the Borrower and/or the Borrower Principal or the member, partner, director or employee of the Borrower or Borrower Principal's firm authorized to deliver such documentation on behalf of the Borrower or Borrower Principal.
- B. By submission of the underwriting package to Freddie Mac, Seller/Servicer will be deemed to represent and warrant to Freddie Mac that it has complied with the due diligence and underwriting documentation chain of custody requirement.

2. Documentation Delivery. At the Seller's expense, the Seller must deliver the documents to Freddie Mac and remit any required fees to Freddie Mac by wire transfer, subject to Freddie Mac's approval.

- A. The Seller must obtain wire transfer instructions from the *Applicable Freddie Mac Multifamily Regional Office*.
- B. The Seller must send the wire transfer to the attention of *Multifamily Cash Management*. The wire transfer must reference the Property name, the Freddie Mac contact person in Production or Underwriting, and the Freddie Mac loan number.
- C. With respect to each delivery:
 - The Seller must deliver the documents simultaneously.
 - The Seller may not make any changes to forms prescribed by Freddie Mac without prior written authorization from Freddie Mac.

If the delivery is incomplete, if the documents have not been properly prepared, or if the documents do not, or the delivery does not, otherwise conform to Freddie Mac requirements, Freddie Mac cannot process the package.

b. **Preparing documentation required for a Transfer of Ownership (06/29/17)**

Instructions for the preparation of documentation for a Transfer of Ownership can be found in Chapter 41SBL.

c. **Notification requirements regarding updates to the underwriting package (02/16/23)**

The Seller/Servicer must notify the Freddie Mac personnel primarily responsible for the underwriting of a Mortgage if there is new or revised documentation following Rate Lock. The mere delivery of documentation to Freddie Mac or inaction by Freddie Mac after receipt of documents will not constitute an approval of such documents or for any change or modification to, or waiver of, any requirements of the Letter of Commitment or the Guide.

d. **Ability to request additional information (04/13/23)**

Notwithstanding the documentation requirements in Section 55SBL.2, Freddie Mac reserves the right to request any document identified in Section 55SBL.2 from any Borrower Principal.

55SBL.2 **Requirements for documents contained in the underwriting package or documents relating to a Transfer of Ownership (06/13/2408/15/24)**

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

Document	Requirements
Access easement and Essential Facilities and/or Recreational Facilities easement documentation	<p>The Seller must provide Freddie Mac with the following documentation:</p> <ul style="list-style-type: none">• If the Property shares primary ingress and/or egress with adjacent or neighboring properties<ul style="list-style-type: none">○ Documentation in accordance with Section 8SBL.6○ A PLIM, if required by Freddie Mac○ A copy of the survey if required for the Mortgage and photographs showing the location of the access easement and signage, if applicable○ An opinion from a land use attorney acceptable to Freddie Mac, if requested by Freddie Mac• If the Essential Facilities and/or Recreational Facilities are located off-site (including another phase of a phased development) and are not under the exclusive control of the



Document	Requirements
	<p>owner</p> <ul style="list-style-type: none"> ○ Documentation in accordance with Section 8SBL.6 ○ A PLIM, if required by Freddie Mac • See also “confirmation of or a request for approval of shared facilities or access.”
Aged Receivables Report	<p>The Seller must review and submit to Freddie Mac a report which displays tenant outstanding balances (including any subsidies) and duration (typically reflected as 30, 60, and 90+ day periods), including a cumulative total. The report should be dated as of the ending T-12 period for the current property financial statement submitted.</p> <p>Freddie Mac may require additional reports, over monthly intervals, in order to better assess changes in delinquencies and income collection over time.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Appraisal	<p>The Seller must provide Freddie Mac with a full Appraisal of the Property that meets the requirements of Chapter 60, including all conditions specified in the Additional Appraisal Requirements Memorandum.</p> <p>The Property value determined in the Appraisal must be no less than the Property value determined by Freddie Mac and the report must meet all Freddie Mac requirements and underwriting conditions.</p>
Borrower and Key Borrower Principal Blanket Certification, Form 1112	<p>Form 1112, Borrower and Key Borrower Principal Blanket Certification, must be used to certify the following documentation:</p> <ul style="list-style-type: none"> • Property Financial Statements (Historical and Budgeted) • Rent Roll • Real Estate Schedule • Financial Statement



Document	Requirements
	<ul style="list-style-type: none"> • Monthly collections, if not submitted and certified by Form 1144, Verification of Collections • Other documentation, as applicable (i.e., Aged Receivable Report, liquidity Liquidity verification documentation etc.) <p>Form 1112 must be completely populated, including an indicator for the document(s) being certified as well as the applicable date(s) of the document(s).</p> <p>The certification for Form 1115, Borrower and Key Borrower Principal Certificate, will remain in that form and is not covered by the Form 1112.</p>
Borrower and Key Borrower Principal Certificate, Form 1115	<p>If any Borrower or Key Borrower Principal is organized as of the date of submission of the applicable package, the Seller must provide Freddie Mac with a Form 1115, Borrower and Key Borrower Principal Certificate, executed by each individual Borrower or Key Borrower Principal, as applicable.</p> <p>Form 1115 requests certification of the following information from Borrowers and Key Borrower Principals:</p> <ol style="list-style-type: none"> 1. Past mortgage payment and default experience 2. History of criminal, administrative, and/or litigation proceedings <p>Each Certificate must be dated not more than 60 days prior to the date the Seller submits the underwriting package to Freddie Mac ("Submission Date").</p> <p>For entities where the TIN is not yet available as of the date of this certification, an IRS Form W-9 is permitted as an alternative to resubmitting the Form 1115. The W-9 must be submitted as soon as it is available (ideally with submission of the full underwriting package) but no later than the Origination Date.</p>
Borrower's budgeted property financial statements	<p>See "property financial statements."</p>



Document	Requirements
Breakdown of construction costs	<p>For a Property that was built by the Borrower less than one year before the submission of the underwriting package, the Seller must submit to Freddie Mac a breakdown of construction costs.</p> <p>For current or planned construction, see “capital improvement documentation.”</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Calculation of prepayment premium	<p>For a Mortgage being used to refinance an existing Freddie Mac Mortgage, the Seller must provide to Freddie Mac a calculation of the prepayment premium payable with respect to the Mortgage being refinanced.</p>
Capital improvement documentation	<p>When required by Freddie Mac, the Seller must submit:</p> <ul style="list-style-type: none"> • For current or planned construction on the Property, a summary of all current or planned construction and the projected costs of the construction • For any major past renovations, a summary of these renovations and documentation concerning the costs <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>
Certification — Organizational Chart, Form 1114	<p>A certification that the Organizational Chart is accurate and all owners with a 25 percent or more interest and all Non-U.S. Equity Owners and Control are shown on the organizational chart. If prior to the loan origination or Transfer of Interests the Organizational Chart becomes inaccurate, the Seller must submit a revised Organizational Chart along with a new Form 1114, Certification – Organizational Chart.</p>
Certified Organizational Chart	<p>An Organizational Chart that is certified using Certification – Organizational Chart, Form 1114.</p>
Commercial lease documentation	<p>The Seller must provide to Freddie Mac complete copies (with all amendments) of all commercial leases for the Property.</p> <p>To the extent requested by Freddie Mac, the Seller must provide separate income and expense analyses for the residential and commercial lease portions of the Property’s income.</p>



Document	Requirements
	<p>The Seller must provide a completed Commercial Lease Analysis and Estoppel – SBL for each lease. If the income from a single commercial lease is five percent or more of the gross potential rent of the Property, or if otherwise requested by Freddie Mac, Seller must have the tenant execute the estoppel portion of the Commercial Lease Analysis and Estoppel – SBL.</p> <p>The Commercial Leases Analysis and Estoppel – SBL form is available at mf.freddiemac.com.</p> <p>See Section 8SBL.11 for commercial lease SNDAs and subordinations; see Section 8SBL.2(b) for commercial use requirements.</p>
Complete Borrower/Key Borrower Principal Due Diligence Package	<p>A Complete Borrower/Key Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Key Borrower Principal Certificate; Form 1116, Real Estate Schedule; certified current financial statements for the Borrower and Key Borrower Principals and a credit report for Borrowers and Guarantors that are individuals; Form 1112, Borrower and Key Borrower Principal Blanket Certification; and liquidityLiquidity verification documentation, if applicable. It is submitted as part of the underwriting package to Freddie Mac.</p>
Condominium Analysis	<p>If the Property is subject to a condominium regime, the Seller must confirm in the Mortgage Transaction Narrative Analysis that the Borrower owns 100 percent of the real property that is subject to the Condominium regime.</p>
Confirmation of compliance or a request for approval of shared facilities or access	<p>If any on-site or off-site facilities or access are shared and if Freddie Mac requests a PLIM, the Seller must submit in a PLIM a confirmation that any such sharing arrangement meets the requirements of Section 8SBL.6.</p>
Credit reports	<p>The Seller must provide to Freddie Mac a current credit report on each Borrower and each Guarantor that is an individual. A credit report is not required for entities or foreign sponsors with no Social Security number. The subject of each report must have authorized the Seller to obtain the report and the report must</p> <ol style="list-style-type: none"> 1. Be reviewed by the Seller



Document	Requirements
	<ol style="list-style-type: none"> 2. Be issued by an independent credit reporting agency acceptable to Freddie Mac 3. Be dated within 60 days before delivery to Freddie Mac 4. Verify debts listed on the financial statement submitted with the full underwriting package, including terms, balances and ratings 5. List any other debts 6. List all legal actions that involve the Borrower or Guarantor and are disclosed by a search of public records 7. Include FICO scores for Borrowers and Guarantors
Current property financial statements	See “property financial statements.”
Delegated property inspection letter	See “property inspection documentation.”
Document analysis by Single Counsel	The Seller must provide an analysis by Single Counsel of certain legal documents affecting the Property, as described in Section 6SBL.10.
Equity Conflict of Interest statement	<p>If an Equity Conflict of Interest exists, as defined in Section 2.25, the Seller/Servicer must disclose the nature and extent of the conflict in writing to Freddie Mac as follows:</p> <ul style="list-style-type: none"> • With the full underwriting package, or • For Transfers of Ownership, including Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage, to <i>Multifamily Asset Management, Borrower Transactions</i>
Evidence of Insurance	<p>The Seller must submit the following to Freddie Mac to verify that the Property has, or will have as of the Freddie Mac Funding Date, adequate property damage and liability insurance as required by the Purchase and Servicing Documents:</p> <ul style="list-style-type: none"> • Fully completed Form 1133, Seller/Servicer Certification of Insurance Coverage, via the Insurance Compliance Tool (ICT)



Document	Requirements
	<ul style="list-style-type: none"> The documents listed in Sections 31.20(a) and 31.20(b), as applicable <p>For an underwriting package pertaining to the refinance of an existing mortgage not owned by Freddie Mac, prior to the Origination Date of the Mortgage, the mortgagee or mortgage holders clause and additional insured clause must be changed to reflect the requirements of the Guide.</p>
Evidence of Tax Abatement	<p>For Properties benefiting from real estate tax abatements, the Seller must provide a completed Tax Abatement/Exemption Analysis – SBL and documentation from the taxing authority or the governing body confirming:</p> <ul style="list-style-type: none"> That the Property or the Borrower, as applicable, has qualified for the Tax Abatement The amount of annual tax to be paid, if any The term of the Tax Abatement Any other requirements of the Tax Abatement <p>See Section I of the Tax Abatement/Exemption Analysis - SBL for additional details concerning the documentation to be provided in the underwriting package for all tax abatements.</p> <p>The Tax Abatement/Exemption Analysis - SBL is found on the legal document pages of mf.freddiemac.com.</p>
Financial statements of Borrower and Key Borrower Principals – certified	<p>The Seller is required to submit to Freddie Mac financial statements from the Borrower and any Key Borrower Principal that is not a newly formed entity.</p> <p>Each financial statement must include the following:</p> <ul style="list-style-type: none"> Current certified financial statements (dated within six months of delivery of the full underwriting package), including a balance sheet, for the Borrower and each Key Borrower Principal Federal income tax returns for the Borrower for the most recent taxable year, if requested



Document	Requirements
	<p>NOTE: Freddie Mac may require additional financial statements or federal income tax returns for the three most recent taxable years from the Borrower and each Key Borrower Principal in Freddie Mac's sole discretion.</p> <p>If the financial statements are audited, the financial statements must include a statement of changes in financial position and all notes. If audited financial statements are not available, the party whose finances are summarized by the statement must certify that the statements are complete and accurate.</p> <p>In addition, the Seller must provide a list of:</p> <ul style="list-style-type: none"> • All other non-real estate assets, including the market value of each asset, the basis for calculating the value and any note receivables from related entities • All liabilities and contingent liabilities, including debts under lines or letters of credit, personal guaranties, obligations to limited partnerships and other obligations payable in the future, including the amount and duration of the obligation • Any factors that may materially affect the Borrower or Key Borrower Principal's financial position immediately or during the term of the Mortgage <p>The Seller must review the Borrower financial statements.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p><u>Non-profit Borrower or Key Borrower Principal</u></p> <p>If the Borrower or Key Borrower Principal is a non-profit, the Seller must identify whether the non-profit Borrower's or Key Borrower Principal's primary funding sources are from fees on development projects or from competitive sources such as public funding, grants, gifts, or donations that may be subject to budget constraints.</p>
Financial statements – property	See “property financial statements.”
Flood zone determination (FZD)	The Seller must provide to Freddie Mac a flood zone determination (FZD) meeting the requirements of Section



Document	Requirements
	31.8(a)
Ground lease documentation	<p>For a Property subject to a ground lease, the Seller must provide to Freddie Mac all the following, with a copy of each to the applicable Single Counsel (see Chapter 30).</p> <ul style="list-style-type: none"> • A copy of the ground lease and all existing amendments • A summary by Single Counsel of any items from the Ground Lease Analysis form (available at mf.freddiemac.com/lenders/legal) that are not satisfied and the risks associated with each non-compliant item • Written confirmation that the fee owner is willing to execute the Security Instrument to encumber its interest • Any other items required by Chapter 30
Historical property financial statements	See “property financial statements.”
Housing Assistance Payments (HAP) contract -- Local	<p>The Seller must provide, if applicable:</p> <ul style="list-style-type: none"> • Copies of the original contract along with all amendments and renewals, including evidence of the currently applicable unit rents approved by the local administering agency • Summary of the contract terms by Single Counsel (see the Section 8 Housing Assistance Payments Contract Questionnaire, available at mf.freddiemac.com, for guidance) <p>See “rent, income and use restriction documentation.”</p>
Land Use Restriction Agreement (LURA)/ regulatory agreement	<p>A copy of the applicable regulatory agreement imposing tenancy, occupancy and other operating and use restrictions on the Property, along with a Regulatory Agreement Questionnaire – SBL (available at mf.freddiemac.com/lenders/legal).</p> <p>See also “rent, income and use restriction documentation.”</p>
Liquidity verification documentation	Each Key Borrower Principal with Ultimate Control and each Guarantor who (i) is a First-Time Sponsor, or (ii) does not meet the requirements of Section 9SBL.2(c)(2), must provide bank or brokerage statements to validate the Liquidity reported in the certified financial statement.



Document	Requirements
	<p>Each bank or brokerage statement must be certified and dated within 60 days of delivery of the full underwriting package.</p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p> <p>Liquidity verification for a Private Investment Fund that is also a First-Time sponsorSponsor or Limited Multifamily Experience sponsorSponsor may also include additional documentation acceptable to Freddie Mac to support unfunded capital commitments, such as investor subscription agreements or similar documentation. Such documentation may not rely solely upon a certification from the Borrower or Key Borrower Principal and must be certified using Form 1112.</p> <p>U.S. publicly traded entities and Governmental Entities that are First-Time Sponsors or Limited Multifamily Experience Sponsors are not required to submit Liquidity verification documentation.</p>
<p>Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation</p>	<p>The Seller must provide a copy of:</p> <ul style="list-style-type: none"> • The allocation letter • The Low-Income Housing Credit Allocation and Certification, IRS Form 8609, used to obtain a housing credit allocation from the housing credit agency when a Property is placed into service • The Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition, IRS Form 8823, if any, that was used to notify the Internal Revenue Service of noncompliance with the requirements of Internal Revenue Code (IRC) §42 from both the property manager and the Borrower Principal. <p>In addition, the Seller must obtain from the property manager and the Borrower a report of any unresolved issues with State allocating agencies on existing LIHTC properties.</p> <p>See also “rent, income and use restriction documentation.”</p>
<p>Management plan or management agreement</p>	<ul style="list-style-type: none"> • The Seller must obtain the total amount of the management fee as a percentage of effective gross income (EGI), which Freddie Mac will evaluate during the underwriting of the Mortgage.



Document	Requirements
	<ul style="list-style-type: none"> • If the Property is managed by the Borrower or the Key Borrower Principal, the Seller must review the Borrower's management plan. • If a management firm is managing the Property, the Seller must review a copy of the management agreement for the Property. • The management agreement must be terminable by the property owner upon not more than 30 days' notice to the manager without the necessity of establishing cause for termination and without payment of a penalty or fee.
Mortgage transaction narrative analysis	<p>The Seller must provide to Freddie Mac a mortgage transaction narrative analysis, which (at the Seller's option) may be based on the Mortgage Transaction Narrative Analysis – Best Practices.</p> <p>The mortgage transaction narrative analysis must contain the following:</p> <ol style="list-style-type: none"> 1. Characteristics of the proposed Mortgage that make it an investment quality Mortgage, risk factors and the reasons the Seller recommends the Mortgage 2. Property's physical description, including full address with zip code (including amenities, unit features and general competitive advantages and disadvantages) 3. Property's financial analysis (profile and trend) 4. Evaluation of balloon risk that includes the Borrower's ability to pay the unpaid principal balance (UPB) of the new Mortgage at maturity 5. Surrounding property uses and physical condition, public facilities, shopping facilities and sources of employment 6. Market analysis (occupancy, supply and concessions) 7. History of the Borrower's equity investment in the Property and the Borrower's proposed use of Mortgage proceeds 8. Description of the Borrower, including a description of the borrowing entity, the Borrower's organizational chart and a summary of the qualifications of the Borrower and all Key



Document	Requirements
	<p>Borrower Principals, including an estimate of the financial capacity of each (that is, estimated net worth, Liquidity and contingent liabilities)</p> <p>9. An indicator if the Key Borrower Principal(s) or Ultimate Control of the Key Borrower Principal(s) is a First-Time Sponsor or a Limited Multifamily Experience Sponsor</p> <p>10. Description of property manager, including a summary of the qualifications of the proposed property manager, the number of units managed, how long it has managed the Property and the amount of the management fee</p> <p>11. Review of third-party reports, including the Seller/Servicer's reviews of and comments on the Appraisal, environmental and property condition reports (with full underwriting packages only)</p> <p>12. Loan history if there is an existing mortgage on the Property</p> <p>13. Proposed sources and uses of funds</p> <p>14. Information on tenancy characteristics or employer concentration (including whether tenants are primarily elderly, singles or families and whether there is a student or military population)</p> <p>15. Cash equity at risk</p> <p>16. Refinance Analysis on SBL Mortgages that are refinances exceeding the existing unpaid principal balance</p> <p><u>17. Any deviations noted between the historical property financial statements and Servicing Statements, if reconciliation applicable per Section 11.7</u></p> <p><u>18.</u> 17. Any exception requests</p> <p>The mortgage transaction narrative analysis may also include the property inspection documentation described in Section 8SBL.15(a), as applicable.</p> <p><u>In addition to items 1 – 16 above, for a Mortgage securing a Property subject to a condominium regime:</u></p>



Document	Requirements
	See "Condominium Analysis."
Organizational Charts – Borrower, Guarantor (not in Borrower's organizational structure), or Pre-Approved Transferee	<p>For any entity that is a Borrower, or a Guarantor not in the Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, the Seller must submit to Freddie Mac an organizational chart showing the direct and indirect ownership for that entity identifying any individual or entity:</p> <ul style="list-style-type: none"> • With 25 percent or greater aggregate direct or indirect interest in Borrower, Guarantor not in the Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, including beneficial interests in a Delaware Statutory Trust or Illinois Land Trust • That is a Non-U.S. Equity Holder • For Pre-Approved Transferees, all individuals and entities with direct or indirect Control of the Pre-Approved Transferee, and all individuals and entities with direct and indirect Control of the Borrower after the proposed transfer • That directly or indirectly Controls Borrower, Guarantor not in Borrower's organizational structure, Pre-Approved Transferee not in the Borrower's organizational structure, including any general partner, managing member, non-managing member, member of a board of managers, settlor/trustee of a living trust or revocable trust or trustee of an irrevocable trust <p>100 percent of the ownership interest in Borrower must be shown.</p> <p>Single Counsel must review the Organizational Chart.</p> <p>See Guidance – Organizational Charts at mf.freddiemac.com/lenders/uw.</p>
Payroll schedule	<p>The Seller must provide a current schedule of payroll expenses associated with the operation of the on-site leadership team at the Property, including salary, wages, bonuses, net pay and deductions.</p>



Document	Requirements
	The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.
Physical Risk Report	See SBL Physical Risk Report, Form 1104.
Preliminary legal issues memorandum (PLIM)	The Seller must submit to Freddie Mac a preliminary legal issues memorandum meeting the requirements of Section 6SBL.7, if required for a specified issue.
Property financial statements	<p>The Seller must provide to Freddie Mac financial statements for the Property as specified below:</p> <p>Each operating statement must be dated and expressly identify within the document itself the time period to which it relates.</p> <ul style="list-style-type: none"> ○ Historical property financial statements <p>The Seller/Service must submit a certified operating statement that includes the prior three full years. However, if a Year 3 statement is not available, the Seller/Service must submit:</p> <ul style="list-style-type: none"> ○ Year 1 back statement, and ○ Year 2 back statement, if available ○ Current property financial statements (T-12 format or YTD) <p>Freddie Mac strongly prefers the Seller/Service to submit a T-12 operating statement. However, if a T-12 operating statement is not available, the Seller/Service must submit a YTD statement.</p> <p><u>In the event year-end and T-12 property financial statements are both provided in a monthly format the Seller must advise Freddie Mac of any inconsistencies observed in overlapping months between T-12 and the prior year property financial statement.</u></p> <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>



Document	Requirements
	<ul style="list-style-type: none"> ○ Monthly Collections Six months trailing monthly property collections are required if the loan request is a refinance. Three months trailing monthly property collections are required if the loan request is an acquisition. As applicable, the aforementioned collections will either be covered by Form 1144, Verification of Collections, or via the Form 1112. ○ Borrower's budgeted property financial statements The Borrower's budget for the following 12-month period. The document(s) must be certified using Form 1112. The Seller must review the property financial statements, which must include income and expense statements. If the financial statements are audited, they must include a statement of changes in financial position and all notes. <u>For a refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, the Seller must also provide the Servicing Statements used to reconcile the historical property financial statements as required in Section 11.7(b) if such Servicing Statements are not already present in DMS.</u>
Property inspection and Lease Audit documentation	<p>At full underwriting, the Seller must complete and document the property inspection described in 8SBL.15.</p> <p>The inspection requirements must be completed within 90 days of Freddie Mac's receipt of the applicable underwriting package.</p> <p>If Freddie Mac has delegated the property inspection to the Seller, the Seller must acknowledge this delegation on the Property Inspection and Lease Audit form.</p> <p>If the Seller inspection is not on the same day as the inspection for either the Appraisal and/or the Physical Risk Report, the Seller must compare the observations from all other inspections to ensure all information is consistent.</p>



Document	Requirements
	See Section 8SBL.15 for additional information regarding property inspection requirements.
Purchase agreement documentation	<p>For acquisition loans, the Seller must submit to Freddie Mac:</p> <ul style="list-style-type: none"> • A copy of the purchase agreement and all amendments • An analysis of the purchase agreement and all amendments by Single Counsel using the Purchase Agreement Analysis form <p>Freddie Mac will not be deemed to have knowledge of any hazardous conditions, zoning issues or property condition issues merely by its possession of the purchase agreement.</p>
Real Estate Schedule, Form 1116	<p>The Seller must provide to Freddie Mac a Form 1116, Real Estate Schedule, for all real estate in which any Key Borrower Principal that is not newly formed currently has a direct or indirect interest.</p> <p>The Real Estate Schedule must be dated within 180 days from the date of submission of the underwriting package and certified by the Key Borrower Principal as complete and accurate.</p> <p>The Key Borrower Principal must:</p> <ul style="list-style-type: none"> • Identify properties with loans with potential recourse obligations beyond customary non-recourse carveouts, including the following: <ul style="list-style-type: none"> ○ The full recourse obligation to the lender, including the entire amount of joint and several guarantees ○ For loans on properties under construction, the loan amount drawn to date and the as-is value • Provide a written explanation of any non-performing assets in its portfolio • State whether the Key Borrower Principal owns other properties in the market where the Property is located <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>



Document	Requirements
Real estate tax bill	If the Borrower is acquiring the Property, the Seller must provide to Freddie Mac a copy of the most recent real estate tax bill from the Property's local taxing authority.
Registration of rental units (rent regulation/rent control/stabilization)	The Seller must provide to Freddie Mac proof of compliance with applicable State or local requirement for the registration of rents in New York, including evidence of the current registered rent for each unit in the Property. Freddie Mac may require similar proof of compliance with such requirements for prior years and may require other evidence of compliance with State or local rent control or stabilization laws in other States.
Rent, income and use restriction documentation	<p>The Seller must provide copies of any existing regulatory agreements (including any amendments) creating tenant income, rent or other operating or use restrictions for the Property.</p> <p>If applicable, see also:</p> <ul style="list-style-type: none"> • Land Use Restriction Agreement (LURA)/Regulatory Agreement (for LIHTC) • Low-Income Housing Tax Credit (LIHTC) allocation and certification documentation • Housing Assistance Payments (HAP) - Local contract • Registration of rental units (rent control/stabilization)
Refinance Analysis	<p>If applicable, the following documentation may be required for SBL Mortgages that are refinances exceeding the existing unpaid principal balance:</p> <ul style="list-style-type: none"> • Refinance Analysis • Three months of bank statements showing rental deposits • Rent roll verifying net residential income (NRI) growth • Evidence of capital expenditures completed or construction, including: <ul style="list-style-type: none"> ○ Photos ○ Schedule of completion ○ Paid receipts/contracts



Document	Requirements
	<ul style="list-style-type: none"> ○ Building permits ○ Post-completion inspection reports ○ Additional evidence required by Lender
Rent roll	<p>The Seller must review and provide to Freddie Mac a rent roll that meets the following requirements. An optional Rent Roll Template can be found at https://mf.freddiemac.com/docs/rent_roll_template.xls.</p> <ul style="list-style-type: none"> • Is dated within 30 days of the underwriting package submission • Is complete with respect to the required information below for each unit: <ol style="list-style-type: none"> 1. "As of" date of the rent roll clearly indicated within the document 2. Tenant's name(s) 3. Unit number or identification 4. Unit type (number of bedrooms and bathrooms) 5. Square footage of each unit 6. Occupancy status by unit 7. Identification of any employee units, model units, corporate units and units used as rental offices 8. Monthly contract rent 9. Concessions, rebates or discounts given to tenant, if applicable 10. Arrearages owed by tenant, if any 11. Subsidies, if applicable (specify type) 12. Rent controlled or rent stabilized, if applicable 13. Original occupancy date, per tenant 14. Lease commencement date 15. Lease expiration date and renewal options, if any 16. Month-to-month status, per tenant 17. Amount of security deposit held 18. Furnished or unfurnished status <p>The document(s) must be certified using Form 1112, Borrower and Key Borrower Principal Blanket Certification.</p>



Document	Requirements
Residential lease sample	Freddie Mac requires the property inspector to upload, to DMS as part of the required Property inspection documentation, a sample or unexecuted residential lease or an executed residential lease.
SBL Physical Risk Report – Form 1104	Seller must provide to Freddie Mac a completed Form 1104, SBL Physical Risk Report, meeting the requirements of Chapter 62SBL.
Seismic risk documentation	If a Property is in an Elevated Seismic Hazard Region, the Seller must provide to Freddie Mac a Seismic Risk Assessment (SRA) and a copy of the Peak Ground Acceleration (PGA) calculation obtained from the United States Geological Survey (USGS) website, as required by Section 64SBL.2(b), as applicable. If a Level 1 SRA is required the Seller must also provide to Freddie Mac Form 1102, Seismic Risk Assessment Summary.
Seller's mortgage loan application with Borrower	<p>Seller must provide to Freddie Mac a copy of the mortgage loan application executed by the Borrower and submitted to the Seller. The application must evidence all material terms of the proposed mortgage financing.</p> <p>The mortgage loan application must include the following authorization by the Borrower:</p> <p>“The Borrower understands that [Name of Seller] intends to sell the mortgage loan for which Borrower is applying (the "Mortgage") to Freddie Mac. If Freddie Mac purchases the Mortgage, the Borrower's signature below constitutes the Borrower's authorization for Freddie Mac to publicly use, at Freddie Mac's discretion, the name of the Property, photographs of the Property, and basic transaction information (for example, the number of units in the Property, the loan amount, etc.) relating to the Mortgage.”</p> <p>The mortgage loan application must also include the following acknowledgements by the Borrower:</p> <ul style="list-style-type: none"> • “The Borrower understands that subsequent to the closing of the Mortgage, Freddie Mac may require regular financial statements from the Borrower outlining the Property's financial performance.” • “The Borrower acknowledges that this Mortgage will be sold to Freddie Mac and that Freddie Mac may sell this Mortgage



Document	Requirements
	into a commercial mortgage-backed securitization or similar type execution and may not hold this Mortgage in Freddie Mac's portfolio."
Seller's pro forma property financial statements	The Seller must prepare the Seller's pro forma property financial statements for the next 12 months. The statements must include historical and year-to-date annualized income and expense information for comparison purposes.
Sources and uses	<p>The Seller must provide details about a transaction's cash inflows (sources) and outflows (uses) at the time the Mortgage is funded, to enable an underwriter to understand the cash sources of the transaction and how the proceeds from the Mortgage will be used to finance the transaction.</p> <p>For SBL Mortgages that are refinances exceeding the existing unpaid principal balance, the sources and uses must include the existing debt and prepayment premiums or penalties associated with the existing loan payoff. Verification to support this request is required and can be in the form of a mortgage payoff or mortgage statement.</p>
Student Housing Questionnaire, Form 1120	The Seller must submit to Freddie Mac a completed and executed Form 1120, Student Housing Questionnaire, for each Property where the concentration of graduate and undergraduate Students is greater than 25 percent.
Verification of Collections, Form 1144	The Seller must provide to Freddie Mac Form 1144, Verification of Collections, completed and certified by the Borrower or Key Borrower Principal. The last full month of verified collections must be dated within 30 days of package submission, unless otherwise specified by Freddie Mac. In lieu of a Form 1144, the Borrower may provide certified operating statements for the most recent three months.
Zoning documentation	See Section 8SBL.5 for complete requirements.

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:30:34 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 55SBL - SBL Documentation and Deliveries GB-06-13-24.docx	
Modified filename: 55SBL - SBL Documentation and Deliveries GB-08-15-24.docx	
Changes:	
<u>Add</u>	16
Delete	9
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	25



62SBL.1 SBL Physical Risk Reports (02/16/23)

- a. Purpose of the SBL Physical Risk Report (02/16/23)
- b. Information to be provided with the SBL Physical Risk Report (02/16/23)

62SBL.2 ~~Specific Seller/Service duties and responsibilities (02/16/23)~~ Specific Seller/Service duties and responsibilities (08/15/24)

62SBL.3 SBL Physical Risk Report requirements (12/14/23)

- a. General requirements for SBL Physical Risk Reports (02/16/23)
- b. Repair categories (06/16/22)
- c. Capital needs over the term of the Mortgage (Replacement Reserves) (06/30/16)
- d. Remediation and retesting (06/30/16)
- e. Operations and maintenance (O&M) program (06/30/16)
- f. Specific requirements for the SBL Physical Risk Report (12/14/23)

62SBL.4 Data collection and records inquiry for the SBL Physical Risk Report (12/15/22)

62SBL.5 Inspection requirements for the SBL Physical Risk Report (02/16/23)

- a. Property grounds and buildings (12/15/22)
- b. Dwelling units, commercial units and building interior (06/30/16)
- c. Problematic materials, equipment and systems (06/29/18)
- d. Moisture or Mold issues (10/14/16)
- e. Wood-damaging insects (12/15/16)
- f. Environmental issues to be evaluated (02/16/23)

62SBL.6 Hazardous material (02/16/23)

62SBL.7 Storage tanks (02/16/23)

62SBL.8 Polychlorinated biphenyls (PCBs) (02/16/23)

62SBL.9 Prior use/historical sources inquiry (02/16/23)

62SBL.10 Neighborhood hazardous waste activity (02/16/23)

62SBL.11 Asbestos-containing materials (ACM) (02/16/23)

- a. Refer to Section 61.10(a) and Sections 61.10(c) through 61.10(f) (02/16/23)
- b. Environmental assessment protocol (02/16/23)
- c. Issue resolution by physical risk consultant (06/30/16)
- d. Issue resolution by Borrower (02/16/23)

62SBL.12 Lead-based paint (02/16/23)

62SBL.13 Drinking water quality (02/16/23)



62SBL.14 Radon (06/30/16)

62SBL.15 Superlien status (06/30/16)

62SBL.16 Acceptability of the SBL Physical Risk Report (02/16/23)

62SBL.17 Physical risk consultant qualifications and requirements (02/16/23)

- a. General requirements (06/30/16)
- b. References and experience (02/16/23)
- c. Conflicts of interest/provision of related services (06/30/16)
- d. Insurance (06/30/16)
- e. Unacceptable consultants (06/30/16)

62SBL.18 Mortgage Servicing for SBL Mortgages (10/14/16)

62SBL.19 Representations and warranties (09/28/18)



62SBL.1SBL Physical Risk Reports (02/16/23)

Unless otherwise required by Freddie Mac, this chapter applies to loans purchased under the SBL Purchase Product.

This chapter sets forth the requirements, duties and responsibilities of the Seller/Servicer, the Borrower and the physical risk consultant to evaluate the property condition and the environmental hazards associated with the Property and report this information to Freddie Mac. The consultant must provide resolution and costs for any deficiencies and any hazards identified at the Property.

Freddie Mac requires the Seller/Servicer to submit an SBL Physical Risk Report – Form 1104 (SBL Physical Risk Report) meeting the requirements of Section 62SBL.3 before Freddie Mac will issue a Letter of Commitment to purchase a Mortgage.

a. Purpose of the SBL Physical Risk Report (02/16/23)

The purpose of the SBL Physical Risk Report is to:

- Provide a brief description of all major building components and their condition
- Identify all deferred maintenance that is currently affecting building components or is expected to have a negative impact on building components
- Identify Critical and Priority Repairs (as defined in Section 62SBL.3(b)) needed and provide cost estimates for those items
- Identify Operational Repairs (as defined in Section 62SBL.3(b))
- Identify the capital needs over the term of the Mortgage and establish the appropriate amount of Replacement Reserve
- Review the evidence of capital expenditures or construction work provided by the Seller, determine whether the related costs are generally reasonable for the completed work, and if visually ascertainable, identify whether the improvements generally align with the documentation
- Identify any current or past water intrusion, potentially damaging leaks or organic growth issues (Mold) and identify the source(s) of all water and Mold
- Identify problematic materials, equipment or systems as defined in Section 62SBL.5(c)
- Identify all readily observable issues related to non-compliance with applicable codes, including disability accessibility requirements, and all issues that could negatively affect the health and safety of the tenants
- For a property in an Elevated Seismic Hazard Region, evaluate the seismic risk factors identified in Section 64SBL.2(c)



- Identify any potential environmental concerns at the subject property and on adjacent properties

b. Information to be provided with the SBL Physical Risk Report (02/16/23)

The completed SBL Physical Risk Report which conveys information about the property features, conditions, potential environmental concerns and all recommended remedies must be submitted to Freddie Mac along with copies of:

- All information the consultant reviewed, including all data and records provided by the Borrower as well as test results and data reviewed in accordance with Section 62SBL.4 (Key documents, such as test results, environmental databases and renovation scope of work and budgets, should be included in the report appendix.)
- Sufficient standard-size color photographs as are necessary to illustrate the conditions discussed in the report, including completed capital improvements (if visually ascertainable) or construction. (The consultant must determine the number of photographs that will be necessary and include the photographs, with a description for each photograph.)
- A site plan(s) to adequately locate the Property and provide an indication of the site layout
- The resume of the individual who performed the on-site inspection
- The resume(s) of the individual(s) who reviewed the report, if different from the individual who performed the inspection

62SBL.2 Specific Seller/Service duties and responsibilities (02/16/23 08/15/24)

The Seller/Service must exercise due diligence when evaluating a Property, make appropriate inspections and inquiries to learn its true condition and take responsible actions to manage the risk of loss from property condition deficiencies and environmental hazards.

The Seller/Service's responsibilities are to:

- Retain and direct the physical risk consultant

The Seller must review and verify the physical risk consultant's credentials, licensing, certifications, memberships and affiliations. For new consultants, the Seller must check at least three references from lenders who have retained or employed the physical risk consultant to sufficiently evaluate the consultant's capabilities and performance. The Seller must maintain a separate physical risk consultant file for Freddie Mac's use that includes the Seller's ongoing evaluations of each consultant's performance, as well as the consultant's current resume, required references and current certificate(s) of liability insurance in accordance with the requirements of Section 11.5.

The Borrower must not retain or direct the physical risk consultant; however, the Borrower may be responsible for paying the costs of all physical risk consultant services.



- Disclose if the State where the Property is located has an Environmental Superlien Law

Because an environmental superlien could take precedence over the Mortgage, the Seller/Servicer must highlight the existence of the Environmental Superlien Law when the Seller/Servicer brings to Freddie Mac's attention any conditions that could result in such a lien being imposed on the Property.

- Disclose to the *Multifamily Small Balance Loan Team* and the physical risk consultant knowledge of any environmental matter that may affect the Property and knowledge of any physical deficiencies
- Keep abreast of local health, safety accessibility and environmental laws governing the Property
- Provide to the consultant any previously completed SBL Physical Risk Report, property condition report or environmental report and all information pertaining to the maintenance, repair and replacement of major building components or systems before the consultant physically inspects the Property as required in Section 62SBL.4
- Determine if an operations and maintenance (O&M) program is required and obtain an O&M program that is acceptable to Freddie Mac
- Assess the Borrower's ability to successfully execute an O&M program
- Obtain the SBL Physical Risk Report for the Property
 - Review the SBL Physical Risk Report to ensure that it complies with Freddie Mac's requirements and to verify that conclusive recommendations are provided for all identified issues
 - Obtain additional analysis as necessary to resolve any issues with respect to which the consultant was unable to reach a conclusion.
- Ensure the appropriate risk management actions have been undertaken for identified environmental hazards
- Provide a copy of the completed SBL Physical Risk Report to the appraiser so that the appraiser can appropriately incorporate the issues identified into the economic evaluation of the Property
- Provide a copy of the completed SBL Physical Risk Report to the Borrower so that the Borrower can understand their obligations to complete the identified Priority Repairs (including PR-90 Repairs) and Operational Repairs as specified in the Loan Documents
- In accordance with Section 8SBL.17
 - Report Critical Repair findings to Freddie Mac, and follow up to ensure timely completion of Critical Repairs
 - Include funded Reserves in the Loan Documents, if applicable



- Prepare Loan Documents which include the applicable ~~Rider to the Loan Agreement~~ with-funded Reserves for all Priority Repairs
- When problematic materials, equipment and systems are identified, as described in Section 62SBL.5(c)
 - Obtain certification from the appraiser that the problematic materials, equipment and systems were considered in the evaluation of the Property
 - Provide evidence that there is no exclusion in the hazard insurance policy for damage caused by the problematic materials, equipment and systems

62SBL.3SBL Physical Risk Report requirements (12/14/23)

a. General requirements for SBL Physical Risk Reports (02/16/23)

Each SBL Physical Risk Report must:

- Be completed by a consultant who meets the qualifications and requirements stated in Section 62SBL.17
- Document information disclosed by a comprehensive inspection of the Property to analyze all property conditions and environmental hazards
- Meet the inspection requirements of Sections 62SBL.5 through 62SBL.15
- Indicate the appropriate category described below for each repair item except Routine Repairs and Maintenance
- For every Critical Repair, Priority Repair and potential environmental concern that is identified, provide a suggested remedy and a cost for repair, replacement or remediation
- Include any environmental sampling results
- Reference any environmental O&M programs that are recommended
- If a cost for repair or replacement of any item cannot be identified without further analysis, recommend a scope for the analysis and the estimated cost of such analysis
- The physical risk consultant must review pertinent information and records in accordance with Section 62SBL.5

Sections of Chapter 62SBL refer to environmental provisions in Chapter 61 to avoid duplication. For the purposes of this Chapter 62SBL, all references to the environmental report in the referenced sections of Chapter 61 are to be understood as referring to the SBL Physical Risk Report, and any references to the environmental consultant are to be understood as referring to the physical risk consultant.



b. Repair categories (06/16/22)

The repair categories are as follows:

- Critical Repairs – Repairs and replacements that significantly impact habitability, value, income or marketability and that must be corrected before Freddie Mac will proceed with the transaction
- Priority Repairs – Repairs and replacements that are significant and must be addressed as soon as possible. Priority Repairs consist of:
 - All Life Safety Hazards
 - Violations of any federal, State or local law, ordinance or code relating to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements
 - Material Deficiencies – Unresolved problems that cannot reasonably be addressed by normal operations or Routine Maintenance and which include:
 - Deficiencies which, if left uncorrected, have the potential to result in or contribute to critical element or system failure within one year
 - Deficiencies that will likely result in a significant escalation of remedial cost related to any material building components that are approaching, have reached or exceeded their typical expected useful life or whose remaining useful life should not be relied upon in view of actual or effective age, abuse, excessive wear and tear, poor maintenance and exposure to the elements
 - Any Mold, water intrusions or potentially damaging leaks
 - Significant Deferred Maintenance – The postponement of normal maintenance, which cannot reasonably be resolved by normal operations or Routine Maintenance and which may result in any of the following:
 - Advanced physical deterioration
 - Lack of full operation or efficiency
 - Increased operating costs
 - Decline in property value
- PR-90 Repairs – all Priority Repairs that represent an imminent Life Safety Hazard to tenants or any uncorrected Priority Repair that is the cause of ongoing substantive damage to the asset must be identified on Form 1104, SBL Physical Risk Report, as a PR-90 repair, indicating that the consultant recommends that this work be completed as soon as possible
- Operational Repairs – Repairs and replacements that consist of Minor Deficiencies, Minor Deferred Maintenance and Disability Accessibility Enhancements that are

Guide Bulletin Update ~~12/14/23~~08/15/24 Chapter 62SBL – Page 7



expected to be completed by the Borrower as part of a repairs and maintenance budget and that are not typically resolved by Routine Maintenance

- Minor Deficiencies – Unresolved problems including:
 - Deficiencies that are not included in Critical or Priority Repairs
 - Deficiencies that do not warrant immediate attention, but require repairs or replacements that should be undertaken within the next 12 months
 - Deficiencies that cannot be reasonably addressed by Routine Repairs and Maintenance, and have a cost per repair item of more than \$3000
- Minor Deferred Maintenance – The postponement of normal maintenance that may result in minor deterioration, lack of efficiency, and/or minor increase in the operating budget and that has a cost of more than \$3000
- Disability Accessibility Enhancements – For properties built prior to the enactment of the Fair Housing Act and the Americans with Disabilities Act, repairs and/or renovations that pursuant to the applicable federal, State and local laws, statutes and regulations are "readily achievable" and/or qualify as "reasonable accommodations" which will increase accessibility for disabled tenants and visitors to the property in accordance with the applicable laws, statutes and regulations
- Routine Repairs and Maintenance – Repairs and maintenance that are expected to be completed by the Borrower in the normal course of business and are nominal in cost. These repairs are not considered to be Critical, Priority or Operational Repairs and include work that is:
 - Often preventative in nature
 - Accomplished within the Property's normal operating budget
 - Typically completed by on-site staff
 - Focused on keeping the Property fully functioning and serviceable
 - Minor Deficiencies with a cost of \$3000 or less per repair item

The physical risk consultant is not expected to identify in the SBL Physical Risk Report Routine Repairs and Maintenance that are part of a current standard property operating procedure so long as these items appear to have been repaired or maintained regularly.

c. Capital needs over the term of the Mortgage (Replacement Reserves) (06/30/16)

To accommodate items needing repair or replacement that are beyond the scope of regular maintenance but are necessary to maintain the overall condition of the Property, the consultant must provide an assessment of the overall property condition that will be used in underwriting to determine a replacement reserve requirement.

Based on the information reviewed and the conditions observed, the consultant must select from the following overall property ratings:



- Excellent: the property/component is new or maintained in like new condition with proactive maintenance practices, thus exhibiting no deferred maintenance or Life Safety Hazard/code issues.
- Above Average: the property/component is fully functional, well maintained, exhibits minimal wear and tear and no deferred maintenance or Life Safety Hazard/code issues. Any identified repairs are due to recent events (e.g., a windstorm or a burst pipe) or are very limited in scope (routine maintenance). Low reserves are required.
- Average: the property/condition is fully functional and generally well maintained. It may exhibit customary wear and tear based on age and may have minimal deferred maintenance. Any Life Safety Hazard/code issues can be readily corrected as part of the operating budget and are isolated in nature. Moderate reserves are required.
- Below Average: the property/condition exhibits pervasive wear and tear, some limits in functionality and deferred maintenance issues. Life Safety Hazard/code issues are significant and/or numerous and involve substantial cost. High reserves are required.
- Inferior: the property/component exhibits inferior/deteriorating conditions and some limits in functionality. Deferred maintenance is pervasive and will be costly to cure. Multiple Life Safety Hazard/code issues are identified and involve significant cost. Extensive repairs are required.

Freddie Mac will review the consultant's assessment and determine the actual Replacement Reserve amount.

d. Remediation and retesting (06/30/16)

Refer to Section 61.4(b).

e. Operations and maintenance (O&M) program (06/30/16)

Refer to Section 61.4(c).

f. Specific requirements for the SBL Physical Risk Report (12/14/23)

The SBL Physical Risk Report must be completed and dated within six months prior to the date on which the full underwriting package is delivered to Freddie Mac.

At initial submission of the full underwriting package to Freddie Mac, the site inspection supporting the SBL Physical Risk Report, and the supporting environmental database report, must be dated within 30 days prior to the date of the SBL Physical Risk Report.

The SBL Physical Risk Report must be certified by the physical risk consultant and clearly

- Identify all conditions present during the inspection
- Identify all parties present during the site visit and contacted for data or information required for the report



- State any limiting conditions and the intended purpose of the report
- Identify deviations from the Guide requirements and the most recent version of ASTM standards E2018 and E1528 as well as applicable environmental regulations established by the Environmental Protection Agency (EPA)

62SBL.4 Data collection and records inquiry for the SBL Physical Risk Report (12/15/22)

The physical risk consultant must:

- Review information pertaining to the maintenance, repair and replacement of major building components or systems
- Review all significant maintenance reports, repair receipts and replacement items completed within the past 12 months, as well as elevator, boiler and safety inspection records and certificates
- Review available information related to planned capital improvements, inclusive of renovation/rehabilitation scope of work, and/or such work in progress
- Review evidence of completed capital expenditures or construction costs
- Determine if any deficiencies identified in the inspection are included in the Borrower's scope of work, and if deficiencies noted are part of planned or ongoing improvements, analyze the Borrower's budget associated with this work to determine the adequacy of the budget
- Note readily observable deficiencies and/or violations of any federal, State or local laws, ordinances or codes that remain open for the Property, including any violations related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements
- Make appropriate inquiry through publicly available sources to determine if any federal, State or local law, ordinance or code violations remain open for the Property, including any violations related to zoning, subdivision and use, building and housing accessibility (including the Americans with Disabilities and Fair Housing Acts), health matters, fire safety or energy-related requirements
- For a Property located in an Elevated Seismic Hazard Region, as defined in Section 64SBL.2, evaluate the seismic risk factors found in Section 64SBL.2(c)
- Review all appropriate environmental records, including previous environmental assessment reports, past test results, information on historical use of the subject property and neighboring properties and governmental environmental database records
- Make appropriate inquiry regarding the use and ownership of potentially hazardous equipment at the subject property

- Conduct any required environmental testing in conformance with applicable local, State and federal regulations and licensing requirements

The SBL Physical Risk Report must identify the information the consultant reviewed and the contacts that the consultant made.

62SBL.5 Inspection requirements for the SBL Physical Risk Report (02/16/23)

The physical risk consultant must perform a complete inspection of the exterior and interior of the Property's components. This inspection must document the types of materials, systems, equipment and potential environmental concerns observed.

a. Property grounds and buildings (12/15/22)

A review of the property grounds and buildings (both residential and nonresidential buildings and structures) must consist of an inspection of at least the following:

1. Site work (for example, drainage, paving, flatwork, accessibility, lighting, landscaping, irrigation, signage, refuse containment, garages and carports, fencing and retaining walls)
2. Roofing (for example, material condition and age, parapets, scuppers, drains, gutters and downspouts, flashing and coping, skylights)
3. Building facades (for example, building materials, condition, and water penetration; windows; doors, sealants)
4. Structure (for example, foundations, framing systems, balconies and exterior stairs)
5. Heating, ventilation and air conditioning (HVAC) systems (for example, manufacturer and capacity)
6. Plumbing systems (for example, fixtures, piping materials used, supply system, waste system and vent system)
7. Electrical system (for example, capacity, fixtures, distribution system and emergency power)
8. Elevators (for example, cab, controls and equipment and inspection certifications)
9. Amenities (for example, pool, sports courts, playground)
10. Safety and warning devices (for example fire protection and security systems)
11. Water and seepage conditions
12. Septic/well systems
13. If the Property is located in an Elevated Seismic Hazard Region, as defined in Section 64SBL.2, the seismic risk factors found in Section 64SBL.2(c)



b. Dwelling units, commercial units and building interior (06/30/16)

A review of the interiors of the dwelling units, commercial units and all building common areas must include the inspection of at least the following:

1. Interior spaces (for example, cabinets, appliances, fixtures with finishes described, conditions noted and accessibility evaluated)
2. Common space (for example, lobbies, corridors, stairs, offices, laundry, garage, etc. with finishes described, conditions noted and accessibility evaluated)
3. Flooring materials and condition (for example, subfloor and finishes such as wood, carpet, vinyl or other mastic tiles)
4. Wallboard and ceiling coverings (for example, gypsum, paneling or other types of coverings for walls and acoustic panels, gypsum or other for ceilings)
5. Fixtures (for example, wiring devices and plumbing and electrical fixtures)
6. Windows (for example, hardware, treatments, screens and storm windows)
7. Doors (for example, hardware, locks and security devices)
8. Intercoms and other security and safety devices (for example, smoke detectors)
9. Kitchen appliances and cabinets/countertops
10. Bathroom fixtures and plumbing
11. Fireplaces
12. Washers/dryers and/or hookups
13. Fire/safety protection devices (for example, smoke detectors, alarms, sprinklers, fire extinguishers, security devices)

The consultant must inspect sufficient units to accurately evaluate the condition of each building and its systems and in no case may inspect fewer than three units.

In addition, the consultant must select the units to be inspected and ensure that all buildings and unit types are reviewed and that all of the following are inspected:

- 100 percent of all commercial units
- At least 10 percent of all residential units, to include:
 - At least 50 percent of vacant units, and
 - At least 50 percent of Down Units; if the conditions in the Down Units vary considerably, the consultant must inspect additional units to adequately identify the costs to make the Down Units rent-ready



c. Problematic materials, equipment and systems (06/29/18)

As part of the inspection of the Property, the consultant must evaluate any potentially problematic materials, equipment or systems. Problematic building components include those that historically have performed poorly and those subject to recalls and/or class action lawsuits.

In particular, consultants should evaluate the following items:

1. Electrical capacity, overload protection and aluminum wiring

- The minimum amperage acceptable to each unit is 60 amperes, except that 40 amperes is the minimum allowable service level acceptable in an SBL Top Market without a load analysis, provided all of the following conditions are met:
 - No washing machines or clothes dryers are located in the units
 - No heating systems, stovetops, stovetop appliances, and water heaters are powered by electricity
 - No air conditioning units of any type are used unless serviced by a separate dedicated circuit
 - No atypical equipment with high electricity demands (e.g., whirlpool tubs, freezer units, etc.) is located in the units
 - No units are over 750 square feet

If service levels less than the minimum allowable service levels (60 or 40 amperes, as applicable) are encountered or reported, the consultant must

- Perform a load analysis for each unit type affected based on the most current NEC guidelines or review the results of a load analysis similarly prepared by a licensed electrician or electrical engineer
- Make corrective recommendations as appropriate

If the power supply is found to be inadequate, then the Borrower must take corrective measures before the Origination Date or correcting the inadequate power supply must be identified in the SBL Physical Risk Report as a Priority Repair. Regardless of the service level or the results of a load analysis, the Property must meet the minimum requirements of the National Electric Code and all local building codes.

Overload protection for all apartments must, at a minimum, be provided by circuit breakers or tamper-proof (S-type) fuses. If S-type fuses are present, the consultant must determine the adequacy of the installation and associated components, and whether an upgrade to circuit breakers is warranted. Any overload protection devices that are not tamper-proof must be replaced prior to the Origination Date.

If aluminum wiring is present, all branch wiring terminations must have safe, code-compliant connections that are rated to accept aluminum wiring, or corrective, code-compliant repairs must be made before the Origination Date.



d. Moisture or Mold issues (10/14/16)

The consultant must identify any Mold problems for all areas observed by completing the following tasks:

1. Search for visual or olfactory evidence of moisture or Mold issues in all areas required to be inspected as set forth in Sections 62SBL.5(a) and 62SBL.5(b)
2. Make inquiries of the Property owner, manager or other knowledgeable Property staff regarding past and current water intrusion, potentially damaging leaks or any known Mold issues
3. Make inquiries of the Property owner, manager or other knowledgeable Property staff about whether there have been any tenant complaints regarding health problems, musty odors, water intrusion or potentially damaging leaks
4. Inspect areas where water intrusion or leaks were reported
5. Inspect all building components or areas most typically associated with water intrusion or potentially damaging leaks
6. Identify any defective building condition that would likely lead to future water intrusion or leaks

Other than minor Mold due to poor housekeeping, the consultant must identify the cause of any Mold problem.

If the SBL Physical Risk Report indicates that there are moisture or Mold issues, the sources of all identified water intrusion or potentially damaging leaks must be corrected and all Mold issues must be corrected in accordance with Environmental Protection Agency (EPA) guidelines for clean-up and remediation prior to the Origination Date. If the moisture or Mold issues are not corrected prior to the Origination Date, correction, clean-up and remediation must be identified in the SBL Physical Risk Report as a Priority Repair.

In addition, prior to the Origination Date, the Borrower must establish a Moisture Management Plan in accordance with the requirements set forth in Section 8SBL.3(a).

Any Property where Mold issues have been identified will be subject to

- The Increased Scrutiny for Moisture or Mold Issues requirements set forth in Section 8SBL.3(b)
- The Special Moisture or Mold Issues Inspection requirements set forth in Section 8SBL.3(c)

e. Wood-damaging insects (12/15/16)

During the inspection, the consultant must comment on observable evidence of wood-damaging insects (e.g., termites, powderpost beetles, carpenter ants, etc.) and/or deterioration due to wood-damaging insects in all areas required to be inspected in Sections 62SBL.5(a) and 62SBL.5(b). The consultant must also ask the Property owner, manager or other staff knowledgeable about the Property about past wood-damaging

Guide Bulletin Update ~~12/14/23~~ 08/15/24 Chapter 62SBL – Page 14



insect issues and current evidence of wood-damaging insects and/or wood-damaging insect deterioration, and inspect those areas.

Repair of any damage by wood-damaging insects must be identified in the SBL Physical Risk Report as a Priority Repair.

f. Environmental issues to be evaluated (02/16/23)

Each SBL Physical Risk Report must evaluate conditions and contaminants within the scope of the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), which include the following Scope Issues:

1. Hazardous materials
2. Storage tanks
3. Polychlorinated biphenyls (PCBs)
4. Prior use
5. Neighborhood hazardous waste activity

Each SBL Physical Risk Report must also include an evaluation of the following Non-Scope Issues:

1. Asbestos
2. Lead-based paint (LBP)
3. Drinking water quality
4. Superlien status

62SBL.6Hazardous material (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.5(a) through 61.5(d).

62SBL.7Storage tanks (02/16/23)

Based on a property inspection and input sought from knowledgeable property sources, the physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.6(a) through 61.6(e).

Guide Bulletin Update ~~12/14/23~~08/15/24 Chapter 62SBL – Page 15



62SBL.8 Polychlorinated biphenyls (PCBs) (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.7(a) through 61.7(e).

62SBL.9 Prior use/historical sources inquiry (02/16/23)

The consultant is to determine whether any past uses of the subject property indicate the potential for contamination to be present due to releases of hazardous materials or petroleum.

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.8(a) through 61.8(c).

62SBL.10 Neighborhood hazardous waste activity (02/16/23)

Refer to Sections 61.9(a) through 61.9(b).

62SBL.11 Asbestos-containing materials (ACM) (02/16/23)

a. Refer to Section 61.10(a) and Sections 61.10(c) through 61.10(f) (02/16/23)

Any reference to the environmental report in 61.10(a), and 61.10(c) through 61.10(f) is to be replaced by the SBL Physical Risk Report for these sections.

b. Environmental assessment protocol (02/16/23)

The physical risk consultant must identify all observed potential ACMs. Testing is not required. For any suspect ACM identified, the consultant must indicate:

- If the material is friable or non-friable
- If the material is encapsulated or not
- If the material is damaged or not

If the physical risk consultant determines that remediation is necessary, the requirements of Section 61.4(b) apply.



c. Issue resolution by physical risk consultant (06/30/16)

As the date of construction is not a meaningful indicator relative to the presence of asbestos, the consultant must recommend an O&M program for all properties unless a comprehensive asbestos inventory was conducted and/or evidence is provided indicating that all ACMs were removed from the property and the documentation is satisfactory to the consultant.

If damaged suspect friable ACM is identified in the interior of the building, the consultant must specifically state:

- Whether an ACM inventory is needed
- Which materials must be removed and the cost of such removal
- Which materials must be repaired and the cost of such repairs
- Which materials must be covered by an O&M program and cost of the program development

If previous ACM abatement work was performed improperly, the physical risk consultant must identify any resultant contamination.

d. Issue resolution by Borrower (02/16/23)

Freddie Mac requires that the Borrower institute an O&M plan for any suspect ACMs identified by the consultant in accordance with EPA guidance, Managing Asbestos in Place: A Building Owner's Guide to Operations and Maintenance Programs for Asbestos-Containing Materials and as found on the EPA website:
<https://www.epa.gov/asbestos/information-owners-and-managers-buildings-contain-asbestos>.

The Borrower must remove all documented friable ACM. Damaged suspect friable materials identified by the consultant which are located in residential units or interior spaces accessible to tenants must either be removed or tested to confirm that the material is non ACM. A qualified professional must analyze the samples utilizing polarized light microscopy and dispersion staining. The number and quantity of samples must be sufficient to provide meaningful results for the area tested.

Undamaged friable ACM may remain in place only if all of the conditions identified above, as well as the following conditions, exist:

- The concentration or amount of asbestos in the material must be less than 10 percent by weight
- The friable ACM must be in good condition as determined by the physical risk consultant
- The friable ACM must be sufficiently covered with paint or other material to help prevent the future release of asbestos into the air

- The Borrower must institute an O&M program developed by the physical risk consultant and acceptable to Freddie Mac

Undamaged non-friable ACM and undamaged, fully encapsulated wall and ceiling joint compound that is assumed to contain asbestos may remain in place, subject to an acceptable abbreviated O&M program as set forth in Section 61.10(f).

Under most circumstances, before the Origination Date, the Borrower must remove all ACM that is required to be removed. Freddie Mac will consider agreeing to removal of the ACM after the Origination Date only under certain circumstances, such as if the extent or location of the ACM in the building does not present a Life Safety Hazard or if a qualified ACM abatement/removal firm is not immediately available to remove the ACM.

In order for the ACM removal to be performed after the Origination Date, the conditions in Section 61.4(b)(2) must be met. In addition, Freddie Mac will require the following:

1. A binding, fixed-fee ACM-removal contract from a qualified ACM abatement/removal firm that provides for the firm to remove the ACM within 90 days after the Origination Date (or within a time frame agreeable to Freddie Mac), in strict accordance with prudent industry standard practices and all federal, State and local requirements governing the removal, transport and disposition of ACM
2. Removal of the ACM must be identified in the SBL Physical Risk Report as a PR-90 Repair
3. Before funds are released to the Borrower from any applicable Reserve, proper evidence provided by the Borrower to the Seller/Servicer that the ACM removal was performed by properly trained individuals in accordance with prudent industry standard practices and complied with all federal, State and local requirements governing the removal, transport and disposition of ACM

62SBL.12 Lead-based paint (02/16/23)

Refer to Sections 61.11(a) through 61.11(f).

62SBL.13 Drinking water quality (02/16/23)

The physical risk consultant must complete a transaction screen questionnaire substantially similar to the current ASTM E1528 standard to initially evaluate this risk. If any responses to the questionnaire are “unknown”, the consultant must explain why this data gap is not a problem or an environmental assessment must be conducted. If any responses to the questionnaire are “yes”, then an environmental assessment must be conducted.

If an environmental assessment is warranted, refer to Sections 61.12(a) through 61.12(e).

62SBL.14 Radon (06/30/16)

SBL Properties are not required to be tested for the presence of radon.

62SBL.15 Superlien status (06/30/16)

Refer to Section 61.15.



62SBL.16 Acceptability of the SBL Physical Risk Report (02/16/23)

The SBL Physical Risk Report and the condition of the Property must be acceptable to Freddie Mac. The SBL Physical Risk Report must specify an appropriate solution for each deficiency identified. The consultant must identify the scope and estimated cost for all Critical and Priority Repairs and all potential environmental concerns. Upon Freddie Mac's review of the completed SBL Physical Risk Report, Freddie Mac may impose additional requirements.

62SBL.17 Physical risk consultant qualifications and requirements (02/16/23)

Consultants who conduct the on-site inspections and complete the SBL Physical Risk Reports must meet the qualifications and requirements specified in this section.

Because Freddie Mac does not approve physical risk consultants, the Seller/Servicer must not consider any representation that a consultant is approved or qualified by Freddie Mac to prepare SBL Physical Risk Reports. The Seller/Servicer is responsible for selecting the consultant and is solely accountable for the consultant's performance. The Seller/Servicer must ensure that the consultant is qualified to perform the required work.

a. General requirements (06/30/16)

Consultants' qualifications may vary with the needs of the specific assignment: general inspection services or specific technical analysis may be required. The consultant must be able to analyze building systems, site conditions, and environmental issues professionally, identify deficiencies and recommend remedial responses with cost estimates.

b. References and experience (02/16/23)

A consultant performing inspections and preparing SBL Physical Risk Reports must have all of the following qualifications:

- A bachelor's or graduate degree in architecture or a related engineering field from an accredited institution
- Five or more years of experience in one or more of the following disciplines: architecture, engineering (structural, mechanical or civil) and/or construction/cost estimating
- Three or more years of experience performing multifamily property inspections
- Two or more years of experience conducting similar work for financial institutions

Personnel directly involved with analyzing the environmental information and data for the SBL Physical Risk Report must also have expertise in at least the following relevant areas:

1. Soil and/or ground water contamination
2. Soil and/or ground water sampling
3. Asbestos identification and abatement



4. PCB contamination
5. UST identification, abandonment and removal supervision
6. LBP identification and abatement design and supervision
7. Familiarity with applicable federal, State and local environmental and public health laws and regulations
8. Development of O&M programs

For LBP and asbestos work, some States and municipalities require a license or certificate. The environmental consulting firm must have a sufficient number of properly licensed or certified employees to complete the project.

Additional training must include a 24-hour asbestos inspection course and an annual refresher course that, at a minimum, meets the EPA Guidelines for Asbestos Model Accreditation Plan Annual Refresher Training. Subsurface soil service providers must also complete the 40-hour Health and Safety Training for Hazardous Waste Operations course, with annual 8-hour refresher courses.

The Seller/Service must check at least three client references from the consultant's previous lenders to determine whether the projects were

- Similar in scope and purpose to the Property
- Completed on time
- Of sufficient quality

The Seller/Service must review the consultant's licensing and other certifications (in States where they are applicable), as well as listings of affiliations or memberships in professional organizations. The Seller/Service must also maintain in its file for review by Freddie Mac a current resume for the consultant, a current insurance certificate and the required references.

Freddie Mac will not accept an SBL Physical Risk Report from an individual or firm that has been excluded from EPA-assisted programs. The Seller/Service must check the federal exclusion record at <https://sam.gov/content/exclusions> for the names of individuals and firms that are excluded by Federal government agencies from receiving

- Federal contracts
- Federally approved subcontracts
- Certain types of financial and non-financial assistance and benefits

c. Conflicts of interest/provision of related services (06/30/16)

The consultant may not be affiliated with the Borrower, the Seller/Service, a buyer or seller of the proposed Property, or engaged in any business that might present a conflict of

interest. The consultant may not be engaged to perform any repair or remedial work specified in the SBL Physical Risk Report.

d. Insurance (06/30/16)

1. The consultant must provide to the Seller/Servicer an original certificate(s) of insurance that indicates that the consultant is, at its own expense, covered by insurance adequate to the work to be performed, using, as a basis, the standards for coverage outlined in Section 11.5.

The Seller/Servicer must retain the original certificate(s) of liability insurance in its files.

2. Recommended insurance standards for use when evaluating adequacy of insurance coverage for third-party consultants, including environmental consultants, physical risk consultants, seismic risk consultants, and appraisers:
 - Commercial General Liability (CGL) insurance with limits of at least \$1 million per occurrence and \$2 million aggregate with a maximum deductible amount of \$35,000
 - Professional Liability insurance with limits of \$1 million per claim and \$2 million aggregate with a maximum deductible amount of \$100,000

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

Consultants should also have appropriate insurance coverage in place while traveling to and from and conducting work at the Property. The following guidelines for the types and levels of insurance coverage, should be considered:

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

e. Unacceptable consultants (06/30/16)

The Seller/Servicer must send written notification immediately to the *Applicable Freddie Mac Multifamily Regional Office* if the Seller/Servicer, for cause, discontinues the use of a consultant who has completed SBL Physical Risk Reports within the past 12 months for Mortgages purchased or credit enhanced by Freddie Mac.

In addition, Freddie Mac reserves the right to refuse to accept SBL Physical Risk Reports completed by any specific consultant. Freddie Mac will maintain, at mf.freddiemac.com, the Multifamily Restricted Vendor List. If a physical risk consultant appears on the Multifamily Restricted Vendor List, the Seller/Servicer may not use that consultant to inspect a Property until notified otherwise by Freddie Mac. The decision to place a third-party vendor on the Multifamily Restricted Vendor List is solely within Freddie Mac's discretion.



The Multifamily Restricted Vendor List is made available to Seller/Servicers for the sole purpose of ensuring that unacceptable physical risk consultants do not prepare reports for Multifamily and will constitute “Confidential Information” as defined in Section 2.8.

62SBL.18 Mortgage Servicing for SBL Mortgages (10/14/16)

Using either the Freddie Mac Annual Inspection Form (AIF) (for pre-securitized loans) or the MBA Inspection Form (for securitized loans), as applicable, the Seller/Servicer must confirm at the first annual inspection whether the items identified as Priority Repairs or PR-90 Repairs on Form 1104, SBL Physical Risk Report, have been completed by the Borrower. All incomplete Priority Repair or PR-90 Repair items must be noted in the applicable inspection form. See Chapter 40 for additional information on submitting the AIF or the MBA Inspection Form.

In addition, when submitting the applicable inspection form, the Seller/Servicer must confirm that the Borrower is maintaining the Property according to any applicable O&M program, environmental law or regulation. The Seller/Servicer is not expected to obtain an environmental report along with the assessment inspection. However, the Seller/Servicer must make an on-site inspection prior to advising Freddie Mac of the property condition and the environmental status of the Property. The Seller/Servicer must inspect the buildings and grounds and review the activities of the Borrower, tenants, sublessors, their agents and any other third parties. These confirmations must specifically address the continuing effectiveness and adequacy of all current remedial and maintenance actions.

In addition, the Seller/Servicer must complete the applicable inspection form immediately following the occurrence of any event that might reasonably be expected to impact the physical or environmental condition of the Property or the adequacy of prescribed remedial or maintenance actions. Such events would include fire, flood, building construction or rehabilitation, spills or leaks of hazardous wastes or materials, unusual or intense use of property facilities, or significant changes in custodial or management personnel.

The Borrower must comply fully with all applicable building and environmental laws and report any violations of such laws to the Seller/Servicer and the appropriate federal, State or local authority.

The Seller/Servicer must require that the Borrower take all necessary actions to ensure that all violations are promptly corrected and that the Property is brought back to and maintained in full compliance with all appropriate environmental statutes and good management practices.

62SBL.19 Representations and warranties (09/28/18)

The Seller/Servicer is deemed to make the warranties regarding the SBL Physical Risk Report and the physical risk consultant set forth in Section 5.4.

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 8/12/2024 11:49:12 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 62SBL - SBL Physical Risk Report Reqs GB-12-14-23.docx	
Modified filename: 62SBL - SBL Physical Risk Report Reqs GB-08-15-24.docx	
Changes:	
<u>Add</u>	4
Delete	5
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	9

Multifamily Seller/Servicer Guide

Glossary and List of Commonly Used Acronyms



Glossary and List of Commonly Used Acronyms (~~06/13/24~~08/15/24)

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

Glossary

30 Days Delinquent

See Delinquency.

55-Day Multi PC

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

55-Day Multi PC Securitized Mortgages

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

Accounting Net Yield

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

Active Mortgage

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

Adjustable-rate Mortgage

See Floating-Rate Mortgage.

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/Service

Affiliated Persons of the Seller/Service include the following:

1. The Seller/Service's directors, officers, employees and controlling persons
2. Spouses or domestic partners of the Seller/Service's directors, officers and controlling persons
3. Members of the immediate family of the Seller/Service'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/Service
5. Corporations or organizations (other than the Seller/Service or a corporation or organization through which the Seller/Service operates) of which a director, officer or controlling person of the Seller/Service 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/Service 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/Service or the spouse or domestic partner of such person has a substantial beneficial interest or for which such person or his or her spouse or domestic partner serves as trustee or in a similar fiduciary capacity

Affiliates of the Borrower

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

Annual Inspection Form

See Section 40.2.

Anti-Money Laundering Laws

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



Applicable Freddie Mac Multifamily Regional Office

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

Appraisal

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

Assisted Living Residence

See Section 21.2.

Benchmarking Data

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

Benchmarking Data Consultant

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

Benchmarking Metrics

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

Borrower

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

Borrower Principal

A Borrower Principal is:

- Any Key Borrower Principal
- Any person or entity that has Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, and Borrower-affiliated Master Tenant, including any one or more of the following:
 - General partner of a general partnership or a limited partnership
 - Non-member manager, managing member, or members of the board of managers of a limited liability company



- The settlor (grantor) of a living or revocable trust
- The trustee of an irrevocable trust
- Any person or entity that is pre-approved by lender to assume Control (direct or indirect) of the Borrower, Borrower-affiliated Seniors Housing Operator, or Borrower-affiliated Master Tenant
- Any person or entity with an aggregate interest (whether direct or indirect) in the Borrower equal to or exceeding 25 percent including any (i) equitable ownership interest or (ii) any beneficial interest in an Illinois Land Trust, irrevocable trust or Delaware Statutory Trust
- A LIHTC Syndicator
- Any person or entity that Freddie Mac determines to be a Borrower Principal

Breakage Fee

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

Business Day

A Business Day is a day other than:

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

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

Business Disruption

See Section 2.20.

Business Continuity Plan

See Section 2.20.

Capitalization Rate

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



Certified Inspector

See Section 40.13(b).

Certified Organizational Chart

A Certified Organizational Chart is an Organizational Chart that is attached to Form 1114, Certification – Organizational Chart. If the Certified Organizational Chart is revised, the Borrower must submit a new Form 1114, Certification – Organizational Chart, with the revised Organizational Chart.

Change of Control

With respect to the Seller/Service, a change in the Control, directly or indirectly, of the management or policies of a Seller/Service, whether through ownership or transfer of ownership interests, by contract, or otherwise. A person is presumed to have such power if the person:

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

Claims Made Policy Form

An insurance policy that covers claims first made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims-made" contract. This form is in contrast to the Occurrence-based Policy Form.

Commercial Property Assessed Clean Energy

Commercial Property Assessed Clean Energy is a tax lien financing program that is available to commercial, industrial and multifamily property owners to access affordable financing for qualifying energy efficiency and clean energy improvements to their properties.

Common Equity

See Section 9.9(b).

Complete Borrower/Key Borrower Principal Due Diligence Package

A Complete Borrower/Key Borrower Principal Due Diligence Package consists of:

- Form 1115, Borrower and Key Borrower Principal Certificate;
- Form 1116, Real Estate Schedule;
- Certified current financial statements for the Borrower and Key Borrower Principals;
- Credit report(s) for Borrowers and Guarantors that are individuals;



- Form 1112, Borrower and Key Borrower Principal Blanket Certification; and
- Liquidity verification documentation, if applicable

The Complete Borrower/Key Borrower Principal Due Diligence Package is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.

Conditions to Conversion

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

Confirmation Sheet

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

Consent Request Tracker

See Section 36.25.

Construction Loan

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

Construction Phase Letter of Credit

The Construction Phase Letter of Credit secures Freddie Mac

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

Construction Phase Financing Agreement

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

Continuing Care Retirement Community

See Section 21.2.



Control

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

Conventional Seller/Servicer

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

Conversion

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

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

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

Conviction or Convicted

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

Cooperative

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

Coupon Rate

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

Criminal Conviction

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



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

Crowdfunding

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

Custodial Account

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

Debt Coverage Ratio

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

Defeasance Period

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

Deferred Maintenance

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

Delegated TAH Mortgage

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

Delivery Assurance Fee

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

Delivery Assurance Mortgage

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

Delivery Assurance Note

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



Delinquency

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

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

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

Delinquent

See Delinquency.

Delivery Date

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

Disabled-Owned Business

A Disabled-Owned Business is:

- Qualified as a Service-Disabled Veteran-Owned Small Business Concern as defined in 13 C.F.R. §§ 125.8-125.13; or
- An entity within the Borrower structure or having direct or indirect Control of the Borrower in which:
 - At least 50 percent of the ownership or Control is held by one or more persons with a Disability; and
 - At least 50 percent of the net profit or loss accrues to one or more persons with a Disability

For the purposes of this definition, "Disability" has the meaning defined in 29 C.F.R. § 1630.2(g), § 1630.3 and Appendix to Part 1630 – Interpretive Guidance on Title I of the Americans with Disabilities Act.

Discovery Policy Form

An insurance policy form that covers losses discovered during the policy period even though they may have occurred before the policy period.



Diverse Borrower

A Diverse Borrower is a Borrower or a Borrower that has a Borrower Principal that meets the following conditions:

- A Minority-Owned Business, Women-Owned Business, Disabled-Owned Business, LGBTQ+-Owned Business or Veteran-Owned Business; or
- An entity in which:
 - At least 50 percent of the ownership or Control is held by a combination of individuals who are Minorities, women, have a Disability, identify as LGBTQ+, or are Veterans; and
 - At least 50 percent of the net profit or loss accrues to a combination of individuals who are Minorities, women, have a Disability, identify as LGBTQ+, or are Veterans

Document Management System

A Multifamily Software Application used to receive, deliver, and store electronic versions of documents relating to Freddie Mac Multifamily Mortgages.

Down Units

Residential units that cannot be made rent-ready with routine maintenance and repairs.

Due Date

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

Due Date of Last Paid Installment

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

Effective Gross Income

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

Electronic Delivery Package

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



mf.freddiemac.com/lenders/purchase/.

Eligible Institution

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

Energy Certification

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

Energy Star® Score

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

Environmental Superlien Law

See Section 61.1(b).

EPA 1-100 Water Score

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

Equity Conflict of Interest

See Section 2.25.

Exception(s)

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

Expiration Date

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

Exclusionary List

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

Seller/Service Providers can access the Exclusionary List under “Quick Links” on the Originate and Underwrite and Asset Management web pages.



Exempt Inspector

See Section 40.13(b).

Fee Inspector Company

See Section 40.14.

FHA Mortgage

An FHA Mortgage is a Mortgage insured by the FHA.

Final Delivery Instructions

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

- For all non-SBL and non-TEL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents”
- For SBL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents – SBL”
- For TEL Mortgages, the applicable document referenced below:
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Conversion of Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Immediate Funding Tax-Exempt Loan

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

Final Delivery Package

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

Financial Crimes

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



First Lien

A First Lien is any lien that grants to the lienholder a claim against the Property that, under the law of the jurisdiction where the Property is located, is prior to the rights of all others, subject only to prior liens and encumbrances that Freddie Mac has expressly waived pursuant to Sections 29.2 and 29SBL.2.

First-Time Sponsor

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

Floating-Rate Mortgage

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

Foreign Guarantor

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

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

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

Forward Commitment

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

Forward Commitment Maturity Date

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

Forward Commitment Property Inspection

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

Freddie Mac Access Manager

A Multifamily Software Application that enables Seller/Service providers who have registered and received Freddie Mac’s authorization, to create, manage, and provision their users’ access to certain servicing tools and applications.



Freddie Mac Approved Third Party Applications

Third party systems or software applications approved by Freddie Mac as provided in Chapter 2.

Freddie Mac Funding Date

The Freddie Mac Funding Date is:

- The date on which Freddie Mac disburses payment to the warehouse lender or the Seller for a Mortgage purchased by Freddie Mac under a cash program or product, or
- The settlement date for Mortgages purchased by Freddie Mac under a Multifamily Structured Transaction, or
- Execution by Freddie Mac of a Credit Enhancement Agreement in a bond credit enhancement transaction.

Freddie Mac 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/Service providers at mf.freddiemac.com.

Funded Forward Commitment

See Section 28A.2.

General Loan Information

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

Gold PC

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



Gold PC Securitized Mortgages

Gold PC Securitized Mortgages are Mortgages that are purchased under the Multifamily Negotiated Transactions Program or the Multifamily PC OneSM Program and are pooled in Gold PCs.

Governmental Entity

A Governmental Entity is an entity that is under Control of, under ownership of, is authorized by, or is itself a city, county, State, commonwealth, or federal government. With respect to subordinate debt, Freddie Mac considers a Governmental Entity to be an entity that provides third-party financing with the goal of expanding, preserving, maintaining, or otherwise promoting affordable multifamily housing.

Green Advantage[®]

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

Green Assessment[®]

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

Green Assessment Plus[®]

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

Green Certified

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

Green Consultant

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

Green Improvements

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

Green Rebate

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



Green Retrofits®

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

Green Up®

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

Green Up Plus®

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

Ground Lease

See Section 30.1.

Ground Lease Mortgage

See Section 30.1.

Ground Lessee

See Section 30.1.

Guarantor

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

Guide

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

Hardcopy Delivery Package

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

Hard Subordinate Debt

See Section 19.2(f).

Home Mortgage

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



Imminent Life Safety Hazard

An Imminent Life Safety Hazard is a hazard that is about to cause harm. Imminent Life Safety Hazards are of the highest concern as they represent an immediate risk to any tenant that encounters such a hazard. Exposed live electrical wires and balconies with inadequate guard rails are among the types of conditions that represent Imminent Life Safety Hazards.

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

See also Life Safety Hazard.

Income and Expense Statement

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

Increased Mortgage Amount

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

Increased Scrutiny for Moisture or Mold Issues

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

Independent Director/Manager

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

Independent Living Property

See Section 21.2

Index Lock

See Section 27.1(b).

Index Lock Agreement

See Section 27.1(b).

Industry Trained Inspector

See Section 40.13(b).



Insurance Compliance Tool

A Multifamily Software Application for Sellers to submit documentation related to Borrower's insurance compliance.

Key Borrower Principal

Key Borrower Principal is:

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

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

Leasehold Interest

See Section 30.1.



Legal Issues Analysis

See Sections 6.4. and Section 29.2.

Letter of Commitment

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

LGBTQ+-Owned Business

An LGBTQ+-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more persons who identify as LGBTQ+; and
- At least 50 percent of the net profit or loss accrues to one or more persons who identify as LGBTQ+

“LGBTQ+” means any individual who identifies as lesbian, gay, bisexual, transgender, queer or questioning or +.

Life Safety Hazard

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

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

LIHTC Investor

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

LIHTC Syndicator

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



Linked Buildings

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

Limited Multifamily Experience Sponsor

See Section 9.2(d).

Liquid Assets

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.

Mandatory Delivery Date

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

Mandatory Funding Date

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

Manufactured Housing Community Product

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

Manufactured Housing Resident-Owned Community

See Section 22.1(b).

Master Forward Financing Agreement

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

Master Tenant

A Master Tenant is the tenant that operates the Property under a master lease. A master lease structure is usually used in a Shariah compliant loan or Delaware Statutory Trust loan.

Material Modification

For the purposes of the early rate lock delivery option and the early rate lock application, a “Material Modification” is as defined in Chapter 27.

Material Vendor

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



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

MHC Tenant Protections

See Section 22.1(b).

MHC Tenant Protections Notification

See Section 22.2(p).

Minimum Consumption Savings Threshold

See Section 24.3(a).

Minimum Occupancy

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

Minimum Origination Fee

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

Minority-Owned Business

A Minority-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more Minority individuals; and
- At least 50 percent of the net profit or loss accrues to one or more Minority individuals

“Minority” is any individual who is Black or African American, American Indian or Alaska Native, Hispanic (or Latino) American, Asian, or Native Hawaiian or other Pacific Islander

Modification Letter

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

Moderate Rehabilitation Mortgage

See Section 17.4.



Moisture Management Plan

An Moisture Management Plan is a plan provided by the Borrower to manage moisture or Mold issues at the Property in accordance with the requirements set forth in Section 8.3(a). If a Moisture Management Plan is required, the Moisture Management Plan must be maintained at the Property and be made available for verification at annual inspections. Additional information on the requirements for a Moisture Management Plan is in the Moisture Management Plan Handbook

Mold

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

Mortgage

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

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

Mortgage Documents

See Loan Documents.

Mortgage Financial Terms

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

Mortgage File

The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/Servicer in accordance with Chapter 34, and any other applicable sections of the Guide.

Mortgages Purchased in Part

Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Mortgages Purchased in Whole

Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac.



Multifamily Document Management System

See Document Management System.

Multifamily Eligibility System

A Multifamily Software Application for Seller/Service providers to submit monthly, quarterly and annual certifications, and update vendor inventory.

Multifamily Loan Documents

See Loan Documents.

Multifamily Securities Investor Access

A Multifamily Software Application that provides investors and analysts with information related to Freddie Mac Multifamily K-Deals®, ML-DealsSM, Q-DealsSM, SB-Deals®, and Multi PC® mortgage-backed securities and their underlying collateral.

Multifamily Software Applications

The software applications that Freddie Mac provides to the Seller/Service provider in connection with the sale and the servicing of multifamily Mortgages. The Multifamily Software Applications include the following:

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



Net Operating Income

Net Operating Income is the income from a property's operations available for repayment of debt and return on equity to the owner after deducting economic vacancy and all expenses (exclusive of debt service).

Nondelivery

A Nondelivery is any action or failure to act that prevents or will prevent the Seller from meeting the terms of a Commitment after acceptance or an early rate lock application after Rate Lock.

Nonprofit Entity

A Nonprofit Entity is an entity that has been conferred tax-exempt status by the U.S. Internal Revenue Service. For Freddie Mac's purposes, a Nonprofit Entity must have a mission of owning, developing, operating, preserving, managing, or otherwise promoting affordable multifamily housing.

Non-LIHTC Property

A Property that has affordability requirements outside of a LIHTC regulatory agreement and meets the requirements set forth in the term sheets available at mf.freddiemac.com for Non-LIHTC Forwards, Preservation Rehabilitation Financing for Non-LIHTC Properties or Non-LIHTC Bridge, as the context may require.

Non-Scope Issues

See Section 61.2(b).

Non-U.S. Equity Holder

A Non-U.S. Equity Holder is any non-U.S. person or entity with a collective equity interest (whether direct or indirect) in Borrower equal to or exceeding 10 percent. A Non-U.S. Equity Holder is subject to all Office of Foreign Assets Control (OFAC) and Anti-Money Laundering (AML) Laws compliance-related obligations set forth in this Guide including those identified in Chapters 2, 9, 41, 43, and 44.

A Non-U.S. Equity Holder that is a Key Borrower Principal is required to submit a Complete Borrower/Key Borrower Principal Due Diligence Package.

A Non-U.S. Equity Holder with a 25 percent or greater interest in the Borrower will be considered a Borrower Principal.

All Non-U.S. Equity Holders must be named on the Organizational Chart.

Note

A Note is the instrument evidencing the indebtedness secured by a Security Instrument, and includes, for bond credit enhancement transactions, the reimbursement agreement evidencing the obligations secured by the reimbursement mortgage and the bond mortgage note evidencing the obligations secured by the bond mortgage.



Occurrence-based Policy Form

A policy covering claims that arise out of damage or injury that took place during the policy period, regardless of when claims are made. Most property and commercial general liability insurance is written on an Occurrence-based Policy Form, which may also be referred to as a “per occurrence” policy form.

Operator

An Operator (sometimes referred to as the “Lessee”) is an entity that operates the Property under a master operating lease. Operating leases are frequently used in the Seniors Housing industry. An Operator may be affiliated with the Borrower or may be an unrelated third-party Operator.

Opinion Analysis

See Section 29.5(c).

Optigo Lender

An Optigo Lender is a lender that meets Freddie Mac's eligibility requirements, including the net worth requirements in Section 3.3, and has been approved by Freddie Mac to sell multifamily Mortgages to Freddie Mac and to service those Mortgages. Optigo Lenders may be approved as one or more of the following designations:

- Optigo Conventional Lender
- Optigo TAH Lender
- Optigo SBL Lender
- Optigo Seniors Housing Lender

See Section 2.10 and Chapter 3 for more information concerning Optigo Lenders.

In the Guide, an Optigo Lender is referred to as a Seller/Servicer, Seller or Servicer.

Origination Date

The Origination Date is the date of the Note.

Organizational Chart

An Organizational Chart for the Borrower, Guarantor not in the Borrower's organizational structure, Master Tenant (if applicable) or Operator (if applicable) must include the elements set forth in the Guidance – Organizational Charts that can be found on mf.freddie.mac.com.

Origination and Underwriting System

A Multifamily Software Application that automates the workflow involved in processing loan applications from receipt of the Loan Submission Template through the underwriting process.



Participation Certificate

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

Pledged Mortgage

See Section 33.1.

Portfolio Manager®

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

Potential Life Safety Hazard

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

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

See also Life Safety Hazard.

Pre-Approved Transferee

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

Preferred Equity

See Section 9.9(b).

Preferred Equity Return

See Section 9.9(b).

Preliminary legal issues memorandum

See Section 6.4.

Preservation Rehabilitation

See Section 19.2(e).



Principal

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

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

There are three categories of principals:

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

Private Entity

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

Private Investment Fund

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

- A minimum of \$50,000,000 in capital commitments
- Liquid assets of at least \$750,000
- A minimum net worth of \$5,000,000
- A management team with all of the following:
 1. At least 10 years of collective experience managing multifamily properties,



2. At least 10 multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively
3. At least \$100,000,000 in multifamily properties under management, either in the Private Investment Fund individually, or in the Private Investment Fund and other affiliated private investment funds, collectively

Private Transfer Fee

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

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

Private Transfer Fee Covenant

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

Prohibited Substances

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

Project Loan

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

Property

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

Property Improvement Alterations

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



Property Improvement Alterations Notice

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

Property Reporting System

See Section 40.2.

Public Company

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

Public Records Searches

See Section 2.28.

Purchase Contract

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

1. Purchase agreement
2. Letter of Commitment (as it may be amended) fully accepted by the Seller
3. Early rate-lock application (as modified or adjusted) fully accepted by Freddie Mac
4. Other offer by Freddie Mac to purchase, fully accepted by the Seller
5. Other offer by Seller to sell, fully accepted by Freddie Mac

Purchase Contract Date of Acceptance

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

Purchase and Servicing Documents

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

1. The Purchase Contract, including all Exhibits
2. The separate Servicing Agreement, if any
3. The official version of the Guide



4. Any agreement pursuant to which a Seller or affiliate of a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
5. Additionally, for Delegated TAH Mortgages, the Seller/Service'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/Service must service each Mortgage that the Seller/Service 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/Service'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/Service 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/Service's obligations under any aspect of the unitary, indivisible master Servicing contract, will be deemed to constitute a breach of the entire contract and will entitle Freddie Mac to terminate the contract.

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

Quote

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

Rate Lock

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

Rate Lock Call

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



Rate Reset

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

Rating Agencies

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

Real Estate Owned

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

Redemption Date

See Section 9.9(c).

Regulatory Agreement

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

Rejection; Reject

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

Repair Reserve

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

Replacement Cost Value

See Section 31.1(d).

Replacement Reserve

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

Required Net Yield

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



Reserve

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

Restricted Multiple Asset Entity

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

- Will not acquire, own, hold, lease, operate, manage, maintain, develop or improve any assets other than the Mortgaged Property (as defined in the Security Instrument), the Permitted Property (as defined in the Loan Agreement – SBL), and such Personalty (as defined in the Security Instrument) as may be necessary for the operation of the Mortgaged Property and the Permitted Property and will conduct and operate its business as presently conducted and operated
- Will not engage in any business or activity other than the ownership, operation and maintenance of the Mortgaged Property and the Permitted Property and activities incidental to such ownership, operation and maintenance

Restricted Non-Residential Use

A Restricted Non-Residential Use is any use or operation of the leased premises that may adversely impact (i) the health and safety of the tenants or other individuals at the Mortgaged Property, or (ii) the value, occupancy or rents of the Mortgaged Property, all as determined by Lender in Lender's discretion. Restricted Non-Residential Uses include the following:

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

Risk Rating

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



Scheduled Interest

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

Scheduled Principal

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

Schedule of Values

See Section 31.1(d).

Scope Issues

See Section 61.2(b).

Securitization

Securitization is the transaction in which the Note for a Mortgage is assigned to a REMIC (Real Estate Mortgage Investment Conduit), grantor trust or partnership trust.

Security Breach

See Section 2.26(c).

Security Instrument

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

Seller

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

Servicer

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

Seller/Servicer

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



Seller Application

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

Seniors Housing Liability Assessment

See Section 21.2.

Seniors Housing Mortgage

See Section 21.2.

Senior Management

A natural person who serves as one of the following positions for a Seller/Servicer:

- Owner
- President
- Vice President or other officer in charge of managing or overseeing any aspect of the Seller/Servicer's Freddie Mac business
- Chief Executive Officer (CEO)
- Chief Operating Officer (COO)
- Chief Financial Officer (CFO)
- Chief Information Officer (CIO), Chief Technology Officer (CTO), or Chief Information Security Officer (CISO)
- Chief Risk Officer (CRO)
- Corporate Secretary
- General Counsel
- Director
- Chairman of the Board
- General Partner; or
- Member or manager of an LLC

Servicing

Servicing is the performance of applicable obligations described in the Purchase and Servicing Documents, including tasks necessary to maintain Mortgages sold to Freddie Mac in a manner that protects Freddie Mac's interests.

Servicing Agent

A Servicing Agent is a Servicer that has received Freddie Mac's authorization to act on behalf of another Servicer in Servicing Mortgages purchased by Freddie Mac. This role may also be referred to as a "subservicer" provided, as used in this definition, the reference to "subservicer" will not be construed to have the same meaning as such term is used in connection with a Securitization.



Servicing Spread

For TEL Mortgages, the Servicing Spread is the fee payable by the Borrower to the Servicer under the project loan agreement and specified by Freddie Mac in the Letter of Commitment.

For all other Mortgages, the Servicing Spread is the amount of the interest income received and retained by the Servicer as compensation for servicing a multifamily Mortgage purchased by Freddie Mac. Freddie Mac specifies the Servicing Spread in the Purchase and Servicing Documents.

Shared Access Agreement

A Shared Access Agreement is an agreement that provides for access to a Property via an easement or private road.

Shared Use Agreement

A Shared Use Agreement is an agreement that provides for the sharing, joint use and maintenance of Recreational Facilities and/or Essential Facilities.

Single Asset Entity

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

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

Single Counsel

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

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

Single Purpose Entity

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

Significant Repairs or Replacements

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

- Structural elements such as framing, foundations, balconies, and stairs



- Major building systems, such as boilers, HVAC, electrical, plumbing, and elevators
- Defects that negatively impact the Property's habitability or income potential

Skilled Nursing Property

See Section 21.2.

Small Balance Loan Production Pipeline Manager

A Multifamily Software Application that enables Sellers and Freddie Mac to monitor the progression of Small Balance deals.

Soft Subordinate Debt

See Section 19.2(f).

SPE Equity Owner

An SPE Equity Owner is a Delaware single member limited liability company or a corporation that acts as a general partner of a limited partnership Borrower or as the managing member of a limited liability company Borrower. The concept of an SPE Equity Owner is not applicable if the Borrower is a Delaware single member limited liability company that is a Single Purpose Entity or if the Borrower is a corporation.

Special Moisture or Mold Issues Inspection

A Special Moisture or Mold Issues Inspection is a specific inspection protocol, set forth in Section 8.3(c), which is used to evaluate existing moisture or Mold issues.

Special Servicing Request

A Special Servicing Request is a Borrower request for Freddie Mac approval of certain Borrower actions. For example, a Special Servicing Request is required for a Transfer of Ownership, Subordinate Financing, a request for a partial release, the grant of an easement, certain changes to the Repair Reserve or Replacement Reserve, and a waiver of the insurance requirements.

State

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

Student Housing Property

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

Stand-Alone Memory Care Property

See Section 21.2.



Subordinate Financing

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

Supplemental Mortgage

See Section 20.1.

Suspicious Activity

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

Targeted Affordable Housing Mortgage

A Mortgage originated under either of the following:

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

Tax Exempt Bond Credit Enhancement Mortgages

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

Tax-Exempt Loan

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

Title Agent

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

Title Company

~~See Chapters 29 and 29SBL.~~

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

Title Insurance Underwriter

An entity that underwrites and issues, or authorizes issuance of, a Title Policy or, as applicable, reinsurance or coinsurance for a Title Policy, that is the party insuring the risks addressed by the Title Policy or such



reinsurance or coinsurance, and which is licensed to do business in the jurisdiction where the Property is located (unless such jurisdiction is Iowa) and regularly issuing title insurance in such jurisdiction. A Title Insurance Underwriter may also authorize its Title Agent to write a Title Policy.

Title Policy

A single paid-up loan title insurance policy meeting (a) for each non-SBL Mortgage, the requirements in Chapter 29 and the Title Policy and Endorsement Requirements, or (b) for each SBL Mortgage, the requirements in Chapter 29SBL.

Total Insurable Value

See Section 31.1(d).

Transfer of Ownership

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

Transfer of Servicing

See Section 42.2(a).

Ultimate Control

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

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

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

Unfunded Forward Commitment

See Section 28A.2.

Value-Add Mortgage

See Section 17.2.Add



Veteran-Owned Business

A Veteran-Owned Business is an entity within the Borrower structure or having direct or indirect Control of the Borrower in which:

- At least 50 percent of the ownership or Control is held by one or more Veterans; and
- At least 50 percent of the net profit or loss accrues to one or more Veterans

“Veteran” has the meaning defined in 38 C.F.R. § 3.1(d).

Web Searches

Web Searches are search engine reviews that are performed on the Property, Borrower, Borrower Principals, Non-U.S. Equity Holders, and property management company to identify Financial Crimes, litigation, negative credit events and events that would create reputational risk for Freddie Mac.

Weighted-Average Coupon

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

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

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

Weighted-Average Remaining Maturity

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

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

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

Women-Owned Business

A Women-Owned Business is an entity within the Borrower structure or having direct or indirect Control of Borrower in which:



- At least 50 percent of the ownership or Control is held by one or more women; and
- At least 50 percent of the net profit or loss accrues to one or more women

Workforce Housing Preservation

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

Yield Maintenance Period

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

Yield Maintenance Prepayment Premium

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

Yield Rate

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

Multifamily Seller/Service Guide

Glossary and List of Commonly Used Acronyms



Commonly Used Acronyms

AIF

Annual Inspection Form

AMI

Area Median Income

AML

Anti-Money Laundering

ARM

Adjustable-Rate Mortgage

ASTM

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

CCRC

Continuing Care Retirement Community

C-PACE

Commercial Property Assessed Clean Energy

Co-op

Cooperative

CRT

Consent Request Tracker

DCR

Debt Coverage Ratio

DDLPI

Due Date of Last Paid Installment



DBRS

Dominion Bond Rating Service

DMS

Document Management System

ECOI

Equity Conflict of Interest

EGI

Effective Gross Income

EPA

The United States Environmental Protection Agency

EPSH

[Employer Enabled Permanent Supportive Housing](#)

FAM

Freddie Mac Access Manager

FHA

Federal Housing Administration

FIC

Fee Inspector Company

GLI

General Loan Information

ICT

Insurance Compliance Tool

LIA

Legal Issues Analysis

LIHTC

Low-Income Housing Tax Credit



LMF

Loan Management Form

LST

Loan Submission Template

LTV

Loan-to-Value

MAE

Multiple Asset Entity

MES

Multifamily Eligibility System

MHC

Manufactured Housing Community

MHROC

Manufactured Housing Resident-Owned Community

MMP

Moisture Management Plan

MSIA

Multifamily Securities Investor Access tool

MTNA

Mortgage Transaction Narrative Analysis

NOI

Net Operating Income

OFAC

Office of Foreign Assets Control



OUS

Origination and Underwriting System

PC

Participation Certificate

PLIM

Preliminarily Legal Issues Memorandum

PPM

Small Balance Loan Production Pipeline Manager

PRS

Property Reporting System

RCV

Replacement Cost Value

REIT

Real Estate Investment Trust

REO

Real Estate Owned

Restricted MAE

Restricted MAE

S&P

Standard and Poor's

SAE

Single Asset Entity

SBL

Small Balance Loan

SOV

Schedule of Values



SPE

Single Purpose Entity

TAH

Targeted Affordable Housing

TEL

Tax-Exempt Loan

TIV

Total Insurable Value

UPB

Unpaid Principal Balance

WAC

Weighted Average Coupon

WARM

Weighted Average Remaining Maturity

Summary report: Litera Compare for Word 11.0.0.61 Document comparison done on 8/12/2024 2:31:37 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: Glossary GB-06-13-24.docx	
Modified filename: Glossary GB-08-15-24.docx	
Changes:	
<u>Add</u>	20
Delete	6
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	26