

*Below are some questions from attendees of the September 29, 2016 Loan Assumption Process Changes Webinar and the answers from Freddie Mac's subject matter experts.*

## 1. Is the Primary Servicer required to submit an Early Indication Review for a Pre-Approved Transfer?

No, Pre-Approved Transfers, LP Transfers and Small Balance Loans are excluded. Therefore, the Early Indication tab is collapsed in CRT. Early Indication Review is required for Transfers of Ownership involving an assumption. Early Indication Review is also required (1) if control and/or guarantor are changing to an unrelated sponsor, (2) if a merger results in a change of control and (3) a General Partner is transferring its interest.

## 2. Where does the Primary Servicer upload the documents in DMS?

If a portfolio or warehouse loan, select the appropriate document type and in "Comments" enter "EI - X" with X corresponding to the number of the required seven Early Indication documents. If the loan is securitized, select "Post Securitization Consent Request," enter the name of the document in the "Title" box and then in "Comments" box enter "EI - X", etc., corresponding to the number of Early Indication documents listed below). No need to enter any comments for underwriting documents beyond the seven documents below. See the following example:

Document Type: Post Securitization Consent Request  
Title: Purchase and Sale Agreement  
Comments: EI - X

1. Proof of receipt of nonrefundable review/processing fee in accordance with Section 41.9 of Multifamily Guide for Seller/Servicers (the "Guide")
2. 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
3. Current financial statements of the proposed Sponsor(s)/principal(s), as described in Section 55.2 of the Guide
4. An executed Form 1115, Borrower and Borrower Principal Certificate, for the proposed transferee and each proposed new Required Borrower principal, as detailed in Section 55.2 of the Guide
5. An executed Form 1116, Real Estate Schedule, for each new Required Entity, as detailed in Section 55.2 of the Guide
6. Information concerning the managerial experience of the proposed Sponsor and the proposed paid professional manager, if applicable, as detailed in the mortgage transaction narrative analysis description in Section. 55.2 of the Guide
7. Proposed Borrower organizational chart, which must include
  - i. Each entity's name, State of formation and type (e.g., Delaware limited liability company)
  - ii. Each parties' ownership percentage
  - iii. Each parties' role (e.g., Sponsor, guarantor, manager, general partner, etc.)

## 3. When should the Primary Servicer notify Freddie Mac that some or all of the required seven Early Indication documents (shown above) are ready for review in DMS?

Immediately after Primary Servicer uploads any of the seven Early Indication documents into DMS, a notification email must be sent by Primary Servicer from DMS (via the "File Submission" link to select "Submit to Asset Management" and then "Borrower Transactions (cash loans)" which will automatically generate an email notification to the [MF Borrower Transactions](#) mailbox) to notify Freddie Mac that Early Indication documents are ready for review in DMS. Freddie Mac will receive an email notification to review the Early Indication documents that were uploaded into DMS by Primary Servicer, which will enable us to accurately monitor dates that Early Indication documents were received.

**4. Should Primary Servicer wait until receipt of all seven required Early Indication documents before uploading any documents into DMS?**

No, documents must be reviewed and uploaded upon receipt. Primary Servicer has two business days to notify Borrower of receipt of documents and advise of the remaining documents that are required for underwriting. The entire Early Indication Review process should not exceed 10 days, which time starts when the Primary Servicer deems the package complete and ends when Primary Servicer receives a signed Early Indication Evaluation from Freddie Mac.

**5. Is the Primary Servicer required to review all seven Early Indication documents before uploading into the Document Management System (“DMS”)?**

Yes, all required documents must be reviewed internally by Primary Servicer to determine whether the loan meets Freddie Mac’s minimum underwriting guidelines. Subsequently, Primary Servicer must complete CRT entry “Early Indication Decision by PS” by selecting either “Proceed” or “Denied” which tells Freddie Mac to proceed with the Early Indication Review or Primary Servicer has decided not to move forward with the proposed Assumption and selected “Denied.” Primary Servicer must also enter a date in CRT for “Date of Early Indication Decision by PS” as shown below or no notification will be generated to Freddie Mac to begin the Early Indication Review:

**6. Should the Primary Servicer check the boxes under Early Indication in CRT if the documents are missing?**

Yes, checked boxes indicate that those documents are missing and the Primary Servicer is awaiting receipt.

**7. What should the Primary Servicer do if they are not receiving the required seven documents for Early Indication Review in a timely manner?**

In CRT under PS Comments, keep up-to-date comments about the receipt or expected date of receipt of missing documents as well as any other crucial information about the proposed assumption.

**8. When should the Primary Servicer send the Early Indication Letter to the Borrower and New Sponsor?**

After the Primary Servicer receives a signed Early Indication Evaluation from Freddie Mac, the Primary Servicer should send out the appropriate Early Indication Letter to the Borrower and new Sponsor. Refer to Freddie Mac.com, Asset Management References to get (1) Early Indication/Assumption – Letter to Current Borrower and (2) Early Indication/Assumption – Letter to New Sponsor.

**9. May the Primary Servicer enter receipt of other underwriting documents in CRT at the same time of entry for Early Indication documents?**

Yes, Primary Servicer would enter receipt of other underwriting documents in CRT under the “Final Review” section up to “Date Package Deemed Complete by PS.” However, Do Not input the “PS Decision” under the Final Review section prior to receipt of signed Early Indication Evaluation from Freddie Mac. NOTE: Entering any information under Final Review will NOT automatically generate an email to Freddie Mac to start the Early Indication Review; therefore, Primary Servicer must send an email to [MF\\_Borrower\\_Transactions@freddiemac.com](mailto:MF_Borrower_Transactions@freddiemac.com) advising that an Early Indication Request is ready for review.

**10. Should the Primary Servicer upload Early Indication Documents under both the Senior and Supplemental loan numbers in DMS?**

Yes, all documents must be uploaded under the designated loan numbers in DMS. However, Freddie Mac’s Early Indication Evaluation will include both loan numbers in a single letter which will be available in DMS under both designated loan numbers.

Should you have any additional questions or concerns, please contact [Angela Catoo](mailto:Angela.Catoo@freddiemac.com) (703-714-3344) or [Jason Yang](mailto:Jason.Yang@freddiemac.com) (703-714-2796) at Freddie Mac.