Glossary (12/15/20)

**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.

**Affiliated Persons of the Seller/Servicer**

Affiliated Persons of the Seller/Servicer include the following:

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

**Affiliates of the Borrower**

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

**AIF**

Annual Inspection Form, as provided in Section 40.2.

**AMI**

Area median income.

**Anti-Money Laundering (AML) Laws**

AML 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.

**ARM**

See Floating Rate Mortgage.

**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 means:

- Any person or entity signing the guaranty (“Guarantor”) regardless of the amount of ownership interest in the Borrower and even if not in the organizational structure of Borrower
- Any person or entity that has the Control (direct or indirect) of the decisions of the Borrower, including anyone 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 with a collective interest (whether direct or indirect) in the Borrower equal to or exceeding 25 percent including any equitable ownership interest or any beneficial interest in an Illinois Land Trust, irrevocable trust or Delaware Statutory Trust (“Equity Holder”)
  - The Master Tenant operating the Property (i) subject to a Shariah compliant loan, (ii) in a Delaware Statutory Trust loan or (iii) pursuant to another master lease structure
  - Any person or entity that lender determines should be a Borrower Principal, including any person or entity that has (i) a buy-sell right to acquire the interest of the person or entity with Control of the Borrower or (ii) the right to a preferred equity take-over of the interest of the person or entity with Control of the Borrower

**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.

**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 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.

**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.

**Complete Borrower/Borrower Principal Due Diligence Package**

A Complete Borrower/Borrower Principal Due Diligence Package consists of Form 1115, Borrower and Borrower Principal Certificate or Form 1115SBL, SBL Borrower and Borrower Principal Certificate; Form 1116, Real Estate Schedule; certified current financial statements for the Borrower and Required Borrower Principals and a credit report for Required Borrower Principals that are individuals. It is submitted as part of the underwriting package and/or prescreen package to Freddie Mac.

**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, the Construction Phase Financing Agreement is an agreement among Freddie Mac, the Seller/Servicer and the construction lender. It must be accepted by the Borrower.
Control

Control means 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, 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 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.

Cooperative

A Cooperative (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 Co-ops 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.

C-PACE

C-PACE refers to the Commercial Property Assessed Clean Energy tax lien financing program, which is available to commercial, industrial and multifamily property owners to access affordable financing for qualifying energy efficiency and clean energy improvements to their properties.

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.

**DCR**

See Debt Coverage Ratio.

**Debt Coverage Ratio**

The Debt Coverage Ratio (DCR) 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; Delivery Assurance Mortgage; Delivery Assurance Note**

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
- The Delivery Assurance Mortgage is the mortgage that secures the Delivery Assurance Note provided to Freddie Mac in payment of the Delivery Assurance Fee
- 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; Delinquent; 30 Days Delinquent**

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.
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### Glossary

<table>
<thead>
<tr>
<th>If the due date is</th>
<th>The Mortgage is 30 days delinquent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The first of the month</td>
<td>When all or part of one or more payments remains unpaid as of close of business on the last Business Day of the month</td>
</tr>
<tr>
<td>Not the first day of the month (from the second through the last day of the month)</td>
<td>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</td>
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**Delivery Date**

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

**Discovery Policy Form**

An insurance policy form that covers losses discovered during the policy period even though they may have occurred before the policy period.

**Document Management System (DMS)**

DMS is Freddie Mac’s Multifamily document management system, 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 of Last Paid Installment (DDLPI) 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 (EGI)**

Effective Gross Income is the maximum rental revenue the Property can generate based on actual rents in occupied units and achievable market rents in vacant units, plus all allowable sources of other income, less vacancy, concessions and bad debt allowance.
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 the Document Management System (DMS). For identification of the documents comprising the Electronic Delivery Package, refer to the appropriate Final Delivery Table of Contents available on FreddieMac.com.

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 are rated at least A-3 by S&P, P-3 by Moody’s and F-3 by Fitch in the case of accounts in which funds are held for 30 days or less (or, in the case of accounts in which funds are held for more than 30 days, the long term unsecured debt obligations of which are rated at least “A” by Fitch and S&P and “A2” by Moody’s).

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.

EPA

EPA is the United States Environmental Protection Agency.

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

Refer to Section 2.25.

Exception(s)

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

Exclusionary List

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

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

FHA; FHA Mortgage

FHA is the Federal Housing Administration. An FHA Mortgage is a Mortgage insured by the FHA.

FIC

A fee inspector company, as provided in Chapter 40.

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 available with the Final Delivery Tables of Contents on FreddieMac.com.

Final Delivery Instructions - SBL

The Final Delivery Instructions - SBL are a detailed list of required SBL Loan Documents and other items which, depending on the specific features of an SBL Mortgage, may be required to be included with the SBL Final Delivery Package. The Final Delivery Instructions - SBL are available with the SBL Final Delivery Table of Contents on FreddieMac.com.

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, and which may be categorized into “Core” and “Non-Core”, all as set forth in detail in Chapter 32.

Final Delivery Package - SBL

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

Final Level Borrower Principal

Any Borrower Principal (individual or entity) that has ultimate indirect ownership or control of the Borrower. On the control side, the Final Level Borrower Principal will usually be an individual, Private Investment Fund, U.S. revocable trust (including the settlor/grantor and trustee of the revocable trust), or a U.S. public company. On the equity side, the Final Level Borrower Principal will be the last individual(s) or entity(ies) in the organizational structure with a 25 percent or greater aggregate ownership interest in Borrower. For LIHTC transactions, the LIHTC Fund general partner or managing member is considered the Final Level Borrower Principal on the control side.

Complete Borrower/Borrower Principal Due Diligence Packages are required for Final Level Borrower Principals.

On the control side, if an individual or entity meeting the definition of a Borrower Principal is a Control party in a Private Investment Fund which is the Final Level Borrower Principal, then that Borrower Principal 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.

**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 Level Borrower Principal**

Any Borrower Principal (individual or entity) that directly owns or controls the Borrower.

- If any direct owner of the Borrower is a Pass-Through Entity Borrower Principal, then the first person or entity that is not a Pass-Through Entity Borrower Principal will be considered a First Level Borrower Principal

- A preferred equity provider will be considered a First Level Borrower Principal regardless of its position in the organizational structure

- For a LIHTC transaction, the LIHTC Fund is a First Level Borrower Principal. If any First Level Borrower Principal is a Pass-Through Entity Borrower Principal, then the first person or entity that is not a Pass-Through Entity Borrower Principal will be considered a First Level Borrower Principal

Once the First Level Borrower Principal is determined, no other entity after that will be considered a Pass-Through Entity Borrower Principal.

A Complete Borrower/Borrower Principal Due Diligence Package is required for any First Level Borrower Principal.

**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:

- A United States citizen who does not reside in the United States
• Not a United States citizen
• Not a United States entity

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

**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 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 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 Loan Documents and other Mortgage origination information available to Seller/Servicers.

**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 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®.

Guarantor

Any person or entity who signs a Guaranty for the Mortgage. (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 on FreddieMac.com.

Home Mortgage

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

Imminent Life Safety Hazard

An Imminent Life Safety Hazard is a hazard that is about to cause harm. Imminent Life Safety Hazards are of the highest concern as they as they represent an immediate risk to any tenant that encounters such a hazard. Exposed live electrical wires and balconies with inadequate guard rails are among the types of conditions that represent Imminent Life Safety Hazards.

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

See also the definition for 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 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 means 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.

Intermediate Level Borrower Principal

A Borrower Principal with indirect controlling or ownership interest in the Borrower, which connects the First and Final Level Borrower Principal. An Intermediate Level Borrower Principal is not required to submit a Complete Borrower/Borrower Principal Due Diligence Package but must be disclosed on the Organizational Chart 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.

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 adjustment letters, takes the place of the Letter of Commitment. Letters of Commitment also include Forward Commitments.

LIA

A Legal Issues Analysis, as provided in Section 6.4.

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.

Linked Buildings (SBL)

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).
**LMF**

Loan Management Form, as provided in Section 40.2.

**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 on FreddieMac.com. 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 Multifamily pages of FreddieMac.com include a list titled “Currently Acceptable Multifamily Loan Documents” that indicates the revision date for each Loan Document.

**Loan-to-Value Ratio**

The Loan-to-Value (LTV) 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.

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Manufactured Housing Community (MHC) Product

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

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.

MHC Product

See Manufactured Housing Community (MHC) Product

MHC Tenant Protections

See definition in Section 22.1(b)

Minimum Consumption Savings Threshold

See definition in Section 24.3(a).

Minimum Occupancy

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

Minimum Origination Fee

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

Moisture Management Plan

A Moisture Management Plan (MMP) 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 an MMP is required, the MMP 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 available through FreddieMac.com.
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" means a multifamily Mortgage secured by a property containing five or more dwelling units.

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

Mortgage Documents (see Loan Documents)

Mortgage File

The paper and electronic file or files required to be created and maintained for each Mortgage by the Seller/Servicer in accordance with Chapter 34, and any other applicable sections of the Guide.

Mortgages Purchased in Whole; Mortgages Purchased in Part

Mortgages Purchased in Whole have been purchased in their entirety by Freddie Mac. Mortgages Purchased in Part are Mortgages in which Freddie Mac has purchased or retained a participation interest.

Multifamily Document Management System (See Document Management System)

Multifamily Loan Documents (see Loan Documents)

Multifamily Software Applications

The software applications that Freddie Mac provides to the Seller/Servicer in connection with the sale and the servicing of Multifamily Mortgages. The Multifamily Software Applications include the following:

- Consent Request Tracker (CRT)
- Document Management System (DMS)
- General Loan Information (GLI)
- Insurance Compliance Tool (ICT)
- MultiSuite® for Bonds – Wire Request System (BWRS)
• MultiSuite for Investor Reporting (MSIR)
• MultiSuite Online Registration (MSOR)
• 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)

NOI

See Net Operating Income.

Net Operating Income

Net Operating Income (NOI) 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).

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-U.S. Equity Holder

A Non-U.S. Equity Holder means 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 is not required to submit a Complete Borrower/Borrower Principal Due Diligence Package if its equity interest in the Borrower is less than 25 percent.

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.

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 FreddieMac.com.
Pass-Through Entity Borrower Principal

A Borrower Principal between the Borrower and First Level Borrower Principal which is usually there solely for tax purposes or as an additional layer of protection from liability. Note that this definition may not align with the commonly understood definition of pass-through entity for tax or accounting purposes.

Once the First Level Borrower Principal has been identified, the term Pass-Through Entity Borrower Principal is no longer relevant since a Pass-Through Entity Borrower Principal must always be prior to the First Level Borrower Principal on the Organizational Chart.

A Pass-Through Entity Borrower Principal is not required to submit a Complete Borrower/Borrower Principal Due Diligence Package, but must be disclosed on the Organizational Chart 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.

PC; Participation Certificate

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

PLIM

A preliminary legal issues memorandum, as provided in Section 6.4.

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 the definition for Life Safety Hazard.

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,
• 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 means 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.

**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.
PRS

Property Reporting System, as provided in 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.

Purchase Contract

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

1. Purchase agreement
2. Letter of Commitment (as it may be amended) fully accepted by the Seller
3. Early rate-lock application (as modified or adjusted) fully accepted by Freddie Mac
4. Other offer by Freddie Mac to purchase, fully accepted by the Seller
5. Other offer by Seller to sell, fully accepted by Freddie Mac

Purchase Contract Date of Acceptance

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

Purchase and Servicing Documents

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

1. The Purchase Contract, including all Exhibits
2. The separate Servicing Agreement, if any
3. The official version of the Guide
4. Any agreement pursuant to which a Seller or affiliate of a Seller provides a guaranty or any form of credit enhancement in connection with the sale of Mortgages to Freddie Mac
5. Additionally, for Delegated TAH Mortgages, the Seller/Servicer’s Delegated TAH Master Agreement and the TAH Guide in effect at the time of underwriting
6. Any Servicing transaction approval issued by Freddie Mac to a Servicer
The Guide and all of its terms are incorporated by reference into, and constitute part of, each Purchase Contract. A Seller must sell Mortgages in accordance with the terms of each Purchase Contract entered into between the Seller and Freddie Mac.

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

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

**Quote**

A Quote is Freddie Mac's statement of proposed Mortgage terms which may include the maximum Mortgage amount, an indication spread of the Mortgage interest rate above the yield on certain U.S. Treasury securities, term, amortization period and prepayment terms. A Quote does not require the Seller to submit a full underwriting package, nor does it bind Freddie Mac to purchase a Mortgage. A Quote may be provided in writing or orally.

**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 means 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 (REO) is property acquired through foreclosure or deed in lieu of foreclosure.

**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.
Repair Reserve

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

Replacement Reserve

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

Required Borrower Principal

Required Borrower Principal means

- Any person or entity that is a First Level Borrower Principal or Final Level Borrower Principal of the Borrower
- Any person or entity that is signing the Guaranty, regardless of where the individual or entity appears on the organizational chart
- Any person or entity which has the right to acquire the Control of the Borrower through a buy-sell agreement, preferred equity Control take-over or similar agreement
- Any Master Tenant operator of the Property which (i) secures a Shariah compliant loan, (ii) secures a Delaware Statutory Trust loan or (iii) is subject to another master lease structure
- At the request of Freddie Mac, in Freddie Mac’s discretion, any Borrower Principal that does not meet the criteria set forth above but who is determined by Freddie Mac to be a Required Borrower Principal

A Required Borrower Principal must submit a Complete Borrower/Borrower Principal Due Diligence Package.

Required Net Yield

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

Reserve

Reserve means 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 (Restricted MAE)

As further defined in Chapter 9SBL, a Borrower that satisfies each of the following requirements:
• 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.

• It 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.

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.

Securitization

Securitization means the transaction in which the Note for a Mortgage is assigned to a REMIC (Real Estate Mortgage Investment Conduit) or grantor trust.

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 from the Seller/Servicer to make a loan to the Borrower secured by the Property and to be sold to Freddie Mac.

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.

Servicing Spread

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 (SAE)

A Borrower that is structured so that it satisfies the following requirements:

- 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.

- It 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 (SPE)

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

SPE Equity Owner

An SPE Equity Owner means 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.

**Subordinate Financing**

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

**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, selling, or Servicing of a Freddie Mac Mortgage.

**TAH 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.

**TEL**

A TEL is a tax-exempt loan originated under Chapter 25 or Chapter 25A.

**Transfer of Ownership**

For the purposes of Chapter 41, Transfers of Ownership and Chapter 41SBL, SBL Transfers of Ownership means 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.

**Web Negative News Searches**

Web Negative News Searches are search engine reviews that are performed on the Property, Borrower, Borrower Principals and Non-U.S. Equity Holders 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 (WAC) 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 WAC is conclusive.

**Weighted-Average Remaining Maturity**

The Weighted-Average Remaining Maturity (WARM) 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 WARM is conclusive.

**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.