

Organizational Chart Guidance

Organizational Charts must be submitted for each of the following:

- Borrower
- Guarantor not included in the ownership structure of the Borrower (whether or not the Guarantor is under common control with Borrower)
- Operator under an operating lease for a Seniors Housing Loan
- Master Tenant in a master lease structure, including for Shariah compliant loans, reverse 1031 exchanges and Delaware Statutory Trust loans

Note: Each of the entities above is referred to in this Guidance as an “Org Chart Party”

An executed Certification Organizational Chart, Form 1114 (Certification) must be attached to each Organizational Chart.

Seller/Servicer’s Counsel must review each Organizational Chart before it is submitted to Freddie Mac Underwriting.

If the organizational structure changes after submission of the underwriting package, an updated Organizational Chart and Certification must be provided to Freddie Mac Underwriting and Freddie Mac Multifamily Legal.

Organizational Chart General Requirements

- Be legible
- Identify the full legal name of every individual or entity on the Organizational Chart (initials and punctuation must be accurate)
- Include the direct ownership interest percentage of each owner
- Include the indirect ownership interest percentage in the Org Chart Party of each individual or entity
- Include the aggregate indirect ownership interest in the Org Chart Party of every individual or entity (the final level of indirect ownership must total 100%)
- Include the state/country of formation for all entities
- Include the country of citizenship for non-U.S. individuals or state “U.S. individual”
- Not include any EIN or social security numbers

Parties That Must Be Included

The Organizational Chart must include the following:

- Every U.S. individual or entity with a 25% or greater aggregate direct or indirect ownership interest in an Org Chart Party
- Every non-U.S. individual or entity with a 10% or greater aggregate direct or indirect ownership interest in an Org Chart Party (“Non-U.S. Equity Holder”)
- Every individual or entity that has the power to directly or indirectly control an Org Chart Party, regardless of the amount of equity that individual or entity directly or indirectly owns in an Org Chart Party (e.g., general partners, managing members, non-member managers, managers on a board of managers, trustee of an irrevocable trust, and settlor/trustee of a living trust/revocable trust)
- Every individual or entity that has the power to directly or indirectly control an equity holder that has requested a pre-approved transfer (e.g., buy/sell rider)
- Each guarantor and its organizational structure, regardless of the amount of equity that the guarantor owns (including every individual or entity that has the power to directly or indirectly control guarantor)

- Each settlor/trustee of a living trust/revocable trust and each trustee of an irrevocable trust that is either a Non-U.S. Equity Holder or U.S. individual or entity with a 25% or greater aggregate direct or indirect ownership interest in Borrower
- Each beneficiary of an irrevocable trust that is either a Non-U.S. Equity Holder or U.S. individual or entity with a 25% or greater aggregate direct or indirect ownership interest in an Org Chart Party

Other than as required above, U.S. individuals or entities with less than a 25% aggregate direct or indirect ownership interest in an Org Chart Party and non-U.S. individuals or entities that are not Non-U.S. Equity Holders may be excluded from the Organizational Chart as long as a notation on the Organizational Chart states that there are no individuals or entities excluded from the Organizational Chart which are either Non-U.S. Equity Holders or own a 25% or greater aggregate direct or indirect ownership interest in an Org Chart Party.

When is the Organizational Chart Finished?

The Organizational Chart must continue until it reaches one of the following in each branch of ownership:

- An individual
- A U.S. publicly traded entity listed on a domestic stock exchange or whose shares are available for purchase by the public in the over-the-counter market in the U.S., unless (1) there is a non-U.S. Equity Holder or a U.S. individual or entity that has a 25% or greater interest in such entity, and (2) the U.S. publicly traded entity exercises control over the purchase and sale of its publicly traded securities to investors
- U.S. public pension fund
- The settlor/trustee of a revocable trust

Note: A private fund, REIT, or irrevocable trust cannot be the final level.

Roles

The Organizational Chart must include the following roles:

- The role of each entity and individual, with an emphasis on management and control (e.g., each entity must be identified as a limited partner, general partner, managing member, non-managing member, non-member manager, trustee, etc.)
- Guarantor(s)
- If an entity that directly or indirectly controls an Org Chart Party is managed by a board of managers, (1) all the board members must be identified, and (2) the individuals or entities that have the right to appoint the board members must be identified
- If an entity that directly or indirectly controls an Org Chart Party is a private corporation, private REIT, or other private entity with a board of directors, (1) all the members of the board of directors must be identified, and (2) the individuals or entities that have the right to appoint the board of directors must be identified
- Any other individual that is responsible for making decisions for an Org Chart Party or indirectly controls an Org Chart Party
- The settlor/trustee of a living trust/revocable trust
- Any beneficiary of an irrevocable trust that has a 25% or greater aggregate direct or indirect ownership interest in an Org Chart Party or is a Non-U.S. Equity Holder