

Bulletin

NUMBER: M2022-1

TO: Freddie Mac Multifamily Sellers and Servicers
February 17, 2022



SUBJECTS

In the February 17, 2022 Guide Bulletin, we are updating the Guide as follows:

Diverse Borrowers

- Updating definitions for [Diverse Borrowers](#)

Rent registration

- Removing proof of registration requirements for [Properties subject to rent control/stabilization](#), except for Properties in New York State

TAH Forward Commitment Conversions

- Updating our [TAH Forward Commitment Conversion](#) requirements for Properties subject to rent and income restrictions

SBL Borrower Principal with Control

- Updating [SBL Borrower Principal](#) with Control requirements

SBL cash collateral fee

- Adding a cash collateral fee of \$50,000 for new [SBL Seller/Servicers](#) that satisfy the \$5 million SBL collateral requirement with cash

Manufactured Housing Communities (MHC) Mortgages

- Removing the rebate for third party reports for [MHC Mortgages](#) with MHC Tenant Protections

Commercial and other nonresidential lease

- Clarifying our [rent comparable analysis and external inspection](#) requirements for nonresidential leases

Mandatory Delivery Date

- Reducing the [Mandatory Delivery Date](#) from 30 days to 25 days from Rate Lock

Annual certification process

- [Notifying Seller/Servicers of recent updates](#) made to Forms 16M, 17M and 1110M in the Multifamily Eligibility System (MES)

Additional Guide updates and housekeeping items

- [Updating several Guide sections](#) as part of our annual review of the Guide

EFFECTIVE DATES

All revisions announced by this Bulletin are effective immediately.

GUIDE UPDATES SPREADSHEET

For a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond, access the Guide Updates Spreadsheet for this Bulletin posted at <https://mf.freddiemac.com/lenders/guide/bulletins.html>.



CONCLUSION

More details on these changes are provided on the pages that follow. Guide text additions made in this Bulletin are color-coded in green on AllRegs. If you have any questions about this Bulletin, please call your Freddie Mac representative.

Sincerely,

B. Stephen Lansbury
Senior Vice President
Multifamily Underwriting and Credit

Leanne C. Spies
Senior Vice President
Multifamily Asset Management and Operations



Diverse Borrowers

As part of our continued commitment to promote multifamily business with diverse Borrowers and to better align with the Equal Credit Opportunity Act (ECOA), we are updating the Glossary definitions for Diverse Borrowers, LGBTQ+ and Minority-Owned Businesses.

Rent registration

Seller/Service providers are no longer required to provide proof of registration for any Properties subject to rent control/stabilization except for Properties located in New York State. Freddie Mac may, however, still require proof of registration in other States if deemed necessary.

We are updating Sections 55.2, 55SBL.2, and Exhibit 1.2, Small Balance Loan Underwriting Checklist, to reflect this change.

TAH Forward Commitment Conversions

To reflect current best practices and industry volume, we are updating our TAH Forward Commitment Conversion requirements for Properties subject to rent and income restrictions. Previously, all Properties had to have stabilized occupancy at 85% for 90 consecutive days. We are now requiring Properties with units that are 100% subject to rent and income restrictions to have stabilized occupancy at 85% for *one month* prior to Conversion and Freddie Mac's underwriters must be able to confirm the maintained 85% stabilized occupancy during underwriting. For conversion packages that are not 100% rent and income restricted, the 85% stabilized occupancy must be achieved three months prior to Conversion.

We are updating Sections 19A.15(b), 25A.14(b) and 28A.14(b) to reflect these changes.

SBL Borrower Principals with Control

We are updating Section 9SBL.2(c) to state that at least one Borrower Principal with Control of the Borrower must meet the minimum experience requirements at the time of the "as of date" of the Form 1116, Seller Application, or submission of the full underwriting package.

SBL cash collateral fee

We are updating Section 46SBL.2(a) to add a cash collateral fee of \$50,000 for new SBL Seller/Service providers that satisfy the \$5 million SBL collateral requirement with cash. The fee is non-refundable; however, the fee will be returned to the Seller if the Seller subsequently decides to satisfy the collateral requirement with a letter of credit instead and the change to a letter of credit is made:

- Prior to the establishment of the SBL Cash Collateral Account, and
- Within 30 days after the Seller's approval as an SBL Seller/Service provider

Manufactured Housing Communities (MHC) Tenant Protections Third-Party Reports rebate

Effective for Mortgages with MHC Tenant Protections that went under Seller Application on and after January 3, 2022, we are removing the Borrower rebate for Third Party Reports.

We are updating Sections 22.2(p), 55.2, and Exhibit 1.1, Conventional Underwriting Checklist, to reflect these changes.



Commercial and other nonresidential leases

We are clarifying that nonresidential leases that are not traditional commercial spaces must undergo the same rent comparable analysis as traditional commercial spaces. Also, inspections completed by appraisers and property condition consultants must include all external areas subject to nonresidential leases, if accessible.

We are updating Sections 60.12(b), 60.19, 62.5(a) and 62SBL.5(a) to reflect these changes.

Mandatory Delivery Date

To decrease cycle times and maintain competitive pricing, we are reducing the Mandatory Delivery Date from 30 days to 25 days from Rate Lock for conventional and other products. For standard delivery executions and Forward Commitments, the Mandatory Delivery Date will be specified in the Confirmation Sheet. For early rate lock executions, we are updating Section 27.18 to reflect that the Mandatory Delivery Date is the earlier of the time frame included in the early rate lock application or 25 days. This change is effective for loans rate locked on or after February 14, 2022; it will not impact loans rate-locked before February 14, 2022.

Annual certification process

Freddie Mac relies on the annual certification reports to provide a snapshot of the status of our Seller/Serviceicers and Serviceicers, and their ability to continue doing business with Freddie Mac. For Seller/Serviceicers and Serviceicers with a fiscal year ending on December 31, 2021, the following forms will be due to Freddie Mac on March 31, 2022:

- Form 16M, Multifamily Annual Certification Report
- Form 17M, Multifamily Annual Certification Report – Structured Transaction & Tax-Exempt Bond Seller/Serviceicers
- Form 1110M, Multifamily Annual Certification Report – Serviceicer Only

In January 2022, we made the following revisions on Forms 16M, 17M and 1110M in the Multifamily Eligibility System (MES):

- Removed the section requesting names of servicing vendors used
- Added a section regarding security breach notifications
- Added a section regarding Borrower certifications
- Revised questions in the OFAC, FHFA Suspended Counterparty Program (SCP) and anti-money laundering compliance section
- Added a statement on the certification page regarding the establishment and annual review of the Seller/Serviceicers' internal information security policies

Direct any questions related to these changes to the Eligibility team at multifamily_eligibility@freddiemac.com.

Additional Guide updates and housekeeping items

As a result of an annual review of the Guide, we are updating the following:

- Section 5.2(c) to add a note that Freddie Mac does not require Seller/Serviceicers to retain an original of any document required to be delivered electronically to Freddie Mac
- Section 8SBL.5 to specify that 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
- Chapter 9's title to Borrower/Borrower Principal Fundamentals

- Chapter 10's title to Fundamentals of Mortgages, Mortgage Origination and Credit Underwriting

Additionally, we are:

- Updating Exhibits 1.31, Targeted Affordable Housing Cash Mortgage Conversion Underwriting Checklist, and 1.33, Targeted Affordable Housing Bond Credit Enhancement Mortgage Conversion Underwriting Checklist, to add the Flood Zone Determination as it is required for Conversions
- For consistency, replacing the Glossary term "Adjustment Letter" with "Acceptance Letter"
- Adding links in the Guide chapters to referenced documents and web pages on mf.freddiemac.com.