

Bulletin

NUMBER: M2024-1

TO: Freddie Mac Multifamily Sellers and Servicers
February 22, 2024



SUBJECTS

In the February 22, 2024 Guide Bulletin, we are updating the Guide as follows:

Originating and underwriting

- Revising our [lawful permanent resident eligibility requirements](#)
- Permitting Seller/Servicers and their affiliates as [Preferred Equity providers](#)

Servicing and asset management

- Updating our [Notice of Default and Reservation of Rights Letter requirements](#)

Insurance

- Increasing the [maximum deductibles](#) for insurance covered by a Specific Insurance Limit
- Updating our requirements for [property damage \(All-Risk\) insurance](#)

Seller/Servicer eligibility

- Updating our [Annual Certification Reports](#)

Additional Guide updates and housekeeping items

- Clarifying our [representations and warranties requirements](#)
- Clarifying our [Targeted Affordable Housing \(TAH\) Forward Commitment requirements](#)
- Replacing references to Freddie Mac Customer Compliance Management with [Counterparty Risk & Compliance in Guide forms](#)

EFFECTIVE DATES

All revisions announced by this Bulletin are effective immediately unless otherwise noted below.

GUIDE UPDATES SPREADSHEET AND REDLINED GUIDE CHAPTER CHANGES

Visit <https://mf.freddiemac.com/lenders/guide/bulletins.html> for the following resources to this Bulletin:

- **Appendix A to February 22, 2024, Guide Updates Spreadsheet** – a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond
- **New resource: Appendix B to February 22, 2024, Redlined Guide Chapter Changes** – a PDF showing the redlined changes announced in this Bulletin to each revised Guide chapter, Glossary and Directory

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,

Ian Ouwerkerk
Senior Vice President
Multifamily Underwriting and Credit



Erlita Shively
Vice President
Multifamily Counterparty Risk Management



Originating and underwriting

Lawful permanent resident eligibility requirements

In alignment with our requirements for SBL Mortgages, we are updating the Guide to require that lawful permanent residents be treated the same as U.S. citizens for the purposes of being a Guarantor and in determining whether the Guarantor is considered a Foreign Guarantor. Additionally, only the Borrower is required to be a U.S. entity.

We are updating Sections 9.2(a), 9.11, 9SBL.2(c) and (e), and the Glossary to reflect this change.

Preferred Equity investment provided by Seller/Serviceers

We are allowing Seller/Serviceers or their affiliates to be considered acceptable Preferred Equity providers for non-SBL Mortgages subject to the requirements in Section 2.25, including that:

- The Transfer of Servicing must occur on or prior to purchase
- Property inspections and lease audits may not be delegated to Seller/Serviceers
- The appraisal firm may not be affiliated with the Seller/Serviceer

Servicing and asset management

Notice of Default and Reservation of Rights Letter

We are updating the Guide to require that Serviceers use the recently [announced Notice of Default and Reservation of Rights \(Conventional\)](#) and the [Notice of Default and Reservation of Rights \(SBL\)](#) forms, as applicable, to notify Borrowers of the following types of defaults and requirements for Borrowers to cure the defaults within a stated time frame:

- Payment defaults
- Non-payment of taxes/insurance premiums
- Property condition issues
- Other monetary defaults

We are updating Sections 39.4(b), 39.5(a) and 40.7(d) to reflect this change.

Insurance

Maximum deductible for insurance covered by a Specific Insurance Limit

We are updating our insurance requirements to increase the maximum deductible from \$75,000 to \$100,000 per occurrence for the following insurance covered by a Specific Insurance Limit for Properties with Replacement Cost Values above \$10 million:

- Windstorm insurance wind/hail coverage
- Windstorm insurance Named Storm coverage
- Boiler and Machinery insurance
- Builder's Risk insurance
- Localized perils insurance



We are updating Sections 31.7(b) and (d), 31.10, 31.11 and 31.14 to reflect this change.

Property damage (All-Risk) insurance coverage

We are updating our requirements for property damage (All-Risk) insurance in Section 31.5 to allow coverage for roof coverings on an Actual Cash Value basis, as is now defined in Section 31.1(d).

We are updating Sections 31.1(d), 31.5, 31.10 and 31.14 to reflect this change.

Seller/Serviceicer eligibility

Annual Certification Reports

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, 2023, the following forms will be due to Freddie Mac by March 30, 2024:

- [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 2024, we made the following revisions on Forms [16M](#), [17M](#) and [1110M](#) in the Multifamily Eligibility System (MES):

- Removed the section regarding Borrower certifications
- Added a section regarding consumer protection and fair lending laws and regulations ([Form 16M](#) only)
- Revised questions in the OFAC, FHFA Suspended Counterparty Program (SCP) and anti-money laundering compliance section

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

Additional Guide updates and housekeeping items

Seller/Serviceicer representations and warranties

We are updating Section 5.2(a) to clarify our rent schedule or rent roll representations and warranties to require that any rent schedule or rent roll delivered to Freddie Mac must accurately state the numbers of units, beds, and/or pad sites, as applicable, so that it better addresses different property types such as Manufactured Housing Communities or Seniors Housing.

Targeted Affordable Housing (TAH) Forward Commitments

We are clarifying our Conditions to Conversion for all TAH Forward Commitment Mortgages regarding updates on material litigation and calculation of any Additional Actual Loan Amount.

We are updating Sections 19A.12(d), 25A.7(a), 25A.8(b) and the Glossary to reflect these changes.



Freddie Mac contact update: Counterparty Risk & Compliance

As previously [announced](#), we updated the Guide to reflect the Customer Compliance Management team's new name, Counterparty Risk & Compliance. We are now updating [Form 981M, *Transfer of Servicing Agreement*](#), [Form 988M, *Multifamily Certificate of Authorized Representative*](#), [Form 989M, *Multifamily Certificate of Corporate Secretary*](#), and [Form 990M, *Certificate of Limited Liability Company Secretary/Authorized Representative*](#), to reflect this change.