

Bulletin

NUMBER: M2025-1

TO: Freddie Mac Multifamily Sellers and Servicers
February 27, 2025



SUBJECTS

In the February 27, 2025 Guide Bulletin, we are updating the Guide as follows:

Originating and underwriting

- Updating our [Key Borrower Principal due diligence](#) requirements
- Updating [Form 1116, Real Estate Schedule](#)
- Updating our [annual servicing inspection report](#) requirements
- Revising our [TAH construction documentation](#) for Forward Commitments requirements

Appraisers and Appraisals

- Updating certain requirements for [appraisers and Appraisals](#)

Insurance

- Adding [Borrower insurance compliance requirements for Transfers of Ownership](#)
- Updating our [flood insurance](#) requirements
- Clarifying requirements for [general liability insurance](#)

General Freddie Mac policies

- Adding a [Potential Fraud Tip Reporting](#) form
- Updating our requirements for Seller/Servicers with [broker/correspondent relationships](#)
- Updating our [Adverse Action Notice](#) requirements
- Updating certain [SBL Single Counsel](#) requirements

Additional Guide updates and housekeeping items

- Updating our [unsubordinated ground lease](#) requirements
- Adding [Nonstandard Processing Fee](#) requirements to the Guide
- Clarifying our [Preservation Rehabilitation loans](#) requirements
- Updating certain Freddie Mac [contact information](#)
- Notifying Seller/Servicers of our recent [Loan Document updates](#)
- Notifying Seller/Servicers of our new [Guide Resources Overview](#) training

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 27, 2025, Guide Updates Spreadsheet** – a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond
- **Appendix B to February 27, 2025, 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

Key Borrower Principal due diligence

We are updating the Guide to require enhanced due diligence for any Key Borrower Principal with Ultimate Control or Guarantor who meet the following criteria of Rapid Growth Sponsor:

- Controls at least 15 multifamily properties where at least 50% of those properties were acquired within the past three years.
- Note: A Key Borrower Principal will not be considered a Rapid Growth Sponsor if the Key Borrower Principal's Ultimate Control, if applicable, provides appropriate supporting documentation evidencing that such Ultimate Control does not meet the above conditions.

Additionally, we are updating our due diligence requirements for those meeting the criteria of First-Time Sponsor, Limited Multifamily Experience Sponsor or Rapid Growth Sponsor as follows:

- Requiring that verification of ownership of assets listed on [Form 1116, Real Estate Schedule](#), be based on a sample approach capped at 10 assets (five assets for SBL) with primary consideration for multifamily properties in which the Key Borrower Principal has Control. The Seller/Servicer may not modify the sample due to insufficient information or discrepancies. If a majority of the assets listed on the Key Borrower Principal's [Form 1116](#) are non-multifamily assets, then the verification should include a representative sample of those assets as well.
- Requiring that the Liquidity determination be based on bank or brokerage statements and that these statements support the Liquidity represented in the certified financial statement. This will be used to measure against any liquidity thresholds required by the Guide. Material deviations require an explanation, acceptable to Freddie Mac, which must be included in the Mortgage Transaction Narrative Analysis.
- Requiring that for acquisitions, the verified Liquidity will be assessed against the funds needed to close (purchase price plus closing costs). If Liquidity is determined to be insufficient, the Seller must provide a detailed explanation of the source of funds necessary to close as well as additional documentation as required by Freddie Mac.

We are updating Section 9.2(d), 9SBL.2(c) and (d), 11.6(a, b and c), 55.2, 55SBL.2, the Glossary, [Form 1116, Real Estate Schedule](#), [Interactive Conventional and TAH Cash Underwriting Checklist](#) and [SBL Dynamic Underwriting Checklist](#) to reflect these changes.

Form 1116, Real Estate Schedule

We are updating [Form 1116, Real Estate Schedule](#), to capture additional information and add a “playground area” for further analysis and sensitivity testing of Loan-to-Value (LTV) and Debt Coverage Ratio (DCR) calculations. Adoption of [Form 1116](#) is recommended for all transactions as soon as possible but alternatives (preferably in Excel format) will continue to be accepted provided they are acceptable to Freddie Mac.

Annual servicing inspection report

We are updating the property inspection documentation requirements in Section 55.2 to require that under either of the following conditions, the Seller must provide the most recent annual servicing inspection report if



such inspection report is not already present in Document Management System (DMS) for the existing Mortgage:

- A refinance Mortgage where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage, or
- A Supplemental Mortgage where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage

We are additionally updating multiple checklists and exhibits to reflect this change. Refer to the Guide Updates Spreadsheet for this Bulletin posted at <https://mf.freddiemac.com/lenders/guide/bulletins.html> for details.

TAH construction documentation for Forward Commitments

We are updating certain construction documentation requirements as follows:

- No longer requiring Seller/Servicers to provide final plans, specifications, and the executed construction contract
- For consistency with our other Forward Commitment construction documentation requirements for TAH Cash and Bond Credit Enhancements, we are updating our Tax-Exempt Loan requirements in Section 25A.1(e) to require Seller/Servicers to submit a pre-construction analysis report and a narrative summary from the Chief Architect/Engineer
- Moving requirements for the Chief Architect/Engineer's narrative summary from Section 55.2 to Section 63.3(c)

Sections 19A.1(c), 25A.1(e), 28A.1(e), 55.2, 63.3(c), Exhibits [1.30, Targeted Affordable Housing Cash Mortgage Forward Commitment Full Underwriting Checklist](#), and [1.32, Targeted Affordable Housing Bond Credit Enhancement Mortgage and Tax-Exempt Loan Forward Commitment Underwriting Checklist](#), have been updated to reflect these changes.

Appraisers and Appraisals

We are updating the Guide as follows:

- Requiring Seller/Servicers to complete all Freddie Mac required Appraisal training, as noted in the [Additional Appraisal Requirements Memorandum](#). The first required training must be completed by **June 2, 2025**.
- Effective for Mortgage loans under Seller Application on or after **June 2, 2025** and for conversion packages delivered on or after **June 2, 2025** that require an updated Appraisal, we are:
 - Updating our scope of work requirements in Section 60.5(b) to require the following to be completed:
 1. The final selection and adjustments of land, rent, expense and sales comparables
 2. The final development of the appraiser's proforma and capitalization rate selection in the Income Approach



3. The final reconciliation and value conclusion

- Requiring an Appraisal Revision Summary be provided detailing the changes between the initial appraisal submitted to the Seller/Servicer and the appraisal submitted to Freddie Mac, if the changes meet the requirements detailed in Section 60.10. The Appraisal Revision Summary must also be completed to detail changes made between the appraisal submitted to Freddie Mac and final accepted appraisal by Freddie Mac, if the changes meet the requirements detailed in Section 60.10.
- Effective **June 2, 2025**, requiring Seller/Servicers to ensure that the appraisal firms engaged have procedures and proper controls in place to protect Electronic Signatures

Review the Appraisals [web page](#) for additional resources.

Insurance

Transfers of Ownership

We are creating new Section 31.19(b) for documentation of Borrower insurance compliance for Transfers of Ownership. Seller/Servicers must complete the [Seller/Servicer Certification of Insurance Coverage Form \(Assumption Form 1133\)](#), to document the insurance coverage that is or will be in place on the Transfer of Ownership closing date. If any aspect of the Borrower's insurance coverage does not comply with the Guide and a waiver is recommended, the Seller/Servicer must note the noncompliance on [Assumption Form 1133](#) and submit a waiver request via the Insurance Compliance Tool (ICT) for review and approval. The form and waiver records uploaded via ICT must include evidence of insurance and supporting documents.

Flood insurance

We are updating Section 31.8 to clarify that Seller/Servicers must:

- Retain a copy of the [FEMA Standard Flood Hazard Determination Form \(SFHDF\)](#) and a signed Notice to Borrower of Special Flood Hazard and Federal Assistance regarding special flood hazards and federal assistance in the Mortgage File
- Include a summary of estimated building and business income/rental value coverage amounts required for each building located in a SFHA as an attachment in the ICT record

General liability insurance

We are updating Section 31.16 to clarify that Commercial General Liability (CGL) insurance policies must not include exclusions for claims related to assault and battery, molestation, sexual abuse, animal attacks, or firearms. Note that this clarification is not a new requirement; it is reflective of insurers excluding coverage for such claims that have for decades been covered under the Bodily Injury provisions of the CGL policies.

General Freddie Mac policies

Potential Fraud Tip Reporting

As previously [announced](#), we are updating Section 7.2(b) to require that the new [Form 1129, Potential Fraud Tip Reporting](#), be used for reporting to the [Multifamily Fraud Investigation Unit](#). Seller/Servicer's must fill out [Form 1129](#) and email it to MF_Mortgage_Fraud_Reporting@freddiemac.com within One Business Day after discovery of information identified in Section 7.2(a).



Broker/correspondent relationships

We are updating Section 3.15(c) to require Seller/Servicers to disclose the terms of broker/correspondent agreements upon request. These agreements will not be subject to Freddie Mac approval.

We are additionally updating Section 3.15(c) to clarify that:

- SBL Seller/Servicers must complete the Lender Fee Certification tab in PMT
- Broker/correspondent firms may not portray themselves as Freddie Mac Seller/Servicers and may not use Freddie Mac logos, product identifiers, etc. without prior written permission

Adverse Action Notices

If the Seller declines a Mortgage application or if the Mortgage application is incomplete or if the Servicer declines a post-closing extension of credit request (e.g., a Transfer of Ownership/Assumption; refer to the [FAQs on Adverse Action Notices](#) for the entire list), the Seller/Servicer, as Mortgage originator and/or Servicer, must comply with all applicable laws, rules and regulations, including the Equal Credit Opportunity Act and Fair Credit Reporting Act.

We are updating Section 10.13(b) and the Glossary to clarify Seller/Servicer obligations to issue the Borrower an Adverse Action Notice within 30 calendar days if:

- Freddie Mac declines to purchase a new Mortgage loan or declines a post-closing extension of credit request, and
- For loan originations, the Borrower does not accept the Seller's quote from another institution offering similar credit terms

Additionally, effective **April 1, 2025**, the Seller/Servicer must upload into DMS in the Adverse Action Notices folder within five Business Days following issuance of the Adverse Action Notice to the Borrower:

- A copy of a written Adverse Action Notice and evidence that the Seller/Servicer issued it to the Borrower (e.g., email, certified mail receipt, courier receipt, etc.); or
- A written statement detailing the date that the Seller/Servicer issued an oral Adverse Action Notice to the Borrower to inform them of the application denial; including a statement that that all ECOA required information was conveyed to the Borrower or
- For loan originations, a written statement detailing that the Seller did not issue an Adverse Action Notice because the Borrower accepted the Seller's quote from another institution offering similar credit terms. The statement must include that date that Seller/Servicer was informed that the Borrower accepted another quote.

Seller/Servicer System Administrators should complete a [Document Management System New User Setup, Reactivation, Modification and Deactivation Form](#) to add users to the FM CCM site for uploading copies of the Adverse Action Notices. There is an option to add users only to the new Adverse Actions Notices view.

Review our [FAQs on Adverse Action Notices](#) for more information.



SBL Single Counsel

We are updating the Guide to address the SBL Single Counsel selection requirements and defining the SBL Origination Single Counsel List and the SBL Servicing Single Counsel List and to remove inapplicable provisions. We are also addressing the requirements and process for adjustment of SBL Single Counsel fees on SBL Mortgage origination transactions.

We are updating Sections 6SBL.1 through 6SBL.4 to reflect these changes.

Additional Guide updates and housekeeping items

Unsubordinated ground leases

We are updating Section 30.4 to clarify that a ground lease may be unsubordinated to the Mortgage only if the Ground Lessor is not an Affiliate of the Borrower.

We are additionally updating Section 30.2 and the Glossary to reflect this change.

Nonstandard processing fees

We are updating the Guide to include a Nonstandard Processing Fee category for certain bespoke fees in Freddie Mac's loan documents that Borrowers have agreed to pay but do not fit existing fee categories. When the Servicer must charge the Borrower this fee, the Servicer must remit 50 percent to Freddie Mac and may retain the remaining 50 percent.

We are creating new Section 43.35 and updating [Exhibit 10, Lender Review, Processing and Consent Fee Schedule](#), to reflect this change.

Preservation Rehabilitation loans

We are updating Section 19.2(e) to clarify that the Rehabilitation Reserve or letter of credit for Preservation Rehabilitation loans must be sized to equal the post-rehabilitation portion of the Mortgage.

Freddie Mac contact information

We are updating outdated Freddie Mac contact information in Sections 1.3(c) and 2.14(i).

Requests to reproduce the Guide

Requests for permission to reproduce the Guide must be sent to MF_Guide_Team@freddiemac.com. Freddie Mac will review and answer requests in the ordinary course of business.

System Administrators

As a reminder, Seller/Servicers must add, update or remove access for system administrators by submitting [Form 1146, System Administrator Add/Update/Remove Request Form](#), following the directions found on the form.

Recent Loan Document updates

On February 25, 2025, we posted Loan Document updates to our Loan Documents web [page](#) for the following forms:

- Conventional and Targeted Affordable Housing (TAH) Cash Immediate & Unfunded Forward Documents
- Small Balance Loan (SBL) Documents



- Seniors Documents

For the applicable form and version of each Loan Document, please refer to the Currently Acceptable Multifamily Loan Documents list or, for SBL Mortgages, the Currently Acceptable Multifamily Loan Documents – SBL list, both available at mf.freddiemac.com/lenders/legal.

Guide Resources Overview

We have created a short Guide Resources [microlearning](#) on Optigo Academy to highlight the Guide resources we offer and how to access Guide materials. Email the [Guide team](#) if there are any other trainings or resources you would like to see.