



Bulletin

NUMBER: M2019-1

TO: Freddie Mac Multifamily Sellers and Servicers

February 28, 2019

SUBJECTS

In the February 28, 2019 Guide Bulletin, we are:

- Revising our requirements for Green Advantage[®] offerings
- Incorporating standard terms from our Multifamily Loan Commitment and Early Rate-Lock Application into the Guide
- Permitting deferral of the collection of Reserves for insurance premiums for certain Supplemental Mortgages
- Adding criteria to indicate when a Special Moisture and Mold Inspection or Increased Scrutiny for Moisture and Mold will be required for Properties that do not have a Moisture Management Plan (MMP) in place
- Updating our qualifications for consultants that perform Special Moisture and Mold Inspections
- Permitting Seller/Servicers to submit an SBL Appraisal that is exempt from the 50-page length limitation under limited circumstances

Effective dates

All revisions announced by this Bulletin are effective immediately.

Conclusion

More details on these changes are provided on the pages that follow. Guide text for the changes announced in this Bulletin is highlighted 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 Spies
Senior Vice President
Multifamily Asset Management and Operations

Revisions to our Green Advantage[®] offerings

We are incorporating our revised requirements for Green Up[®] and Green Up Plus[®] loans into the Guide as follows:

- Increasing the projected minimum energy and water consumption savings from Green Improvements to 30 percent based on whole building consumption, provided that a minimum 15 percent of savings be in energy consumption
- Requiring Borrowers to retain a third-party Benchmarking Data Consultant for the life of the loan that is qualified to collect, input and monitor the Property's Benchmarking Data regarding current energy and water usage. The Benchmarking Data Consultant is responsible for entering Benchmarking Data into Portfolio Manager[®]

Sections 24.3, 39.10, and 65.2 have been modified to reflect these changes. We are also revising the Glossary to add the definition for Benchmarking Data Consultant and to update the definition for Benchmarking Data.

We are adding the requirements that must be met for Freddie Mac to consent to C-PACE financing

Incorporating standard terms from the Multifamily Loan Commitment and Early Rate-Lock Application into the Guide

We are simplifying the Commitment and Early Rate-Lock Application process by incorporating some of the standard terms from Exhibit A and Exhibit B into Section 27.4. We recommend that Seller/Servicers read the revised Section in its entirety.

Deferral of collection of Reserves for insurance premiums for certain Supplemental Mortgages

We are revising Section 39.2(a)(2) to reflect that the collection of Reserves for insurance premiums on Supplemental Mortgages may be deferred if:

- The Loan Documents for the most senior Mortgage explicitly provide for continued deferral of Reserve deposits following origination of a Supplemental Mortgage (for items other than insurance)
- The Loan Documents for the most senior Mortgage explicitly provide for the continued deferral of Reserve deposits for insurance because the Mortgaged Property was covered under a Blanket Insurance policy or a master insurance policy, and
- Under the Supplemental Mortgage, the Mortgaged Property will continue to be covered under a Blanket Insurance policy or a master insurance policy.

We have also eliminated the debt service coverage and loan-to-value ratio provision that allowed continued deferral of the Reserves for insurance premiums, along with the Reserves for property taxes and Replacement Reserves, on Supplemental Mortgages.

Inspection Requirements for Moisture and Mold

We will no longer automatically require an Increased Scrutiny Moisture and Mold Inspection for a Property that does not have a Moisture Management Plan (MMP) in place. Rather, we are adding specific criteria to Sections 8.3(b), and 8.3(c) to indicate when a Special Moisture and Mold Inspection or Increased Scrutiny for Moisture and Mold will be required for such Properties.

We are also revising Section 40.7(e) to update our qualifications for consultants that perform Special Moisture and Mold Inspections.

Waiver of the 50-page length limit for SBL Appraisals

We are permitting Seller/Serviceers to submit an SBL Appraisal that is exempt from the 50-page length limitation under limited circumstances, such as when:

- The Property is located in a tertiary market which requires additional discussion by the appraiser
- The Property has substantial repairs that need to be evaluated and discussed by the appraiser
- There are environmental issues reported by the third-party consultant that need to be evaluated and discussed by the appraiser

If an SBL Appraisal exceeds the 50-page length limit, the Seller/Serviceer's Chief Underwriter or Deputy Chief Underwriter must complete and sign new Form 6011, *Waiver of 50-page Limit for SBL Appraisal*. The executed Form must accompany the Appraisal in the underwriting package and must also be submitted to Freddie Mac via the Multifamily Document Management System (DMS).

Forms

Form 1105, *Property Condition Assessment*, has been revised to add questions related to pad sites that are not ready for occupancy or that have unpaved or gravel driveways.

Added new Form 6011, *Waiver of 50-page Limit for SBL Appraisal*.