

Bulletin

NUMBER: M2021-2

TO: Freddie Mac Multifamily Sellers and Servicers

April 15, 2021

SUBJECTS

In the April 15, 2021 Guide Bulletin, we are updating the Guide as follows:

Chapter 27, *Commitment or early rate lock application*

- Consolidating the requirements for delivery options, the Letter of Commitment and the early rate lock application in [Chapter 27](#)

Diverse Borrowers

- Adding Glossary definitions for [Diverse Borrowers](#)

Acquisition financing

- Permitting additional closing costs for [acquisition financing](#)

Natural disaster reporting

- Adding requirements for Seller/Servicers to identify Properties potentially impacted by a [Federal Emergency Management Agency \(FEMA\)](#) Major Disaster Declaration in counties authorizing Individual Assistance

Ground lease valuations

- Adding a new Guide section on appraisals for Properties with [ground leases](#)

Freddie Mac Multifamily Software Applications

- Removing [MultiSuite for Investor Reporting \(MSIR\)](#) from the list of Multifamily Software Applications
- Removing the reference to MultiSuite on [Form 1148](#)

MHC-related property improvement alterations

- Updating [Form 1126](#) to address Manufactured Housing Communities (MHC) Property Improvement Alterations

Additional Guide updates and housekeeping items

- Updating the [Green Assessment](#) requirements
- Updating the Glossary and adding a list of [Commonly Used Acronyms](#)
- Revising the [Directory](#)
- Updating the [SBL Dynamic Checklist](#)
- [Revising the Guide structure on AllRegs®](#)

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
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Requirements for delivery options, Letters of Commitment and early rate lock applications

We are relocating the requirements for the standard delivery option and the early rate lock delivery option from Chapter 17 and consolidating them in Chapter 27. As a result, Chapter 27 has been completely rewritten, with the exception of old Sections 27.3 and 27.4, which have been revised and renumbered to become Sections 27.29 and 27.30.

As a result of these changes, we are revising cross-references throughout the originating chapters, as well as any other chapters that previously referenced the delivery and contracting provisions in Chapter 17.

We are also:

- Moving a Seller warranty previously found in Chapter 27 to Chapter 5
- Removing Exhibit 3, *Breakage Fee Formula*, which was inaccurate and out-of-date
- Updating the Glossary to:
 - Add the following terms: Adjustment Letter, Breakage Fee, Confirmation Sheet, Expiration Date, Index Lock, Index Lock Agreement, Material Modification, Modification Letter, Mortgage Financial Terms, Nondelivery, Quote, Rate Lock, Rate Lock Call, Rejection and Yield Rate
 - Adjust the definition for Seller Application

To assist Seller/Service providers with these changes, we have created a roadmap posted at <https://mf.freddiemac.com/lenders/guide/bulletins.html>, which reflects the original and revised placement of Guide provisions in Chapters 17 and 27. For a full list of all Guide updates we are making to reflect these changes, refer to the Guide Updates Spreadsheet for this Bulletin posted at <https://mf.freddiemac.com/lenders/guide/bulletins.html>.

Diverse Borrowers

As part of our commitment to promote multifamily business with diverse Borrowers, we are updating the Glossary to add definitions for Diverse Borrowers, which include Minority-Owned, Women-Owned, Disabled-Owned, Lesbian, Gay, Bisexual and Transgender-Owned and Veteran-Owned Businesses.

We are also creating two forms that will be used in the Diverse Borrower data collection process. For all loan transactions that go under application beginning April 26, 2021, the Borrower must complete: (1) Form 1301, *Diverse Borrower Questionnaire*, at application, and (2) Form 1302, *Diverse Borrower Certification*, to be included within the full underwriting package. As noted within each form, Freddie Mac is committed to Diversity, Equity and Inclusion, and as part of that commitment, we are collecting this data to help us better understand and support the diversity of our Multifamily Borrowers. We intend to use the information disclosed in the questionnaire and certification to track our Diverse Borrower volume throughout the loan process from quote to securitization. The information disclosed in these forms is confidential and will not impact the evaluation, credit terms or pricing of any transaction involving the Borrower and Freddie Mac.

Acquisition financing

We are updating our acquisition financing requirements to permit closing costs to include the following, provided all requirements of Section 10.18 are met:

- The Borrower's voluntary capital improvements for the Property and identified Priority Repairs in the property condition report or SBL Physical Risk Report; and
- In a Green Up or Green Up Plus Mortgage, Green Improvements

We are updating Section 10.18 to reflect these changes.

Natural disaster reporting

We are updating the Guide to require Servicers to:

- Identify Properties potentially impacted by a Federal Emergency Management Agency (FEMA) Major Disaster declaration in counties authorizing Individual Assistance by defining the scope of properties to survey for disaster impact; and
- Contact the Borrower for each Property potentially impacted by a natural disaster to determine if there were any damages to the Property and the extent of such damage

We are updating Section 43.8(g) to reflect these changes.

Appraisals for Properties with ground leases

We are adding new Guide Section 60.31 to provide appraisers and lenders requirements for Freddie Mac appraisals to ensure an adequate discussion of the valuation variables associated with Properties with ground leases. Many of these requirements are compiled from existing sections within Chapter 60 but Seller/Servicers should review new Section 60.31 in its entirety to ensure they are aware of all requirements.

The addition of Section 60.31 supersedes the language in Section 60.12(d). Therefore, we are removing Section 60.12(d). We are also updating Sections 8.5(f), 55.2, 60.12(b), Interactive Checklist and Exhibit 1.1 to reflect these changes.

Freddie Mac Multifamily Software Applications

With the recent retirement of several MultiSuite systems, we are updating the Guide as follows:

MultiSuite for Investor Reporting (MSIR) retirement

We are replacing references to MSIR with myOptigo for Investor Reporting.

This change can be found in Sections 2.13(b), 44.1(b), 50.9, 50.9(b) through (d), 50.10(a) through (d), 50.17, 54.3(a), 54.3(d), 54.4(b), 54.5(a), 54.6(a), 54.6(b), 54.7, 54.8(b) and 54.14(e).

Form 1148, System User Verification and Certification

We are removing the reference to MultiSuite systems on Form 1148.

Form 1126, Acknowledgement of Property Improvement Alterations

For Properties in a Manufactured Housing Community where the applicable Property Improvement Alterations include a Minor Home Site Expansion, the Servicer must confirm that the Notice to Lender from the Borrower contains:

- The number of new Home Sites being added to the Property, and
- A Borrower certification that the zoning status of the Property will not change because of the new Home Sites

We are updating Form 1126 to reflect these changes.

Additional Guide updates and housekeeping items

Green Assessment

We are updating our requirements for the Green Assessment to clarify that the Green Consultant must document the water and energy consumption on a *monthly* basis.

We are updating Section 65.3(b) to reflect these changes.

Glossary and List of Commonly Used Acronyms

We are updating the Glossary for consistency, ease of use and to remove outdated information. Additionally, we are adding a list of commonly used acronyms for a quick reference on what some of our common our acronyms stand for.

Directory

We are revising the Guide Directory and references to the Directory, including:

- Removing from the Directory any contact information no longer referenced in the Guide
- Including in Guide chapters any addresses only used by a specific chapter
- Updating references in Guide chapters to point to the appropriate department or unit
- Linking the applicable Freddie Mac department directly to the applicable Directory reference

We are updating the Directory, Sections 2.1, 4.8, 21.19(a), 43.3(d), 50.2(e), 51.1(h) and 53.9(d) to reflect these changes.

Exhibit 1.2, *SBL Dynamic Checklist*

We are updating Exhibit 1.2 to reflect changes made in previous Bulletins.

New Guide structure

In response to Seller/Service feedback, we have restructured the Guide on AllRegs to be displayed at the section level instead of the subsection level. This improves the search experience by reducing the number of search results and adding context to the results.