

Bulletin

NUMBER: M2025-2

TO: Freddie Mac Multifamily Sellers and Servicers
April 22, 2025



SUBJECTS

In the April 22, 2025 Guide Bulletin, we are updating the Guide as follows:

Financial Crimes, Suspicious Activity and Restricted Parties

- Updating our requirements for the prevention, detection and reporting of [Financial Crimes and Suspicious Activity](#) and Restricted Parties

Appraisals

- Creating a template that Seller/Servicers may use for the [Appraisal Revision Summary](#)

Title insurance and UCC search requirements

- Consolidating requirements from Chapter [29SBL](#) into Chapter 29
- Updating our [UCC search requirements and retention policy](#) requirements

Small Balance Loans (SBL) application fees

- Updating our [SBL application fee](#) requirements

SBL Repurchase Option

- Updating our SBL [Repurchase Option](#) provisions

Additional Guide updates and housekeeping items

- Clarifying certain [SBL](#) requirements
- Clarifying our [notification requirements for non-monetary defaults and adverse matters](#)

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 April 22, 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 April 22, 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



Financial Crimes, Suspicious Activity and Restricted Parties

Effective July 1, 2025

We are updating the Guide to revise our requirements related to Financial Crimes, Suspicious Activity and Restricted Parties as follows:

- Requiring that Seller/Service providers that are not subject to the Bank Secrecy Act establish and maintain a compliance program similar to that required under the Bank Secrecy Act. See Section 2.22(b).
- Requiring that the designated Chief Compliance Officer (CCO) be an officer of the Seller/Service provider unless otherwise approved by Freddie Mac. Seller/Service providers that do not currently have an officer as their designated CCO must designate an officer as the CCO for Freddie Mac by completing [Form 1107M, Multifamily Seller/Service provider Change Notification](#), by July 1. Completed forms must be emailed to Multifamily_Eligibility@freddiemac.com.
- Clarifying that during the Servicing of a Mortgage, the Service provider must perform Office of Foreign Assets Control (OFAC), FHFA Suspended Counterparty (SCP) List, [Multifamily Restricted Vendor List](#) and Freddie Mac Exclusionary List screening for Borrowers, Borrower Principals, Guarantors, Non-U.S. Equity Holders and property management companies at least monthly.
- Identifying and broadening our requirements for when certain parties need to be searched, including Freddie Mac Matters Employees, Freddie Mac Contractors and Third-Party Vendors, and how often, with respect to the Exclusionary List, the [Multifamily Restricted Vendor List](#), the OFAC lists, and the FHFA SCP List, also collectively known as the Restricted Party Lists.
- Requiring Seller/Service providers to notify the *Multifamily Financial Crimes Investigation Unit* in writing within one Business Day if the Seller/Service provider becomes aware that any party identified in Section 7.4(b) is the subject of a Freddie Mac No New Business Letter. Borrowers will need to report such parties to us via [Form 1115, Borrower and Key Borrower Principal Certificate](#), which will be updated to reflect this requirement in an upcoming Bulletin.
- Clarifying that the requirement to have processes and procedures in place to prevent, detect, and report Suspicious Activity or Financial Crimes also includes the requirement to monitor and have controls for such processes and procedures
- Clarifying that the required Financial Crimes training for Seller/Service provider employees and contractors must be conducted when the employee or contractor is first retained to work on Freddie Mac Matters and at least annually thereafter
- Requiring Seller/Service providers to provide Freddie Mac its Suspicious Activity Log annually by January 31, or upon Freddie Mac's request, for reconciliation with items that have been reported to and/or investigated by Seller/Service provider
- Consolidating and clarifying requirements for Seller/Service providers to notify Freddie Mac of any vendor/contractor that it has, for cause, determined it will not do business with on Freddie Mac transactions
- Requiring that, upon Freddie Mac's request, the Seller/Service provider must conduct its own investigations regarding Suspicious Activity or actual or possible fraud and provide to Freddie Mac monthly updates and a final written report of any investigations relating to Suspicious Activity or actual or possible fraud
- Clarifying that Seller/Service provider's cooperation obligations with respect to Suspicious Activity and Financial Crimes include enabling Freddie Mac to investigate whether there are breaches of the Seller/Service provider representations and warranties with respect to such Suspicious Activity and actual or possible Financial Crimes



We are updating Chapter 7, Sections 2.1, 2.18, 2.19, 2.22 through 2.24, 9.3(a), 9SBL.3(a), 11.7(a and d), 36.14, 43.28 and the Glossary to reflect this change.

Appraisal Revision Summary

Effective for Mortgages taken under Seller Application on or after **June 2, 2025**

In the February 27, 2025 Bulletin, we updated certain Appraisal Requirements, including adding the requirement that changes to appraisal reports meeting the conditions detailed in Section 60.10 must be documented in an Appraisal Revision Summary.

With this Bulletin, we are creating an [Appraisal Revision Summary template](#) that the Seller/Servicer may use for providing this summary to us. The Seller/Servicer may use the template or another format, as long as the Appraisal change information required to be reported to us is provided in the summary.

We are updating Sections 55.2, 55SBL.2 and 60.10, [Interactive Conventional and TAH Cash Underwriting Checklist](#), and [SBL Dynamic Underwriting Checklist](#) to reflect this change.

Title insurance, surveys, UCC searches and legal opinions

Chapter 29 and 29SBL consolidation

We are updating the Guide to merge the content of Chapter 29SBL into Chapter 29 and deleting Chapter 29SBL. Chapter 29 will cover all Mortgages, including SBL and TAH.

We are consolidating our Infrastructure Agreement requirements in Chapter 8 and adding Infrastructure Agreement requirements for SBL Mortgages in Section 8SBL.11(g).

We are also updating Sections 2.28, 6SBL.10, 7.1, 8.11(g), 8.22(b-d), 8SBL.6(c), 8SBL.11(a and g), 18SBL.1, 22.10(a-c), 30.8, 32.3(c), 41SBL.6(g), 43.32(e), 60.6, 60.10, 60.20 and the Glossary to reflect these changes.

UCC search requirements and retention policy

We are updating our UCC search requirements in Sections 29.3 and 21.3(h and j) to align them with the [Public Records Search Requirements](#). The [Public Records Search Requirements](#) will be updated to require the Seller to maintain copies of the UCC searches in the Mortgage File instead of including them in the Final Delivery Package.

SBL application fees

We are updating our SBL application fee requirements in Sections 18SBL.5 and 18SBL.6(e) as follows:

- Application fees will be considered earned five Business Days after the Seller/Servicer has entered the loan status as Under Application in the Pipeline Management Tool (PMT)
- Application fees will be nonrefundable, except for Properties located in Top Markets. In Top Markets, the application fee will be waived upon written confirmation from Freddie Mac that the Coupon Rate has been locked.
- If the Under Application status in PMT is changed to Lost by the Seller or Freddie Mac and the application fee is deemed earned, the Seller must remit the application fee to Freddie Mac by the second Business Day following the status change to Lost



- If the application fee is deemed earned prior to the assignment of a Freddie Mac loan number, the wire transfer must include the PMT six-digit ID, the Seller/Servicer number, fee assessment type (CAP), and reference the business area, SBL

Seller/Servicers must send the wire transfer in accordance with the [SBL Application Fee Wire Transfer Instructions](#).

SBL Repurchase Option

We are updating our SBL Repurchase Option provisions in Section 46SBL.5 to clarify the requirements for the exercise of a Repurchase Option during the Repurchase Period and during the Loss Obligation Period. We have removed the section providing for the exercise of a Repurchase Option following the Repurchase Period and prior to an SBL Mortgage Default.

Additional Guide updates and housekeeping items

SBL clarifications

Mortgage eligibility

We are updating Section 8SBL.14 to clarify that SBL Mortgages for Properties with local rent subsidies may be eligible for sale to Freddie Mac.

SBL Single Counsel legal fees

We are clarifying the process for Freddie Mac's review and approval of requests to waive or discount SBL Single Counsel legal fees in Section 6SBL.4 related to the origination, delivery and purchase of an SBL Mortgage. Any such request must be submitted by Single Counsel to a Freddie Mac SBL *Multifamily Attorney* in writing and must include an explanation for such request and a recommendation for the amount of legal fees or expenses to be waived or discounted. The Freddie Mac SBL *Multifamily Attorney* will provide Single Counsel with written notice of Freddie Mac's decision with respect to such request.

FICO score requirements

We are clarifying our FICO® score requirements in Section 9SBL.2(d) to state that the individual Guarantor must have an average FICO score of 680 or better with all three national credit bureaus (Equifax, TransUnion or Experian). If less than three FICO scores are available, all FICO scores must be 680 or better.

Notification of non-monetary defaults and adverse matters

We are updating Section 44.3 to clarify that notification of non-monetary defaults and adverse matters should be sent to MF_Surveillance@freddiemac.com (rather than MF_Borrower_Transactions@freddiemac.com).