

Bulletin

NUMBER: M2025-3

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



SUBJECTS

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

Insurance

- Updating certain [insurance](#) requirements

Radon testing

- Revising our [radon testing](#) requirements

Appraisals and Appraisers

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

Preferred Equity Conflicts of Interest

- Updating our [Equity Conflicts of Interest](#) requirements for Seller/Servicer Preferred Equity

Form 1115, *Borrower and Key Borrower Principal Certificate*

- Updating the [Borrower and Key Borrower Principal Certificate](#)

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 May 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 May 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,

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Senior Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
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Insurance

Insurance terms

We are updating key insurance terms and definitions referenced in Chapter 31 and the Glossary to align with insurance industry standards.

Additional insurance updates

The below insurance updates are effective for all **loans under Seller Application on or after June 2, 2025** and **insurance policy renewals on or after July 21, 2025**.

Named insured for insurance policies

We are clarifying Section 31.2(d) to state that all insurance policies must list the Borrower as a named insured.

Requirement for aggregate caps for liability insurance

We are removing our reference to per-location aggregate caps for general and professional liability coverage in Sections 31.16(a) and 31.17(a) to align with requirements of institutional commercial real estate lenders.

Auto/Vehicle liability insurance

We are removing the requirement for Borrowers to maintain auto liability insurance from Section 31.16(c). Borrowers must comply with State and local auto liability insurance regulations.

Liability insurance requirements to address Workers Compensation

We are updating Section 31.16(c) to indicate that Borrowers should maintain Workers Compensation insurance as required by State laws and regulations where the Property is located. No Lender compliance review is necessary for this, nor would exception requests be required.

Radon testing

As recently [announced](#), we are revising our radon testing requirements in Sections 43.26 and 61.14 as follows:

- **Initial Determination** -- The environmental consultant must determine whether radon testing is warranted at the Property. If the environmental consultant concludes that testing is not warranted, they must provide their reasoning in the environmental report.
- **Initial testing protocol** – For Properties requiring radon testing, a minimum of 10 percent (reduced from 25 percent) of ground-contact units at the Property must be subject to the initial round of radon testing, with no fewer than one radon test per each building having ground-contact units.
- **Follow-up testing protocol** – Follow-up radon testing is only required to occur in each unit that tested at 4.0 pCi/L or greater during the initial round of testing.
- **Environmental report** –
 - If the environmental consultant determines that radon testing is not warranted at the Property, the support for this conclusion must be included as part of the executive summary of the environmental report along with any supplementary documentation in the appendix of the environmental report.
 - Seller/Service providers should no longer require that the environmental consultant report certain radon data elements to the data collection website designated by Freddie Mac.

We are also updating [Exhibit 11, Radon Testing and Mitigation Standards](#), [Form 1103, Environmental Site Assessment](#), and [Form 1108, Physical Risk Report](#), to reflect these changes.



Appraisers and Appraisals

We are updating our appraiser and Appraisal requirements as follows:

- Revising Section 60.2(b) to specify that Conflicted Appraisal Parties are prohibited from selecting, retaining, recommending, or influencing the selection of any appraiser and/or appraisal firm for a particular Appraisal
- Clarifying when leased fee estate, leasehold estate, and fee simple estate values are applicable in Section 60.1(b)
- Clarifying our inspection requirements for Appraisals, including the minimum required residential unit inspection requirements in Section 60.12(b)
- Clarifying the appropriate methods for capitalization rate techniques in Section 60.14(c)

Equity Conflicts of Interest

We are adding an exception to the Equity Conflict of Interest requirements in Section 2.25, allowing Seller/Service providers or their affiliates to be considered acceptable Preferred Equity providers for non-SBL Mortgages without requiring a Transfer of Servicing before Freddie Mac's purchase of the Mortgage. This exception applies as long as it is approved by Freddie Mac, in which case, the Transfer of Servicing must occur on or before the Seller/Service provider or their affiliate assumes Control of the Borrower.

Borrower and Key Borrower Principal Certificate

Effective July 1, 2025

We are updating [Form 1115, Borrower and Key Borrower Principal Certificate](#), to align with the No New Business Letter reporting requirements announced in the [April 22, 2025 Bulletin](#). We are also adding 'Limited Liability Limited Partnership' as a Borrower type option on [Form 1115](#).