

Bulletin

NUMBER: M2021-3

TO: Freddie Mac Multifamily Sellers and Servicers

June 17, 2021

SUBJECTS

In the June 17, 2021 Guide Bulletin, we are updating the Guide as follows:

Multifamily Manufactured Housing Communities (MHCs)

- Updating requirements for [MHCs to reflect](#) current industry and market conditions
- Revising our requirements for [MHC Mortgages with MHC Tenant Protections](#), including documentation and audit requirements

Information security and business continuity recovery

- Adding minimum [Seller/Servicer information security](#) program standards and notification requirements for a Security Breach or [Business Disruption](#)

Seller/Servicer Prescreen and Application Processes

- Adding details about our [Seller/Servicer Prescreen](#) and Application Processes

Green Retrofits for Targeted Affordable Housing (TAH) Tax-Exempt Loans (TELs)

- Adding requirements for [Green Retrofits certification](#) of TAH TELs

Diverse Borrowers

- Removing Forms 1301, [Diverse Borrower Questionnaire](#), and 1302, *Diverse Borrower Certification*

Additional Guide updates and housekeeping items

- Providing further updates and clarifications regarding [Breakage Fees](#), [Asset Management Forms](#) and [system administrator requirements](#) for managing access to the Guide

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.freddie.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
Multifamily Asset Management and Operations

Manufactured Housing Communities (MHCs)

Updates to MHCs

We are updating our requirements for property and site requirements, Appraisals, property valuations and underwriting documentation to reflect current industry and market conditions. The updates include:

- Removal of the requirement that all Manufactured Homes located in the MHC must meet HUD standards (though this is still Freddie Mac's preference)
- Properties must have paved parking, acceptable landscaping, and cannot have abandoned homes
- Additional requirements and documentation for an MHC with home(s) owned by the Borrower and/or an Affiliate of the Borrower, including:
 - Appraisers are required to perform additional analysis concerning comparable properties, and revenue and expense structures. In an acquisition, the appraiser must also duly inquire about the price of such homes and consider the response in its valuation.
 - For the refinance of a Mortgage, income and expense statements of the home(s) owned by the Borrower and/or an Affiliate of the Borrower must be submitted to Freddie Mac at time of underwriting
- For an MHC with recreational vehicles, the appraiser must review seasonal fluctuations in income
- Additional requirements for the consultant's evaluation of the Property's electrical capacity
- Additional items that must be categorized as Priority Repairs, if identified by the consultant conducting the property inspection

These changes can be found in Sections 22.2(a), 22.2(g), 22.5(b), 22.6(b), 22.6(c), 22.8(b), 22.14 and Section 55.2. Additional changes can be found in Exhibit 1.1, *Conventional Checklist*, and Form 1105, *Property Condition Assessment*.

MHC Mortgages with MHC Tenant Protections

We are making the following revisions to our requirements for MHC Mortgages with MHC Tenant Protections:

- Adding the term MH Home Owner, which is defined as a residential tenant of the Property who:
 - Owns a Manufactured Home on the Property; and
 - Is not the Borrower, any Affiliate of the Borrower or any third-party investor that rents Manufactured Homes to tenants
- Rewriting the MHC Tenant Protections to reference the MH Home Owner
- Requiring the MHC Tenant Protections to be incorporated into one of the following (which must be signed by each MH Home Owner):
 - MH Home Owner lease
 - MHC rules and regulations incorporated by reference into the MH Home Owner lease, or
 - Other agreement approved by the Seller/Service and Freddie Mac, as long as the Borrower obtains an executed copy of that agreement from each MH Home Owner
- Revising the reporting for MHC Mortgages with MHC Tenant Protections to add more detailed requirements for audits
- Revising the underwriting documentation required for MHC Tenant Protections

These changes can be found in Sections 22.1(a), 22.1(b), 22.2(p), 40.16(e), Section 55.2, Exhibit 1.1, *Conventional Checklist*, and the [Interactive Checklist](#). We also now have two versions of the Chief Servicing Officer Certification (MHC Tenant Protections – Compliance) form. [One](#) for MHC Tenant Protections deals with riders dated prior to March 24, 2021 and [another](#) for deals with riders dated on and after March 24, 2021.

Information security and business continuity and recovery

As a result of the increasing risks of technological failures and threats to overall security due to natural disasters and other adverse events, we are updating the Guide as follows:

Information security

We are adding Section 2.26 to the Guide, which includes:

- Minimum standards for Seller/Servicer information security programs; and
- Requirements for Seller/Servicers to notify us within 24 hours if it knows or reasonably believes that there has been a Security Breach. A Security Breach is defined as any unauthorized access to or acquisition of data or computing resources that may compromise the security, confidentiality, availability, integrity or privacy of Freddie Mac information (e.g., a phishing email).

Business continuity and recovery

We are adding requirements in Section 2.20 for Seller/Servicers to notify us within 24 hours of a Business Disruption. A Business Disruption is defined as an incident involving a loss of or material impact to any facilities and personnel deemed critical to core operations.

Direct any questions on these information security and business continuity and recovery changes to us at multifamily_eligibility@freddiemac.com.

Seller/Servicer Prescreen and Application Processes

To provide transparency to our Seller/Servicer Prescreen and Application Processes, we recently launched our Optigo Lender Eligibility [web page](#). We are now updating Section 3.1 to reflect the Prescreen and Application Processes and revise our application fee requirements.

Freddie Mac will evaluate the applicant following the Prescreen Process and Application Process detailed in the [Optigo Lender Application Roadmap](#).

Additionally, for new Conventional, TAH and SBL Seller/Servicers, we divided our application fee into a Prescreen Review Fee of \$50,000, which is due during the Prescreen Process, and an application fee of \$50,000, which is due three to five Business Days following completion of the Prescreen Process.

Green Retrofits for TAH TELs

In the February 18, 2021 Bulletin, we updated the Guide to include our Green Retrofits loan option with benefits that may be available if the Borrower can certify that energy and/or water efficiency improvements are in place at the Property. To certify to those improvements, the Borrower must complete Form 1209, *Green Retrofits Certification*.

We are now updating the Guide to require a TAH TEL Borrower to certify in Form 1209 to energy and/or water efficiency improvements for TAH TEL conversions at the time the TAH TEL conversion takes place.

We are updating Sections 24.3(e), 25A.14(g), 55.2, the Interactive Checklist and Form 1209 to reflect these changes.

Diverse Borrowers

In the April 15, 2021 Bulletin, we announced the process for the collection of Diverse Borrower data via Forms 1301, *Diverse Borrower Questionnaire*, and 1302, *Diverse Borrower Certification*. Based on feedback we received, we have delayed the implementation of the process for collecting this data and are exploring the option of developing a process for the information to be submitted electronically directly to Freddie Mac. We are therefore removing Forms 1301 and 1302.

Additional Guide updates and housekeeping items

Breakage Fee

In the April 15, 2021 Bulletin, with the relocation of information on our delivery options, Letters of Commitment and early rate lock applications from Chapter 17 to Chapter 27, we clarified and updated several requirements, including requirements for Breakage Fees. In this Bulletin, we are further clarifying our Breakage Fee requirements in Section 27.27.

Asset Management Forms

As part of our continued efforts to improve ease of use and access to our resources, we are clarifying the location of our Asset Management Forms in the Guide. The forms are available at <https://mf.freddiemac.com/lenders/guide/> under Forms for Asset Management.

Sections 39.4(b), 41.4(e), 41SBL.4(f), 43.14(b), 43.14(c) and 43.29(b) are being updated to reflect these changes.

Removal of system administrator requirements for the Guide

With the launch of the free site version of AllRegs last year, we are updating the system administrator requirements in Section 2.13 to remove access management requirements for the Guide. System administrators are no longer required to manage access to the Guide since access to it is open and available without a subscription to AllRegs via mf.freddiemac.com/lenders/guide. For Seller/Service providers that have a subscription to AllRegs, a system administrator should still be designated to manage access to the subscription site of AllRegs.