

Bulletin

NUMBER: M2025-4

TO: Freddie Mac Multifamily Sellers and Servicers
June 24, 2025



SUBJECTS

In the June 24, 2025 Guide Bulletin, we are updating the Guide as follows:

Servicing and asset management

- Updating our [Servicing inspection, repair and Reserve](#) requirements
- Updating our [excess cap deposit](#) requirements
- Adding [reporting requirements for PC or balance sheet loans](#)

Originating and underwriting

- Updating our [property inspection](#) requirements
- Revising the [NOI calculation](#) for Floating-Rate Mortgages with Preferred Equity
- Updating our [SBL Critical Repairs](#) requirements

Insurance

- Updating certain [insurance](#) requirements

Additional Guide updates and housekeeping items

- Clarifying certain [Appraisal](#) requirements
- Clarifying our [acquisition financing and permitted closing cost](#) requirements
- Updating our [Repurchase Price](#) requirements
- Updating our [tax abatement](#) requirements
- Clarifying [Form 1116, Real Estate Schedule](#)
- Clarifying our [negative news reporting](#) requirements
- Reminding Seller/Servicers of our requirement to upload [Adverse Action Notice](#) copies into DMS

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 June 24, 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 June 24, 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

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Multifamily Counterparty Risk Management



Servicing and asset management

Servicing inspections, repairs and Reserves

Effective July 1, 2025

We are updating the Guide to:

- Require the Servicer to notify the Borrower within 30 days following the inspection of the need to undertake corrective action to address all identified risks if certain property related issues are identified. The foregoing notice must detail all Imminent Life Safety Hazards and Potential Life Safety Hazards. The Servicer must promptly and, in any case, no later than 10 Business Days from submitting the AIF assessment into PRS, notify Freddie Mac via email at MF_Surveillance@freddiemac.com if certain property related issues occur and have not been previously reported to Freddie Mac.
- Require certification by a Servicer representative having experience equal to that of a Certified or Exempt Inspector prior to submission of the AIF form. Effective July 1, 2025, if the Servicer submits an assessment inspection with a property condition rating of 3, 4, or 5, the inspection must be reviewed and certified by a Servicer representative.
- Require the Servicer (or its permitted delegee) to notify Freddie Mac of partial completion of repairs at least 30 days prior to the applicable completion on the [Borrower Certification – Partial Completion of Repairs](#) form.
- Change quarterly PRS Loan Item Tracking (LIT) reporting requirements to Freddie Mac to monthly and update the list of items that require monthly reporting.
- Require Replacement Reserve instatement if Imminent Life Safety Hazards remain outstanding greater than 90 days from the initial Borrower notice.
- Modify SBL delegation requirements to effectively allow Servicer extension of PR-90 items, so long as the required repairs pose no life, health or safety issues.
- Modify the timeline in Section 39.4(b) to provide Freddie Mac a copy of Reservation of Rights from 5 to 10 Business Days, in alignment with Chapter 40.

We are updating Sections 39.4(b), 40.7(d), and 40.14(a) to reflect these changes.

Excess cap deposits

We are updating Section 43.22(c) to state that excess cap deposits must be applied to purchase a subsequent cap agreement, unless a cap is purchased with a termination date no earlier than the maturity date of the Mortgage.

Additional reporting requirements for PC or balance sheet loans

Effective July 1, 2025

As announced on [April 11, 2025](#), to better understand portfolio loans that exhibit higher risk characteristics and ensure consistent reporting across portfolio and master-serviced loans, monthly watchlist reporting will be required for portfolio loans using CREFC Watchlist guidelines.

- As with master-serviced loans, the Servicer must upload monthly watchlist reports into PRS. Monthly watchlist reporting is intended to provide updates on all loans meeting CREFC watchlist criteria and highlight new loans that meet the criteria.



- For loans with Loan Documents that require Borrowers to provide financial statements and rent rolls within 25 days of quarter-end, we will require this information to be submitted into PRS by the last day of the month following the quarter-end. This will now align all due dates for financial statements and rent rolls in PRS.

We are updating Sections 40.1(c), 40.15 and 40.16(f) to reflect these changes.

Originating and underwriting

Property inspections

We are updating certain property inspection requirements in Sections 8.15(b) and 8SBL.15 as follows:

- Clarifying that the 10 percent of units inspected requirement excludes both Down Units and commercial units (but does include units subject to corporate leases). All Down Units and commercial units must be inspected in addition to 10 percent of units.
- Clarifying that if the 10 percent calculation results in a decimal, it can be truncated to the nearest whole number so long as the minimum 10-unit requirement is met (or five units for SBL loans). For example, 10.9 units becomes 10 units.

We are also updating certain property inspection requirements specific to SBL loans in Section 8SBL.15 as follows:

- Adding the requirement that 50 percent of leases audited must be units inspected
- Including a reference to the lease audit requirements in the inspection, to help ensure that the correct number of units are inspected to meet those requirements
- Updating lease audit requirements to 10 units (previously 15 units) as the minimum threshold for auditing all occupied units

NOI calculation for Floating-Rate Mortgages with Preferred Equity

We are updating Section 9.9(g) to require that for Floating-Rate Mortgages, debt service be determined using the sum of the gross spread and the strike rate set forth in the Loan Documents, instead of the comparable fixed note rate, when assessing the Preferred Equity Return.

SBL Critical Repairs

We are updating Section 8SBL.17 to require that Seller/Service providers verify that all Critical Repairs have been addressed and provide evidence of completion to Freddie Mac prior to submission of the full underwriting package.

Insurance

We are updating our insurance requirements as follows:

- Allowing policies with aggregate deductibles for property damage (All-Risk) insurance and general liability insurance if the Seller/Service provider confirms that:
 - The aggregate deductible amount is fully funded and held by the Borrower in a segregated bank account, the Seller/Service provider in a tax and insurance escrow, or a third party on behalf of the Borrower
 - Any claim checks are required to list Seller/Service provider as payee c/o Freddie Mac



- Any claim checks are considered insurance loss proceeds per the Loan Documents
- Updating Section 31.24(b) to require Servicers to force place insurance within 90 days from submitting an exception request if there are any deficiencies with the request that are not resolved within that time period

We are updating Sections 31.5(a), 31.16(b), 31.17(c) and 31.24(b) to reflect these changes.

Additional Guide updates and housekeeping items

Appraisals

We are clarifying our Appraisal requirements in Chapter 60 as follows:

- Clarifying that the rent roll referenced and included in the Appraisal should be dated within 30 days before the Appraisals' effective date of the as-is value
- Clarifying that the state of readiness for occupancy must be reported for each vacant unit inspected, along with the unit number and unit type
- Removing an outdated example in Section 60.14

We are also adding references to additional information, including guidance and FAQs on the Multifamily Appraisal [web page](#).

We are updating Sections 60.1, 60.2, 60.6, 60.11, 60.12(c), 60.14(c) and 60.20 to reflect these changes.

Acquisition financing and permitted closing costs

We are clarifying Section 10.18 as follows:

- Acquisition financing parameters apply to refinance transactions where the property was acquired within 12 months of the date of the full underwriting package submission to Freddie Mac instead of the Mortgage origination date
- For SBL loans, costs associated with the Borrower's voluntary capital improvements completed prior to origination and verified at the time of the property inspection may be considered permitted closing costs

Repurchase Price

We are updating the Guide to clarify that prepayment premiums and hedge breakage costs, as applicable, are components of the Repurchase Price for loans subject to repurchase by Seller/Servicers. This ensures that all related costs and expenses are clearly identified in the definition of Repurchase Price.

We are updating Sections 46SBL.4(h), 46SBL.6(g) and 47.4(a) to reflect these changes.

Tax abatements

We are updating our DCR calculation for Mortgages underwritten with tax abatements to specify that if an abatement expires more than 10 years after the Mortgage maturity date, Freddie Mac considers the tax abatement to be "infinite" and abated taxes can be utilized to derive the NOI and perform the refinance test.

We are updating Sections 8.19, 8SBL.19, 18SBL.2 and the Glossary to reflect these changes.



Form 1116, Real Estate Schedule

We are updating [Form 1116](#) to clarify that smaller rental properties with fewer than five units should be reported and that personal residences should not be reported.

Negative news reporting

We are clarifying that Seller/Service providers must have written procedures for notifying Freddie Mac of applicable news articles or recent events as required by Section 43.34.

Reminder regarding Adverse Action Notices

As announced in the [February 27, 2025 Bulletin](#), a copy of the Adverse Action Notice that the Seller/Service provider sends to a Borrower (or a written statement as described in the Bulletin and [Section 10.13\(b\)](#)) should be uploaded to DMS into the Adverse Action Notices folder within the FMCCM Cabinet exclusively. Refer to the [DMS Job Aid for Uploading Adverse Action Notices](#) for detailed instructions. All other audit documentation not pertaining to adverse actions should be uploaded into the yearly Audit folder, as usual. For information about how to gain access to the FMCCM cabinet, refer to the [February 27, 2025 Bulletin](#).