

Bulletin

NUMBER: M2024-4

TO: Freddie Mac Multifamily Sellers and Servicers
August 15, 2024



SUBJECTS

In the August 15, 2024 Guide Bulletin, we are updating the Guide as follows:

Public Records Searches

- Adding [Public Records Search](#) requirements

Originating and underwriting

- Updating certain [Real Estate Schedule verification](#) requirements
- Adding [historical property financial statement reconciliation](#) requirements
- Adding a certification form for Borrowers to complete to qualify for [Employer Enabled Permanent Supportive Housing benefits](#)
- Updating our [Liquidity verification documentation](#) requirements
- Updating our requirements for [SBL PR-90 Repairs and Priority Repairs](#)

Title insurance

- Updating our [title insurance](#) requirements

Transfer of Securitized Servicing Agreement

- Creating a form for [Transfers of Servicing of securitized Mortgages](#)

Additional Guide updates and housekeeping items

- Updating information about the [Multifamily Restricted Vendor List](#)
- Clarifying our [servicing property inspection](#) requirements
- Updating and reorganizing our [Final Delivery](#) requirements
- Notifying Seller/Servicers of our recent [Loan Document updates](#)

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 August 15, 2024, Guide Updates Spreadsheet** – a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond
- **New resource: Appendix B to August 15, 2024, 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
Multifamily Counterparty Risk Management



Public Records Searches – during origination and Servicing

The below changes are effective for **Mortgages taken under Seller Application on or after August 15, 2024** and for **Transfer of Ownership requests requiring Freddie Mac consent on or after August 15, 2024**

To promote alignment and consistency of Public Records Search requirements in connection with the origination and servicing of Mortgages across all product lines, we are publishing a single set of search requirements in the [Public Record Search Requirements](#) document.

Public Records Search Requirements include:

- Searches currently required for Small Balance Loan (SBL) Mortgages that are now also required for Conventional and Targeted Affordable Housing (TAH) Mortgages and for Transfer of Ownership servicing requests requiring Freddie Mac consent, including:
 - Bankruptcy, tax lien and litigation searches – required for the Borrower or New Borrower, and Guarantor/Key Borrower Principal or New Guarantor/New Key Borrower Principal, as applicable
 - Criminal searches – required for any individual that is a Guarantor/Key Borrower Principal or a New Guarantor/New Key Borrower Principal, as applicable
 - Web searches – required for: (1) the Borrower or New Borrower, (2) Guarantor/Key Borrower Principal or New Guarantor/New Key Borrower Principal, and (3) certain other Borrower Principals or New Borrower Principals, each as described in the [Public Records Search Requirements](#)
- Public Record Searches must be completed and dated no more than 60 days prior to the submission of: (1) the full underwriting package for a Mortgage using the standard delivery option or (2) the review package for a Transfer of Ownership requiring Freddie Mac consent
- A summary of any adverse findings must be included in: (1) the Mortgage Transaction Narrative Analysis (MTNA) or other written form that is acceptable to Freddie Mac for a Mortgage origination, or (2) the Servicing PLIM for a Servicing matter

Refer to the [Public Records Search Requirements](#) for the minimum search requirements.

Additionally, effective immediately, we are updating the list of required parties that must be screened via the Exclusionary List to also include broker/correspondents.

We are updating Sections 2.18(c), 2.23, 2.24, 2.28, 9SBL.13, 18SBL.30, 41.4(a), 41SBL.4(a)(d) and the Glossary to reflect this change.

Originating and underwriting

Real Estate Schedule verification requirements

We are clarifying the [Form 1116, Real Estate Schedule](#), verification requirements in Section 11.6(b) as follows:

- The Seller/Servicer is only required to verify the Key Borrower Principal's ownership role (e.g., general partner, limited partner, etc.) in the assets listed on the schedule, not the ownership percentage.
- A federal tax return (Schedule K-1) is now an additional acceptable method for the Seller/Servicer to complete the verification (without requiring prior Freddie Mac review).



Historical property financial statement reconciliation requirements

The below changes are effective for **Mortgages taken under Seller Application on or after August 15, 2024**, that are (i) refinances of Freddie Mac Mortgages where the Seller both originated the existing Mortgage and is the current Servicer of the existing Mortgage and (ii) Supplemental Mortgages where the Seller both originated the senior Mortgage and is the current Servicer of the senior Mortgage.

To mitigate risk, we are requiring Lenders to perform a comparison of two sets of property financial statements to ensure consistency: those being submitted as part of the full underwriting package and the servicing statements that were submitted for the same time period during the normal course of Servicing the existing loan. By uploading the historical property financial statements to DMS, the Lender is certifying that this review has been completed and either (i) there are no deviations identified or (ii) any deviations have been clearly disclosed to Freddie Mac in the Mortgage Transaction Narrative Analysis.

In the event year-end and T-12 property financial statements are both provided in a monthly format, we are also requiring that, the Lender must advise Freddie Mac of any inconsistencies in overlapping months between T-12 and prior year property financial statements.

We are updating Sections 11.7, 55.2, 55SBL.2, [Exhibit 1.1, Conventional Underwriting Checklist](#), the [Interactive Conventional and TAH Cash Underwriting Checklist](#) and [SBL Dynamic Underwriting Checklist](#) to reflect this change.

Employer Enabled Permanent Supportive Housing Borrower Certification

With Freddie Mac's new Employer Enabled Permanent Supportive Housing (EPSH) initiative, we are updating Section 55.2 to require that the new [Form 1134, Employer Enabled Permanent Supportive Housing Borrower Certification](#), be executed by the Borrower and provided with the full underwriting package for a Mortgage to qualify for the benefits described in the [EPSH Fact Sheet](#). [Form 1134](#) certifies that a Borrower has a discounted employee unit at the Property that is subject to the EPSH Partnership Agreement.

We are additionally updating multiple exhibits to reflect this change. Refer to the Guide Updates Spreadsheet for this Bulletin posted at <https://mf.freddiemac.com/lenders/guide/bulletins.html> for details.

Liquidity verification documentation

We are updating Sections 55.2 and 55SBL.2 to no longer require Seller/Servicers to submit Liquidity verification documentation for U.S. publicly traded entities and Governmental Entities that are First-Time Sponsors and Limited Multifamily Experience Sponsors.

We are additionally updating the [Interactive Conventional and TAH Cash Underwriting Checklist](#) and [SBL Dynamic Underwriting Checklist](#) to reflect this change.

SBL PR-90 Repairs and Priority Repairs

With our July 30, 2024 Legal Document updates, we revised the SBL Loan Agreement to:

- List the PR-90 Repairs and Priority Repairs required in [Form 1104, SBL Physical Risk Report](#)
- Require PR-90 Repairs be completed within 90 days of closing
- Require Priority Repairs be completed within 365 days of closing

These changes align with the Conventional Loan Agreement.



We are updating Sections 8SBL.17, 39.4, (b), 39.5, (a) and 62SBL.2 to reflect these changes.

Title insurance

The below changes are effective for **Mortgages taken under Seller Application on or after August 15, 2024**

We are updating our title insurance requirements as follows:

- Defining a Title Insurance Underwriter and a Title Agent
- Requiring the use of a Title Insurance Underwriter on acquisition loans for all escrow and settlement functions for both the Mortgage transaction and the acquisition of the Property (*i.e.*, the Title Insurance Underwriter must receive and disburse all funds from all sources related to the acquisition and prepare the settlement statement for the acquisition of the Property and the acquisition financing), as described in Sections 29.1 and 29SBL.1

Under these changes, the Title Insurance Underwriters will handle the funding aspects of the acquisition transactions and prepare the settlement statements. The closing of the loan, recording of the documents and issuance of the Title Policy can still be handled by the Title Agent selected by the Borrower or the Seller/Servicer.

We are also updating the Glossary to reflect these changes.

Transfer of Securitized Servicing Agreement

We are creating new [Form 983M, Transfer of Securitized Servicing Agreement](#), for Servicers to complete for the Transfer of Servicing of securitized Mortgages. The form must be completed at least 30 days before the requested transfer date. Servicers will continue to use [Form 981M, Transfer of Servicing Agreement](#), for Transfers of Servicing of non-securitized Mortgages.

We are updating Sections 3.8(a), 42.2(d), 42.3(a)(b) and 42.5(a) to reflect this change.

Additional Guide updates and housekeeping items

Multifamily Restricted Vendor List

The [Multifamily Restricted Vendor List](#) has been updated to include a section identified as the “Vendors With Conditions List.” The parties on this list may continue to be engaged by Borrowers or Seller/Servicers but will be subject to the additional conditions described in the Vendors With Conditions List attached to the [Multifamily Restricted Vendor List](#). We are updating Section 2.19(c) to reflect this change.

Servicing property inspections

We are clarifying the requirements in Section 40.7(a) to allow the inspector to inspect a representative sampling of Down Units (rather than inspecting 100 percent of Down Units) if a significant number of the Down Units are down as the result of hazard loss.

Final Delivery requirements

We are updating and reorganizing various Final Delivery requirements in Section 32.3.



Recent Loan Document updates

On July 30, 2024, we posted Loan Document updates to our website for the following forms:

Legal Documents page

- Conventional and Targeted Affordable Housing (TAH) Cash Immediate & Unfunded Forward Documents
- Small Balance Loan (SBL) Documents
- Preservation Rehab Documents and
- Tax-Exempt Loan (TEL) Documents
- Servicing Documents

Purchase & Deliver page

- Final Delivery Instructions and Final Delivery Package Table of Contents (for all Mortgages other than SBL and TEL) (“Final Delivery TOC”)

For the applicable form and version of each Loan Document, please refer to the Currently Acceptable Multifamily Loan Documents list or, for SBL Mortgages, the Currently Acceptable Multifamily Loan Documents – SBL list, both available at mf.freddiemac.com/lenders/legal.