

Bulletin

NUMBER: M2021-4

TO: Freddie Mac Multifamily Sellers and Servicers

August 26, 2021

SUBJECTS

In the August 26, 2021 Guide Bulletin, we are updating the Guide as follows:

SBL property management

- Revising our requirements for when a Borrower-affiliated property management company may be used for an [SBL property](#)

MHC Tenant Protections

- Updating the requirements for notifying MH Home Owners of [MHC Tenant Protections](#)

Suspicious Activity and actual or possible fraud

- Updating our requirements for addressing [Suspicious Activity](#) and actual or possible fraud

Additional Guide updates and housekeeping items

- Providing details for disclosing [Equity Conflicts of Interest](#) to us
- Updating [Form 1104](#), *SBL Physical Risk Report*
- Updating the contact information for the [Multifamily Purchase](#) team

EFFECTIVE DATES

All revisions announced by this Bulletin are effective immediately, except the [MHC Tenant Protections](#) updates are effective for Mortgages originated on or after August 2, 2021.

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.freddiemac.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

SBL property management requirements

We are updating Section 8SBL.13 to allow a Borrower-affiliated property management company instead of a third-property management company if a Borrower Principal with Control of the Borrower is located more than 100 miles from the subject property, so long as the Borrower Principal with Control of the Borrower meets the following requirements:

- Has had Control (including through an entity) as the owner of a multifamily property in which the Property is located (which may include the Property) for at least the five preceding years, without interruption, or
- Has had Control of and owned an equity interest in (including through an entity) at least three multifamily properties in which the Property is located (which may include the Property), together with Control (including through an entity) of at least one of these multifamily properties for the preceding two years, without interruption

MHC Tenant Protections

We are revising our requirements to give Borrowers greater flexibility when notifying MH Home Owners of MHC Tenant Protections. For Mortgages originated on or after August 2, 2021, if the MHC Tenant Protections are incorporated into the MHC rules and regulations, a written acknowledgement from each MH Home Owner is not required. Instead, Borrowers may send each MH Home Owner a written notification listing the MHC Tenant Protections set forth in the MHC rules and regulations.

We are updating Sections 22.2(p), 40.16(e), 55.2, Exhibit 1.1, the Interactive Checklist, the Chief Servicing Officer Certification form and the Glossary to reflect these changes.

Suspicious Activity and actual or possible fraud

In Chapter 7, we are revising our requirements for addressing Suspicious Activity and actual or possible fraud as follows:

- Including requirements to search the Exclusionary List in connection with the hiring and training of employees, as outlined in Section 2.18
- Updating the description of the required training concerning Suspicious Activity and actual or possible fraud
- Specifying that the Seller/Servicer must maintain all records evidencing Suspicious Activity and actual or possible fraud
- Expanding the list of activities that the Seller/Servicer must report to Freddie Mac if the Seller/Servicer believes that any are occurring or have occurred during the origination or Servicing of a Mortgage
- Updating the requirements for immediate notification and reporting
- Stating the disciplinary actions Freddie Mac may take if the Seller/Servicer fails to cooperate with Freddie Mac or to comply with any other requirements in Chapter 7

These changes are found throughout Chapter 7. We recommend that Seller/Servicers review the chapter in its entirety to ensure that they understand the updated provisions.

Additional Guide updates and housekeeping items

Equity Conflict of Interest

We are updating the Guide to provide the group mailbox of MF_Borrower_Transactions@freddiemac.com for Seller/Servicers to disclose to us Equity Conflicts of Interest that arise after underwriting.

All Equity Conflicts of Interest that arise at the time of underwriting should be disclosed to us with the preliminary underwriting package (for a Seller utilizing the early rate-lock delivery option) or the full underwriting package (for a Seller utilizing the standard delivery option).

Sections 36.18(a), 41.4, 41SBL.4(c), 55.2 and 55SBL.2, the Interactive Checklist and the Dynamic Checklist are being updated to reflect this change.

Form 1104, *SBL Physical Risk Report*

We are updating Form 1104, *SBL Physical Risk Report*, to include an additional question asking whether further investigation of property deficiencies is warranted. Affirmative responses will be displayed in Section V of the form. We are also updating the form to provide additional minor questions and clarifications.

Multifamily Purchase contact

We are updating our contact information for the Multifamily Purchase team in the Directory to add the group mailbox mf_purchase_boarding_mgrs@freddiemac.com.