

Bulletin

NUMBER: M2023-5

TO: Freddie Mac Multifamily Sellers and Servicers
September 14, 2023

Freddie Mac
MULTIFAMILY



SUBJECTS

In the September 14, 2023, Guide Bulletin, we are updating the Guide as follows:

Radon testing and mitigation standards

- Requiring environmental consultants to submit certain required [radon data elements](#) to the designated data collection web site

Custodial Accounts

- Clarifying certain [Custodial Account](#) requirements

Hazard Loss Notification and Disbursement Request

- Updating [Form 1140 and 1140DR](#)

Property and Borrower negative news or events

- Requiring Seller/Servicers notify Freddie Mac of any [news articles or recent events](#) that could reflect adversely upon the Borrower, any Borrower Principal or the Property

Seller/Servicer audits

- Requiring remediation of most [audit findings](#) within 180 days of issuance of the final audit report

Additional Guide updates and housekeeping items

- Clarifying [securitization reporting](#) requirements
- Clarifying that Seller/Servicer applicants must have a minimum of two-years of [audited financial history](#) as of the date of the application for approval to become a Seller/Servicer
- Updating [Form 483M, Wire Transfer Authorization](#)
- Updating the [Borrower Certification forms](#) required for notifying Freddie Mac of required repairs and completion of restoration of the Property

EFFECTIVE DATES

All revisions announced by this Bulletin are effective immediately unless otherwise noted below.

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,

Ian Ouwerkerk



Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
Multifamily Counterparty Risk Management



Radon testing and mitigation standards

As part of the environmental report, the environmental consultant will need to report certain radon data elements to the designated data collection website provided to the Seller/Servicer by Freddie Mac. Instructions for the environmental consultant on submitting the required data elements are available on such website.

We are updating Sections 43.26, 61.14(e), [Form 1103, Environmental Site Assessment](#), and [Form 1108, Physical Risk Report](#), to reflect this change.

Custodial Accounts

We are updating the Guide to clarify the requirements and terminology relating to Custodial Accounts, including adding the following definition for a collection clearing account (previously referred to as a general ledger account):

Unless notified otherwise by Freddie Mac, a collection clearing account is an account at an eligible depository that is used by the Servicer to collect all amounts due from Borrowers before the Servicer transfers such funds to the required Custodial Accounts in accordance with Section 52.7. The collection clearing account must be titled to reflect that it is for the benefit of investors and supported by adequate records identifying all credits to, and charges from, the Borrower's payment records, the collection clearing account, and Custodial Accounts.

We are additionally updating the Guide to require that, for Borrower payments sent to a lockbox, Servicers must deposit all of the principal and interest payments and Reserve Funds into the appropriate Custodial Accounts no later than one Business Day (reduced from two Business Days) after the agent deposits the payments into the collection clearing account.

We are updating Sections 52. 2 through 52.5 and 52.7(b) to reflect these changes.

Hazard Loss Notification and Disbursement Request

We are updating [Form 1140, Hazard Loss Notification and Plan](#), and [Form 1140DR, Hazard Loss Disbursement Request](#), to streamline notification criteria, incorporate Loan Agreement proof of loss maximum when Freddie Mac approval is required and make other clarifications to align the forms with the Guide. Instructions and tips for submitting Form 1140 and 1140DR is available in the [Hazard Loss Quick Guide](#).

We are also updating Section 43.8 to reflect these changes.

Reporting of Property and Borrower negative news and events

We are creating Section 43.34 to require Seller/Servicers to notify Freddie Mac at multifamily_eligibility@freddiemac.com within five Business Days after becoming aware of any news articles or recent events that could reflect adversely upon the Borrower, any Borrower Principal or the Property.

Seller/Servicer audits

We are updating Section 2.7 to require Seller/Servicers provide adequate evidence of satisfactory remediation of most audit findings within 180 days of issuance of the final audit report. Major and critical findings must be



remediated sooner than 180 days after issuance of a final audit report; Freddie Mac Multifamily will communicate those timelines directly to the Seller/Service.

Additional Guide updates and housekeeping items

Securitization reporting

We are updating the following securitization reporting language in the Guide to align with current practice:

- The reporting rules for Mortgages paid in full and Mortgages sold into a securitization (CME sale) in Sections 50.10(a) and 50.10(b). For CME sales, accounting reports are due the same Business Day that the securitization occurred.
- Instructions for reporting securitization in Section 54.3(d). We are clarifying that regardless of accounting cycles, the instructions are the same and updating the field names to align with myOptigo®.

Audited financial history requirement for Seller/Service applicants

We are updating Section 3.3(a) to clarify that each applicant for approval as a Seller/Service must have a minimum of two-years of audited financial history as of the date of the application. This requirement has already been in place for new Seller/Service applications and is now being formalized in the Guide.

Wire Transfer Authorization

We are updating [Form 483M, Wire Transfer Authorization](#), to clarify the required information needed for the notary acknowledgment and make other minor revisions.

Borrower Certification forms for required repairs and Property restoration

We are updating the following forms to reference the Loan Agreement sections and make other minor revisions:

- [Borrower Certification – Completion of Restoration](#)
- [Borrower Certification – Completion of Repairs](#)
- [Borrower Certification – Partial Completion of Repairs](#)