

Bulletin

NUMBER: M2013-6

TO: Freddie Mac Multifamily Sellers and Servicers

September 30, 2013

SUBJECTS

With this Bulletin for the Multifamily Seller/Service Guide (Guide), we are:

- Revising our requirements for notifying Freddie Mac of completed and partially completed repairs and adding requirements for an engineer's certification that repairs have been satisfactorily completed
- Permitting licensed architects to perform the same tasks as licensed engineers with respect to on-site inspections and the completion of Level 1 Seismic Risk Assessment (SRA) reports
- Revising the Guide to expand the scope of Seller/Service's representations, warranties, confirmations and diligence relating to compliance with, or violations of, building codes
- Clarifying our requirements for Custodial Accounts
- Making the following miscellaneous changes:
 - Revising our contact information for the delivery of documents and notices to Freddie Mac following a Transfer of Servicing
 - Including form names for certain forms referenced in the Guide
 - Removing a reference to an unused form
 - Providing additional details regarding a system administrator's responsibilities with respect to providing access to the Multifamily Software Applications, the Guide and Multifamily secure content

Effective dates

All of the changes announced by this Bulletin are effective immediately.

Conclusion

More details on these changes are provided on the pages that follow. Guide text for the changes in this Bulletin is highlighted in green on AllRegs. If you have any questions about this Bulletin, please call your Freddie Mac representative.

Sincerely,

David Brickman
Senior Vice President
Multifamily

Completion of Repairs

We are revising requirements in the Guide for Servicer notification with respect to completed and partially completed repairs:

- The Servicer must use the Borrower Certification of Completed Repairs form to notify Freddie Mac within 10 Business Days of the Servicer's confirmation of the Borrower's completion of all repairs.
- The Servicer must use the Borrower Certification of Partial Completion of Repairs form to notify Freddie Mac at least 15 days prior to the applicable completion date of the repairs, in addition to submitting an extension request.

The Borrower Certification of Completed Repairs and the Borrower Certification of Partial Completion of Repairs must be submitted to Freddie Mac via the Multifamily Document Management System (DMS). Both forms are available on FreddieMac.com.

The Servicer has always been responsible for documenting that all repairs are completed satisfactorily, including exercising the right to hire an engineer to certify that the repairs have been completed in a good and workmanlike manner. Now, we are specifying that the Servicer must hire an engineer to certify that repairs have been completed satisfactorily when any one of the following conditions is present:

- The Servicer, Servicer representative or in-house engineer is not qualified to assess the quality of the repair and/or its completion status
- The repair, if improperly done, might contribute to material failure of any building component and/or the physical deterioration of the facility
- The repair is a structural repair
- The repair consists of repair to major building systems (e.g. electrical, mechanical, fire protection, etc.)

The engineer must meet Freddie Mac's qualifications and must possess specialized knowledge if necessary to assess the quality and completion of the repair. The Servicer is required to maintain supporting documents in the Mortgage File for each completed repair.

Complete details of these changes can be found in Sections 39.4(a) and 39.4(b).

Level 1 SRA Consultant Qualifications

We have revised our requirements for the preparation of the Level 1 SRA to permit architects to complete these reports. The qualifications applicable to professional engineers with respect to licensing and years of experience also apply to architects conducting on-site inspections and writing or reviewing a Level 1 SRA report. See Section 16.11(a) for these changes.

Compliance with Applicable Building Codes

We are revising the Guide to expand the Seller/Servicer's representations, warranties, confirmations and diligence relating to compliance with, or violations of, building codes such that all federal, State and local laws, ordinances and codes are covered, including the Fair Housing Act, Americans with Disabilities Act and other handicapped accessibility laws.

These changes can be found in Sections 5.6(a), 14.3(b), 14.4, 15.8(a) and 16.6.

Custodial Accounts

We are revising Section 52.4 to clarify that for each Seller/Servicer number, the Servicer may establish a single Custodial Account, or multiple Custodial Accounts, to hold Reserves for taxes, water and sewer charges, assessments, other charges that could become a first lien on the Property, ground rents, and insurance premiums. However, the Servicer may not include Reserves of any other type (e.g. Replacement Reserves, Repair Reserves, Rental Achievement Reserves, Debt Service Reserves, or any other Reserves established under the terms of the Loan Documents) in such an Account.

Form 1058, *Letter Agreement for Servicer's Reserve Custodial Account* and Form 1060, *Letter Agreement for Reserve Custodial Account* have been revised to reflect this update.

Miscellaneous

Delivery of Documents and Notices Following a Transfer of Ownership

We are revising our contact information for deliveries following a Transfer of Servicing, as follows:

- For CME and non-CME transactions closing on or after August 15, 2013, documents and notices must be submitted via Multifamily DMS by using the File Submission link to notify Multifamily Purchase. Original documents must be uploaded to DMS and delivered to *Multifamily Purchase*.
- For CME and non-CME transactions that closed before August 15, 2013, documents and notices must continue to be submitted via Multifamily DMS by using the file submission link to notify Multifamily Asset Management, Borrower Transactions. Original documents must be uploaded to DMS and delivered to *Multifamily Asset Management, Borrower Transactions*.

Contact information is also provided for Transfers of Ownership for Structured Transactions, Bond Credit Enhancements, acquisition rehabilitation/lease-up/moderate rehabilitation loan products, credit facilities, and Transfers of Ownership occurring in conjunction with the origination of a Supplemental Mortgage.

We have added Section 41.1(c) to contain these changes.

Forms

We are making the following changes related to forms:

- We have revised Section 32.4(b) to include the names of the wire transfer authorization forms that must be included in the Final Delivery Package.
- In Section 3.13, we have eliminated the reference to the Request for Approval of the TAH Underwriting Supervisor. The TAH Seller/Servicer must continue to submit a written request to Freddie Mac if it wishes to replace the TAH Underwriting Supervisor, but use of the form is no longer required.

System Administrator Responsibilities

We are clarifying that the Seller/Servicer must designate one or more of the individuals on its staff as the system administrator, and that the system administrator is responsible for identifying each Seller/Servicer employee (or vendor, as applicable), who needs access to a Freddie Mac Multifamily Software application, the Guide and Multifamily secure content on FreddieMac.com.

These changes can be found in Sections 2.13(a) and (b).