

Bulletin

NUMBER: M2023-6

TO: Freddie Mac Multifamily Sellers and Servicers
October 19, 2023



SUBJECTS

In the October 19, 2023 Guide Bulletin, we are updating the Guide as follows:

Property due diligence

- Strengthening certain [Property due diligence](#) requirements for Servicers

Workforce Housing Preservation

- Adding requirements for [Workforce Housing Preservation](#)

Acquisition loans

- Updating certain [requirements for acquisition loans](#)

Property inspections – Manufactured Housing Community (MHC)

- Updating our property inspections requirements for [MHC Properties](#)

Servicer remittances

- Updating our [Servicer remittance](#) requirements

Diverse Borrower Certification

- Removing [Diverse Borrower Certification references](#) from the Guide

Additional Guide updates and housekeeping items

- Clarifying our Target Affordable Housing (TAH) [Cash Mortgage Conversion Underwriting Checklist](#)
- Clarifying our [wire transfer authorization instructions](#)
- Creating a new section for our [vendor risk management program](#) requirements

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,

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Senior Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
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Property due diligence

As recently [announced](#), we are strengthening certain Property due diligence requirements for Servicers.

We are updating Chapters 39 and 40 to reflect these requirements, including:

Exempt Inspectors

Beginning with all inspections with a Property Reporting System (PRS) submission year of 2024, we are requiring use of an Exempt Inspector (as described in Section 40.13(b)3) every other year for:

- Affordable housing loans originated in the TAH program or with property-based HUD Section 8 involvement
- Properties built more than 40 years prior to the current year. However, Properties over 40 years old will not require an Exempt Inspector if the date of the renovations is less than 20 years from the current year and all of the following criteria is met:
 - The documented property renovations amount to at least \$10,000/unit
 - At least 75% of units were renovated
 - Renovations include updates to at least two major building systems (electrical, heating, ventilation, air conditioning, plumbing, fire protection, elevators roofs, etc.)

Property risk issues

The Servicer must promptly and, in any case, not later than 10 Business Days from submitting the Annual Inspection Form (AIF) assessment into PRS, notify Freddie Mac via email at MF_Surveillance@freddiemac.com if any of the following property related issues occur and have not been previously reported to Freddie Mac:

- Property has a very low physical occupancy which is defined as less than 65%
- Property has had an unauthorized change in property manager
- Deferred Maintenance is estimated at greater than 15 percent of the UPB
- There is a property condition rating of 4 or 5
- Property has a total of greater than 10 percent of Down Units
- Property has any catastrophic conditions that require immediate action
- Property has any unauthorized significant capital improvements or renovations that are likely to or are already negatively impacting occupancy or cash flow

The Servicer must retain a copy of this communication for its records. We will be assessing revised penalty fees for: (i) late or incomplete assessment submissions, or (ii) unacceptable assessment submissions.

Reserve deposits for Replacement Reserves

The Servicer must begin collection of Reserve deposits for Replacement Reserves if such Reserve deposits have been deferred pursuant to the terms of the Loan Agreement if:

- There is a property condition rating of 4 or 5, or
- Within 30 calendar days following the repair due date, repairs are not completed as required



Guide impacts

We are updating Sections 39.2(c), 39.4(b), 39.5(a), 40.1(a), 40.2(a), 40.2(b), 40.6(a), 40.6(c), 40.7(d), 40.8, 40.10 and 40.13(b) and the Glossary to reflect these Property due diligence updates.

Workforce Housing Preservation

As recently [announced](#), we expanded the Properties eligible for Rent Preservation to include Conventional loans through our new [Workforce Housing Preservation](#) option.

We are adding new Section 17.6 and updating the Glossary to reflect this change.

Acquisition loans

We are streamlining and standardizing our purchase agreement documentation for acquisition loans, including requiring the new [Purchase Agreement Analysis form](#) (replaces the prior analysis of the purchase agreement), which must be submitted on all acquisition loans.

We are also updating the Guide to permit the allocation to intangible assets (including goodwill) in connection with the acquisition of the Property for certain Mortgages, subject to the conditions set for in Section 10.18.

We are updating Sections 10.18, 55.2, 55SBL.2, and 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.

Property inspections – MHC

We are updating Section 22.8 to require that prior to the inspection date at the time of underwriting, Sellers must randomly select twice the number of Borrower-Owned Homes to be inspected and instruct the Borrower to provide notice of the inspection to the tenants.

Servicer remittances

We are updating Sections 50.7 and 53.8 to require that Servicer remittances be submitted no later than 1:00 p.m. Eastern Time one Business Day preceding the remittance due date. Any remittance submitted after this time will be processed the following Business Day. Additionally, checks are no longer accepted. Servicers may submit remittances by wire transfer or through the Automated Clearinghouse (ACH).

Diverse Borrower Certification

We are updating the Guide to remove references to the Diverse Borrower Certification as we are no longer collecting this Certification.

We are updating Section 55.2, [Exhibit 1.1, Underwriting Checklist](#), and [Interactive Conventional and TAH Cash UW Checklist](#) to reflect this change.



Additional Guide updates and housekeeping items

Exhibit 1.31, Targeted Affordable Housing Cash Mortgage Conversion Underwriting Checklist

We are updating [Exhibit 1.31](#) to align with our current requirements for the submission of Forms 1115.

Wire transfer authorization instructions

We are updating Section 33.4 to align our wire transfer authorization instructions with current practice.

Vendor risk management program

We are creating Section 2.27 for our vendor risk management program requirements. We are additionally updating Section 2.26 to reflect this change.