

Bulletin

NUMBER: M2022-5

TO: Freddie Mac Multifamily Sellers and Servicers

October 20, 2022



SUBJECTS

In the October 20, 2022, Guide Bulletin, we are updating the Guide as follows:

Material Vendors and Servicing Agents

- Simplifying and clarifying our requirements for the use of [Material Vendors and Servicing Agents](#)

Additional Guide updates and housekeeping items

- Specifying that Seller/Servicers must adopt, maintain and administer written [minimum policies and procedures](#) that address doing business with Freddie Mac
- Clarifying our requirements for [Transfers of Ownership/assumption requests](#)
- Requiring that Servicers must notify Borrowers of all deadlines provided in Article I (Key Loan Terms) and [Exhibits and Riders to the Loan Agreements](#)
- Clarifying certain [loan accounting and reporting](#) requirements
- Updating our [Letter Agreement Guide Forms](#)

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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Erlita Shively
Vice President
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Use of Material Vendors and Servicing Agents

We are updating the Guide to replace references to “Outsource” and “Outsourcer” with “Material Vendor.” Servicers are permitted to use Material Vendors, without prior approval from Freddie Mac, for certain low-risk and administrative Servicing, accounting and reporting functions, as described in Sections 36.5 and 50.2.

We are also clarifying that vendors performing these low-risk Servicing functions are not the same as Servicing Agents (which also may be referred to as “subservicers,” but that term is not to be confused with the role of a “sub-servicer” for Securitization). Servicing Agents must have Freddie Mac's authorization to service the requested collateral type on behalf of another Servicer.

We are additionally updating the Guide to state that a Servicer that uses a Material Vendor or Servicing Agent domiciled in, or that provides services to the Servicer from, an offshore location (i.e., not in any State) must apply the same requirements and ensure the same level of service and compliance that is applicable to a Material Vendor or Servicing Agent domiciled in and providing services to the Servicer from a State.

Prior to using a Material Vendor or Servicing Agent for any Servicing responsibility, the Servicer must notify Freddie Mac as follows:

- Material Vendors: within 10 Business Days of the date of onboarding the Material Vendor, in accordance with the requirements in Section 3.9
- Servicing Agents: at least 60 days before contracting with the Servicing Agent, in accordance with the requirements in Section 3.8(a)

We are updating Sections 3.8(a), 36.5, 50.2, and the Glossary to reflect these changes.

Additional Guide updates and housekeeping items

Policies and procedures

We are updating Section 3.15 to specify that Seller/Servicers must adopt, maintain and administer written minimum policies and procedures that address doing business with Freddie Mac, including but not limited to origination, underwriting, Servicing, asset management and investor reporting of multifamily Mortgages and Properties. These policies and procedures must be reviewed at least annually to ensure compliance with the Guide and the Seller/Servicer's other Purchase and Servicing Documents. Seller/Servicers must make their policies and procedures available to Freddie Mac upon request.

Transfers of Ownership/assumption request requirements

We are updating Section 41.4(c) to clarify that the following are required for a full review of all Transfers of Ownership requiring Freddie Mac consent:

- Current financial statements of the proposed transferee and the proposed new Required Borrower Principals, as described in Section 55.2
- An executed Form 1116, *Real Estate Schedule*, for each new Required Entity, as detailed in Section 55.2

Deadlines in Article I (Key Loan Terms) and Exhibits and Riders to Loan Agreements

We are adding new Section 43.33 to the Guide to state that Servicers must notify Borrowers of all specified deadlines in Article I (Key Loan Terms) and Exhibits and Riders to the Loan Agreements. Freddie Mac's Property Reporting System (PRS) is a tool for Servicers to identify such loan requirements and deadlines. If a deadline extension is needed, then 10 business days prior to the deadline, Servicers must submit an extension



request to Freddie Mac via Document Management System (DMS) and Consent Request Tracker (CRT), and update PRS Loan Item Tracking (LIT) regarding submitted extension requests.

Loan accounting and reporting requirements

In response to Seller/Servicer feedback, we have reviewed our requirements and are clarifying certain loan accounting and reporting requirements.

We are updating Sections 50.10, 50.12, 51.1, 53.1, 53.2, 53.6, 54.3 and 54.4 to reflect these changes.

Letter Agreement Guide Forms

We are updating the following Letter Agreements to allow for electronic signing and submission:

- Form 1057, *Letter Agreement for Servicer's Principal and Interest or P&I Disbursement Clearing Custodial Account*
- Form 1057A, *Letter Agreement for Securities Custodial Account for Tax-Exempt Bond Transactions*
- Form 1058, *Letter Agreement for Servicer's Reserve Custodial Account*
- Form 1059, *Letter Agreement for Principal and Interest or P&I Disbursement Clearing Custodial Account*
- Form 1060, *Letter Agreement for Reserve Custodial Accounts*