

Bulletin

NUMBER: M2022-6

TO: Freddie Mac Multifamily Sellers and Servicers
December 15, 2022



SUBJECTS

In the December 15, 2022, Guide Bulletin, we are updating the Guide as follows:

Seismic Risk Assessment requirements

- Updating our [Seismic Risk Assessment](#) requirements

Insurance requirements

- Updating certain [insurance](#) requirements

SBL Borrower Principals with Control

- Updating certain [SBL minimum experience](#) requirements for Borrower Principals with Control

TAH Conflicts Check – Transaction Parties and Details form

- Creating the TAH Conflicts Check – Transaction Parties and Details [form](#)

Additional Guide updates and housekeeping items

- Updating certain [TAH Cash Forward Commitment Mortgage](#) requirements
- Clarifying our [Transfer of Ownership Early Indication Package](#) requirements
- Clarifying certain [Letter Agreement Guide Forms](#) instructions
- Updating [Form](#) 1104, *SBL Physical Risk Report*, and Form 1108, *Physical Risk Report*

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
Senior Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
Multifamily Counterparty Risk Management



Seismic Risk Assessment requirements

We are updating our Seismic Risk Assessment requirements to:

- Revise Seismic Risk Factors for consistency between all offering types
- Clarify Peak Ground Acceleration (PGA) calculation inputs
- Clarify requirements for the release of earthquake insurance

We are updating Chapters 64 and 64SBL, Sections 8SBL.14, 22.7(a), 31.9, 39.9(a), 62.4, 62.5(a), 62.6(a), 62SBL.4, 62SBL.5(a), 66.4, Form 1104, *SBL Physical Risk Report*, Form 1105, *Property Condition Assessment*, and Form 1108, *Physical Risk Report*, to reflect these changes.

Insurance requirements

SBL Mortgages

We are updating Section 31.1(b) to require that SBL Mortgages comply with the following:

- The All-Risk insurance requirements in Section 31.5
- The Business Income/Rental Value Insurance requirements in Section 31.6
- The flood insurance requirements in Section 31.8

Seller/Serviceers are not permitted to exercise its discretion to approve coverage that differs from the above.

Additional insurance requirements

We are updating Sections 31.5(a), 31.8 and 31.20 to:

- Clarify requirements related to flood zone determinations and evidence of flood insurance
- Clarify our maximum deductible requirements for property damage (All Risk)
- Define documentation requirements

SBL Borrower Principals with Control

We are updating Sections 8SBL.13 and 9SBL.2(c) to expand the minimum experience requirements for Borrower Principals with Control. These updates are in response to our recent [update](#) to expand the qualifications of SBL Link Loans to include 2- to 4-unit non-contiguous properties (under certain circumstances).

TAH Conflicts Check – Transaction Parties and Details form

To collect all the information needed for law firms to run conflict checks, we have published the [TAH Conflicts Check – Transaction Parties and Details form](#) (TAH Conflicts Check Form) in November. This form replaces the TAH Bond Credit Enhancement Mortgages Transactions Parties and Details form. A TAH Conflict Check Form must be completed for all Tax-Exempt Loans (TELs) and Bond Credit Enhancements (BCEs), and, upon request, for other TAH Mortgages. Email completed forms to the applicable TAH Production relationship manager and Multifamily Attorney.

We are updating Section 55.3 and Exhibit 1.25, *Targeted Affordable Housing Prescreen Package Checklist*, to reflect this change.



Additional Guide updates and housekeeping items

TAH Cash Forward Commitments

For TAH Cash Forward Commitment Mortgages, we are:

- Aligning the Appraisal requirements in Section 19A.10(a) with Section 60.30
- Clarifying the Loan Document requirements for Conversions

We are updating Sections 19A.10(a), 19A.12 and 19A.13 to reflect these changes.

Transfers of Ownership

We are updating the Guide to clarify when the Early Indication Package requirements in Section 41.4(b) apply for a proposed Transfer of Ownership.

Letter Agreement Guide Forms

We are clarifying the instructions for providing authorized contacts in the following:

- Form 1057, *Letter Agreement for Servicer's Principal and Interest or P&I Disbursement Clearing Custodial Account*
- Form 1059, *Letter Agreement for Principal and Interest or P&I Disbursement Clearing Custodial Account*

Form 1104, *SBL Physical Risk Report*, and Form 1108, *Physical Risk Report*

We are updating Form 1104, *SBL Physical Risk Report*, and Form 1108, *Physical Risk Report*, to clarify the question asking about the results of the environmental transaction screen and database review. One subsequent question was added to allow for a discussion of areas of concern from the results of the environmental transaction screen and database review. We are also updating the forms to provide additional minor questions and clarifications.