Bulletin

NUMBER: M2025-8
TO: Freddie Mac Multifamily Sellers and Servicers
December 16, 2025

SUBJECTS

In the December 16, 2025 Guide Bulletin, we are updating the Guide as follows:

Originating and underwriting

- Adding enhanced due diligence requirements
- Revising our mortgage transaction narrative analysis requirements for refinance transactions
- Updating our application fee requirements
- Updating our Special Moisture or Mold Issues Inspection requirements for SBL Properties

Insurance

- Clarifying certain insurance requirements

Servicing and asset management

- Updating our REMIC Securitization requirements
- Updating the Hazard Loss Notification and Plan form

Additional Guide updates and housekeeping items

- Updating our Conversion requirements
- Clarifying the Guide as a result of our annual regulatory compliance review
- Updating the references to Green Advantage requirements
- Revising our Escrow and Funding Functions requirements
- Clarifying our SBL Guarantor requirements

EFFECTIVE DATES

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

GUIDE UPDATES SPREADSHEET AND REDLINED GUIDE CHAPTER CHANGES

Visit https://mf.freddiemac.com/lenders/guide/bulletins for the following resources to this Bulletin:

- **Appendix A to December 16, 2025, Guide Updates Spreadsheet** – a detailed list of the Guide updates associated with this Bulletin and the topics with which they correspond
- **Appendix B to December 16, 2025, Redlined Guide Chapter Changes** – a PDF showing the redlined changes announced in this Bulletin to each revised Guide chapter, Glossary and Directory

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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Originating and underwriting

Enhanced due diligence

Sponsor Meeting

We are adding Know Your Customer (KYC) requirements for Seller/Servicers when originating Mortgages that involve:

- One or more of the following sponsor types (as a transferee, with respect to a Transfer of Ownership)
  - First-Time Sponsors
  - Limited Multifamily Experience Sponsors (or for SBL Mortgages, Key Borrower Principals that do not individually meet the criteria noted in Section 9SBL.2(c)(2)),
  - Rapid Growth Sponsors, or
- A broker/correspondent

These requirements apply to Mortgages placed under Seller Application on or after **February 1, 2026** or any Transfer of Ownership occurring on or after February 1, 2026.

We are requiring Sellers to conduct a Sponsor Meeting with a Sponsor Representative, either in person or by video call. This meeting must:

- Be conducted by an originator, underwriter or other Seller Representative acceptable to Freddie Mac
- Occur within 12 months before submitting the full underwriting package
- Cover the representative's role, professional background and business objectives

We are also updating the Seller's mortgage transaction narrative analysis to include comprehensive documentation of the Sponsor Meeting, including:

- Names, companies and titles of all participants
- Date and format of the meeting (video call or in-person location)
- Method used to confirm the identity of the Sponsor Representative
- Summary of matters discussed and any material information learned

We are updating Sections 3.15(c), 9.2(d), 9SBL.2(c), 11.8, 11.9, 55.2, 55SBL.2, the Glossary and the Interactive Conventional and TAH Cash Underwriting Checklist to reflect these changes.

Liquidity verification documentation

We are revising our Liquidity verification documentation requirements for First-Time Sponsors, Limited Multifamily Experience Sponsors (or for SBL Mortgages, Key Borrower Principals that do not individually meet the criteria noted in Section 9SBL.2(c)(2)), or Rapid Growth Sponsors to require a Liquidity Verification Worksheet with delivery of the full underwriting package that includes:

- A summary analysis of bank/brokerage statements, including account listings, statement dates, verified liquidity amounts, and comparison to certified financial statements
- Explanations for any material deviations between bank statements and certified financial statements

Sellers may use the Liquidity Verification Worksheet template to provide the required information. Alternatively, Sellers may use another format of their choosing, provided that it includes all required information.

We are updating Sections 55.2, 55SBL.2, the Interactive Conventional and TAH Cash Underwriting Checklist and the SBL Underwriting Checklist to reflect these changes.

Mortgage transaction narrative analysis for refinance transactions

We are also updating the requirements for the mortgage transaction narrative analysis to specify that refinance transactions must include a description of the existing mortgage, including unpaid principal balance, current lender and any other material information. A refinance of an existing Freddie Mac Mortgage must be clearly identified.

We are updating Sections 55.2, 55SBL.2, the Interactive Conventional and TAH Cash Underwriting Checklist and the SBL Underwriting Checklist to reflect these changes.

Application fee

We are updating the Guide to specify that, once earned by Freddie Mac, the Seller must remit the standard delivery application fee to Freddie Mac by the earlier of:

- If Rate Lock has occurred, by 2:00 p.m. ET on the second Business Day following Rate Lock,
- 90 days after the date the application fee was deemed earned, or
- The second Business Day following demand by Freddie Mac

We are updating Sections 18SBL.6(e) and 27.6(b) to reflect this change.

Special Moisture or Mold Issues Inspections for SBL Properties

We are updating Section 8SBL.3(c) to require that the Special Moisture or Mold Issues Inspections for SBL Properties include recommendations and cost estimates for correcting reported and observed issues, in alignment with the requirements for non-SBL Mortgages.

Insurance

The below changes are effective for all new loans under Seller Application on or after **December 26, 2025**, and for existing Mortgages, insurance policy renewals in Servicing on or after **February 16, 2026**.

We are clarifying Chapter 31 in response to feedback we have received as a result of updating our insurance requirements over the course of the year. The clarifications include:

- Seller/Servicer flood zone monitoring responsibilities
- Named insured requirement when a property management company provides insurance for the Borrower
- Acceptance of per-policy aggregate limits for blanket property insurance for flood, earthquake and terrorism coverage
- Deductible allowances for:
  - Blanket insurance policies
  - Wind/hail and Named Storm coverage limits when expressed as a percentage

  - Earthquake coverage limits when expressed as a percentage
- Use of expanded deductibles for liability coverage
- General liability exclusion requirements
- Use of Captive insurance and risk retention groups

We are updating Sections 31.2(d), 31.5, 31.7, 31.8, 31.9(b), 31.16 and 31.27 to reflect these changes.

Servicing and asset management

REMIC Securitization

We are updating the Guide to clarify that if a Mortgage is included in a Real Estate Mortgage Investment Conduit (REMIC) Securitization, the Servicer must not knowingly or intentionally take any action or fail to take any action with respect to such Mortgage, that:

- Adversely affects or impairs the status of the REMIC trust as a REMIC, or
- Results in the REMIC trust incurring a tax under Section 860F(a) or Section 860G(d) of the Internal Revenue Code and related U.S. Treasury regulations

With respect to any such actions, unless waived by Freddie Mac, the Servicer must deliver an opinion of counsel addressed to Freddie Mac and obtained at no expense to Freddie Mac. The opinion of counsel must meet the requirements in Section 43.14(a).

We are updating Section 43.14(a) and the Glossary to reflect this change.

Hazard Loss Notification and Plan

We are updating Form 1140, *Hazard Loss Notification and Plan*, to align with the requirements in Section 43.8.

Additional Guide updates and housekeeping items

Conversion requirements

We are updating the Conversion requirements as follows:

- Specifying that the Discounted Coverage Ratio (DCR) must be greater than or equal to both the minimum DCR for the Mortgage product and the priced DCR
- Updating references to the Conversion Underwriting Package

We are updating Sections 17A.9, 17A.10, 19A.12(a) and (d), 19A.13(b), 25A.7, 25A.9, 28A.14(b) and the Glossary to reflect these changes.

Regulatory compliance

In response to our annual Guide review for regulatory compliance, we are updating the Guide as follows:

- Clarifying that Freddie Mac may, at its sole discretion, limit the number or total dollar amount of multifamily Mortgages it purchases. The simplified language removes specific criteria, providing Freddie Mac greater flexibility to manage risk and ensure portfolio stability.

- Specifying that Seller/Servicers must, upon request, provide Freddie Mac with information and certifications necessary to comply with all Housing and Economic Recovery Act (HERA) obligations.
- Clarifying that Adverse Action Notices requiring Fair Credit Reporting (FCRA) notification can be written or oral and must include the contact information for the applicable credit reporting agency with the adverse credit report.

  Seller/Servicers are not required to provide the actual credit report. All required FCRA contact information is provided in Freddie Mac's Adverse Action Letter to the Seller/Servicer.
- Clarifying that while Freddie Mac reserves the right to reject any Mortgage supported by an Appraisal that makes reference to Prohibited Factors, such references may be permissible in circumstances where the property owner provides housing related to a Prohibited Factor (e.g., senior housing, Housing Choice Voucher Program), provided such reference does not give rise to bias or discrimination.

We are updating Sections 2.3, 3.17, 10.13 and 60.8 to reflect these changes.

Green Advantage

We are updating the Guide to rename our Green Advantage program to Utility Efficiency and align with current practices.

We are updating Chapters 24 and 65, Sections 5.4(a), 10.18(b), 11.5, 19.2(e), 39.4, 39.10, 60.6, 60.29, the Glossary, Form 1056, *Reserves Held in Custodial Accounts*, Form 1106, *Green Assessment*, Exhibit 1.1, Exhibit 1.26, Exhibit 1.29, Exhibit 1.33, Interactive Conventional and TAH Cash Underwriting Checklist, the SBL Underwriting Checklist and removing Form 1209, *Green Retrofits Certification.*

Escrow and Funding Functions

We are revising Sections 29.1(d) and (i), 32.3(c) and the Glossary to define the terms Escrow Functions and Funding Functions.

SBL Guarantors

We are clarifying our SBL Guarantor requirements in Section 9SBL.2(d).