

Bulletin

NUMBER: M2023-4

TO: Freddie Mac Multifamily Sellers and Servicers

August 17, 2023



SUBJECTS

In the August 17, 2023 Guide Bulletin, we are updating the Guide as follows:

TAH – TELs

- Adding portions of the Letter of Commitment for [TAH – TEL Mortgages to the Guide](#)

Chapter 29, Title, Survey, UCC Searches and Opinions

- Reorganizing and streamlining our title and survey requirements and relocating requirements for legal opinions from the Final Delivery Instructions to [Chapter 29](#)

Green Advantage® eligibility

- Expanding eligibility for [Green Up®](#) and [Green Up Plus®](#)

Borrower and Key Borrower Principal Certificates

- Updating our [Borrower and Key Borrower Principal Certificate](#) forms

Operations and maintenance program (O&M) and Moisture Management Plan (MMP)

- Removing our requirements for the delivery of [O&M programs and MMPs](#)

Final Delivery Instructions

- Updating the Guide to streamline our [Final Delivery Instructions and Final Delivery Package Table of Contents](#)

Additional Guide updates and housekeeping items

- Clarifying our [early rate lock application fee requirements](#)
- Updating the Guide to clarify [Aged Receivables Reporting](#)
- Clarifying our SBL [verification of collections requirements](#)
- Clarifying our SBL [Borrower Principal experience requirements](#)
- Aligning our [Form 1104, SBL Physical Risk Report, 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,

Ian Ouwerkerk
Senior Vice President
Multifamily Underwriting and Credit

Erlita Shively
Vice President
Multifamily Counterparty Risk Management



Target Affordable Housing (TAH) – Tax-Exempt Loans (TEs)

We are updating and reorganizing Chapters 25 and 25A and the Glossary to reflect changes that are needed as a result of streamlining the TEL commitments and TEL document forms. We recommend that Seller/Service providers review these chapters in their entirety to familiarize themselves with our requirements.

All TELs rate locking on or after August 17, 2023, must use the streamlined [TEL document forms](#) with a revision date of June 27, 2023 or later.

Chapter 29, Title, Survey, UCC Search and Opinions

We are re-organizing and streamlining our title and survey requirements in Chapter 29, including as follows:

- Moving most of the title policy and endorsement requirements, together with the simplified “safe harbor” categories, to a Title Policy and Endorsement Requirements document that is posted on our website.
- Removing the Title Exception and Survey Analysis (TESA). Seller’s counsel will no longer need to submit a TESA. Instead, written analyses of title exceptions as required by Section 29.2 will be included in the Legal Issues Analysis.
- Creating the Title Insurance Policy Certification, which will be required at final delivery.
- Creating the Waiver of Certain Survey Requirements, which replaces the Survey Waiver Requirements document.
- Adding the UCC search requirements for a Mortgage secured by a Senior Housing Project, which were previously found in the Final Delivery Instructions. These requirements have not changed.

We are updating Chapter 29 and Sections 6.4(b)(h), 6.10(b), 41.6(g), and the Glossary to reflect these changes.

Green Advantage® eligibility

As recently [announced](#), we are expanding the Mortgages eligible for our Green Up® and Green Up Plus® offerings to allow for 5-year terms. This applies for both fixed-rate and floating-rate Mortgages.

We are updating Section 24.2(a) to reflect this change.

Borrower and Key Borrower Principal Certificates

Based on recent feedback, we are updating the Borrower and Key Borrower Principal Certificates to define Related Entity and make other clarifying updates.

We are updating [Form 1115, Borrower Certificate](#), [Form 1115, Key Borrower Principal Certificate](#), [Form 1115SBL, Borrower Certificate SBL](#), and [Form 1115SBL, Key Borrower Principal Certificate SBL](#), to reflect these changes.

Operations and maintenance (O&M) programs and Moisture Management Plans (MMP)

We are updating the Guide to remove the requirement for the delivery of O&M programs and MMPs in the full underwriting package and the final delivery package, unless specifically requested by Freddie Mac. Instead, the Loan Agreement was updated as of June 13, 2023 to require the O&M programs and MMPs be retained at the Property or the property manager's office and made available during any annual assessment or other



inspections required by the Lender. This way, the documents are located where they can best be utilized by the Borrower to manage environmental hazards or water intrusion events.

We are updating Sections 8.3(a), 8SBL.3(a), 27.30(e), 55.2, 55SBL.2, 61.4(c), and multiple exhibits to reflect this change. Refer to the Guide Updates Spreadsheet for this Bulletin posted at <https://mf.freddie.mac.com/lenders/guide/bulletins.html> for details.

Final Delivery Instructions

We are updating the Guide to reflect that the Final Delivery Instructions are now set forth in the following documents:

- For all non-SBL and non-TEL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents”
- For SBL Mortgages, the document called “Final Delivery Instructions and Final Delivery Package Table of Contents – SBL”
- For TEL Mortgages, the applicable document referenced below:
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Conversion of Unfunded Forward Tax-Exempt Loan
 - Final Delivery Instructions and Final Delivery Package Table of Contents – Immediate Funding Tax-Exempt Loan

Each of these documents are available on FreddieMac.com at <https://mf.freddie.mac.com/lenders/purchase/>.

We are updating Sections 32.1(c)(e), 32.3, 32.4 and the Glossary to reflect these changes.

Additional Guide updates and housekeeping items

Early rate lock application fee

We are clarifying Section 27.6(c) to state that if the Mortgage amount set forth in the early rate lock application increases after final underwriting, there will be an additional application fee due in connection with the Seller’s execution of the Acceptance Letter. The fee amount will be determined in accordance with the formula set forth in Section 27.6(a).

Aged Receivables Report

We are updating the Guide to clarify that an Aged Receivables Report is required at the time of the underwriting package submission for all SBL loans and when applicable for non-SBL loans. The report must be certified by the Borrower via the Blanket Certification (as referenced in Sections 55.2 and 55SBL.2) and accompany property operating statements prepared on an accrual basis. This documentation has essentially been required since March 2021 in response to extended eviction moratoriums related to COVID-19, which often resulted in a material deviation between the collections represented in the operating statements and the actual rental income collected at the property. In connection with the Guide update, we are removing all documentation relating to this requirement from mf.freddie.mac.com. Formalizing this requirement in the Guide will promote greater consistency and transparency in the underwriting process.



We are updating Sections 55.2, 55SBL.2, multiple checklists and 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.

SBL verification of collections

We are clarifying our requirements in Section 55SBL.2 and the [SBL Underwriting Checklist](#) to specify that the Borrower or Key Borrower Principal must provide to Freddie Mac a completed and certified [Form 1144, Verification of Collections](#), at the time of underwriting. In lieu of a [Form 1144](#), the Borrower may provide certified operating statements for the most recent three months.

SBL Borrower Principal experience requirements

We are clarifying our SBL Borrower Principal experience requirements in Section 9BL.2(c). At least one Key Borrower Principal with Control of the Borrower must: (i) have had Control of and owned an equity interest in at least 10 residential units (including through an entity) consisting of 2- to 4-unit properties for a minimum of the preceding two years; or (ii) meet either of the two other experience options detailed in Section 9SBL.2(c).

Form 1104, SBL Physical Risk Report

We are updating [Form 1104, SBL Physical Risk Report](#), by re-ordering the environmental hazards for better Guide alignment.