Freddie Mac Multifamily Enhances Policies to Strengthen Due Diligence, Deter Fraud and Reduce Risks

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MCLEAN, Va., April 15, 2024 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) Multifamily today announced a series of policy and process enhancements that further strengthen underwriting due diligence, bolster fraud detection and deterrence, and mitigate other risks. Effective April 18, the changes include enhanced property inspection requirements and additional due diligence, among other measures.

"Freddie Mac remains focused on risk management and works to enhance our processes to better detect and deter fraud and misrepresentation," said Ian Ouwerkerk, senior vice president of Multifamily Underwriting & Credit. "We take these issues seriously, and these enhancements are just the latest step in our effort to manage risk and improve our execution."

The enhancements will appear in Freddie Mac's *Multifamily Seller/Servicer Guide* ("Guide") and take effect on April 18. They specifically include the following:

- Property inspections will require an increased number of unit inspections and higher lease audit sample sizes. Additional documentation will be required for lease audits to confirm actual tenant rental payments.
- Stronger "Know Your Customer" requirements, including enhanced due diligence for first-time borrowers and borrowers with limited multifamily experience, additional liquidity verification and verification of real estate owned by the borrower.
- Updated process to limit Freddie Mac Multifamily business with certain title companies when applicable.
- Additional appraisal review and appraiser independence requirements to safeguard the independence, objectivity and impartiality of appraisers.

The April updates reflect another step in Freddie Mac's ongoing effort to enhance its processes. In November 2023, the company announced new measures to clarify multifamily documentation chain of custody requirements as loan due diligence moves from borrower to lender.

Freddie Mac Multifamily is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income. Freddie Mac securitizes about 90% of the multifamily loans it purchases, thus transferring the majority of the expected credit risk from taxpayers to private investors.

Freddie Mac's mission is to make home possible for families across the nation. We promote liquidity, stability, affordability and equity in the housing market throughout all economic cycles. Since 1970, we have helped tens of millions of families buy, rent or keep their home. Learn More: Website | Consumers | Twitter | LinkedIn | Facebook | Instagram | YouTube

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