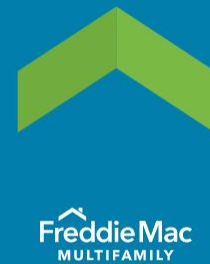


SBL Update



New Guide Updates

As of yesterday, new updates have been implemented to our [Freddie Mac Multifamily Seller/Service Guide](#) and [SBL Checklist](#). To learn about all the changes, read the [news article](#).

The below updates impact the Small Balance Loan (SBL) business, but it is not an exhaustive list of all applicable updates.

- 8SBL.15 – Property Inspections and Lease Audits
 - Increasing property inspection and lease audit requirements
 - Introducing additional lease audit validation step
- 9SBL.2 – Borrower and Borrower Principal Requirements
 - Introducing liquidity verification requirements for each Key Borrower Principal (KBP) with Ultimate Control or each Guarantor that meet the following definitions:
 - Limited Multifamily Experience Sponsor (does not meet SBL Baseline experience requirement)
 - First-Time Sponsor
- 9SBL.9 – Preferred Equity
 - Clarifying that Preferred Equity is not permitted in SBL

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- 9SBL.14 – Very Small Markets – Borrower/Key Borrower Principal due diligence and geographic proximity
 - Removing bank reference and bank statement requirements
- 11.6 – Real Estate Schedule – Form 1116 Verification
 - Introducing SREO verification requirements for each KBP with Ultimate Control or each Guarantor that meet the following definitions:
 - Limited Multifamily Experience Sponsor (does not meet SBL Baseline experience requirement)
 - First-Time Sponsor
- 18SBL.2 – SBL Mortgage Characteristics
 - Updating the Hybrid ARM SBL mortgage loan terms for 5-year and 7-year hybrid loans
- 60.2 – Appraiser Independence Requirements
 - Introducing requirements for Appraiser Independence

Effective Dates:

- Deals taken under application on or after April 18, 2024
 - Additional lease audit verification requirements
 - Liquidity verification requirements
 - SREO verification requirements
 - Appraiser Independence requirements
- Deals in process as of April 18, 2024
 - Increased inspection requirements (other than additional lease validation requirements) are required for inspections that have not yet been performed, even if already under application

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- Deals taken under application on or after May 1, 2024
 - Loan term updates to 5-year and 7- year Hybrid ARM SBL mortgages

Checklist Updates:

- New Item: Liquidity Verification Documentation
- Removed Items (no longer required): Bank reference and bank statement requirements for Very Small Markets

Updated SBL I&E Comparables Engine

The SBL Income and Expense Comparables engine was updated earlier this month. This resource is updated on a quarterly basis, so please ensure you are using the most recent version, which can be downloaded on the [Originate & Underwrite page](#) under the Loan Sizing Resources tab.

Please note, there are two versions of the engine on the website to accommodate users who may have different versions of Microsoft Excel. One file is for users with versions of [Excel that predate Excel 2016](#) and the second file is for users with [Excel 2016 version or later](#). Both versions contain the exact same data with the exact same splicers, but the second file (Excel 2016 or later) allows for much faster filtering of the data.

Last Chance to Register: Optigo® Essentials: SBL Workshop

Don't miss out! Register soon for this one-day event in Chicago on **Wednesday, April 24**, where we'll provide a national overview of the SBL business.

**Optigo Essentials: SBL
Wednesday, April 24**

[Register Now](#)

Send Date: April 19, 2024

Please note: The content of this workshop is tailored to SBL Optigo lenders and is open to all experience levels at your shop. Registration costs \$99 per attendee for this event. There will be no affiliated volunteer event in Chicago this year. See the registration page for full event details and what's included.

We look forward to seeing you next week!

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