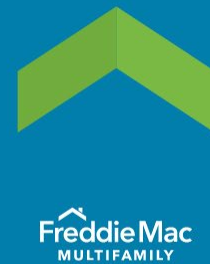


SBL Update



New Guide Updates

As of June 13, updates have been implemented to our [Freddie Mac Multifamily Seller/Service Guide](#) (Guide), the [SBL UW Checklist](#) and the [SBL Programmatic Exceptions List](#). 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 changes.

- **Chapter 8SBL.15 – Property Inspections and Lease Audits Timing** (*adjusted in checklist and effective immediately for all deals. Please contact your Freddie Mac Underwriting team for transactions in process where the 90-day limit may be exceeded.*)

Lenders must conduct property inspections within 90 days of Freddie Mac's receipt of a full underwriting package for all transactions. Inspections were previously required within 120 days of receipt of full underwriting package.

- **Chapter 8SBL.17 – SBL Physical Risk Report** (*effective for deals taken under application on or after June 13*)

Escrows are required for deals with PR-90 and Priority Repairs that are \$25,000 or greater. Escrows were previously required for deals where repairs meet or exceed the greater of \$25,000 or 2% of the unpaid principal balance.

- Exception #52 on the SBL Programmatic Exceptions List has been modified to reflect this Guide update.

Send Date: June 14, 2024

- **Chapter 60.2 – Appraiser Independence Requirements** (*immediately effective for all deals*)

In response to lender feedback regarding the Appraiser Independence Requirement in the [April 18 Guide Update](#), we are allowing additional time to fully implement some of the new requirements in Section 60.2.

- **Forms** (*effective for all deals as of June 13; however, we will accept older versions of the forms for deals still in process*)

- **Form 1112, Borrower and Key Borrower Principal Blanket Certification** (added to the checklist)

A new standardized certification, [Form 1112](#) will be required as part of the full underwriting package submission. With this new blanket certification, Borrowers and Key Borrower Principals will now complete a single certification for multiple documents.

- **Form 1115, Borrower and Key Borrower Principal Certificate**

The Borrower, Key Borrower Principal and SBL Certificates for [Form 1115](#) are now combined into one form.

Introducing Rate Buydowns to SBL

Effective for loans taken under application on or after Monday, June 17, SBL Optigo® lenders may allow borrowers to buydown the base coupon rate on SBL loans, subject to certain requirements. SBL Optigo lenders do not need pre-approval from Freddie Mac to quote and take loans under application with a rate buydown.

Send Date: June 14, 2024

Please refer to [SBL Rate Buydowns](#) for more information or contact your regional SBL producer for more information. This document can also be found under the [References & Tools tab](#) on our Originate & Underwrite page.

Additionally, please note that rate buydowns cannot be applied to loans taken under application prior to June 17. Updates to the Pipeline Management Tool are in process to accommodate rate buydowns. In the meantime, lenders must notify their Freddie Mac production representative via the regional mailboxes at the time a loan goes under application when the borrower has elected a rate buydown.

Our Production team must also be notified within one business day of any subsequent changes to the rate buydown after going under application. Rate buydowns should be communicated in the full underwriting submission package. No changes to the rate buydown will be permitted after Draft Commitment Letter/Final Commitment Letter issuance.