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SBL Update



SBL Midyear Lender Call

This week, we held our Midyear Lender call through Teams Live. The Small Balance Loan (SBL) Leadership team provided a market update, discussed recent changes to the program and set expectations for the remainder of 2024.

In case you missed it, watch the [video recording](#).

Teams Live Q&A

We've answered some submitted questions from the Midyear Lender call. See our responses below.

Q: Regarding new sponsors that have required Guarantor Principal (GP) experience: If sponsors, who are key borrower principals, have five properties on their Schedule of Real Estate Owned (SREO), can we confirm that just one property has been owned for more than five years to meet the experience requirement as opposed to all the properties?

Yes, the experience requirement can be met through control and ownership of one multifamily property containing five or more units for the preceding five years, without interruption. Per the *Multifamily Seller/Service Guide* Chapter 9SBL.2, Section C, the key borrower principal must:

- Have had control of and owned an equity interest in (including

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through an entity) at least three multifamily properties each with five or more units (which may include the property), together with control (including through an entity) of at least one of these multifamily properties for the preceding two years, without interruption, or

- Have had control of and owned an equity interest in (including through an entity) a multifamily property containing five or more units (which may include the property) for at least the five preceding years, without interruption, or
- 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.

Q: Has there been any discussion of insurance requirement revisions given the difficulty in certain markets?

Freddie Mac continuously monitors trends in the commercial/multifamily insurance market, which has improved in 2024 compared with 2023. When we observe trends, we consider the implications related to our requirements and whether trends justify any adjustments. Currently, we are not planning to adjust our insurance requirements.