

SBL Update



Freddie Mac
MULTIFAMILY

Updated SBL Inspection Questionnaire

We recently updated the [Small Balance Loan \(SBL\) Inspection Questionnaire](#) to align with fair lending updates around crime, remove COVID-19 questions, and include new Income and Tenancy questions for home sharing. In addition, certain questions were expanded to better understand tenant concentration, concessions, and collections activity. You'll also notice some general formatting changes to align with the HappyCo inspection application.

You can begin using the new form immediately for any unscheduled or incomplete property inspections, which can be found on our Originate & Underwrite webpage under [the Inspections tab](#).

Organizational Chart Guidance

As a reminder, for the most efficient underwriting process, please continue to use our [Form 1114](#) to identify the individuals and entities that must be reflected in the certified organization chart included with the final underwriting package.

Generally, the organization chart must reflect:

- All U.S. individuals and entities that directly or indirectly own 25% or more of the borrower entity

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- All non-U.S. individuals and entities that directly or indirectly own 10% or more
- All individuals and entities that directly or indirectly participate in the control of the borrower entity, regardless of ownership percentage

If an individual or entity does not meet the requirements of Form 1114, it is not necessary to include them on the organization chart. For example, limited partners or non-managing members with ownership interests below 25% or below 10% for Non-U.S. Equity Holders do not need to be specifically identified on the organization chart.

Including individuals or entities that are not required on the organization chart may lead to delays in underwriting if searches are run when not required and adverse information is discovered that must be cleared, or when questions arise due to common names or other identifiers and the lender has not already been provided with the information necessary to address the question.

If it is unclear, even after consulting with Single Counsel, whether an entity or individual qualifies as a Key Borrower Principal, Borrower Principal, or Non-U.S. Equity Holder, please contact your Freddie Mac representative or include the party on the organization chart and clearly note their role.

2024 Midyear Multifamily Outlook

Earlier this week, we published our [2024 Midyear Multifamily Outlook](#). As noted in the report, economic conditions have outperformed forecasts in the first half of 2024, and the multifamily market is still expected to see positive but weaker growth by year-end. [Read the viewpoint](#).