



Freddie Mac SBL Increases Financing Opportunities for Loans Above \$6mm

April 2018

Loans Above \$6mm – at or Below \$7.5mm in SBL

To continue to serve and *grow* the small balance segment, the Freddie Mac Small Balance Loan (SBL) Program has enhanced its ability to reach more Borrowers by increasing the Unit Count and expanding the market penetration for Loans over \$6mm and at or below \$7.5mm, **effective immediately**. The details of the related changes are below, and are included in the Freddie Mac Seller Servicer Guide.

While there will effectively be no difference in the Due Diligence for Loans above \$6mm, any loans with **greater than 100 Units**, or, *if located in Small or Very Small Markets*, regardless of Unit Count, will require prescreen approval*. The following outlines the updated criteria for loans > \$6mm and ≤ \$7.5mm – available in **ALL MARKETS** (not just Top and Standard), as follows:

- **100 Units or less** (*Exceptions may be available for properties with > 100 Units with Prescreen Approval)
- **Minimum DCR of 1.25x**
- Full Appraisal
- Single Asset Entity (SAE) borrower
- Larger Loan Rider to Loan Agreement with
 - Quarterly financing reporting
 - Enhanced SAE borrower covenants

No longer do these larger loans need to meet affordability criteria, submit full PNA and Environmental or Zoning Report (Appraisal Report must comply with Guide Chapter 60.12(g), Survey (if not waived based on Guide Chapter 29.5(a)), have SPE Borrowers, or provide legal opinions. Please refer to the Seller Servicer Guide or reach out to your SBL Regional Producer where the property is located.