

## May Tips and Tricks

### *Small Balance Loan (SBL)*

#### **Parking & Storage Income**

- Parking and storage income must be underwritten based on historical collections and may not be based on proforma income figures. Leases in place must document Parking and Storage income. For new construction, we may consider underwriting to the lease in place.
- Instances where parking or storage income is a high percentage of the average unit rent or high percentage of the overall rent collected are worth investigating further to confirm if there are parking spaces or storage units rented to nonresidents. Parking and storage fees should be typical for the market and have appraisal support.
- When non-resident parking and/or storage income is present at the subject property, please ensure a rental agreement is in place and that renting to non-residents is allowed by local regulations. Demand within the market must support leasing to non-residents.

#### **Student Concentration**

- Any concentration of student units greater than, or equal to 25%, is a programmatic exception.
- Per the Multifamily Seller/Servicer Guide Chapter 8 SBL.14, a loan is ineligible for purchase if the property has a greater than 50% concentration of student tenants (whether graduate or undergraduate).
- Any unit where one or more tenant is a student will be considered a student unit.
- Consideration may be given to exclude graduate students from the student concentration if a graduate student income-qualifies for the unit on their own income, without a parental guaranty, located within a major metropolitan location.
- Employment and income verification should be documented in the lease audit and verifiable via source documents (leases and/or rental applications).

#### **Financing Existing Freddie Mac Loans**

- To determine if you are originating a loan that has an existing Freddie Mac loan, you can utilize the [Multifamily Securities Investor Access](#) (MSIA) website and the [Rental Property Lookup Tool](#).
- If you have a deal with an existing Freddie Mac loan, utilize the MSIA tool to access historical operating, occupancy and other performance-related information in the securitization performance reports. Please watch [Getting Started in MSIA](#) for guidance on account setup and high-level navigation.
- The historical operating information provided in MSIA may not precisely align with the historical operating statements provided by the borrower due to adjustments that may have been made during the reporting process. At the time of loan submission Freddie Mac will rely on a review of the source documentation.
- If there are significant variations between the historical operating figures provided by the borrower and the figures provided in MSIA, please work with the borrower prior to submitting the loan for final underwriting to understand any significant discrepancies.