

02/17/2023



SBL UPDATE

MBA CREF Recap

We're settling back in after a busy few days at MBA CREF. It was great seeing so many of you there and catching up in person. We're grateful for the relationships we have with our SBL lenders and thank you for your partnership.

We heard valuable feedback in our meetings with each of you and will be working to deliver thoughtful solutions. Be on the lookout for more partnership opportunities to create an effective and efficient path forward through SBL.

Updated Cash-Out and Commercial Income Requirements

We **removed** the following two requirements from [the May 28, 2021 Credit Update](#) — effective immediately:

- **Old Cash-out Refinance requirement:** A 0.05x increase to minimum debt service coverage ratio will be required for all cash-out refinances.
- **Old Commercial Income requirement:** Underwritten commercial income will be permitted if the commercial tenant has been in occupancy and paying full, on-time rent for the last 12 months.

The following cash-out refinance change is required and effective immediately.

- **New update:** Cash-out transactions originating 13-36 months from the original date of ownership will have constraints on the loan-to-value ratio. We also updated our definition of cash-out refinances.

While properties with 12 months of commercial collections no longer need to be pre-screened, the standard 10% vacancy and Tenant Improvements and Leasing Commission is still required to be underwritten. If you have concerns over an unstable tenant or whether or not Freddie Mac will have trouble including the underwriting of a tenant, please reach out to your regional representatives.

Please download and save the [full memo](#) for guidance on these credit updates or find it on the Originate & Underwrite webpage under [References & Tools](#).

Presidents Day

Freddie Mac offices are closed Monday, February 20. We hope you have a great Presidents Day weekend!

