



SMALL BALANCE LOAN UPDATE

New Year, New SBL Process Improvements

New Prescreen and Exception Form

To improve prescreen and exception processes in 2020, please use our new [Prescreen and Exception Request form](#) on the Multifamily Originate and Underwrite [webpage](#) under Requests and Approvals. This form includes dropdown boxes for SBL credit exceptions which will be more efficient for our lenders and will help the SBL team track these items program-wide.

When submitting a Prescreen and Exception form, be sure to use the pipeline ID from the Pipeline Management Tool (PMT) in the pre-submission emails. We request that you send in the pre-submission email with the following subject line format:

“Pipeline ID - Property Name - City, State – Prescreen OR Exception.”

For example, a prescreen would read “123456 - ABC Apartments - Dallas, TX – Prescreen.”

Programmatic Exceptions and Credit Risks

Please note that item #30 of the Programmatic Exceptions and Credit Risks has been updated to read as follows, for top and standard markets only, cash out greater than 15% within 3 years of acquisition, when LTV > 75% **and/or** DSCR < 1.25x in top markets, and LTV > 75% in standard markets.

Pipeline Management Tool (PMT)

All requested discounts must be entered into the “Seller Requested Discount” field on the pricing calculator tab in PMT. The interest rate will not be correct in PMT until this field is completed by the Optigo® lender and formally approved by Freddie Mac. Please continue to send all discount request emails to the regional production teams.

As a reminder, do **not** include the direct servicing incentive in the “Seller Requested Discount” field. The adjusted servicing fee will continue to be entered in the “Servicing Fee (bps)” field on the loan terms tab. Contact your regional production team to ensure the 10 bps direct deal servicing incentive, and other requested discounts, will be applied to the transaction.

35-Day Submission Deadline

The SBL team will continue to rely on a 35-business day submission deadline for underwriting packages once a deal is under application. This deadline is very important to SBL running a well-oiled machine – it allows the SBL team to manage underwriting inflows, as well as appropriately hedge the deals that are under application. If a deal will not meet the 35-business day timeframe, please reach out to the regional producer **before** the 35th day. The deal will be subject to re-pricing, which may include a pricing adder, a discount to the lender’s buy-up, or another measure at Freddie Mac’s discretion.

Chicago Office Move

After 30 years in the same location, the Freddie Mac Chicago office is moving next week to **71 S Wacker Drive** – just a few blocks away. Phone numbers are not changing, so no need to update your SBL contacts. However, please swing by and see us in our new office space when you’re in town!



Thank You, SBL Optigo Lenders!

With 2019 in the rearview mirror, we do not want to miss the opportunity to thank each and every one of you for your countless efforts this past year! We

had tremendous highlights, and certainly had our challenges, but as we preview 2020, we are very excited for what lies ahead in the SBL Program – especially since we are shaping up for a great first quarter of 2020. Thank you ALL for your hard work, dedication to the program, and most of all your incredible partnership!



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