Freddie Mac Staff:
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North Central Region Virtual Pop-Up

Mark your calendar – the next virtual pop-up will be on February 23 and 24 and will be focused on **Minneapolis, Minnesota, and Milwaukee, Wisconsin** –

nicknamed the “Frozen Tundra Pop-up,” which is very appropriate given our recent weather!

Register Now

Please invite your borrowers to a video call with our Small Balance Loan (SBL) production and credit teams. We’ll give an overview of how we work, discuss the market and possible credit exceptions, and offer high-level prescreens – tailoring it to what your customer needs.

Once you’ve identified a borrower you’d like to bring, please complete this registration form and our North Central team will reach out to schedule the appointment. There is no limit to how many meetings a lender can schedule.

New York City Property Taxes for 2020/2021

As a reminder, the New York City Department of Finance has released their tentative market, assessed, and taxable values for the upcoming 2021/2022 fiscal tax year. The Department of Finance also presents an estimated property tax using the 2020/2021 tax rate (12.267%). When underwriting taxes on deals within the five boroughs, be sure to underwrite to the updated assessed value and estimated property taxes on all deals going forward. Depending on the date of valuation, appraisers should take the new assessed value and estimated property taxes into consideration as well.

Small Talk

Each week we’re welcoming any questions from you in the Small Talk series. Please continue to submit questions to sbl_weekly_questions@freddiemac.com to hear from a select member of our team in the following week’s *SBL Update*.

Heri Soto

This week we're featuring [Heri Soto](). Heri is an underwriting professional in the North Central region.

What have you been doing more of since the pandemic started?

My family has been cooking a lot more at home. Over the holidays, we bought a fancy smokeless firepit (highly recommend!), so we've been able to have outside bonfires, accompanied by carne asada, during the cold months in Chicago. Nothing like that sizzle when the food first hits the super-hot cooking ring! My three daughters (ages 6, 8 and 10) and I have also been making handmade flour tortillas using my mother's recipe, which has deeper meaning since she passed away in 2019. When making the tortillas, it brings back fond memories of the amazing aromas we had throughout our home, often of Mexican food! While we did not have abundant financial means, we were blessed with a safe and nurturing home, filled with traditions. These experiences, and the personal knowledge of how foundational a safe and stable home can be for families, makes the work we do at Freddie Mac especially meaningful.

Advice on how to treat non-revenue units?

As a quick reminder non-revenue units could be caused by office units, model units, down units and so on. When we are confronted with non-revenue units, we typically will include the rental income that would be generated by the non-revenue unit in the GPR at the lower of appraisal concluded market rents or advertised rents for the units. Please note: These non-revenue units are to be removed when calculating vacancy rates in an effort to not double hit the income/NOI. If the collections do not already include the theoretical income from the non-revenue units, you then add-back the theoretical income from the non-revenue units in the Loan Submission Template (LST) under the Collections tab, under the column labeled "Add Back Non Revenue," to normalize the Net Rental Income. Moving onto the Expense side of the Income & Expense statement, we subtract all the income of all non-revenue units within the row labeled "Office/Model/Down Units." This may be a given as non-revenue units should be included in the Rent Roll tab of the LST; however, be sure the Underwritten Replacement Reserve in the I&E includes allocations for all non-revenue units. Lastly, be sure to consider the situation to determine whether funds should be escrowed to convert the unit to a revenue-generating unit from the Physical Risk Report, but if there is any doubt let's have those conversations at the frontend so we can have alignment for expectations at the time we submit the transaction to underwriting.

Share a fun fact about you.

My background is in acting, and I attended an acting conservatory for my first two years of college – one of my peers even became an Oscar Award winner! Nevertheless, for practical and financial reasons, I changed majors and graduated with a degree in finance. This acting degree, while unusual in the finance profession, has served me well. One application has been in work presentations, where creative and unconventional approaches has helped make the material memorable and keep the audience engaged! My acting experience has also given me tools to help my daughters as they currently rehearse for the musical, Annie! When I hear the girls practicing the song "Tomorrow," I am filled with hope as we navigate life in a pandemic! I leave you with some words from the song (Lord knows I've memorized it by now!), "The sun'll come out tomorrow, so you gotta hang on 'til tomorrow, come what may...Tomorrow, Tomorrow, I love ya tomorrow, You're always a day away." In case you haven't heard it in a while, here's a link. Enjoy!

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