



SMALL BALANCE LOAN UPDATE

Freddie Mac Staff:

The email below will be sent externally to Multifamily customers and others who are subscribed to our news emails. You are receiving this email for information purposes only, and you may [update your email preferences](#) at any time.

Small Balance Loan (SBL) Market Tier Changes

Due to changes in population, several counties across the country are shifting SBL market tiers. The tier changes will be effective Monday, March 2 for all deals under application.

- Here is a [list of counties that will shift SBL market tiers](#), which includes their previous and current tier designations
- Here is the [updated SBL market tier list](#) for all counties

The final version of the county list will be posted on our [originate and underwrite page](#) on March 2 under the References and Tools drop-down tab. It'll be an excel file titled "Market Tiering For SBL".

Bank Statement Requirement

Our process of validating collections includes requesting bank statements. However, for strong deals, we would consider bank statement waivers if the deal has any of the following qualifiers: lower leverage/high coverage, strong sponsorship, long-term ownership, cash equity, or strong market fundamentals. Please discuss your prospective deals with your regional production representative.








Programmatic Exceptions and Credit Risk

Effective immediately, the following changes have been made to our [Program Exceptions and Credit Risks](#).

- #1 - We added a master lease concentration greater than 25% as a programmatic exception. We also added clarity that both crowdfunding and preferred equity is not allowed in the SBL program
- #4 - We clarified the language around loan sizes between \$1 million and \$1.2 million requiring a Freddie Mac review prior to submission
- #9 - We amended the language to read, "Inspection is not policy compliant"- regardless of who is conducting the inspection (Optigo[®] lender, third party, Freddie Mac)
- #24 - We clarified the language around all linked loans requiring a Freddie Mac review prior to submission
- #31 - We added the delegation of a complete property inspection as a programmatic exception
- #32 - We added a programmatic exception for either DCR or LTV not policy-compliant
- #33 - We added a programmatic exception for partial- or full-term interest only that is not policy-compliant
- #34 - We added a programmatic exception for L&O insurance not being provided when the subject is legally non-conforming and the zoning ordinance does not allow the property to be rebuilt 100% to its current use

The SBL Prescreen and Exception Request Form has also been updated to reflect these changes.

REQUESTS & APPROVALS

-  [Exhibit 1.1 Conventional UW Checklist](#) 2/27/2020
-  [Interactive Conventional and TAH Cash UW Checklist](#) 2/27/2020
-  [SBL – Prescreen and Exception Request Form](#) 2/27/2020 
-  [Request for Initial Mezzanine Loan Quote - TAH](#) 8/7/2018 
-  [Exception Form Directions](#) 6/12/2018

LIBOR Website is Now Live

Freddie Mac created a [LIBOR webpage](#) to address questions regarding the [recent announcement](#) of the transition from LIBOR to SOFR. This page will be regularly updated as new information is available. Please send specific questions to MFLIBOR@Freddiemac.com.



[Preferences](#) | [View in Browser](#) | [Privacy](#) | [Unsubscribe](#)

This email was sent to: stephanie_heston@freddiemac.com

© 2019 Freddie Mac
8200 Jones Branch Drive, McLean, VA 22102