



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.

Collections Update

Effective immediately for all loans under application, we are revising the [March 26, 2021 Collections announcement](#) to **eliminate partial month collections**. For all loans submitted to underwriting through the 15th of the month, Freddie Mac Small Balance Loans (SBL) will require certified collections through the month that is two months prior to the month in which the full underwriting package is submitted. For loans submitted to underwriting after the 15th of the month, certified collections information is required for the month immediately prior to the month in which the full underwriting package is submitted.

Example: If a loan is submitted May 10, SBL will require certified collections through March. If a loan is submitted May 20, SBL will require certified collections through April.

Identifying Companion Deals in Full Package Submission Template

As a reminder, we've updated the [Full Package Submission Template](#) to identify any companion deals with the same sponsors that are being submitted to Freddie Mac SBL. By identifying any companion deals, transactions with

related sponsors or entities, we can optimize our underwriting by assigning the files to one underwriter or within one region.

SBL Lender Call: Q1 Recap

Join us next week for [a business update call](#) on **April 20 at 3 p.m. ET**. Several of our SBL team leaders will be joining the call as we look back on Q1 and share numerous updates.

[Add to Calendar](#)

Diverse Borrowers

As part of our commitment to diversity, equity and inclusion, Freddie Mac is collecting data to help us better understand and support the diversity of our Multifamily borrowers. Effective for all loans that go under application with the lender as of April 26, we're requiring the completion by the borrower of the [Diverse Borrower Questionnaire](#) and the [Diverse Borrower Certification](#).

The Diverse Borrower Questionnaire will be completed at the time of quote or application and the Diverse Borrower Certification will be included in the final underwriting package.

The information disclosed in the questionnaire and the certification will not impact the evaluation, credit terms or pricing of any transaction involving the borrower and Freddie Mac. It will be used to help track our diverse borrower volume throughout the loan process from quote stage to securitization.

You can find these documents under the [Numbered Guide Forms](#) tab.

Small Talk

Each week we're welcoming any questions from you in the Small Talk series. Please continue to submit questions to the [Small Talk mailbox](#) to hear from a select member of our team in

the following week's *SBL Update*.

This week we're featuring [Louay Akel](#). Louay is a senior underwriter in the Western region.



Caption: Me, before COVID-19, trying not to look scared on a horse

Louay Akel

What has shaped your point of view of life and work?

Growing up in a household where my father worked for the United Nations afforded me the opportunity at a young age to travel the world and experience a variety of cultures, and to meet different people from across all regions. I lived in six countries and attended international schools, which greatly impacted me throughout my life and broadened my understanding of the diversity of different cultures and heritages. I am thankful that my parents have always encouraged me and my siblings to be open-minded and welcoming of all the unique differences in other cultures, and to never be afraid of trying new things. It goes without saying that working at Freddie Mac has also influenced and shaped my viewpoints and perspectives. The dedication that Freddie Mac is pouring into the diversity and inclusion initiative is commendable, and I am glad to be part of a company that is serious about leaving a positive footprint on the path to creating and generating equality.

Who do you resemble?

Due to COVID-19, I stopped going to the barber so my hair grew long (my wife is waiting on the side with scissors). Lately, people have been calling me the lost twin of Jerry Garcia. I personally

would have gone with the Dos Equis Most Interesting Man in the World moniker... but c'est la vie.



If I observe an issue during an inspection, how should I address and escalate the concern?

With respect to issues identified at the property during the inspection, it is recommended that the Optigo lender inspector discuss with their Freddie Mac counterpart the issues identified and for both to ensure that the concerns are highlighted in the Material Observations Section of the inspection form. In addition, each inspector needs to notify their respective credit counterparts of said issues/concerns. Having this discussion early on will help both the Optigo lender and Freddie Mac get a head start on addressing any material concerns at the property and figuring out resolutions prior to loan submission.

How has COVID-19 impacted Freddie Mac's view of collections?

One of the biggest hurdles during the past year is understanding the impact of COVID-19 on collections. There is no argument that collections have always been king in quantifying the performance of a property, but now as everyone is being tasked with understanding COVID-19's imprint on a property, it is imperative that full collections are provided and any material fluctuations in historical collections are addressed via the aged receivables report. We cannot accept the broad explanation of "borrower utilizes Cash Accounting" as sufficient support for the fluctuations. I encourage my Optigo counterparts to refer to the updated [SBL Collections Requirements](#) issued on 4/15/2021 to help facilitate a smoother interaction with the borrower and to better support their decisions on a deal.



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