



## SMALL BALANCE LOAN UPDATE

### Rescheduling Diverse Borrower Forms Launch

Two weeks ago, we shared the anticipated launch of the Diverse Borrower forms with you. Freddie Mac Multifamily has decided that this process may be better suited for a digital format, so we're hitting pause on the rollout in order to develop a more streamlined approach.

Amanda Nunnink delivered [this announcement](#) last week and we will continue to share any updates with you as we receive them.

### SCOUT System for D.C. Properties

In April 2020, the Department of Consumer and Regulatory Affairs launched [SCOUT](#), an online system that contains data on building code violations, permits, inspections, certificates of occupancy and other electronic records.

Per Chapter [62SBL of the Multifamily Seller/Service Guide](#), the Physical Risk consultant is required to research building violations as part of their priority repairs analysis. Previously, this was a manual process based on inquiry of the relevant Washington, D.C. offices.

Consultants' violations analysis should include, but is not limited to, a review of information contained in the [SCOUT](#) system for any pertinent details related to properties in D.C. Any material violations (e.g., stop work orders, open building permits, open violations, etc.) should be addressed in the Physical Risk Report.

Small Balance Loan (SBL) underwriting will be referencing this tool during prescreen and in underwriting as a supplement to details in Form 1104. Optigo® lenders should become familiar with the system and have the engineer opine on material issues before submitting the deal.

## Single Counsel Representation

As a reminder, Single Counsel represents Freddie Mac and the Optigo lender jointly in the origination, delivery and purchase of SBL mortgages. Freddie Mac has directed Single Counsel to advise us of all relevant information simultaneously with sharing it with you (such as litigation matters, certificate of occupancy issues, zoning, etc.). This provides for an efficient process and can help minimize issues arising late in the transaction that could result in changes to the terms of a loan or impediments to a successful closing.

We've also advised Single Counsel that they must notify us within one business day if any issues of concern arise (issues that would indicate potential misrepresentation or fraud in the application). We appreciate your assistance and cooperation in ensuring that these processes are followed.

## SBL Education Series

We are offering a lender education series in 2021 to bring you three virtual webinars with breakouts, live discussions and more. Please [join us and enroll](#) in Optigo Academy for the first webinar on May 20 discussing the Debt Service Reserve (DSR) release, SBL credit report training and the rent roll requirements. We encourage you to complete the optional prework to maximize your learning from the webinar.

If you have another topic you or your team would like addressed, please contact [Jared Rothgeb](#) and we will consider adding it as a future topic.

Not registered for Optigo Academy yet? [Sign up here](#) – it's free for the Optigo network. Use this [short job aid](#) to assist you in setting up your account.

## Vote for Freddie Mac as CMBS Issuer of the Year

Thanks to your support and collaboration, we led the industry with nearly \$78 billion in multifamily loans securitized in 2020 – and as for SB-Deals®, we hit over \$30 billion since the program's inception. This year we are up for GlobalCapital's CMBS Issuer of the Year and are asking for your vote!

[Click here](#) to view this year's finalists and place your vote for "Freddie Mac" for CMBS Issuer of the Year (Question #3) by May 3.

## 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 [Graham Martin](#). Graham is an underwriting professional in the Southeast region



**Graham Martin, posted up on a trip pre-pandemic.**

### **What is the Freddie Mac and Project Destined Collaboration all about?**

My colleague Tyrone Purdie and I were fortunate to participate in the first-ever Project Destined Mentorship collaboration with Freddie Mac. For those who haven't heard about [Project Destined](#), it's a real estate focused social impact vehicle that trains urban youth and military veterans to be owners and stakeholders in the communities in which they live, work and play.

For this collaboration, Freddie Mac and Project Destined partnered with Friendship Charter High School, located in Washington, D.C., in an effort to expose students (ninth – 12th graders) to the commercial real estate industry, as well as enhance students' academic and life skills. The collaboration was set up with 20 total mentors from various divisions within Freddie Mac, with about five mentees assigned to every pair of mentors. We met virtually on a biweekly basis with our mentees to cover a broad swath of real estate topics, including **Real Estate Fundamentals, Property Analysis and Key Financial Metrics, the Real Estate Process and Players, Introduction to Valuation, and Debt Financing**. On the down weeks when mentors weren't hosting their lessons, Teaching Fellows from Friendship Charter, who were also partnering in the collaboration, would prepare for the successive lesson. This ensured that each topic was hammered home during our session the subsequent week. The first half of each session was the actual lesson itself, while the second half was set aside for a competition involving case studies, where students were able to win awards.

Your next question may be, “**Why is this program important?**” Freddie Mac supports this program because the mission of this collaboration is to provide students with an understanding of the value of owning real estate, to educate them about real estate and financing, and to develop a pipeline of diverse talent for the real estate sector. Real estate is widely pervasive, yet so many students never see it as being something for them or are even aware of the various real estate opportunities out there. I truly believe this collaboration succeeded in its stated mission, and that the lessons and knowledge imparted to the mentees is likely to stay with them for years to come. And I am thrilled to note that planning for future collaborations is already in the works at Freddie Mac!

**As a die-hard University of North Carolina (UNC) fan, how do you feel about Roy Williams’s retirement and his replacement?**

The rumors have been around for years... To be honest, I’ve been waiting for the other shoe to drop since I graduated from college. The fact that it didn’t happen earlier, and in the meantime, we went to two national championship and won one within that time frame, more than makes up for the expected final four drought to come. You don’t just replace a Top 3 Coach of all time (yes, I will argue for days with anybody who thinks differently!) and expect similar results. Hubert Davis was probably the best option, especially considering that we’re “keeping it in the family,” but I think it’ll take a few years to really get back into title contention. UNC’s a prestigious university with a rich tradition both on and off the court. So, it’s really only a matter of time until we’re competing again!



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