Small Balance Loan Update

Scattered Site Transactions

We are developing an improved approach to SBL scattered site properties. During this development period, we will not consider exception requests for the Guide requirement that each building in a scattered site have five or more units (see Section 8SBL.6(f) of the *Multifamily Seller/Servicer Guide*).

Exception requests that are already under review by Freddie Mac are exempt from this limitation.

Minimum Buyup on All Loan Applications

Due to the rising rate environment, Sellers are no longer required to request a reduction in the buyup for transactions with a buyup greater than 1 percent. This change is effective for any loan application submitted on or after May 7, 2018, notwithstanding Section 18SBL.1(f) of the *Multifamily Seller/Servicer Guide*. Sellers are still required to request permission to secure a buyup below the minimum associated with a base coupon deduction request. Sellers are required to identify their premium that is outside the yield-service-premium (YSP) for all loan transactions, prior to any request for any base coupon deduction.

Regional SBL Loan Lab and Nationwide Underwriting Workshop

Mark your calendar for Thursday, July 12 – we will be holding a regional loan lab for Northeast and Southeast deals, followed by an underwriting and analyst training for all Sellers.

The events will be held at the Hilton Midtown New York. Visit our event page for registration and hotel details. The hotel room block will open Monday, May 7.

New Affordability Test

We've updated the [Affordability Test Tool](#) to include the new 2018 Area Median Income data provided by FHFA. This data is used to calculate rent thresholds for very low-income units, low-income units and the uncapped percentage.

Lease Audit as a Standalone piece

Sellers who are using the SBL Inspection App no longer need to submit the full paper inspection form along with it. We have uploaded a [lease audit](#) as a standalone document.

The full inspection form remains available as it is for Sellers using the paper form.