



SMALL BALANCE LOAN UPDATE

New Affordability Test

A new Affordability Test was posted on May 6. The changes to this version of the test do not impact SBL, however, it's necessary to utilize the most current version. Check out the [Affordability Resources webpage](#) to use the latest.

SBL Education Series



If you haven't already, [enroll](#) for the first SBL Education webinar on May 20, next week! We'll cover topics such as 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.

Please contact [Jared Rothgeb](#) if you have a topic you or your team would like addressed in a future webinar.

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.

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 [Nimrita Chavla](#). Nimrita is a senior associate on the underwriting team in the North Central region.



Nimrita and her fiancé.

How can we ensure appraisal comparables are acceptable?

While reviewing the appraisal, it's prudent to question whether the selection of comparables is sensible. Items to consider include: neighborhood and submarket, building class and condition, vintage, unit and project size, date of sale, net rental income and net operating income per unit, transaction dynamics (e.g., off-market or arms-length, distressed/vacant units), etc. If comparables are not truly "comparable," then inquire with the appraiser to obtain an explanation or (preferably) alternate comparables. If the appraiser's conclusions are still weakly supported, then the shortfall and risk must be strongly mitigated to support the transaction. By getting ahead of the issue and documenting accordingly within the investment brief, this will avoid raising the issue post-submission. These efforts allow us the opportunity to deliver on our timing for a draft commitment letter.

Has COVID-19 affected some of your big plans?

I am having a traditional Sikh Indian wedding this year. Never in a million years did I think my fiancé and I would have to plan a big fat Indian wedding with this novel virus in the way – but here we are! It's a huge tradition, especially for Indians living in America, to take the trip to India to buy all the bridal outfits, as well as sweets for the family, jewelry, turbans for the men and so much more. In fact, we were all set to go and spent two weeks in Delhi to get all of this done, but COVID-19 had other plans and hit India in a drastic way. With our hands tied, we were forced to cancel our trip, leaving us with tremendous worry for our families in India and with a boatload of things to get done. We're

doing our best to get things done virtually! There are only a few months left and we are still not sure how certain things will get done. However, I am trying to see things in a positive light; it always works out in the end!



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