



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.

Innovation Lab Pop-Up at Northeast Region Loan Lab & Workshop

Even more valuable content on the same great day.

Our Innovation Lab will be set up in the main gathering area at the [Convene location](#) from 8:30 a.m. – 1:00 p.m. on Thursday, May 30. Pop by whenever you want – no appointments necessary. We'll demo two new products: The Comparable Engine and OptigoHappy (Multifamily Inspection App 2.0).

Don't get left behind – come and see what's on the horizon for SBL and Freddie Mac Multifamily!

ICYMI: SBL Loans Encumbered by Regulatory Agreements

As we announced yesterday, we've adopted a new approach for evaluating regulatory agreements, which are common on SBL loans. This new approach will help us provide even more liquidity to workforce housing.

Effective Wednesday, May 22, we'll accept regulatory agreements that either:

- Require the regulatory agency's consent to transfer the property

- Give the regulatory agency the right to appoint a court-appointed receiver in the event of a breach

We incorporated this policy change into our SBL [Regulatory Agreement Questionnaire](#) and added an indicator to confirm any agreement doesn't encumber properties that aren't collateral on the loan.

Please note, remedies that allow an agency to seize rents or directly control the property remain "out of bounds" for SBL loans. Also, our requirement that tax credit investors have exited a LIHTC deal remains unchanged.

Joint Inspection Requirements in Top Markets

Effective Tuesday, May 28, our Top Market inspection delegation instructions will incorporate aggregate risk as a determinant of joint inspection or delegation.

We'll continue to delegate Top Market property inspections to OptigoSM SBL lenders with these adjustments, which will ensure that we're an inspection participant for properties with heightened aggregate risk and help us make optimal credit decisions.

Click [here](#) for more information.

Hybrid ARM Yield Maintenance Prepayment Charge Adjustment

For all hybrid ARM SBL loans under application on or after May 6, 2019, the yield maintenance prepayment charge will be the greater of:

- a) 1.0% of the principal being prepaid, or
- b) the calculated yield maintenance amount

We've eliminated the additional 1% of principal being prepaid that was previously a part of the yield maintenance prepayment charge calculation. An updated hybrid ARM note can be found [here](#).

Updated Affordability Test

We recently updated our self-service Affordability Test, which makes it easy to identify affordable loans based on county-specific area median income thresholds. You can find it [here](#).



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