



SMALL BALANCE LOAN UPDATE

Updated COVID-19 DSR Release FAQs

Freddie Mac Multifamily has updated the COVID-19 debt service reserve (DSR) release FAQs.

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Aged Receivables

Effective immediately, loans under app and not yet submitted to Freddie Mac can follow the revised aged receivables requirement. This allows consistency with the Collections Guidance change we introduced in April. For loans received in underwriting from the 1st through the 15th of the month, an aged receivables report is required for the month that is two months prior to the month in which the full underwriting package is submitted. For loans received in underwriting from the 16th through month-end, an aged receivables report is required for the month immediately prior to the month in which the full underwriting package is submitted.

The updated [SBL Collections Guidance](#) replaces the April 15, 2021 resource that was posted on [the Originate & Underwrite webpage](#).

Multifamily All Stars

Freddie Mac Multifamily has a roster full of All Stars from different backgrounds and viewpoints who work every day to compete for your business and battle housing equity and affordability.

This month's [Multifamily All Star](#) is an SBL teammate and leader, [Russ Dines](#). He shares his perspective on how to be a team player and tips for a successful career. Read [his story here](#).



Programmatic Exceptions

The following exception has been removed:

- Exception #58 – Concentration of 25% or greater of units sized between 250 SF and 350 SF

However, please note that a concentration of very small units should be a risk appropriately mitigated in the Mortgage Transaction Narrative Analysis submitted as part of the full underwriting package.

We've updated the [Programmatic Exception List](#) and [Prescreen & Exception Request Form](#) to reflect this change.

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 [Max Mraz](#). Max is a producer in the Western region.



Max enjoying a nice pint (of ice cream!) with a view of Half Dome in Yosemite National Park.

With the commercial guidance changing, are we okay to start underwriting commercial income like we used to?

We are very excited to start including commercial income again, however, there are some requirements that we still need to adhere to. Lenders are clear to include commercial income where the tenant has paid their rent in full and on time over the past 12 months, assuming all other *Multifamily Seller/Service Guide* requirements are met. If the lender wishes to include commercial income that does not meet the latest guidance, they should submit an exception request for review.

What happens if my tenant took advantage of market conditions to renegotiate a lower rent than what is present on the lease in place and has consistently paid the lower negotiated rent?

In this example, a prescreen would be required but inclusion of the commercial income is highly likely assuming the tenant has consistently paid, and operations have not been impacted.

We are over a year into the pandemic now. What have you learned about yourself in the past year?

I have realized that I really am a people person. I gain a lot of happiness and energy from hanging out with friends, meeting new people and socializing. It's something that I missed over the past year and I am excited to get back to socializing. Also, that wearing a mask has forced me to enunciate my words better!

What is a controversial opinion that you have?

Die Hard is in fact a Christmas movie.



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