



SMALL BALANCE LOAN UPDATE

Occupancy and Vacancy During Submission

If units are physically vacant at submission with physical occupancy to come in post-submission, Freddie Mac will be analyzing the units as vacant – physical and economic.

If the units were physically vacant at inspection, but physically occupied prior to submission, then three items are required at submission: (1) the lease, (2) cancelled deposit checks, and (3) proof of physical occupancy (such as photographic evidence). Further, at the discretion of the underwriter, a reinspection of the physically occupied unit may be required post-submission. Without the requirements, Freddie Mac will have to underwrite the units as vacant – physical and economic.



Thank You, Fathers!

The Father's Day celebrations continue! We'd like to give a special shout-out to all the fathers who show up every day to make home possible for renters around the nation. Whether you're a lender, borrower or a Freddie Mac SBL teammate – thank you!

Tips for dads out there? Let's hear from some of our SBL fathers themselves:

Lamar Myers: What I realized during the pandemic is that I was never going to have this much uninterrupted time with my son again so I leaned in a bit. I let my son Gavin sit on my lap during a meeting if that made him happy. I also started to build in some backyard time during the workday. If I had a really big meeting or work that needed to be knocked out, the key was having a fully charged iPad!

Bobby Freesmeier: It's a cliché, but really know what it means to be present in the moment. While in that moment, listen to what your kids are saying to you and what they aren't. Not everything told is said out loud.

Heriberto Soto: While the days may seem long, the time certainly flies, so be sure to savor as many of the joyful moments as you can! Every kid is different so it would stand to reason to adjust one's parenting accordingly.

George Ung: Some people measure their lives by how much they make or how long they live, but both measurements fall short. Upon deeper introspection, it's the small handful of moments that truly matter. A significant other's embrace after a tough trial or your child quietly playing with toys and then casually asking you to join in their world. It's during these quiet moments of life that we feel the bonds we formed tugging at our hearts. Let us cherish these small moments to strengthen our bonds in order to fully embrace those that we love.

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 [Kyle Bowen](#). Kyle is a senior associate in the Central region.



Kyle skiing in Big Sky, Montana.

When is an exception required for sponsorship experience?

At the time of seller application, at least one borrower principal with **control of the borrower** has **ownership and control** in either (i) a minimum of three multifamily properties, with at least one for a minimum of the preceding two years or (ii) at least one multifamily property for the five preceding years.

If the sponsor's experience does not meet the requirements listed above, an exception is required.

Additionally, an adjustment of **+5 bps** to the debt coverage ratio (DCR) baseline for all SBL markets if there is not a managing borrower principal that satisfies the borrower experience baseline.

What if a guarantor or borrower principal on the loan has compliant experience, but is a non-managing member?

If the managing member of the borrower does not meet the minimum experience requirement, an exception is still required. That being said, having other members with compliant experience would be a strong mitigant when submitting the prescreen.

It's also important to remember that the sponsor's ownership experience needs to be experience as a *managing member*. If a sponsor only has non-managing

ownership of the properties in their schedule of real estate owned (SREO), an exception is still required.

If a borrower principal has ample historical multifamily experience, do we need to prescreen if they do not presently meet the baseline experience?

Yes, a prescreen would still be required given the baseline experience is not *currently* being met, however “AMPLE” historical multifamily experience is an excellent mitigant!

What is your favorite activity outside of the office?

Anything outdoors really, but one of my favorite activities is skiing. Every year I head out west with a group of friends to ski. My favorite place to ski by far is Big Sky, Montana because of its sheer size and variety of skiing. Montana has the most acres per skier in the country, so you can ski for most of the day without seeing other people.



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