



SMALL BALANCE LOAN UPDATE

Small Balance Loan (SBL) Kick-off Call

In practice with the other lines of business and effective immediately for all loans, SBL will be instituting a loan kick-off call with the Optigo® lender after loan submission. The purpose of the call is to create an opportunity for the lender to discuss the transaction and set timing expectations, while continuing to develop a working relationship early in the underwriting period. The lender can voice concerns that may delay the loan, call out and mitigate risks, and brainstorm potential solutions.

We expect the kick-off calls to help build better working relationships and strengthen communication between Freddie Mac and Optigo lenders, saving time later in the process.

Programmatic Exceptions & Credit Risks

HAP Contract

SBL does not currently finance properties that have a Housing Assistance Payment (HAP) Contract in place with the United States Department of Housing and Urban Development or a state or local housing agency. Properties subject to a HAP Contract may be financed through Freddie Mac's many Targeted Affordable Housing products. Please note that on occasion we may recognize a locally run project-based program that is permitted and does not conflict with our Loan Agreement. The SBL Regulatory Questionnaire must be completed in its entirety prior to submission of the full underwriting package. If pertinent information is not available at the time of submission, conditional

approvals should not be assumed and final underwriting approval remains subject to receipt of all additional information.

[Programmatic Exception](#) #50 is updated as follows:

- Affordable restrictions: any rent/income restricted property >50 units or LURA with >24 months in investor recapture period.

The following two items have been added to the Non-Starters section of the [Credit Risks & No Path Forward Aid](#):

- #6: Non-Profit Borrowers
- #7: Subordinate Debt

SBL Portfolio Process Reminder

For all portfolios consisting of at least 10 properties and/or greater than \$25 million, please reference the [SBL Portfolio Flyer](#) and [Portfolio Rollup Template](#). The portfolio process may be applied to smaller portfolios at Freddie Mac's discretion.

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 [Patricia Hennessey](#). Patty is a senior underwriter in the Western region.



How have you been spending time during the lockdown over the past year?

I have been riding my horse, Arlington, affectionately known as Gunner, three or four times a week. He is an experienced show horse that has won many competitions as a show hunter jumping 3'6" fences. Gunner is a barn favorite and has quite the personality. He is a big boy at over 17 hands and is known for his shenanigans.

Help! My borrower has a loan with another Optigo lender and I need information.

We know that data is not easy to come by – but don't fret. You can access Multifamily Securities Investor Access (MSIA) which will let you know whether a borrower or collateral is already with Freddie Mac. Plus, it can help fill in potential information gaps for reporting. Here is the link: <https://fm-msia.com>, and if you aren't set up already, refer to the [Quick Start Manual](#) to get started.

When was your last international trip?

In 2019, I went to Iceland with my sister-in-law. The entire trip we joked that the Álfar or Icelandic elves were out to get us the entire trip. We have several unexplained incidents including falling almost waist deep in the snow, flipping over our snowmobile, and sinking several inches into the sand – even though another person may have just stepped where one of us had.



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