



SMALL BALANCE LOAN UPDATE

CARES Act Reminder Notice

For all loans in process, effective August 4, you can expect to see the below language as a seller-only provision in each commitment. If a commitment is issued without this language, the seller should notify the Freddie Mac underwriter.

The following language is now required in all commitments:

- On or prior to the loan origination date, seller must provide a notice to borrower in connection with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act Reminder Notice) in the form located at https://multisuite.fmapps.freddiemac.com/resources/covid19_30-day_eviction_notice_reminder_origination.doc

(Please note: The link above is new and will not be live until Friday, August 13.)

You can find the **CARES Act Borrower Reminder Notice** on the Originate & Underwrite page under [COVID-19 Resources](#) and additional details related to the CARES Act and Tenant Protections in an [email from Richard Martinez and Leanne Spies](#) from earlier this week.

Coming Soon: Update to Multifamily Resources

Next Friday, August 13, we'll be changing the links for password-protected Multifamily website resources and documents. If you've bookmarked one of

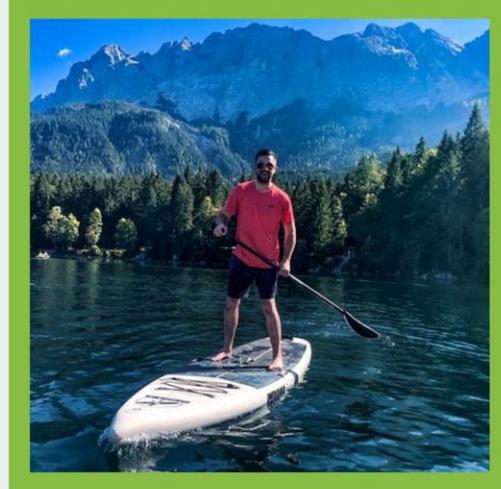
those locked resources, you'll have to re-bookmark them from the Multifamily website. Your login credentials will not change to access any of those resources.

We'll send additional details next week. If you have any questions, please contact your [system administrator](#).

Small Talk

Each week we welcome 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 [Austin Barrett](#). Austin is an associate in the South Central region.



[Austin in Germany at Lake Eibsee.](#)

Being from Arizona originally, are you an Arizona sports fan? How do you feel about the Phoenix Suns making it to the NBA finals?

Did you mean to ask, do you know what pain is? Pain is being an Arizona sports fan. I follow the Phoenix Suns and was investing my life into their playoff run, only to be smacked back into reality by Giannis Antetokounmpo during game 3-6 of the NBA finals. Pain is walking out of the Suns stadium to 102 degree weather at 8 p.m. after a loss. Pain is Larry Fitzgerald retiring (maybe). Pain is the Arizona Diamondbacks having a record-breaking season – of most losses in a season that is. Pain is the Arizona Coyotes having a "rebuilding year" for the fourth year in a row. #SunsIn4

I have a structure with two guarantors: one has five years of experience, exceeds net worth/liquidity (NW/L) requirement and owns 3% as a

member but put in 0% cash equity. The other guarantor is the managing member, has limited NW/L, no experience but has 10% equity and cash equity. Do you have any concerns with this?

As far as checking the box for our requirements, this does all of that. But as far as being comfortable, this raises concerns for the structure. We prefer to see the sponsor who has the experience to be a managing member in the deal and be contributing cash to the transaction. In this example, the sponsor with the experience has no “skin in the game” as they are contributing 0% cash for 3% equity and has no control of the borrower. It’s a more compelling story when all guarantors have cash equity in the deal, as well as experience owning and managing properties and experience managing syndications.

As you prescreen deals, a key component to include is the percent ownership each borrower has and what percent cash equity each sponsor is contributing. If a deal has changes to the equity structure, from prescreen to deal submission, we recommend you reach out to your respective regional production and underwriting contact. Otherwise, the prescreen approval is subject to change.

What is one thing you love but most people hate?

Crocs. Hear me out... You need to go mow the lawn? Crocs. It's raining outside and you need to take out the trash? Crocs. Want to go boating? Crocs. Go to the beach? Crocs. Fight alligators in the swamps of Louisiana? Crocs. (Just make sure you put the strap behind your heel so they're in sport mode.)



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