

# SBL Update



## Organizational Charts

Please ensure that Organizational Charts (Org Charts) submitted for Small Balance Loans (SBL) follow the requirements outlined in [Form 1114](#). Unless otherwise requested specifically by Freddie Mac, the Org Chart must include all of the following:

- All individuals and entities that possess either directly or indirectly the power to manage, control or direct the management or policies of the borrower
- All U.S. individuals and entities that have a 25% or greater direct or indirect aggregate ownership interest in the borrower
- All Non-U.S. individuals or entities that have a 10% or greater direct or indirect aggregate ownership interest in the borrower
- A statement that, other than as shown on the Org Chart, there are no (a) U.S. individuals or entities that own a 25% or greater direct or indirect aggregate ownership interest in the borrower, and (b) non-U.S. individuals or entities that own a 10% or greater direct or indirect aggregate ownership interest in the borrower

Unless otherwise requested by Freddie Mac, U.S. individuals or entities with less than a 25% direct or indirect aggregate ownership interest in the borrower and non-U.S. individuals or entities with less than a 10% direct or indirect

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aggregate ownership interest in the borrower are not required to be shown on the Org Chart.

Please keep in mind that all relevant searches as required by the *Multifamily Seller/Service Guide* (Guide) must be completed for individuals and entities identified on the Org Chart.

## Insurance Requirements

Conditions in the insurance markets remain difficult and we continue to hear that borrowers are finding it challenging to meet the Guide requirements for insurance on new loans, such as fully compliant windstorm coverage for properties at high risk of hurricanes and other natural disasters.

Freddie Mac's Asset Management team is continuing to explore potential solutions that may alleviate some of these challenges. If it appears that a borrower will be unable to arrange for Guide-compliant coverage, please communicate with a Freddie Mac underwriter and with our insurance team through the Insurance Compliance Tool (ICT) as early as possible, preferably at or before loan submission, to minimize late-cycle loan cuts or fallout.

Please continue to submit all insurance waiver requests through ICT, with specific support for the borrower's efforts to arrange for Guide-compliant insurance, including the list of insurance carriers the borrower's broker contacted for coverage and their responses. Please also include a risk-based analysis of the impacts arising from the requested waiver, which should include specific characteristics of the improvements, location or sponsors that offset accepting less than Guide-compliant insurance coverage.