



SMALL BALANCE LOAN UPDATE

Freddie Mac Staff:

The email below will be sent externally to Multifamily customers and others who are subscribed to our news emails. You are receiving this email for information purposes only, and you may [update your email preferences](#) at any time.

Corrections to Examples in DSR Update

On Tuesday, December 1, we released an update to the Small Balance Loan (SBL) COVID-19 Debt Service Reserve (DSR) requirements. In the announcement, we shared examples of the revised approach to a hypothetical transaction in a top market – resulting in maximum LTV and minimum DSCR thresholds at which a prescreen or exception would not be required. Thanks to some sharp eyes among our Optigo® lenders, we've made corrections to the Acquisition/Cash-Neutral and Cash-out Refinance examples.

Please refer to the [complete revised guidance](#) and corrected table below:

COVID-19 DSR Parameter Examples:

Subject: 40-unit property in Dallas, Texas (Top Market)

- **Acquisition/Cash-Neutral:**
 - 6-month DSR = 65% LTV / 1.40x amortizing DSCR
 - 6-month DSR Full-Term Interest Only (FTIO) = 65% LTV / 1.40x amortizing DSCR (with collection of Interest-Only DSR)
 - Full DSR waiver = 60% LTV / 1.50x amortizing DSCR
 - Full DSR waiver FTIO = 60% LTV / 1.50x amortizing DSCR

- **Cash-out Refinance:**
 - 6-month DSR = 65% LTV / 1.50x amortizing DSCR
 - 6-month DSR FTIO = 60% LTV / 1.50x amortizing DSCR (with collection of Interest-Only DSR)
 - Full DSR waiver = 60% LTV / 1.60x amortizing DSCR
 - Full DSR waiver FTIO = 60% LTV / 1.60x amortizing DSCR

Reminder: Year-end Cutoffs

Freddie Mac Funding: Friday, December 11, is the last day to submit a final delivery package to Freddie Mac's Purchase group to ensure that a loan is funded by Freddie Mac in 2020.

SBL Hybrids: Thursday, December 31, is the last day Freddie Mac will purchase LIBOR-indexed SBL hybrid loans. Please submit final delivery packages to Freddie Mac's Purchase group by Friday, December 11, to ensure that all LIBOR-indexed hybrid loans are funded by December 31.

Package Submission: Full underwriting packages submitted before 3:00 p.m. local time will be considered a submission of the same business day. Packages submitted after 3:00 p.m. local time will be considered a submission of the next business day. As a reminder, the 12-day turnaround does not start until the package has been checked in and pricing has been confirmed; this

will typically occur within 48 hours. If the package does not pass check-in, the clock will not start until the lender receives a confirmation email from the Freddie Mac underwriting analyst confirming an expected DCL date.

Congrats & Welcome

We're excited to welcome [Tyrone Purdie](#) to the SBL production team in the Southeast region. Tyrone joined Freddie Mac in 2014 and has been working in SBL underwriting since 2015. He is a University of Maryland graduate (BA and MBA) and worked for several Optigo lenders before joining Freddie Mac.



Tyrone Purdie

Tyrone lives in Ashburn, Virginia, with his wife and 16-month-old son. Please join us in welcoming Tyrone to the production team!

Small Talk

Each week we're welcoming any questions from you, our Optigo lenders, in the Small Talk series. As we receive questions, a selected member of our team will answer in the following week's SBL Update with their fresh perspective. Please continue to submit any questions to sbl_weekly_questions@freddiemac.com to hear from us!

This week we're featuring [Kelly Haddigan Chou](#). Kelly is a director for production & sales in the Western region.

With regard to this week's DSR guidance changes, can lenders continue to request DSR waivers outside of the new parameters?

Yes! We will still entertain partial or full waiver requests for deals that fall outside of the new guidance. We wanted to establish an automatic process for waiving the DSR at specific metrics and can still discuss waivers on one-off deals. Another piece of good news is that all full-term interest-only loans will have DSRs collected



Here is a recent photo of my family
- my husband Gary, daughter

based upon the interest-only payments. Previously, lenders had to submit a request to do so.

Victoria (2.5 yrs) and son Henry (9 mos).

What are you looking forward to this holiday season?

My daughter is finally old enough to participate in holiday festivities. I am excited to share all our family traditions with her and see Christmas through her eyes. A benefit of more time at home is getting to really enjoy decorating the tree, baking cookies and watching Christmas movies.

What is on your Christmas list?

I'd love for my kids to sleep through the night! If Santa can't help with that request, I think I'd like to jump on the air fryer bandwagon.



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8200 Jones Branch Drive, McLean, VA 22102