



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.

Documentation Required for Full Underwriting Submissions

As originally announced in the [September 23 update](#), we require additional documentation upon submission of underwriting packages. In order to continue efficiently processing complete underwriting packages, we've made some refinements and will also be accepting certain documents as replacements.

For refinance loans:

- Payoff letter(s)
 - In lieu of a payoff letter(s), a current mortgage statement is acceptable for submission
 - Three months of bank statements showing rental deposits if cash out exceeds 15% of unpaid balance (UPB)
 - A lender should provide an analysis of the bank statements and tie out the bank deposits to the collections at the property.
 - If the bank statements consist of deposits from more than one property, a ledger or other equivalent means of balancing rental

deposits at the unit level should be provided, along with an analysis that ties the deposits to collections.

For all loans:

- Certified T-12 Occupancy Report
- Public Record Search Confirmation
 - As recently announced, we require all new loan submissions to include a confirmation that title searches, public record searches and property/borrower/sponsor web searches have been completed and reviewed. Our objective is to ensure that we all have an opportunity to consider and resolve any relevant issues prior to the loan being submitted for underwriting by Freddie Mac. In order to confirm that all such searches have been completed and reviewed, please include the statement below on the transmittal email when submitting a new SBL loan for Freddie Mac underwriting:

“Lender has performed and reviewed all required web searches related to the property, borrowers, borrower principals, and guarantors. Lender confirms, on behalf of lender and single counsel for this loan, that lender and/or single counsel have received and reviewed all required public record searches, a title commitment/title search and all title exception documents.”

- No additional information is required to be loaded into the Document Management System (DMS) prior to underwriting submission unless it is relevant to addressing a matter disclosed in the searches or title review.

5-Year Hybrid Loans: Prepayment Waivers for 2015

2020 is right around the corner, and as the SBL program enters its sixth year, many of the 5-year hybrid loans will be moving from the fixed-rate to the floating-rate period. Any loan in good standing documented using the 2-10-2015 or later version of the Hybrid Note may avoid the 1% prepayment premium upon refinance with Freddie Mac or the sale of the property to an

unrelated entity in an arms-length transaction. Please refer to the prepayment charge section of the Hybrid Note to see if a loan is eligible.

As always, we appreciate your support as we continue to improve our SBL program.