

Small Balance Loan (SBL) Sellers to offset borrower expenses by reducing underwriting and closing costs

Key Benefit

- Allows SBL Sellers to be more competitive in the small apartment property market through reduced costs to the borrower

At-a-Glance

SBL Origination Allowance													
Origination Allowance Amount	\$5,500 per SBL												
Eligible loans	Any loans that meet program requirements												
Seller Waiver Notification	<ul style="list-style-type: none"> If the SBL Seller intends to waive the SBL Origination Allowance for a loan, please state this at the time of submitting the full underwriting package. This should be in the transmittal email to SBL Production (SBL_production@freddiemac.com) stating that a full underwriting package and LST has been uploaded If the SBL Seller is applying for the SBL Origination Allowance its Narrative should include information in an Exhibit "Origination Allowance Information" via its DMS package 												
Origination Allowance Period	Loan must be submitted to Freddie Mac Multifamily Underwriting by June 30, 2016												
Loan Eligibility Data Submission Requirements	<ol style="list-style-type: none"> A buy-up of 2 percent or less A completed Small Balance Loan Physical Risk Report (Form 1104) Seller must also provide Freddie Mac with the following information for each loan eligible for the SBL Origination Allowance: <ul style="list-style-type: none"> The firms hired to provide the physical risk and appraisal reports The cost Seller paid per report, per firm The aggregate cost paid to each SBL Single Counsel for each loan as well as the cost broken down into the amount Seller paid and the amount borrower paid This information must be included in the full underwriting package and submitted at the end of the Mortgage Transaction Narrative Analysis (see Chapter 55 of the SBL Addendum) in an exhibit entitled, "Origination Allowance Information" via DMS <ul style="list-style-type: none"> The information must be provided in spreadsheet format as shown below: <p>Appraisal Information Format:</p> <table border="1"> <thead> <tr> <th>Loan #</th> <th>Property Name</th> <th>Appraisal Cost</th> <th>Appraisal Company Name</th> <th>Appraisal Company Email</th> <th>Appraisal Company Telephone</th> </tr> </thead> <tbody> <tr> <td>1234567</td> <td>ABC Apartments</td> <td>\$3,000</td> <td>Appraise Inc.</td> <td>jlow@appraise.com</td> <td>(555)212-1234</td> </tr> </tbody> </table>	Loan #	Property Name	Appraisal Cost	Appraisal Company Name	Appraisal Company Email	Appraisal Company Telephone	1234567	ABC Apartments	\$3,000	Appraise Inc.	jlow@appraise.com	(555)212-1234
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	<p>Form 1104, SBL Physical Risk Report Format:</p> <table border="1"> <thead> <tr> <th>Loan #</th> <th>Property Name</th> <th>Physical Risk Report Cost</th> <th>Physical Risk Company Name</th> <th>Physical Risk Company Email</th> <th>Physical Risk Company Telephone</th> </tr> </thead> <tbody> <tr> <td>1234567</td> <td>ABC Apartments</td> <td>\$3,100</td> <td>PRA Risk Inc.</td> <td>nsteam@pra.com</td> <td>(555)123-4567</td> </tr> </tbody> </table> <p>5. The SBL Seller must also provide Freddie Mac the law firm name and the total cost paid to SBL Single Counsel for loans funded the prior month. This information must be submitted to Freddie Mac no later than the 10th day of each month or the following Monday. The information must be delivered to the SBL Production Mailbox (sbl_production@freddiemac.com).</p> <p>SBL Single Counsel Information Submission (by the 10th day of the month)</p> <p>The subject heading of the email should read “Single Counsel Cost – Seller Origination Allowance.” The information must be submitted in an Excel® document as follows:</p> <p>SBL Single Counsel Format:</p> <table border="1"> <thead> <tr> <th>Loan #</th> <th>Property Name</th> <th>Single Counsel Law Firm Name</th> <th>Total Single Counsel Cost</th> </tr> </thead> <tbody> <tr> <td>1234567</td> <td>ABC Apartments</td> <td>DCH, LLP</td> <td>\$6,250</td> </tr> </tbody> </table> <p>Freddie Mac will confirm loan eligibility and the required information upon loan submission and prior to wire transfer.</p>	Loan #	Property Name	Physical Risk Report Cost	Physical Risk Company Name	Physical Risk Company Email	Physical Risk Company Telephone	1234567	ABC Apartments	\$3,100	PRA Risk Inc.	nsteam@pra.com	(555)123-4567	Loan #	Property Name	Single Counsel Law Firm Name	Total Single Counsel Cost	1234567	ABC Apartments	DCH, LLP	\$6,250
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Freddie Mac Processing	<p>Freddie Mac Processing (by the 15th day of the month)</p> <ul style="list-style-type: none"> Freddie Mac will process the loans that qualify for the SBL Origination Allowance to Cash Management for funding Freddie Mac will provide the SBL Seller with the amount and list of qualified loans <p>Payment of SBL Origination Allowance</p> <ul style="list-style-type: none"> Freddie Mac will include the SBL Origination Allowance in loan proceeds at the time of loan purchase. <p><i>Freddie Mac will forgo paying any further SBL Origination Allowance payments if the Seller fails to provide information as required</i></p>																				
SBL Seller Participation and Monitoring	<p>Freddie Mac will evaluate the continued need for the allowance during the six-month period; if process improvements and other modifications to the SBL offering result in cost reductions, Freddie Mac may reduce the amount of the SBL Origination Allowance for new SBL loans as of a future date</p>																				
SBL Contact	<p>All questions should be directed to Max Mraz at (703) 714-2839 or maxwell_mraz@freddiemac.com</p>																				

SBL Origination Allowance Requirements and Delivery

