Freddie Mac Multifamily Small Balance Loans (SBL)

Market Tiers and Credit Alignment

August 2015

Freddie Mac Multifamily®

Webinar Agenda

Freddie Mac Multifamily®

Market Tier Changes and Credit Alignments

- Introduction
- New Tiers and Credit Requirements
- Effective Dates
- Pipeline Impacts
- Resources
- Pricing Impacts
- Application Processing
- Questions and Answers

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SBL Market Changes – What & WHY?

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- Better Define Markets
  - » Top Markets
    - Specific defined counties in top MSAs
    - <$5MM UPB or receive Standard market terms
    - Expanded locations and better defined
    - No more secondary markets
  - » Standard Markets
    - Selected MSAs and top market counties not specifically identified in Top Markets
    - Expanded locations and better defined
  - » Small Markets
    - Selected MSAs
    - Reduce confusion and inconsistency on credit sizing
  - » Very Small Markets
    - Selected MSA/MiSA/county
    - Reduce confusion and inconsistency on credit sizing
    - Credit more in-line with local banks without recourse

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SBL Market Changes – How?

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We Evaluated:

- Size of the overall population and the size of the renter population
- Affordability through cost of living and cost of housing – ownership and rental
- Historical CMBS multifamily performance
- Economic engines and housing supply barriers
- Capital sources and SBL mortgage competition
- Impact based on current and historical pipeline

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SBL Market Credit Alignment – Credit Terms

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Loan Amount: $1Million to $5 Million

DCR/LTV Baseline		
	Minimum Amortizing DCR	Maximum LTV
Top SBL Markets	1.20x	80%
Standard SBL Markets	1.25x	80%
Small SBL Markets	1.30x	70% (*)
Very Small SBL Markets	1.40x	70% (*)
Full Term IO Adjustments** Full Term IO or IO during Fixed Rate Period of Hybrid ARM		
	Add to the Baseline	Maximum LTV
Top and Standard SBL Markets	0.15x	65%
Small and Very Small SBL Markets	0.10x	60%

(*) Maximum LTV 75% for Acquisitions

(**) Maximum available **Partial IO Period** for Small and Very Small SBL Markets is limited to:

Zero (0) years on 5-year term
One (1) year for a 7-year term
Two (2) years for a 10-year term/20 year hybrid

Alternative measures to explore to secure applications when LTV/DCR adjustments are necessary based on competition in market:

- Maintain static principal payments
- Shorter amortization
- Reduce interest-only period during fixed-rate term
- Use of base recourse

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SBL Market Credit Alignment – Pipeline Impacts

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- Distribution of **rate locked and funded** loans in the new market tiers:
  - » Top Markets: 214 – 53.23%
  - » Standard Markets: 151 – 37.56%
  - » Small Markets: 16 – 3.98%
  - » Very Small Markets: 21 – 5.22%

    37 – 9.20%
  - » Total: 402
- How many loans now qualify for top markets that previously were not top markets?
  - » 10
- How many loans in small and very small markets would **not** qualify under the new DCR/LTV terms?
  - » 30

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SBL Market Credit Alignment – Pipeline Impacts

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- Distribution of loans **under application** in the new market tiers:
  - » Top Markets: 276 – 55.20%
  - » Standard Markets: 175 – 35.00%
  - » Small Markets: 20 – 4.00%
  - » Very Small Markets: 29 – 5.80%

    49 – 9.80%
  - » Total: 500
- How many loans in the pipeline now qualify for top markets that previously were not top markets?
  - » 21
- How many loans in small and very small markets would **not** qualify under the new DCR/LTV terms?
  - » 29

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SBL Market Credit Alignment - Resources

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» Market List Now on Resource Page

Originate and Underwrite

Small Balance Loan Lenders

Our Small Balance Loan (SBL) offering is designed to address the unique needs and challenges of small rental property borrowers, and bring greater liquidity and stability to the small balance loan space. Our dedicated SBL platform enables approved Seller/Servicers to efficiently originate and sell loans ranging from $1 to $5 million on small rental properties with five or more units. Seller/Servicers and their borrowers benefit from a simplified pricing process; streamlined early rate-lock and full underwriting paths with less documentation; abbreviated third party reports; simplified insurance assessment process; standardized and shorter loan documents; and, reduced legal due diligence requirements.

Quick Links

- SBL Guide Addendum

Applications and AllRegs®

OUS
DMS
ICT
AllRegs®

Origination and Underwriting System Login »

OUS helps automate the workflow for processing loan applications from submission of the Loan Submission Template (LST) through the underwriting process.

- Affordability Test and Resources
- Loan Submission Templates (LSTs) and Job Aids
- Refinance Test and Resources

Resources

Use the following field to filter through the resources by entering a keyword, filetype or year.

Start typing to filter... Clear Filter

Expand All Categories

- Pricing
- References and Tools

SBL Market Tiering

Top
Standard
Small
Very Small

Source: The U.S. Census Bureau, 2013 American Community Survey 5-year estimates http://factfinder.census.gov

County ID (State Code & County Code)	County Name, State Name	Market Name: MSA if Metro Area MiSA if Micro Area County if neither	SBL Market Tier
36047	Kings County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36081	Queens County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36061	New York County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36103	Suffolk County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36005	Bronx County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36059	Nassau County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36119	Westchester County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
34003	Bergen County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34023	Middlesex County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34013	Essex County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34017	Hudson County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34025	Monmouth County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34029	Ocean County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34039	Union County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34031	Passaic County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
34027	Morris County, New Jersey	New York-Newark-Jersey City, NY-NJ-PA	Top
36085	Richmond County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
36071	Orange County, New York	New York-Newark-Jersey City, NY-NJ-PA	Top
06037	Los Angeles County, California	Los Angeles-Long Beach-Anaheim, CA	Top
06059	Orange County, California	Los Angeles-Long Beach-Anaheim, CA	Top
17031	Cook County, Illinois	Chicago-Naperville-Elgin, IL-IN-WI	Top
17043	DuPage County, Illinois	Chicago-Naperville-Elgin, IL-IN-WI	Top
17097	Lake County, Illinois	Chicago-Naperville-Elgin, IL-IN-WI	Top
51059	Fairfax County, Virginia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
24031	Montgomery County, Maryland	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
24033	Prince George's County, Maryland	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
11001	District of Columbia, District of Columbia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
51013	Arlington County, Virginia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
51510	Alexandria city, Virginia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
51600	Fairfax city, Virginia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
51610	Falls Church city, Virginia	Washington-Arlington-Alexandria, DC-VA-MD-WV	Top
06001	Alameda County, California	San Francisco-Oakland-Hayward, CA	Top
06013	Contra Costa County, California	San Francisco-Oakland-Hayward, CA	Top
06075	San Francisco County, California	San Francisco-Oakland-Hayward, CA	Top

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SBL Market Credit Alignment - Resources

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- Market List Now on Resource Page
  - Additional Look-up table sorted by county

SBL Market Tiering

Top
Standard
Small
Very Small

Source: The U.S. Census Bureau, 2013 American Community Survey 5-year estimates
http://factfinder.census.gov

County ID (State Code & County Code)	County Name, State Name	Market Name: MSA if Metro Area MiSA if Micro Area County if neither	SBL Market Tier	State
5139	Union County, AR	El Dorado, AR	Very Small	AR
5141	Van Buren County, AR	Van Buren County, AR	Very Small	AR
5143	Washington County, AR	Fayetteville-Springdale-Rogers, AR-MO	Standard	AR
5145	White County, AR	Searcy, AR	Very Small	AR
5147	Woodruff County, AR	Woodruff County, AR	Very Small	AR
5149	Yell County, AR	Russellville, AR	Very Small	AR
6001	Alameda County, CA	San Francisco-Oakland-Hayward, CA	Top	CA
6003	Alpine County, CA	Alpine County, CA	Very Small	CA
6005	Amador County, CA	Amador County, CA	Very Small	CA
6007	Butte County, CA	Chico, CA	Small	CA
6009	Calaveras County, CA	Calaveras County, CA	Very Small	CA
6011	Colusa County, CA	Colusa County, CA	Very Small	CA
6013	Contra Costa County, CA	San Francisco-Oakland-Hayward, CA	Top	CA
6015	Del Norte County, CA	Crescent City, CA	Very Small	CA
6017	El Dorado County, CA	Sacramento--Roseville--Arden-Arcade, CA	Standard	CA
6019	Fresno County, CA	Fresno, CA	Standard	CA
6021	Glenn County, CA	Glenn County, CA	Very Small	CA
6023	Humboldt County, CA	Eureka-Arcata-Fortuna, CA	Very Small	CA
6025	Imperial County, CA	El Centro, CA	Very Small	CA
6027	Inyo County, CA	Inyo County, CA	Very Small	CA
6029	Kern County, CA	Bakersfield, CA	Standard	CA
6031	Kings County, CA	Hanford-Corcoran, CA	Very Small	CA
6033	Lake County, CA	Clearlake, CA	Very Small	CA
6035	Lassen County, CA	Susanville, CA	Very Small	CA
6037	Los Angeles County, CA	Los Angeles-Long Beach-Anaheim, CA	Top	CA
6039	Madera County, CA	Madera, CA	Very Small	CA
6041	Marin County, CA	San Francisco-Oakland-Hayward, CA	Top	CA
6043	Mariposa County, CA	Mariposa County, CA	Very Small	CA
6045	Mendocino County, CA	Ukiah, CA	Very Small	CA
6047	Merced County, CA	Merced, CA	Small	CA
6049	Modoc County, CA	Modoc County, CA	Very Small	CA
6051	Mono County, CA	Mono County, CA	Very Small	CA
6053	Monterey County, CA	Salinas, CA	Standard	CA
6055	Napa County, CA	Napa, CA	Very Small	CA

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SBL Market Credit Alignment - Pricing

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- Pricing Grid will now have **FOUR** Market Tiers
- Adjustments will be based on increased coverage and LTV but not tied specifically to a set LTV or coverage level
- Greater ability to segment pricing by markets
- Greater ability to target pricing against competition

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SBL Market Credit Alignment Resources - Pricing

- Top/Standard Markets Pricing Grid remains unchanged

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Small Balance Loan (SBL) Pricing Grid - Top/Standard Markets Updated: 8/4/2015

Section A - Base Available Loan Structures

Loan Type	Hybrid	Hybrid	Hybrid	Fixed	Fixed	Fixed
Fixed Term	5	7	10	5	7	10
Floating Term	15	13	10	0	0	0
Balloon/Amortization	20/30	20/30	20/30	5/30	7/30	10/30
Max IO Period (Yrs)	1	2	3	1	2	3
Prepay During Fixed	54321	5544321	5544332211	54321	5544321	5544332211
Prepay During Floating	1%	1%	1%	N/A	N/A	N/A
LTV/DSCR - Top Markets	80/1.20	80/1.20	80/1.20	80/1.20	80/1.20	80/1.20
LTV/DSCR - Standard Markets	80/1.25	80/1.25	80/1.25	80/1.25	80/1.25	80/1.25

Section B - Base Loan Pricing

Pricing Type (Spread/Coupon)	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
Fixed Pricing (Standard Markets)	3.65%	4.20%	4.60%	3.70%	4.15%	4.45%
Fixed Pricing (Top Markets)	3.05%	3.75%	4.20%	3.20%	3.80%	3.95%

Section C - Loan Pricing Adjustments

Alternative Prepay Protections						
Alternative 1	YM,1%	YM,1%	YM,1%	YM	YM	YM
Pricing Change (bps)	-5	-6	-7	-5	-6	-7
Alternative 2 [1]	321(3),1%	3(2),2(2),1(3),1%	3(3),2(3),1(4),1%	321(3)	3(2),2(2),1(3)	3(3),2(3),1(4)
Pricing Change (bps)	10	10	10	10	10	10
Rate Lock Costs (bps)						
≤ 90 Days	0	0	0	0	0	0
120 days	8	8	8	8	8	8
LTV						
≤ 70 (bps)	-4	-4	-4	-4	-4	-4
≤ 65 (bps)	-8	-8	-8	-8	-8	-8
≤ 55 (bps)	-12	-12	-12	-12	-12	-12
DSCR						
≥ 1.30 (bps)	-4	-4	-4	-4	-4	-4
≥ 1.40 (bps)	-8	-8	-8	-8	-8	-8
≥ 1.50 (bps)	-12	-12	-12	-12	-12	-12
Full Term IO during Fixed	10	14	20	15	20	30
NYC Co-Op (5 Boroughs Only)	0	0	0	0	0	-20

Section D - Excess Premium (Buy-Up or Ongoing Spread)

BPs Per Point of Premium [2]	25	20	15	25	20	15

Notes

- UST Index Yields (For Seller LST submission and Internal Freddie Mac purposes only)[3]

All 5-yr	All 7-yr	All 10-yr
#NAME?	#NAME?	#NAME?

- Loan Size: 1-5 mm
- Number of months open for prepayment without penalty at the end: 3
- For Hybrid ARMs:
  - Floating rate coupon is based on 6 month LIBOR +275 margin.
  - During the floating rate period, rate is reset every 6 months and amortization is recalculated.
  - Floor rate is equal to the initial fixed rate
  - Cap Structure: 1-1-5 (Max 1% change in initial reset, max 1% change at each reset, and lifetime cap is 5% over the initial fixed rate)

[1] Stepdown Prepay Description: refers to % of UPB, with years in parentheses if > 1 year - e.g. 3(2),2(2),1(3) is two years at 3%, two years at 2%, three years at 1%.
[2] Up to 3% Premium in 0.125% increments. See "Freddie Mac Multifamily Small Balance Loan Pricing Grid Explanation" for additional information.
[3] Index yields shown are not to be used for quoting; yields shown are solely for internal purposes only
Please contact SBL Production staff for additional pricing inquiries

This SBL Pricing Grid is confidential and terms of its use are governed by the SBL Addendum and the Multifamily Seller/Servicer Guide. The Pricing Grid will be updated from time to time.
The official version in effect at any given time may be found at http://www.freddiemac.com/multifamily/seller_servicer/uw/sbl.html .
Courtesy copies will be distributed from time to time by email.

- Small/Very Small Markets will now have their own Pricing Grid

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Small Balance Loan (SBL) Pricing Grid - Small/Very Small Markets Updated: 8/4/2015

Section A - Base Available Loan Structures

Loan Type	Hybrid	Hybrid	Hybrid	Fixed	Fixed	Fixed
Fixed Term	5	7	10	5	7	10
Floating Term	15	13	10	0	0	0
Balloon/Amortization	20/30	20/30	20/30	5/30	7/30	10/30
Max IO Period (Yrs)	0	1	2	0	1	2
Prepay During Fixed	54321	5544321	5544332211	54321	5544321	5544332211
Prepay During Floating	1%	1%	1%	N/A	N/A	N/A
LTV (Acq)/LTV (Ref)/DSCR -Small	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30
LTV (Acq)/LTV (Ref)/DSCR - V Small	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40

Section B - Base Loan Pricing

Pricing Type (Spread/Coupon)	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
Fixed Pricing (Very Small Markets)	3.65%	4.20%	4.60%	3.70%	4.15%	4.45%
Fixed Pricing (Small Markets)	3.65%	4.20%	4.60%	3.70%	4.15%	4.45%

Section C - Loan Pricing Adjustments

Alternative Prepay Protections						
Alternative 1	YM,1%	YM,1%	YM,1%	YM	YM	YM
Pricing Change (bps)	-5	-6	-7	-5	-6	-7
Alternative 2 [1]	321(3),1%	3(2),2(2),1(3),1%	3(3),2(3),1(4),1%	321(3)	3(2),2(2),1(3)	3(3),2(3),1(4)
Pricing Change (bps)	10	10	10	10	10	10
Rate Lock Costs (bps)						
≤ 90 Days	0	0	0	0	0	0
120 days	8	8	8	8	8	8
LTV - Small/Very Small Markets (Acq / Ref)						
≤ 65% / ≤ 60% (bps)	-4	-4	-4	-4	-4	-4
≤ 60% / ≤ 55% (bps)	-8	-8	-8	-8	-8	-8
≤ 50% / ≤ 45% (bps)	-12	-12	-12	-12	-12	-12
DCR - Small Markets						
≥ 1.40 (bps)	-4	-4	-4	-4	-4	-4
≥ 1.50 (bps)	-8	-8	-8	-8	-8	-8
≥ 1.60 (bps)	-12	-12	-12	-12	-12	-12
DCR - Very Small Markets						
≥ 1.50 (bps)	-4	-4	-4	-4	-4	-4
≥ 1.60 (bps)	-8	-8	-8	-8	-8	-8
≥ 1.70 (bps)	-12	-12	-12	-12	-12	-12
Full Term IO during Fixed	10	14	20	15	20	30

Section D - Excess Premium (Buy-Up or Ongoing Spread)

BPs Per Point of Premium [2]	25	20	15	25	20	15

Notes

- UST Index Yields (For Seller LST submission and Internal Freddie Mac purposes only)[3]

All 5-yr	All 7-yr	All 10-yr
#NAME?	#NAME?	#NAME?

- Loan Size: 1-5 mm
- Number of months open for prepayment without penalty at the end: 3
- For Hybrid ARMs:
  - Floating rate coupon is based on 6 month LIBOR +275 margin.
  - During the floating rate period, rate is reset every 6 months and amortization is recalculated.
  - Floor rate is equal to the initial fixed rate
  - Cap Structure: 1-1-5 (Max 1% change in initial reset, max 1% change at each reset, and lifetime cap is 5% over the initial fixed rate)

[1] Stepdown Prepay Description: refers to % of UPB, with years in parentheses if > 1 year - e.g. 3(2),2(2),1(3) is two years at 3%, two years at 2%, three years at 1%.
[2] Up to 3% Premium in 0.125% increments. See "Freddie Mac Multifamily Small Balance Loan Pricing Grid Explanation" for additional information.
[3] Index yields shown are not to be used for quoting; yields shown are solely for internal purposes only
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Courtesy copies will be distributed from time to time by email.

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SBL Market Credit Alignment – Small / Very Small Pricing

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Prepay During Fixed	54321	5544321	5544332211	54321	5544321	5544332211
Prepay During Floating	1%	1%	1%	N/A	N/A	N/A
LTV (Acq)/LTV (Refi)/DSCR -Small	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30	75/70/1.30
LTV (Acq)/LTV (Refi)/DSCR - V Small	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40	75/70/1.40
Section B - Base Loan Pricing						
Pricing Type (Spread/Coupon)	Coupon	Coupon	Coupon	Coupon	Coupon	Coupon
Fixed Pricing (Very Small Markets)	3.65%	4.20%	4.60%	3.70%	4.15%	4.45%
Fixed Pricing (Small Markets)	3.65%	4.20%	4.60%	3.70%	4.15%	4.45%
Section C - Loan Pricing Adjustments						
Alternative Prepay Protections						
≤ 90 Days	0	0	0	0	0	0
120 days	8	8	8	8	8	8
LTV - Small/Very Small Markets (Acq / Refi)						
≤ 65% / ≤ 60% (bps)	-4	-4	-4	-4	-4	-4
≤ 60% / ≤ 55% (bps)	-8	-8	-8	-8	-8	-8
≤ 50% / ≤ 45% (bps)	-12	-12	-12	-12	-12	-12
DCR - Small Markets						
≥ 1.40 (bps)	-4	-4	-4	-4	-4	-4
≥ 1.50 (bps)	-8	-8	-8	-8	-8	-8
≥ 1.60 (bps)	-12	-12	-12	-12	-12	-12
DCR - Very Small Markets						
≥ 1.50 (bps)	-4	-4	-4	-4	-4	-4
≥ 1.60 (bps)	-8	-8	-8	-8	-8	-8
≥ 1.70 (bps)	-12	-12	-12	-12	-12	-12
Full Term IO during Fixed	10	14	20	15	20	30

Specific Market Pricing

New DCR / LTV Thresholds for Pricing

New Credit Parameters

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SBL Market Credit Alignment Resources: Pricing Calculator

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SBL Pricing Calculator

Version 5.0

FM Loan Number:		Date Priced:	
Property Name:			
Property State:		Pricing Grid Date:	
Property County:			
Property MSA:			

Loan	
UPB	
Market Tier	
Acquisition/Refinance	
Loan Type	
Total Premium/Buy-Up	
Seller's Portion of Premium/Buy-Up	0.0000%
Prepayment Option	
DCR	
LTV	
I/O Term	
Rate Lock	≤ 90 Days
Co-Op	No
Origination Allowance	
5-50 Incentive	

Insert Comments Here:

Pricing Calculation		
Base Coupon		0.00%
	Pass Through[1]	
Prepay Adjustment	Yes	0.00%
DCR Adjustment	Yes	0.00%
LTV Adjustment	Yes	0.00%
Full Term IO Adjustment		0.00%
Premium Adjustment		0.00%
Rate Lock Adjustment		0.00%
Co-Op Adjustment	Approval Date	0.00%
Approved Pricing Adjustment		0.00%
Mortgage Coupon[2]		0.00%

Loan Submission Template (LST) & OUS Entries	
Buy-Up (Fees Out) in Percentage	0.0000%
Index Rate (%)[3]	0.00%
Net Spread to Freddie Mac[4]	-0.65%
Servicing Fee (%)[5]	0.65%
Underwritten Note Rate	0.00%

Premium in Servicing Spreads	
% of Premium to Seller	0.0000%
Seller Comp in Cash from Premium	$ -
Seller Comp from Allowances/Incentives	$ -
Additional Seller Comp in Servicing Spreads from Pricing Adjustments	0.00%

Notes:

Manual Input

1 Yes indicates coupon reduction is passed through to the borrower
2 Final mortgage coupon adjusted for premium/buyups
3 Coupon per pricing grid but excluding add-ons for premium/buyups less Total Servicing
4 Indicative spread based on final coupon less servicing and index
5 Total Servicing equals 65bp base Servicing + Seller Compensation

8/10/2015

The FM loan number, property name, date priced, DCR and LTV are unique manual inputs. All other manual input fields (in brown) are drop-down selections.

Added pricing adjustment field for discounts/premiums and other seller captured income.

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SBL Market Credit Alignment – Application Processing beginning September 1, 2015

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- Old pricing grids only apply to loans where pricing has been held. If held, they will be held to the pricing to the current market tier.

- Old Pricing Calculator will remain on the resources page (on the resources page on the SBL web site dated **7/7/15**).

- New Pricing Calculator will be located on the Pricing Grid Page. has been improved to calculate mortgage rate and LST data with minimal inputs. – Posted **8/18/15**

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SBL Market Credit Alignment – Application Processing (Between Now and September 1st)

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- We will be operating in tandem:
  - Current markets for existing deals and New Markets for new deals.
  - New Pricing Grid/Old Pricing Grid
  - New Pricing Calculator/Old Pricing Calculator
- New pricing calculator has the markets and coupons associated with each market tier.
- Pricing Calculator has been improved to calculate mortgage rate and LST data with minimal inputs.
- Use of the new package delivery transmittal format anticipated this market/credit changes.

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SBL Market Credit Alignment – Effective Dates and Pipeline Impacts

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- Effective Date is **September 1, 2015**
- New Pricing Grids and Calculators posted on Tuesday, **August 18, 2015**
- We are working with each Seller to address loans in Small and Very Small markets:
  - Any underwriting package delivered by 8/31 will **NOT** be impacted by new credit requirements.
  - We are evaluating the remaining loans taken under application more recently.
  - We anticipate that some proceeds will need to be adjusted and that this could cause some fallout.
  - We will continue to work with the SBL Seller on select loans the present unique circumstances.

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SBL Market Credit Alignment – Questions

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