**Date: April 2, 2020**

**Attended by:** Mark Lambing

**Presenters:** Freddie Mac

1. Stephen Johnson: Vice President, Production & Sales

**Subject:** Freddie Mac TEL Select Sponsor

**Agenda:**

1. Freddie Mac Personal Updates
2. Select Sponsor Relationship Assignments
3. Market Commentary

**Notes:**

Dwayne George left for Merchant's

* Gave them opportunity to re-evaluate their business structure

**Sponsor Select Program**

* Purpose to create value with outstanding execution
	+ Where nuance and customization is possible
	+ Build a better TAH
		- Products
		- Processes
* Why we are select sponsors
	+ Think of us as proven leaders in the affordable world
	+ Cultural fits
	+ Passionate about mission
	+ Creative in solving solutions
	+ Balanced approach

**Current Environment**

* Unprecedented time
* 100% Open for Business
	+ Taking much closer look at deals
		- Need to understand collections
	+ Realize issues with 3rd parties and HUD involvement
* Realize this is a one-off business
	+ Don't want to negatively impact borrowers/ tenants
	+ Believe they have the talent to accomplish deals still
	+ Need to be honest and direct
* Debt Service Reserve Escrow Concept
	+ For cash preservation
		- Allows for partial due diligence completion
		- 1.40 DCSCR or greater - 6-month reserve
		- <1.40 DSCR or less - 9-month reserve
	+ For other TAH products
		- They are more flexible
		- Case by case basis

**Credit**

* Ideal Transactions
	+ Anything setting aside affordable units/ structures
* Concerning transactions
	+ Ones where rents same as market rate
		- These will be subject to stress in the market currently
* Looking for clean packages as always
* Cash out Deals
	+ Will be looked at much more closely
* Commercial income
	+ Very conservatively underwritten
	+ Only quality tenant income won't be underwritten
* Have had good conversations with Select Sponsors - Namedrops Mark Moorhouse at Dominium

**Pricing & Securitization**

* Feds are now purchasing their paper
	+ $400M of A-2s
	+ Has helped their spreads
		- Swaps + 85bps now
	+ Expecting increase in their Forward cost in the coming days

**Forbearance**

* 90 days forbearance starting in April for good standing properties
	+ Can start any time before Dec 31st unless national emergency is terminated before then
* 12-month repayment plan
	+ Interest free
	+ No late fees
	+ Not a punitive offering
		- But only ask for it if you need it
	+ There is a standard forbearance agreement
		- Other documents needed
			* Hardship letter
			* Delinquency Report
		- No blanket requests
			* One per property