**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