SBL LEGAL QUICK HITS

Freddie Mac MULTIFAMILY

Issue 9: February 24, 2017

<u>New Forms Published on February 24, 2017</u>

Fixed Rate Note – SBL (02-22-2017)
Includes the new (5%, 1%, 0%, 0%, 0%) stepdown prepayment alternative for five year loans as well as lightened shading in the Section 1 data fields. This form:

- **<u>may</u>** be used immediately.
- **<u>must</u>** be used immediately for five year fixed-rate loans with a (5%, 1%, 0%, 0%, 0%) stepdown prepayment structure.
- **<u>must</u>** be used for all fixed-rate loans where the Commitment/ERLA has an Effective Date of 03-20-2017 or later.

Hybrid ARM Note – SBL (02-22-2017)
Includes the new (5%, 1%, 0%, 0%, 0%) stepdown prepayment alternative for five year loans as well as the previously omitted YM prepayment exemption for refinances with Freddie Mac during the adjustable rate period of the loan. It also clarifies the prepayment provisions for loans with interest-only payments during the full fixed-rate period and lightens the shading in the Section 1 data fields. This form:

- **<u>may</u>** be used immediately.
- **<u>must</u>** be used immediately for five-year Hybrid ARM loans with a (5%, 1%, 0%, 0%, 0%) prepayment structure or for Hybrid ARM loans with a Yield Maintenance prepayment structure.
- **<u>must</u>** be used for all Hybrid ARM loans where the Commitment/ERLA has an Effective Date of 03-20-2017 or later.

Single Counsel Certification – SBL (02-22-2017)
Includes a "Transaction Specific Issues" section – this will help us with pre-securitization due diligence and disclosure triggers. Currently, we are only capturing whether two key issues are present for a deal, deed restrictions and regulatory agreements. All of the other changes to this document are non-substantive formatting to simplify the charts and make them easier to read. We've also added reminders that electronic recording/filing is required in all jurisdictions where it is available. This form:

- **<u>must</u>** be used for all delivery packages submitted on or after March 20, 2017.

Larger Loan Requirements Rider to the Loan Agreement – SBL (02-22-2017)
Includes quarterly reporting and expanded single asset entity requirements for loans between $6M and $7.5M. Since this rider is now a published document, you will no longer see a rider attached to the Commitment/ERLA for larger loans; instead, Commitment/ERLAs for larger loans will include a reference to this required rider. For more information about the recently announced loan limited increases for the SBL Program, please see the ***"Did You See"*** links below. This form:

- **<u>must</u>** be used immediately for all loans between $6M and $7.5M.

Building Code Violations Rider Link Removed

As you know, we retired the Building Code Violations Rider to the Loan Agreement at the end of last year. We have now removed the link to that document from the SBL loan documents page.

Did You See

Other Recent SBL Updates

- SBL Update: Increase to SBL Credit Limits (2/6/17)
- New Bulletin Published (12/29/16)
- New Bulletin Published (12/15/16)