SBL LEGAL QUICK HITS

Freddie Mac MULTIFAMILY

Issue 16: October 1, 2018

Updated Loan Documents

Today we are publishing several updated forms on FreddieMac.com.

- The updated Florida Amended and Restated Note corrects a section cross-reference and is effective IMMEDIATELY and must be used for any loan that has not closed.

- All other forms dated 10-01-2018 **must** be used on loans for which Freddie Mac issues a Commitment on or after **November 1, 2018**. The updated versions may also be used prior to this date; if one updated document is used, then all the documents for that loan must be the updated versions, if applicable.

    - Loan Agreement – SBL, Fixed Rate Note – SBL, Hybrid ARM Note – SBL, Guaranty – SBL

        - Restored the field for Property Address in the P.1 header

    - Loan Agreement –

        - Revised the definition of Transfer to include a division of an LLC as part of the definition of Transfer to address the recent change in Delaware law permitting LLCs to divide into component entities.

        - Added a covenant that there have been no material changes to Borrower's organizational chart since Borrower submitted the Form 1114 – Organizational Chart Certification during underwriting. *NOTE*: This underwriting form is only required for loans taken under application on or after November 1, 2018, so the revision includes an "if applicable" caveat.

        - Clarified in the "Compliance with Applicable Laws and Regulations" section (5.07) that the Improvements either comply with **or will comply with upon completion of the Priority Repairs,** applicable health, fire, and building codes.

        - Revised the definition of Physical Risk Report to include any subsequent reports prepared in connection with servicing matters, including assumptions.

    - Notes –
        - Revised the ACH provisions in both Notes to clarify that an account "designated by the Borrower" is sufficient; it does not have to be an account in the name of the Borrower

        - Updated the Hybrid ARM Note to address the anticipated phase-out of LIBOR discussed in the memo issued today by Freddie Mac Multifamily.

Updated Commitment Form

Underwriters are working with an updated Commitment template programmed into the automated OUS document generation dated 8-8-18. The updated underlying form document is now posted on the SBL Single Counsel web page.

Updated Non-Material Commitment Correction Form

We have published an updated form of the Non-Material Commitment Correction form on the SBL Single Counsel web page to correct the field names under changes in Guarantor name and Property address. The new form is dated 8-8-18.

SBL Legal Quick Hits is a communication designed to share brief program updates and reminders for our Single Counsel. If you have any questions, please contact us at Freddie_Mac_Legal_SBL@freddiemac.com.

Organizational Document Reviews

This is a reminder that prior to closing, you must review **FINAL** organizational documents for all Borrowers and Borrower Principals (including entity Guarantors) – see Guide Section 9SBL.7. In the case of an acquisition, that review may occur on the closing date, but it should be a confirmation that there have been no changes since your review of the final form of that entity's organizational documents prior to closing. There must not be any blanks in those final organizational documents, particularly as to ownership percentages. You must ensure that those final organizational documents are uploaded to DMS.