SBL LEGAL QUICK HITS

Issue 17: December 14, 2018

Responses to Your Questions/Comments

Responses to your questions and comments submitted in preparation for this year's Annual Conference in Nashville can be found in Single Counsel SBL Programmatic Questions/Comments posted on the Single Counsel Resources Web Page.

Helpful Reminders

- **Preferred equity is not permitted in SBL**
- Note endorsements must not be dated
- Require all parties to use blue ink to sign loan documents
- Common triggers to securitization representations and warranties (Commitment - Schedule 1)
    - Regulatory agreements
    - Non-permitted units

Litigation Summaries Required for All Litigation Matters

An analysis uploaded to DMS under the "PLIM" category is required for all litigation matters.

A Litigation analysis should succinctly provide a snapshot of the litigation issue in 2-3 sentences. Additionally, the analysis must briefly address the following in bullet point format:

- Confirmation the carrier is defending the claim
- The insurance coverage limit
- Confirmation that claim is sufficiently covered by insurance
- Your recommendation as Single Counsel

Example:

This is a standard slip-and-fall claim filed against Borrower in June 2017. A guest of a tenant tripped over a heaved portion of sidewalk and broke her wrist.

- We have confirmed the claim is covered by borrower's general liability insurance and the carrier has accepted defense of the claim (see attached letter from the carrier).
- Borrower's coverage limit is $1MM.
- Based on these facts, there is no material risk to the Borrower, property, or loan from this claim.

More complex litigation matters may require analyses with more details, but please adhere to providing summaries and not comprehensive reports on the history of the litigation.

Did You See?

- FHFA recently announced the 2019 multifamily lending cap will remain at $35 billion. Read More
- We published a new Guide Bulletin for the *Freddie Mac Multifamily Seller/Servicer Guide* on AllRegs®.