SBL LEGAL QUICK HITS

Issue 19: April 12, 2019

Updated SBL Loan Documents

Wednesday (4-8-19) we posted updated versions of several Conventional loan documents, two of which are also applicable for SBL. These revised forms may be used immediately and must be used for any SBL Commitments with an Effective Date on or after 5-8-19.

- We revised the Assignment of Security Instrument form to remove the blanks for the book/page or instrument number of the Security Instrument being assigned. If a recorder's office requires this information to record the Assignment, it can be hand-written in by the title agent. Otherwise, we strongly discourage including this information, as it is so easy to get wrong and it isn't necessary to the effectiveness of the Assignment. This update also replaces the existing references in the Assignment to the "Instrument" with "Security Instrument."

- We revised the title of the Montana Security Instrument, it is now called the "Multifamily Deed of Trust, Assignment of Rents, Security Agreement **and Fixture Filing**."

Title Policy Reminders

To reduce the number of title insurance policy corrections being required, remember the following:

- Pro Forma title insurance policies are **never acceptable** at loan delivery
- The policy number must appear on every page
- Do not include a UCC description on Schedule B-II – it doesn't impact the title insurance coverage, and errors in describing the UCC invite confusion and create delays in the review process
- Double-check that the title agent submitted the Security Instrument and Assignment for recording ***in the correct order*** – this is the #1 reason we must require counsel to re-record & obtain updated title coverage

UCC Reminder

Whenever possible, please file only a UCC-1, identifying Freddie Mac as the Secured Party Assignee. There should only be both a UCC-1 and a UCC-3 in the cases where an Optigo SBL Lender originates loans through an affiliate.

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.