SBL LEGAL QUICK HITS

Issue 20: May 20, 2019

Updated SBL Loan Documents

Today we are posting updated versions of the following:

- Loan Agreement – SBL (5-20-2019), which may be used immediately and **must be used** for any Commitments with an Effective Date on or after 6-20-2019.
  - Revised to allow borrowers to remediate aluminum wiring after an Aluminum Wiring Event with Consumer Safety Products Commission compliant aluminum wiring connectors in lieu of replacing aluminum wiring. See Section 6.09(h). This is consistent with our conventional product.
  - Includes non-material formatting revisions.

- Note Hybrid ARM – SBL (5-20-2019), which may be used immediately and **must be used immediately** for any loans with a Yield Maintenance Prepayment feature and an application date on or after 5-6-2019. The form must also be used for all Hybrid ARM loans with Commitments with an Effective Date on or after 6-20-2019.
  - Revised to eliminate the additional 1% of UPB prepayment premium from the Yield Maintenance calculation. **It is critical that you use this version of the form for any loan taken under application on or after May 6 that has a YM Prepayment Premium.**
  - Corrected reference to Schedule 3 for State Specific Provisions in Paragraph 19.

- Non-Permitted Units Rider to the Loan Agreement – SBL (5-20-2019), which **must be used immediately** as this version corrects errors in section references present in the earlier version of the document.

Blacklines of documents with changes can be found on the SBL Single Counsel web page. The Currently Acceptable list has been updated and posted to reflect these changes.

Posted SBL Commitment Form

The most recent version of the SBL Commitment form (3-28-2019) can now be found on the Single Counsel web page. As all SBL Commitments should be automatically generated by underwriters using our underwriting system (OUS), this is only a reference document.

Updated Regulatory Agreement Questionnaire

We have revised the Regulatory Agreement Questionnaire – SBL (5-20-2019) to reflect our updated policy on Regulatory Agreements. We adjusted our requirements to better reflect our mission objective of supporting workforce housing.

As shown in the questionnaire, the only remedies that are not acceptable for an SBL loan now are an agency's ability to (i) seize rents or (ii) directly control the property. We also added a place to confirm the regulatory agreement does not encumber properties that are not collateral for the loan. Our requirement that tax credit investors have exited a LIHTC deal remains unchanged.

Use this form for new regulatory agreement reviews. If you have already completed a Questionnaire for a compliant regulatory agreement, you do not need to replace it with the new form.