SBL LEGAL QUICK HITS

Freddie Mac MULTIFAMILY

Issue 22: February 14, 2020

Updated SBL Loan Documents

Today we are posting updated versions of the following documents, which may be used immediately and must be used for any Commitments with an effective date on or after 3-16-2020:

Loan Agreement – SBL (2-14-2020)
Note – Florida Amended and Restated (2-14-2020)
Note – Maryland Amended and Restated (2-14-2020)
Note Hybrid ARM – SBL (2-14-2020)
Loan Assumption and Modification Agreement – SBL (2-14-2020)
Larger Loan Rider to Loan Agreement – retired and removed from web

Blacklines of the changes were sent via email to the heads of your SBL teams from the Freddie Mac Legal MF distribution mailbox, together with the blacklines of form changes across Multifamily product lines.

- **Loan Agreement, Florida Amended and Restated Note, Maryland Amended and Restated Note** – We moved the recourse carveout for borrower's failure to pay recording, transfer, intangible, or other similar taxes to the base Loan Agreement and revised the carveout so that it generically applies, regardless of jurisdiction and regardless of whether a state-specific form is being used to document the loan. You will no longer need to add a carveout to the Note for Florida or Maryland A&R loans.

- **Hybrid ARM Note** – Revised to remove the Index Conversion Events related to recommendations or requirements of any regulator of Freddie Mac or any government entity with the authority to direct Freddie Mac.

- **Loan Assumption and Modification Agreement** – We revised Section 3 so that it did not conflict with the express termination of Original Borrower or Original Guarantor obligations contained elsewhere in the Loan Agreement and corrected the references in Exhibit B to the underlying Security Agreement.

Problematic Litigation

If search results or Form 1115 or other disclosures reveal that any of guarantor, borrower principal, or borrower are or were involved in litigation, remember the following:

1. For standard slip-and-fall litigation, confirm the amount of the claim, borrower's insurance policy limit (including any umbrella policy) at the time of the incident, and that borrower's insurance company is defending the claim. Confirmation of the latter two can be via email from the insurance company or defending counsel.

2. If an open or settled matter (including those resulting in settlement agreements) alleges a financial crime or may pose reputational risk for Freddie Mac, immediately alert the applicable regional Freddie Mac attorney – their sign-off will be required to move forward with the transaction. The Guide defines financial crimes as follows:

> Crimes to obtain personal or business advantage or that may result in conversion of property. Such crimes are generally characterized by fraud, deceit, concealment, or violation of trust and typically do not depend on the application of threat or physical force or violence. Examples include fraud, bribery, money laundering, forgery, counterfeiting and terrorist activity financing.