

March 2, 2017

New Scattered Site Loan Size Requirement

Effective immediately, scattered site properties are subject to a minimum \$2M loan size.

Regulatory Agreement & Affordable Housing Reminders

As we emphasized in our Seller meetings at CREF, it is critical to the success of SBL as a whole for us all to focus time and energy on deals that cleanly fit the SBL credit box. Below are a few reminders and clarifications about regulatory agreement/affordable housing features that are and are not permissible in SBL. See the full [Term Sheet](#) here.

Permitted

- Tenant-based housing vouchers
- Rent subsidies for 10% or fewer units from local housing authorities or non-profit agencies, but ***only if*** the subsidy is not contingent on the owner's initial or ongoing certification to the authority/agency of tenant eligibility
- Land Use Restriction Agreements (LURAs) for tax credit deals where the investor has exited the project, provided the LURA is in ***either*** (1) the final 24 months of the initial compliance period ***or*** (2) the extended use period
- Regulatory Agreements that impose income or rent restrictions ***if*** borrower has already received all related funds – ***no new money***.

NOT Permitted

- Regulatory Agreements or Housing Assistance Payment/Subsidy Agreements under which Borrower is still receiving funding; remember – ***no new money***.
- HUD Foreclosure Use Agreements, HUD Foreclosure Deed Restrictions, or similar – these impose remedies that fail the SBL Regulatory Agreement Questionnaire analysis.

No Subordinate Financing

As a reminder, third party subordinate financing is not permissible under the SBL product.

No Historic Tax Credits with Master Lease Structure

As a reminder, master lease structures are not permissible in SBL. To qualify for many Historic Tax Credit (HTC) programs, borrowers must establish a master lease for the property. Before considering a property with HTCs, determine the type of credits and whether there is a master lease in place. We have added a clarifying note in the [Term Sheet](#).

If you have any questions, please contact SBL_Production@freddiemac.com