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

The SBL Update is a periodic communication designed to give updates on the program.