

Compliant Kitchen and Tenant-Owned Appliances

This applies to all Small Balance Loan (SBL) collateral and is especially relevant for properties that have studio/efficiency units. Prior to rate-lock, each residential unit must have a kitchen that can satisfy the following:

1. **Refrigeration unit**

Kitchens, at a minimum, must have space and an outlet for a refrigerator. If the landlord does not provide refrigerators and this is not common in the market, then the engineer must address the cost of replacement in the Physical Risk Report.

2. **Counter space with installed sink**

3. **Permanent/non-portable stove-top (i.e., kitchenette)**

Tenant-owned non-portable stove tops may be considered on a prescreen basis. Landlord stoves are to be installed at the time of tenant turnover and the Physical Risk Report must include the estimated cost to replace all stoves with landlord-provided appliances. The estimated cost is to be escrowed.

***Compliant bathroom:** The unit must also provide a compliant bathroom which means a toilet, either a shower or tub, and a sink (separate from the one in the kitchen).

Below is a photo example of a complete Avanti kitchen, which is one of the most compact and sold as a single unit containing a sink, fridge, freezer, fixed burner/stove-top and a small storage space. This would be the bare minimum compliant kitchen — local market standards will be considered when determining acceptability.

