

Streamlined Rate Lock and Early Rate Lock

Fannie Mae Multifamily offers Streamlined Rate Lock (SRL) and Early Rate Lock (ERL) options that allow Borrowers to manage interest rate risk with flexibility and speed to rate lock in mind. SRL and ERL are available on fixed-rate loans for the acquisition or refinance of stabilized conventional multifamily properties. Some specialty asset classes and product types, and some loans meeting Fannie Mae’s definition of large loans, are eligible, subject to pre-review by Fannie Mae.



Maximum Term of Rate Lock	Up to 180 days.
Minimum Good Faith Deposit	<p>Rate lock term of up to and including 90 days: 2% of commitment amount.</p> <p>Rate lock term between 91 and 180 days: 3% of commitment amount.</p>
Preliminary Underwriting Requirements	<p>SRL - no prescribed set of preliminary underwriting requirements; the Lender makes the decision to rate lock based on its own determination of when it has sufficient preliminary underwriting information.</p> <p>ERL - refer to the Guide for list of requirements. Reduced preliminary underwriting requirements for Choice Refinance loans are listed on page 2.</p>
Breakage Fees	For SRLs and ERLs executed with Fannie Mae's trading desk, the breakage fee for any failure to deliver the mortgage loan will be limited to an amount equal to the minimum Good Faith Deposit. Many other MBS investors also limit the breakage fee to the minimum Good Faith Deposit. Lenders should check with individual investors as to their breakage policy.
Delivery Tolerance	<p>+/- 5% for ERL and SRL.</p> <p>For SRL, the Lender may increase the standard 5% Delivery Tolerance up to a 10% reduction in the delivered loan amount from the rate lock amount upon completion of final underwriting. For SRLs executed with Fannie Mae's trading desk, if the loan amount reduction is between 5% and 10% of the rate lock amount, a penalty equal to the difference between 95% of the rate locked amount and the actual loan amount, multiplied by the Good Faith Deposit percentage, will be owed. Lenders should check with individual MBS investors as to their policy on loan amount reductions from the rate locked amount, but should note that Fannie Mae will not accept loans with third-party MBS Investors having a Delivery Tolerance in excess of 10% of the rate lock amount.</p>

Benefits

- For rate locks with Fannie Mae's trading desk and many other MBS investors, the breakage fee for failure to originate the loan is limited to the Good Faith Deposit
- Expanded delivery tolerance allows greater flexibility for rate locks

Eligibility

- Existing, stabilized multifamily properties

For More Information

Contact a Fannie Mae representative or visit the Multifamily Business Portal for details.

fanniemae.com/multifamily

Reduced preliminary underwriting requirements for Choice Refinance loans

The preliminary due diligence required prior to obtaining an ERL for a Choice Refinance Loan is streamlined in recognition of the Lender's on-going knowledge of the Property and the Borrower. In some cases this preliminary underwriting can be done in as little as one week. The remainder of the underwriting must be completed within 90 days after the interest rate is locked or before loan origination, whichever is sooner.

Reduced Preliminary Underwriting Requirements for Choice Refinance Loans:	ERL for other than Choice Refinance Loan	ERL for Tier 2 Choice Refinance Loan	ERL for Tier 3 or 4 Choice Refinance Loan
Physical inspection of the Property by a representative of the Lender to determine replacement reserve deposit estimate	X	An annual inspection less than 180 days old may serve as the required inspection	A physical inspection is not required prior to rate lock
Certified rent roll	X	Non-certified current rent roll is acceptable	Non-certified current rent roll is acceptable
Property operating statements for the prior 3 years (or if the Property is less 3 years old, for each year that the Property has been in operation)	3 years	N/A if Borrower is submitting quarterly statements	N/A if Borrower is submitting quarterly statements
The Lender must confirm that all loan documents have been reviewed and accepted by the Borrower and approved by Fannie Mae	X	Not required if same loan document waivers were approved by Fannie Mae for same Sponsor on loan closed within past 12 months on the 6000 Series Loan Documents	Not required if same loan document waivers were approved by Fannie Mae for same Sponsor on loan closed within past 12 months on the 6000 Series Loan Documents
Signed financial statements for the Borrower and the Key Principals	X	Certification as to current net worth and liquidity	Certification as to current net worth and liquidity
Review of Fannie Mae's experience with the Key Principals and Principals	X	Not required pre-rate lock	Not required pre-rate lock
Receipt of executed Underwriting Certificates	X	Attachments not required pre-rate lock	Attachments not required pre-rate lock

Important

Although Fannie Mae approval must be obtained before using the Early Rate Lock option for a Pre-Review Mortgage Loan, Lenders should note that Choice Refinance Loans are no longer subject to many of the Pre-Review categories applicable to other loan products. Please consult the Multifamily Underwriting Standards to determine if Fannie Mae approval is required for your Choice Refinance Loan.