

Early Rate-Lock

Eliminates interest rate risk early in the mortgage approval process

Provides peace of mind for borrowers that are concerned about market volatility

What is an Early Rate-Lock?

Borrowers can lock the interest rate for a fixed-rate mortgage or the spread for a floating-rate mortgage, establish the mortgage amount and set other key provisions of a proposed mortgage within two to five days after our preliminary underwriting review and long before the Optigo® lender submits the full underwriting package.

Benefits of an Early Rate-Lock

- Fast and efficient – The limited amount of information that the borrower needs to submit in the preliminary underwriting package enables our underwriter to review the package more quickly and move mortgages quickly through the process.

Additional factors can further speed decisions, including:

- Repeat borrowers that have completed other deals within the last 12 months
- Our familiarity with the property's market
- Cost savings – Savings can be significant when interest rates and/or spreads are rising
- Flexibility – At full underwriting, after rate-lock:
 - Borrower can increase the loan amount by up to 10% provided positive net operating income (NOI) growth is demonstrated.
 - There is no breakage fee for decreases in the loan amount that are within 10% of the rate locked loan amount due to decreases in NOI, appraised values that are lower than the underwritten value, etc.

Eligible Products

- Conventional, Targeted Affordable Housing and Seniors Housing

How Early Rate-Lock Works

Quote

- Optigo lender submits the Loan Submission Template (LST) and Narrative with an early rate-lock quote requested to begin the quote process.
- Freddie Mac Production team reviews the submission and delivers an early rate-lock quote.
- Optigo lender reviews the quote and delivers an application that reflects the quoted loan terms, and has been signed by the borrower to Freddie Mac Production.

Preliminary underwriting package

- Optigo lender provides all documents for an early rate-lock execution detailed in the *Freddie Mac Multifamily Seller/Service Guide* (Guide), Exhibit 1: Underwriting Checklists.

- For properties with special circumstances or special features, Optigo lender also submits the applicable documents listed in the Addendum to Part A.

Rate-lock

- After Freddie Mac preliminary underwriting and due diligence are complete and the loan has been approved for rate-lock, Freddie Mac provides the Optigo lender with the maximum mortgage amount, term, amortization, net spread, servicing fee, prepayment terms and non-standard provisions.
- Freddie Mac provides the early rate-lock application (ERLA) to the Optigo lender; lender signs and returns all applicable portions of the application.
- Once the ERLA is executed, the Optigo lender calls the Freddie Mac regional office during the time period set forth in the ERLA to lock the terms contained in the ERLA.

After rate-lock

- By 2:00 p.m. ET on the second business day following interest rate lock, the Optigo lender must remit to Freddie Mac the Application Fee and provide evidence that the Optigo lender has retained a good faith deposit in the amount required by the Guide. (Note: On the refinance of an existing Freddie Mac portfolio loan, borrowers may post a demand note in lieu of a good faith deposit and provide the non-refundable application fee in cash.)
- Optigo lender must execute Exhibit A of the ERLA to indicate acceptance of terms and return to Freddie Mac within two business days.
- Within the specified time frame, the Optigo lender must deliver the full underwriting package to Freddie Mac, including all documents detailed in the Guide, Exhibit 1: Underwriting Checklists, as well as any applicable documentation noted in Addendum to Part B.

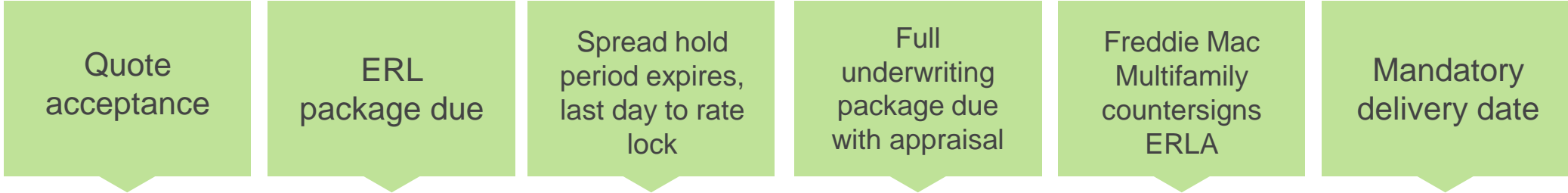
For more information

To take advantage of our early rate-lock option, contact a [Freddie Mac Optigo lender](#) or your Freddie Mac representative.

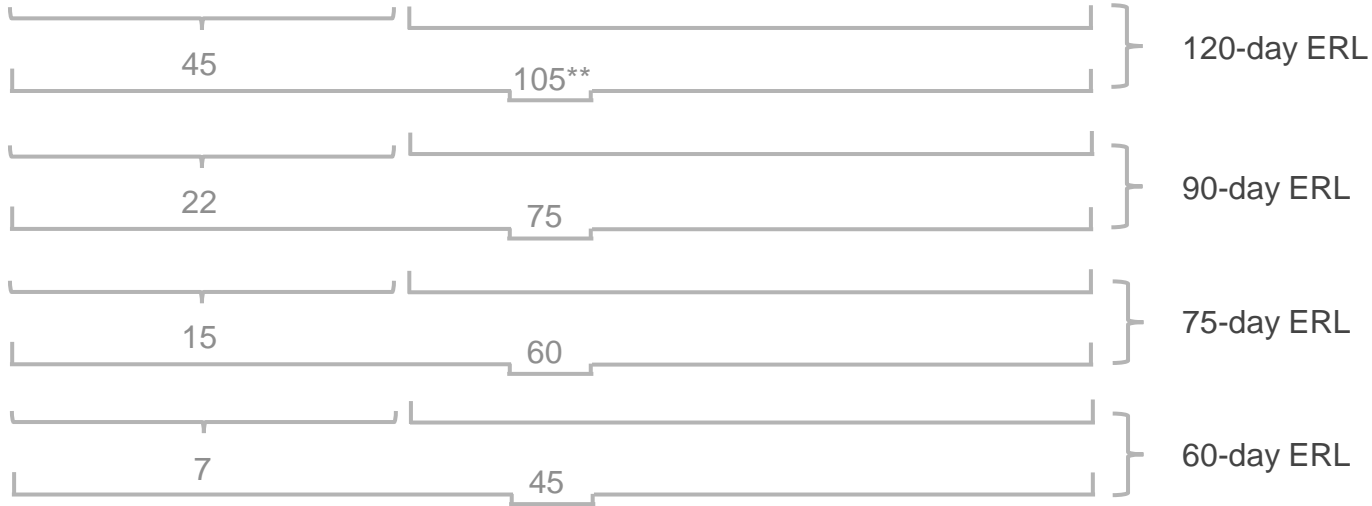
The information in this document is not a replacement or substitute for information found in the *Multifamily Seller/Service Guide*.

Terms set forth herein are subject to change without notice.

ERL allows the borrower to lock the full note rate months before closing, with limited preliminary requirements. Full due diligence is provided after ERL and some aspects of the transaction can be modified, as needed, to provide flexibility.



60 days* (Spread Hold Period) For fixed-rate loans, the borrower may index lock anytime between quote acceptance and the end of the spread hold period.



*75 days for Manufactured Housing Communities and Seniors Housing Loans; 90 days for Targeted Affordable Housing properties

**Or 25 days after Freddie Mac Multifamily countersigns the ERLA, whichever is sooner