Multifamily Mortgage Business Guide Update 16-02

March 4, 2016

To: Multifamily Lenders and Servicers

From: Michele Evans, Senior Vice President and Chief Operating Officer

Subject: Guide Update 16-02 | Early Rate Lock Option

HIGHLIGHTS

Effective March 14, 2016, Fannie Mae is updating the requirements for committing and delivering Mortgage Loans using the Early Rate Lock option, and an associated Loan Document, affecting the following:

- Part IVB, Chapter 1 – Early Rate Lock, of the Multifamily Selling and Servicing Guide (“Guide”); and
- Form 6429 – Early Rate Lock Agreement.

Enhancements

To supplement the standard rate lock execution, Fannie Mae also offers two options for locking the Borrower’s interest rate prior to the completion of final underwriting: Early Rate Lock and Streamlined Rate Lock. While the Streamlined Rate Lock is Fannie Mae’s fastest and most flexible option to lock a Borrower’s interest rate, the Early Rate Lock option continues to be popular with Lenders that have already completed a significant portion of the preliminary underwriting. For the benefit of these Lenders, we have made more asset classes eligible to use the Early Rate Lock option.

The following asset classes are now eligible to use the Early Rate Lock option on a fully-delegated basis:

- Seniors Housing Properties underwritten to Tier 3 or Tier 4 standards;
- Manufactured Housing Communities; and
- Student Housing Properties that do not meet the threshold for Dedicated Student Loan Housing Properties.

In addition, the following asset classes are eligible for an Early Rate Lock with prior approval from the Fannie Mae Deal Team:

- Multifamily Affordable Housing Properties;
- Seniors Housing Properties underwritten to Tier 2 standards;
- Dedicated Student Housing Loan Properties; and
- Mortgage Loans with a Loss Level of less than 100% of the Lender’s contractual Loss Sharing Level.
Further editorial changes have been made to better align the Early Rate Lock option with the Streamlined Rate Lock option described in Multifamily Guide Update 15-07. Please refer to the Guide chapter for complete details.

Effective Date
This Guide Update is effective for new Mortgage Loans committed with Fannie Mae on or after March 14, 2016.

Questions
Please contact Katya Hill at 202-752-3820 or katya_hill@fanniemae.com with any questions.

Associated Documents
- Part IVB, Chapter 1 – Early Rate Lock (clean and blackline)
- Form 6429 – Early Rate Lock Agreement (blackline only)