Streamlined Rate Lock
February 2018
We are streamlining SRL in 2018
Presentation Agenda

- What is SRL?
- Why did ERL go away?
- SRL Benefits
- Historical Success
- Success Stories
Q What is Streamlined Rate Lock or SRL?

A A fast and flexible Multifamily execution that allows Lenders and Borrowers to manage interest rate risk by locking the all-in interest rate on loans in a delegated fashion.
We’re putting YOU in the Driver’s Seat
Understanding SRL

Rate lock

Full rate is known at lock.

No changes

After rate lock occurs, the rate stack remains unchanged based on final deal characteristics.

Delivery

You own the underwriting process.
What’s Changed with SRL?

1. Phase out ERL
2. Expanding SRL Eligibility
3. More Delegation

It’s Now Better than Ever to Underwrite

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SRL Benefits

As a Lender, you set criteria for rate lock.

Standard Fannie Mae Underwriting Requirements.

You are delegated.

Lock the all-in interest rate in one simple step.
### How does SRL stack up against the competition?

<table>
<thead>
<tr>
<th></th>
<th>What’s being locked?</th>
<th>Entire interest rate for fixed-rate loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eligible Loans</td>
<td>No size limit; Affordable, Seniors Housing, Dedicated Student Housing</td>
</tr>
<tr>
<td>2</td>
<td>Estimated Time to Rate Lock</td>
<td>Lender controls speed based on their requirements</td>
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SRL Historical Success

2017

More than 60% of Lenders used SRL in 2017

SRL had no breaks in 2017

Top 3 SRL users averaged over 50% of total 2017 SRLs
Streamlining to Record Numbers

Multifamily Streamlined Rate Lock and Early Rate Lock Volume ($M) 2014 to 2017

- 2014: $5,075
- 2015: $8,583
- 2016: $13,209
- 2017: $14,020

Streamlined Rate Lock (SRL) Volume
Early Rate Lock (ERL) Volume
Total SRL and ERL Volume
We’re Raising the Bar with Delivery Tolerances

No penalty for an increase or reduction of up to 5% from rate lock amount.

If loan amount reduction is between 5-10% of rate lock amount, a minimal penalty is involved.
Breakage Fee Example

$10,000,000 \quad \text{What you plan to deliver}

$9,000,000 \quad \text{What you actually deliver}

$9,500,000 - $9,000,000 = $500,000 \times 2% = $10,000

Delivered in 89 days
Full Breakage Example

$12,000,000  What you planned to deliver in 90 days

Deal does not deliver in the required Delivery Period.

Penalty:

$12,000,000  x 2%

$240,000
SRL Execution Benefits

**Breakage Fee with Multifamily Trading Desk is limited to the Good Faith Deposit**

**Max Term of Rate Lock: Up to 180 days**

**Final Underwriting: Completed by the earlier of loan closing date or 90 days after the date of the SRL agreement**
Seniors Housing Example

Pre-review for Seniors Housing

Property: 2015 build, 2017 stabilized

Experienced Seniors owner and operator with 14 other properties

Rate locked within 12 days!
SRL is Going Green

Already have the HPB report confirming that the Property will qualify as a Green Rewards Mortgage Loan?

**OR**

Any required Green Building Certification?

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**YES?**

- Go ahead and Streamline Rate Lock your Green Mortgage Loan.

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**NO?**

- Disclose as a “Green MBS”
- Receive alternative non-green G&S Fees
SRL Deal Example

- Fixed-Rate/Acquisition
- Fully delegated deal
- Mod Rehab, Green Rewards, Affordability
- 100% Excluded from Scorecard Cap
- Flexible delivery tolerance
- Minimized interest rate volatility
What happens when the Green SRL DOES NOT close as a Green loan?

- **Before originating the Loan...**
  - Lender must notify Fannie Mae and make any necessary changes to the Loan amount and Gross Note Rate in loan documents.

- **Prior to the delivery deadline...**
  - Lender must update the loan to reflect the non-Green G & S fee at the time of rate lock as a Green loan.
  - Make any required change to the loan amount.
Want to learn more about how you can leverage SRL?

- Questions about SRL? Contact your Deal Team.
- Additional Resources:
  - SRL Marketing Sheet
  - Multifamily Selling & Servicing Guide
Thank you!
Discussion Panel

Jeff McVehil – Chief Underwriter for CBRE Capital Markets out of Newport Beach, CA

Adam Randall – Managing Production Director from Berkley Point Capital out of Bethesda, MD

Lisa Bozzelli – Fannie Mae Director of Multifamily Capital Markets & Trading

Rob Levin – Fannie Mae Vice President of Multifamily Credit Underwriting

Almus Thorpe – Fannie Mae Customer Account Manager