Fast Track Early Rate-Lock (ERL) FAQs

Description

Q: What is a Fast Track ERL?
A: A Fast Track ERL provides eligible borrowers the opportunity to rate-lock the full coupon, establish the mortgage amount, and set all key provisions with limited documentation with only a 2% termination fee at risk and no breakage fees.

Eligibility

Q: Who is eligible for this new Fast Track ERL offering?
A: Any repeat borrower who has had a securitized loan purchased within the last two years, subject to Freddie Mac review.

Q: What types of transactions qualify for this new offering?
A: The offer applies only to assets located in Tier 5 or better markets with loan size capped at $75 million; both acquisitions and refinances are eligible.

Q: What other parameters apply?
A: Other parameters of a Fast Track ERL include
- Loans to be securitized
- 2% good faith deposit
- Must meet current credit parameters
- Must pass Refinance Test
- Tier 5 markets or better
- Policy-compliant interest only
- Conventional cash fixed-rate or floating-rate mortgages
- Loans of acceptable complexity

Benefits and Process

Q: What are the benefits of a Fast Track ERL?
A: The benefits include:
- Eliminate coupon risk by locking all key provisions including the interest rate at rate-lock
- No breakage fees
- Simple, streamlined legal agreement and process
- No changes to underwriting requirements or standards
- Borrower principal “certification” replaces previously required forms
- Transaction terms/structure/delivery set at rate-lock
Q: **When will the borrower know their all-in-rate with a Fast Track ERL?**
A: As soon as the Seller calls to rate lock within three days of completing, executing, and uploading the Rate-Lock Agreement (which includes the executed Borrower Principal Certification) to the Document Management System (DMS).

Q: **What is the process of executing a Fast Track ERL?**
A: If a Seller wishes to execute a Fast Track ERL on behalf of their borrower, they must contact their Freddie Mac producer about a possible transaction and upload the appropriate Loan Submission Template (LST). After Freddie Mac confirms eligibility and issues a quote, Freddie Mac will issue a Rate-Lock Agreement. The Seller must complete (including obtaining the executed Borrower Principal Certification), execute, and upload the agreement to DMS. The Seller is then able to rate lock, with the agreement valid for three days.

Q: **Once the Seller locks the rate on behalf of their borrower, is the rate-lock process complete?**
A: Yes, but the Seller must 1) wire the 2% good faith deposit to Freddie Mac within one business day following rate-lock, and 2) send the full underwriting package to Freddie Mac consistent with the timeframe detailed in Exhibit A and with the standard timeline for the early rate-lock delivery (90 or 120 days).

Q: **What is the timing breakout for a 90-day delivery?**
A: The timing breakout for a 90-day delivery is:
- Rate-lock to full underwriting package – 22 days
- Rate-lock to Mandatory Delivery Date – 75 days
- Rate-lock to purchase – 90 days

Q: **What is the timing breakout for a 120-day delivery?**
A: The timing breakout for a 120-day delivery is:
- Rate-lock to full underwriting package – 45 days
- Rate-lock to Mandatory Delivery Date – 105 days
- Rate-lock to purchase – 120 days

Q: **Who should I contact for more information about executing a Fast Track ERL on behalf of my borrower?**
A: Please contact your Freddie Mac production or underwriting representative.