



# Sell Fixed-Rate Loans Using the Best Efforts Commitment Option

## Lock in competitive prices and minimize your pipeline and interest rate risk

Our best efforts commitment option lets you lock in competitive prices and get cash contracts that become mandatory only if the borrower closes the loan. For loans that don't close despite your best efforts, you can cancel your lock without incurring a pair-off fee.

You can sell both premium and discount mortgages, as long as their note rates are at or below our posted maximum eligible coupon. You'll receive premium prices for your premium mortgages, and since there is no par cap, you can sell the entire mortgage yield (less your servicing spread) to us.

### > Key Features

- Both servicing-released and servicing-retained options available for premium and discount mortgages
- Net pricing, including postsettlement delivery fees, for quick, all-in pricing when using the servicing-released option
- Contract delivery periods available in one-day increments between 2 and 90 days
- Fast settlement, often within the same day as certification (if certified by noon)
- Pricing, commitment, loan allocation, purchase editing (evaluation), note certification, and funding functions on one platform

### > Lender Benefits

- Sell premium or discount fixed-rate loans for cash, using either our servicing-released or servicing-retained option
- Monitor the status of your contract pipeline at the contract- and loan-level
- Reduce exposure to interest rate fluctuations in the market
- Receive premium prices for your premium mortgages and competitive prices for current rate and discount mortgages
- Gain greater control over your secondary market activities

BEST EFFORTS COMMITMENT OPTION	
<b>Eligible Mortgages</b>	<ul style="list-style-type: none"> <li>• 15-, 20-, 30-, and 40-year fully amortizing fixed-rate mortgages.</li> <li>• 5- and 7-year balloon/reset mortgages.</li> <li>• Super conforming mortgages are not eligible at this time.</li> </ul> <p>For additional details on Freddie Mac eligible mortgages under the best efforts commitment option:</p> <ul style="list-style-type: none"> <li>• Visit: <a href="http://www.FreddieMac.com/sell/secmktg/pdf/available_products.pdf">www.FreddieMac.com/sell/secmktg/pdf/available_products.pdf</a>.</li> <li>• Refer to Section 9.6 of the <i>Single-Family Seller/Servicer Guide</i> (Guide).</li> </ul>
<b>Contract Requirements</b>	<ul style="list-style-type: none"> <li>• Lock in competitive rates in a cash contract that becomes mandatory only if the borrower closes the loan. For loans that don't close despite your best efforts, you simply withdraw the contract without incurring a pair-off fee.</li> <li>• Loan substitution is not allowed.</li> <li>• If certain loan characteristics change, you may need to modify the loan and re-price the contract using prices in effect on the original contract date.</li> <li>• Freddie Mac considers a Seller's success rate, under prevailing market conditions, in closing mortgages that are allocated to best efforts contracts. A mortgage that fails to fund and close as specified in the best efforts contract may adversely affect a Seller's pricing for future best efforts contracts.</li> <li>• If a best efforts contract has expired or is withdrawn and is in the "unfulfilled" contract status for less than 30 days, you may relock the original loan by extending the contract. The relock will be repriced at the lower of: <ul style="list-style-type: none"> <li>▪ The original accepted price minus an extension fee, or</li> <li>▪ The current market price.</li> </ul> </li> <li>• If a best efforts contract expires or is withdrawn and is in the "unfulfilled" contract status for more than 30 days, you may reactivate the original loan by extending the contract. The reactivation will be priced at the current market price.</li> <li>• If a loan closes, you must sell the loan to us under your original contract. You cannot take out another contract to re-price the loan.</li> </ul>
<b>Extension Fees</b>	<p>You can extend your best efforts expiration date for a fee at any time prior to funding, as long as the loan is not set for funding. A listing of current best efforts cash contract extension fees is available at <a href="http://www.FreddieMac.com/singlefamily/extension-fees.html">www.FreddieMac.com/singlefamily/extension-fees.html</a>.</p>
<b>Selling System Cash Settlement</b>	<ul style="list-style-type: none"> <li>• Easily manage settlement parameters, such as the Settlement Date, wire instructions, and warehouse lenders.</li> <li>• Generate settlement forms (1034E, 996E)</li> <li>• View settlement statements in real time</li> <li>• Receive settlement twice a day, or choose mornings or afternoons</li> <li>• Get faster settlement often within the same day as certification (if certified by noon) provided the settlement designation is P.M. or both A.M./P.M. settlement</li> </ul>
<b>Selling System Efficiencies</b>	<p>These unique selling system options make it easier for you to sell loans for cash using best efforts (servicing-released or servicing-retained):</p> <ul style="list-style-type: none"> <li>• Live pricing for all eligible products, delivery periods, and interest rates with a single request.</li> <li>• Immediate warning messages for missing or inconsistent data after running purchase edits (known as evaluation).</li> <li>• Manage outstanding contracts with loan- and contract-level views.</li> </ul>
<b>Best Efforts Commitment Requirements</b>	<p>When taking out a best efforts contract, you may not:</p> <ul style="list-style-type: none"> <li>• Substitute a different borrower or different property for the mortgage specified in the contract.</li> <li>• Take out another contract for the same mortgage.</li> <li>• Take out a contract with fictitious borrower data or a fictitious property address.</li> <li>• Sell the mortgage specified in the contract to another investor.</li> </ul>

**Learn more about our best efforts commitment option:**

- Refer to Guide Chapter 9 for best efforts contract information
- Refer to Guide Chapter A1 for special requirements for selling mortgages through the selling system
- Visit our Web site at [FreddieMac.com/sell/factsheets/best\\_efforts.html](http://FreddieMac.com/sell/factsheets/best_efforts.html)
- Contact your Freddie Mac representative or call (800) FREDDIE