Fannie Mae

Frequently Asked Questions (FAQ): Streamlined Treasury Lock

Important Notice

This FAQ is provided for informational purposes only and is intended to support understanding of the Streamlined Treasury Lock (T-Lock) execution. It is not a substitute for the Multifamily Selling and Servicing Guide, DUS Gateway requirements, or the applicable Streamlined Treasury Lock Agreement. All transactions remain subject to Fannie Mae approval and must satisfy applicable Guide, DUS Gateway, and Agreement requirements. The Product Term Sheet and DUS Gateway Job Aid may be used as supporting resources for product summary information and system steps.

General Information

Q1: What is T-Lock?

T-Lock allows a Lender to lock the applicable Index and hold the quoted Investor Spread and Total Credit Fees, consisting of the Guaranty Fee and Servicing Fee, as soon as the transaction is placed under application and before final Rate Lock. It helps manage rate volatility while the Lender continues underwriting and later converts the transaction to either Streamlined Rate Lock (SRL) or standard Rate Lock.

Q2: What does T-Lock actually lock?

T-Lock locks the applicable Index for the transaction and holds the quoted Investor Spread and Total Credit Fees, but it is not a final Rate Lock and does not lock the final all-in interest rate. Depending on the eligible execution, the applicable Index may be a Treasury index or another eligible index, such as Municipal Market Data (MMD) for eligible MAH transactions. The final all-in interest rate is established when the transaction converts to SRL or standard Rate Lock. The Streamlined Rate Lock or standard Rate Lock must be entered into by the applicable Quote Expiration Date.

Q3: Does T-Lock guarantee a Fannie Mae Commitment or loan execution?

No. T-Lock does not guarantee a Rate Lock, Commitment, closing, or Mortgage Loan purchase by Fannie Mae. The Lender and Borrower must still satisfy applicable underwriting, approval, rate-lock, delivery, Guide, DUS Gateway, and Agreement requirements.

Before Entering into T-Lock: Readiness and Quote Timing

Q4: When should a Lender consider T-Lock, and what readiness is expected?

T-Lock may be appropriate when the transaction is rate-sensitive, and the Borrower wants protection from index movement before the Mortgage Loan is ready for SRL or standard Rate Lock.

Before entering into T-Lock, the Mortgage Loan should be under application in DUS Gateway, and the Lender should have sufficiently developed and reviewed information to support a reliable quote and initial loan sizing and have stable preliminary assumptions with a credible path to Rate Lock and origination. The Lender should also have completed the borrower agreement/consent to enter into a T-lock, executed the T-Lock Agreement, party verification, and ACheck steps required for the execution.

A Lender does not need to enter into T-Lock as soon as the Mortgage Loan is under application. Waiting may be appropriate when additional diligence is needed, but the Lender should consider how much time remains before the applicable Quote Expiration Date.

Q5: When should a Lender think carefully before requesting T-Lock?

Before requesting T-Lock, the Lender should have sufficiently developed and reviewed information to support a reliable quote and initial loan sizing and have stable preliminary assumptions with a credible path to Rate Lock and origination by the applicable Quote Expiration Date.

In consultation with its Chief Underwriter or Deputy Chief Underwriter, the Lender should pause if unresolved facts or assumptions could materially affect the quote, eligibility, pricing, loan amount, loan structure, disclosures, or ability to convert to Rate Lock. This may include unresolved issues involving NCF, value, Mortgage Loan amount, structure, known adverse property or borrower information, material waivers, Additional Disclosures, Pricing and Underwriting Tier, or property condition.

Property-condition diligence does not need to be complete in all respects before T-Lock, but the Lender should have enough information to determine that known or reasonably expected property-condition issues are not likely to materially change the transaction's risk profile, pricing, or ability to convert to Rate Lock.

Material changes may result in the quoted Investor Spread and Total Credit Fees not carrying forward, final pricing being redetermined, the transaction being unable to proceed to Rate Lock on the original T-Lock terms, or default or breakage provisions applying under the applicable Streamlined Treasury Lock Agreement.

Q6: What should a Lender consider if the active quote is close to expiring before T-Lock?

If the active quote is close to its Quote Expiration Date before T-Lock is executed, the Lender should consider whether a refreshed or new quote is needed before entering into T-Lock. This helps avoid locking the applicable Index with a shortened period to convert to SRL or standard Rate Lock if there are still substantial underwriting requirements to complete. If the Lender proceeds on the current quote, the transaction must convert to SRL or standard Rate Lock by the applicable quote expiration date in the DUS Gateway.

Q7: Can Form 4097 use a tentative delivery date for the settlement?

No. The Delivery Date should be the Lender's best current projected date of when the MBS is expected to be delivered, based on the expected transaction timeline. It should not be a placeholder, default date, or overly optimistic estimate.

After Entering into T-Lock, Before Rate Lock: Continued Underwriting and Changes

Q8: What happens if transaction information changes after entering into T-Lock?

The Lender should evaluate the new information promptly and determine whether it affects eligibility, pricing, loan sizing, disclosures, loan documents, or the ability to convert to Rate Lock. The Lender should not assume the original T-Lock economics will carry forward if the final transaction materially differs from the facts, assumptions, conditions, or Pricing and Underwriting Tier used for the quote.

Q9: Are the quoted Investor Spread and Total Credit Fees guaranteed, and what could cause it to change or not carry forward?

No. The quoted Investor Spread and Total Credit Fees are not unconditional. They may change or not carry forward if final underwriting shows material differences in the Property, Sponsor, Borrower, Key Principal, Guarantor, Additional Disclosures, Mortgage Loan amount, structure, loan terms, Pricing and Underwriting Tier, or other quote assumptions.

Q10: After T-Lock, are extensions available if the transaction cannot convert before Quote expiration date in the Quote Letter?

T-Lock is expected to convert to SRL or standard Rate Lock and obtain a Mortgage Loan Commitment by the applicable Quote Expiration Date. Extensions will be rare and remain subject to Fannie Mae approval if granted. If the transaction does not convert on time, default and breakage provisions may apply under the applicable Streamlined Treasury Lock Agreement.

At Rate Lock and After: Process Transition

Q11: Does T-Lock change the SRL or standard Rate Lock process?

No. T-Lock occurs before SRL or standard Rate Lock. Once the transaction converts to Rate Lock, the Mortgage Loan follows the applicable Rate Lock, Commitment, C&D, and delivery process.

Q12: How does T-Lock loan amount tolerance work, and does T-Lock provide delivery tolerance after Rate Lock?

The final Rate Lock and Commitment amount generally must be no less than 90% and no more than 110% of the T-Lock amount. This applies when converting from T-Lock to SRL or standard Rate Lock.

If final underwriting supports a Mortgage Loan amount outside that range, depending on the size and reason for the change, the transaction may be able to convert to SRL or standard Rate Lock, may require updated pricing, may be eligible for another approved execution path such as the Dual Commitment Option, or may be subject to default or breakage provisions under the Streamlined Treasury Lock Agreement.

T-Locked loans do not have a separate post-Rate Lock delivery tolerance. After Rate Lock, the Mortgage Loan is subject to the applicable Rate Lock, Commitment, C&D, and delivery requirements.

Other Execution Clarifications

Q13: Where should Lenders look for detailed requirements, product terms, and system instructions?

For requirements, use the Multifamily Selling and Servicing Guide, DUS Gateway requirements, and the applicable Streamlined Treasury Lock Agreement. For product summary information and system steps, use the Product Term Sheet and DUS Gateway Job Aid as supporting resources.