



Multifamily Selling and Servicing Guide

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203.03A Refinancing Cash Portfolio Mortgage Loans as Choice Refinance Loans

1. Refinancing After the Yield Maintenance Period End Date

The Lender may waive all or any portion of the Minimum 1% Prepayment Premium for any Cash Portfolio Mortgage Loan that is subject to yield maintenance under the Loan Documents but is refinanced after the Yield Maintenance Period End Date.

2. Refinancing During the Yield Maintenance Period

For a Cash Portfolio Mortgage Loan that is subject to yield maintenance and is refinanced during the yield maintenance period, the Lender must contact the Fannie Mae Deal Team to request that Fannie Mae waive any portion of the Minimum 1% Prepayment Premium that exceeds the amount calculated under the yield maintenance formula, if the Prepayment Premium calculated under the yield maintenance formula in the Loan Documents is less than the Minimum 1% Prepayment Premium. For example, if the Prepayment Premium calculated under the yield maintenance formula in the Loan Documents is 0.25% of the UPB, the Lender may request that Fannie Mae waive up to 75 basis points of the Minimum 1% Prepayment Premium. If the Prepayment Premium calculated under the yield maintenance formula is equal to or greater than 1% of the UPB, the Lender may not request a waiver of any of the Minimum 1% Prepayment Premium.

3. Fixed Rate Mortgage Loans subject to a Graduated Prepayment Premium

For a fixed rate Cash Mortgage Loan subject to a graduated Prepayment Premium under the Loan Documents, the Lender may waive all or any portion of the Minimum 1% Prepayment Premium if the Portfolio Mortgage Loan will be refinanced as a Choice Refinance Loan within 6 months of the Maturity Date of the Portfolio Mortgage Loan.

4. ARM Loans and Structured ARM Loans subject to a Graduated Prepayment Premium

After any lockout period under the Loan Documents, the Lender may waive all or any portion of the Prepayment Premium up to 1% of the UPB for a Cash Portfolio Mortgage Loan:

- that is being refinanced as a fixed rate Choice Refinance Loan with either a 7-year or a 10-year term; and
- where the Portfolio Mortgage Loan was either:
 - an ARM Loan with current Plan Number 2159, 2160, 2254, 2255, 3471, or 3472; or
 - a Structured ARM Loan with current Plan Number 3488 or



3487.

The Lender may waive all or any portion of the Minimum 1% Prepayment Premium for a cash ARM Loan with Plan Number 2159 or 3472 that:

- is subject to a conversion option;
- was originated between October 1 and December 31, 2004;
and
- is subject to “Prepayment Option 3” under the Loan Documents (i.e., a 5-4-3-2-1 Prepayment Premium Schedule).



Glossary

C

Cash Mortgage Loan Mortgage Loan purchased by Fannie Mae in exchange for cash.

Synonyms

- Cash Mortgage Loans

Choice Refinance Loan Mortgage Loan refinancing a Portfolio Mortgage Loan using the streamlined underwriting requirement per [Part III, Chapter 18: Choice Refinance Loans](#).

Synonyms

- Choice Refinance Loans

F

Fannie Mae Deal Team Team responsible for reviewing Pre-Review Mortgage Loans, waivers, etc.

Synonyms

- Deal Team

L

Lender Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's



Loan Documents

All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M

Maturity Date

Date all amounts due and owing under the Mortgage Loan become fully due and payable per the Loan Documents.

Synonyms

- Maturity Dates

Minimum 1% Prepayment Premium

Minimum Prepayment Premium equal to 1% of the UPB that must be paid by the Borrower before an open period when the Mortgage Loan may be prepaid with no Prepayment Premium, as generally required by the Loan Documents.

P

Plan Number

Number identifying the applicable loan characteristics for any Mortgage Loan that accrues interest at a variable rate at any time during the loan term.

Portfolio Mortgage Loan

Mortgage Loan that was purchased by Fannie Mae and is held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.

Synonyms

- Portfolio Mortgage Loans



Prepayment Premium

When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.

Synonyms

- Prepayment Premiums

U

UPB

Unpaid Principal Balance

Y

Yield Maintenance Period End Date

The last day on which a Borrower owes yield maintenance for a voluntary prepayment of the Mortgage Loan.

Synonyms

- Yield Maintenance Period End Dates