



# Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

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## **203.03B** Refinancing MBS Portfolio Mortgage Loans as Choice Refinance Loans

### **1. Fixed Rate Mortgage Loans with an MBS Issue Date on or after April 1, 1999 - Refinancing After the Yield Maintenance Period End Date**

The Lender may waive all or any portion of the Minimum 1% Prepayment Premium after the Yield Maintenance Period End Date if the Portfolio Mortgage Loan backs an MBS with an Issue Date on or after April 1, 1999.

### **2. Fixed Rate Mortgage Loans with an MBS Issue Date on or After April 1, 1999 - Refinancing During the Yield Maintenance Period**

The Lender must contact the Fannie Mae Deal Team to request that Fannie Mae waive all or any portion of the Minimum 1% Prepayment Premium that exceeds the amount calculated under the yield maintenance calculation if: (a) the Portfolio Mortgage Loan backs an MBS with an Issue Date on or after April 1, 1999; (b) the Portfolio Mortgage Loan is in the yield maintenance period; and (c) the Prepayment Premium due, as calculated in accordance with the yield maintenance formula set forth 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 with an MBS Issue Date Prior to April 1, 1999**

If the fixed rate Portfolio Mortgage Loan backs an MBS with an Issue Date prior to April 1, 1999, no portion of the Minimum 1% Prepayment Premium may be waived during or after the yield maintenance period.

### **4. Fixed Rate Mortgage Loans subject to a Graduated Prepayment Premium**

If the fixed rate Portfolio Mortgage Loan backs an MBS and is 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.

### **5. ARM Loans and Structured ARM Loans backing an MBS – Lockout Period Expired**



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 an MBS 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, or 2255; or
  - a Structured ARM Loan with current Plan Number 3488 or 3487.



## Glossary

### C

**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

### I

**Issue Date** First day of the month of issuance of a Security.

### 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

**MBS** Mortgage-Backed Security

**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