



Multifamily Selling and Servicing Guide

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1204.03 Prepayment Option 2 - 1% Prepayment Premium Schedule

Requirements

For a voluntary prepayment after the 1-year lockout period using Prepayment Option 2, you must use Schedule 4 to Multifamily Loan and Security Agreement (Prepayment Premium Schedule-1% Prepayment Premium – ARM, SARM)(Form 6104.11) to document the required 1% Prepayment Premium.

Loan Year	5-Year Term	7-Year Term	10-Year Term
1 (Locked Out) ¹	N/A	N/A	N/A
2	1%	1%	1%
3	1%	1%	1%
4	1%	1%	1%
5	1%	1%	1%
6	N/A	1%	1%
7	N/A	1%	1%
8	N/A	N/A	1%
9	N/A	N/A	1%
10	N/A	N/A	1%

¹During the lockout period, the Borrower may not voluntarily prepay the SARM Loan. If the SARM Loan is accelerated during the lockout period, the Borrower owes a 5% Prepayment Premium.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

L

Loan Year Period beginning on the date of the Note and ending on the last day of the month that is 12 full months after the date of the Note, and each successive 12-month period thereafter.

P

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

S

Security MBS, PFP MBS, or REMIC.