



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## **211.02** Partial Prepayment Procedures

### **211.02A** Servicer's Analysis of Loan Documents

Any request from the Borrower for permission to make a partial prepayment must be forwarded to the Servicer's Fannie Mae Representative, along with the Servicer's analysis and recommendation. The Servicer must carefully examine the Mortgage Loan Documents to determine if partial prepayments are permitted and, if so, under what conditions and whether a Prepayment Premium is required. The Servicer's analysis of the request must include information about:

- the event or condition precipitating the prepayment request;
- the amount of principal that would be prepaid;
- the estimated Prepayment Premium, if any, that would be due in connection with the partial prepayment;
- any proposed recasting of the Mortgage Loan or other modification of the repayment terms; and
- the proposed timing of the prepayment.

### **211.02B** Fannie Mae Approval Required for Partial Prepayments

Unless the Loan Documents expressly permit partial prepayments, Fannie Mae's approval is required before any partial prepayment is made. If the Servicer's Fannie Mae Representative agrees to allow or requires a partial prepayment to be made, it will advise the Servicer in writing of any specific conditions that will apply to such partial prepayment. Such specific conditions may include:

- when and how the prepayment must occur;
- whether a Prepayment Premium must be paid; and
- whether the Mortgage Loan repayment terms will be altered and, if so, how the Mortgage Loan Documents would have to be modified to reflect such alterations, etc.

Any decision to modify the Mortgage Loan repayment terms in connection with the partial prepayment will be made by Fannie Mae, in its sole and absolute discretion.

### **211.02C** Prepayment Premium Due on Partial Prepayment

When a Prepayment Premium is required in connection with any partial prepayment, the Prepayment Premium is assessed on the amount of



principal being prepaid and not on the outstanding UPB of the Mortgage Loan calculated and verified in the same manner as is required for full prepayments.

**211.02D** Reporting and Remitting Partial Prepayments When Not Permitted in Loan Documents

Partial prepayments must be reported in the same manner as is required for full prepayments. When Fannie Mae's approval is received, the proceeds representing the partial prepayment, including the Prepayment Premium (when required pursuant to the terms of the Loan Documents), must be remitted to Fannie Mae in the same manner and timeframe as required for full prepayments.

**211.02E** Reporting and Remitting Partial Prepayments When Permitted in Loan Documents

Fannie Mae approval is not required when the Loan Documents permit partial prepayments. Any such partial prepayments must be reported and remitted to Fannie Mae in the same manner and timeframe as is required for monthly remittances.



# Glossary

## B

**Borrower** Person who is the obligor per the Note.

### **Synonyms**

- Borrowers
- Borrower's

## F

**Fannie Mae Representative** Fannie Mae personnel who assist you with various business matters (e.g., Fannie Mae Deal Team, pricing, delivery, servicing, asset management, etc.).

## L

**Loan Documents** All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M

**Mortgage Loan** Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

## P



**Prepayment Premium** For a Mortgage Loan prepayment, amount the Borrower must pay in addition to the prepaid principal and accrued interest per the Loan Documents.

**Synonyms**

- Prepayment Premiums

## S

**Servicer** Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

**Synonyms**

- Servicers
- Servicer's

## U

**UPB** Unpaid Principal Balance

**Synonyms**

- UPBs