



Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part V Section 213.02 Yield Maintenance Prepayment Premiums – Prepayment Occurs	
Before the Yield Maintenance Period End Date	3
213.02A Calculation of Total Prepayment Premium	3
213.02B Calculation of Investor's Share of Total Prepayment Premium	
for a Securitized Mortgage Loan	3
213.02C Calculation of Fannie Mae's Share of Total Prepayment	
Premium	3
213.02D Calculation of Servicer's Share of Total Prepayment Premium	4
GLOSSARY	5



213.02 Yield Maintenance Prepayment Premiums – Prepayment Occurs Before the Yield Maintenance Period End Date

213.02A Calculation of Total Prepayment Premium

For any prepayment that occurs before the Yield Maintenance Period End Date, the Servicer must first determine the total Prepayment Premium owing by the Borrower in accordance with the Loan Documents. The Loan Documents generally require the Borrower to pay a Prepayment Premium equal to the greater of (i) 1% of the UPB (the “Minimum 1% Prepayment Premium”), or (ii) yield maintenance.

213.02B Calculation of Investor’s Share of Total Prepayment Premium for a Securitized Mortgage Loan

Fannie Mae does not guarantee payment of any portion of the Prepayment Premium to the Investor. The Investor only receives a share of any Prepayment Premium actually received from the Borrower. For a Securitized Mortgage Loan, the Servicer must calculate the Investor’s share of the total Prepayment Premium as follows using the yield rate specified per the Loan Documents:

$$(\text{Principal prepaid}) \times (\text{Pass-Through Rate} - \text{yield rate}) \times (\text{present value factor}).$$

If the result is negative, the Investor receives no Prepayment Premium share.

213.02C Calculation of Fannie Mae’s Share of Total Prepayment Premium

For both Securitized Mortgage Loans and Cash Mortgage Loans, the Servicer must calculate Fannie Mae’s share of the total Prepayment Premium.

If the Prepayment Premium is greater than the Minimum 1% Prepayment Premium, the difference between the total Prepayment Premium and the Investor’s portion will be shared between Fannie Mae and the Servicer.

Fannie Mae’s share equals:

- for Securitized Mortgage Loans:

$$(\text{total Prepayment Premium} - \text{Investor's portion}) \times (\text{Guaranty Fee} / (\text{Guaranty Fee} + \text{Servicing Fee})); \text{ and}$$



- for Cash Mortgage Loans:

total Prepayment Premium - Servicer's share (calculated per [Part V, Chapter 2: Reporting and Remitting, Section 213.02D: Calculation of Servicer's Share of Total Prepayment Premium](#)).

If the total Prepayment Premium equals the Minimum 1% Prepayment Premium, Fannie Mae's share equals the entire remaining Prepayment Premium above the Investor's portion.

213.02D Calculation of Servicer's Share of Total Prepayment Premium

The Servicer receives a portion of the Prepayment Premium only if the Prepayment Premium exceeds the Minimum 1% Prepayment Premium.

The Servicer's share equals:

- for Securitized Mortgage Loans:

(total Prepayment Premium - Investor's portion) x (Servicing Fee / (Guaranty Fee + Servicing Fee)); and

- for Cash Mortgage Loans:

total Prepayment Premium x (Servicing Fee / (Pass-Through Rate + Servicing Fee)).



Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

G

Guaranty Fee

Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage.

Synonyms

- Guaranty Fees

I

Investor

MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

Synonyms

- Investors
- Investor's

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



Minimum 1% Prepayment Premium

For a prepayment, an amount equal to 1% of the UPB.

P

Pass-Through Rate

Mortgage Loan Gross Note Rate minus:

- for MBS Mortgage Loans, the Guaranty Fee, minus the Servicing Fee; and
- for Cash Mortgage Loans, the Servicing Fee.

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

Principal

Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors](#).

Synonyms

- Principals

S

Securitized Mortgage Loan

Mortgage Loan backing an MBS, PFP MBS, or REMIC.

Synonyms

- Securitized Mortgage Loans



Servicer	Primary Person servicing the Mortgage Loan, including • the originator, • seller, or • a third party.
	Synonyms • Servicers • Servicer's
S	
Servicing Fee	Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.
	Synonyms • Servicing Fees
U	
UPB	Unpaid Principal Balance
	Synonyms • UPBs
Y	
Yield Maintenance Period End Date	Last day on which a Borrower owes yield maintenance for a voluntary Mortgage Loan prepayment.
	Synonyms • Yield Maintenance Period End Dates