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Guide Update 21-11: Prepayment Premium Waivers

Effective: 08/30/21
Retired: 01/21/25

Summary of Changes

HIGHLIGHTS
Effective August 30, 2021, the Prepayment Premium waiver requirements were updated in • Part III, Chapter 18: Choice Refinance Loans, and • Part IV, Chapter 1: Pricing, Fees, and Prepayment Premiums.

Primary Changes

- Part III, Chapter 18: Choice Refinance Loans, Section 1803: Prepayment Premiums: Requirements were clarified to align with the longstanding practice that you must not waive any:
  - Prepayment Premium based on required yield maintenance; or
  - portion of the Minimum 1% Prepayment Premium above the required yield maintenance if the Portfolio Mortgage Loan
    - has a minimum Prepayment Premium other than 1%,
    - will be refinanced before the Yield Maintenance Period End Date, or
    - is a fixed rate MBS Mortgage Loan with an Issue Date before April 1, 1999.
- Part IV, Chapter 1: Pricing, Fees, and Prepayment Premiums: Reorganized and clarified to prohibit a Prepayment Premium waiver unless
  - the Portfolio Mortgage Loan will be refinanced as a Choice Refinance Loan, and
  - you comply with Part III, Chapter 18: Choice Refinance Loans, Section 1803: Payment Premiums.

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Questions

Please contact the Multifamily Trading Desk with any questions.

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