

# Declining (Graduated) Prepayment Premium

Fannie Mae Multifamily offers a Declining Prepayment Premium (also known as Graduated Prepayment Premium) that provides a flexible prepayment premium structure for fixed rate Mortgage Loans, Structured ARM Loans (SARM Loans) and Hybrid ARM Loans.

## Benefits

- Provides more flexibility with a wider prepayment window
- Easier calculation of Prepayment Premiums generally permitted at any point in the loan term
- Certainty of execution



## Eligibility

- Available for all Asset Classes
- Available for acquisition or refinance
- Available for purchase by third-party Investors and the Fannie Mae Multifamily Trading Desk

For More Information contact a Fannie Mae representative or visit the Multifamily Financing Options site for details.  
[multifamily.fanniemae.com](https://multifamily.fanniemae.com)

**Term** 5, 7, 10, 12, 15, 18, or 30 years

### Fixed Rate Declining Prepayment Premium Structures

Loan Term	Structure	Lockout Period
5 years	5-4-3-2-1	None
7 years	5-4-3-2-1	2 years
10 years	5-5-4-4-3-3-2-2-1-1	None
12 years	5% loan years 1-4; 4% loan years 5-6; 3% loan years 7-8; 2% loan years 9-10; 1% to maturity	None
15 years	5% loan years 1-7; 4% loan years 8-9; 3% loan years 10-11; 2% loan years 12-13; 1% to maturity	None
18 years	5% loan years 1-7; 4% loan years 8-9; 3% loan years 10-11; 2% loan years 12-13; 1% to maturity	None
30 years	5% loan years 1-7; 4% loan years 8-9; 3% loan years 10-11; 2% loan years 12-13; 1% to maturity	None

### SARM Loan Declining Prepayment Premium Structures

Loan Term	Structure	Lockout Period
5 years	5-4-3-2-1	1 year
7 years	5-4-3-2-1-1-1	1 year
10 years	5-4-3-2-1-1-1-1-1-1	1 year

### Hybrid ARM Loan Declining Prepayment Premium Structures

Loan Term	Structure	Lockout Period
7 year fixed / 23 year adjustable	5-5-4-4-3-2-1	None
7 year fixed / 23 year adjustable	3-3-2-2-1-1-1	None
10 year fixed / 20 year adjustable	5-5-4-4-3-3-2-2-1-1	None
10 year fixed / 20 year adjustable	3-3-3-2-2-2-1-1-1-1	None

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