



## 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.

**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

**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 Multifamily Business Portal for details.

[multifamily.fanniemae.com](https://multifamily.fanniemae.com)