



## Freddie Mac Alternative Prepayment Structures for Multifamily Adjustable-Rate Mortgages

(Capped ARM and Standard ARM Products)

Borrowers can choose from three prepayment provisions when structuring a Freddie Mac Capped Adjustable-Rate or Standard Adjustable-Rate Mortgage. In addition to the traditional option of a one-year lockout followed by a one percent prepayment premium, Freddie Mac offers two new prepayment alternatives. The alternative prepayment structures will result in a significantly lower spread and may be attractive to certain borrowers.

### Option One

- 1-year lock-out period
- 1% prepayment premium if paid off after the lock-out period
- No prepayment premium for last 90 days of loan term
- Starting in year 2, Freddie Mac will waive the 1% prepayment premium if the loan is converted to a Freddie Mac fixed-rate loan

### Option Two

Year	Prepayment Premium
1	3%
2	2%
3 and beyond	1%

- No prepayment premium for last 90 days of loan term
- Starting in year 4, Freddie Mac will waive the remaining 1% prepayment premium if the loan is converted to a Freddie Mac fixed-rate loan.

### Option Three

Year	Prepayment Premium
1	5%
2	4%
3	3%
4	2%
5 and beyond	1%

- No prepayment premium for last 90 days of loan term
- Starting in year 6, Freddie Mac will waive the remaining 1% prepayment premium if the loan is converted to a Freddie Mac fixed-rate loan.

**Pricing**

Loans using Prepayment Options Two or Three will have substantially lower spreads than Option One loans. The price reduction from Option One to Option Three may be 40 basis points or more. Please call your regional representative for specific loan-level pricing.