



**Partial Principal Prepayment Guideline for Portfolio Loans
1/1/2012**

Contact:

Loan Administrator II, Cincinnati, OH- For all life company serviced loans

Certain loans hold a right for the borrower to prepay, without a prepayment premium, a percentage of the principal balance. If a loan holds this right, the terms will be outlined in the individual loan's Promissory Note or in a subsequent Assumption or Modification Agreement. Partial Principal Prepayments are calculated using the balance of the month the borrower plans on making the payment. However, if a regular monthly principal and interest payment is or becomes due the prepayment cannot be applied until the regular monthly principal and interest payment is made.

I. Request

- A. Promissory Notes require a written request for the partial principal prepayment, generally thirty (30) to forty-five (45) days in advance (see Promissory Note for exact time frame). The time frame for the written notice may be waived, however, Lender notification and approval is required in advance of exercising the right to a partial prepayment of principal.
- B. All partial prepayment requests should be sent to the Loan Administrator II.
Note: Do not accept a partial prepayment of principal which has not been approved by Lender.

II. Collection & Remittance

- A. Partial prepayment funds, generally, should be remitted to the Lender upon day of receipt. Refer to the Correspondent Servicing Agreement for exact time frame.

III. Amortization Schedule

- A. Once the partial principal prepayment is made, Lender will provide a new amortization schedule to the Correspondent to confirm that the mortgage servicing systems are in sync. Generally, a partial prepayment shortens the life of the loan. However as outlined in the loan document, the term of the

loan may not change, rather the amount of the monthly principal and interest payment changes. Please refer to the loan documents for accurate terms.

Disclaimer:

Lender reserves the right to exercise all rights and remedies under the various loan documents.