Business Purpose Loans - Prepayment Penalty Matrix

Ver. Jan 2026

Prepayment Penalties (PPP) are only permitted on investment properties. PPP are not required; however, there are price adjustment for loans without a PPP, including where states that do not allow a PPP and loans with a PPP that does not meet the "standard" structures.

STATE	ENTITY	PPP ALLOWED?	PPP REQUIREMENTS	PPP NOT ALLOWED WHEN:
Alabama	Any	Yes	Standard	
Alaska	N/A	No	N/A	
Arizona	Any	Yes	Standard	
Arkansas	Any	Yes	Standard	
California	Any	Yes	Standard	
Colorado	Any	Yes	Standard	
Connecticut	Any	Yes	Standard	
Delaware	N/A	No	N/A	
District of Columbia	Any	Yes	Standard	
Florida	Any	Yes	Standard	
Georgia	Any	Yes	Standard	
Hawaii	Any	Yes	Standard	
Idaho	Any	Yes	Standard	
Illinois	Any	Yes	APR <= 8.00% Max Rates: 3-2-1	APR >8.00%
Indiana	Any	Yes	Standard	
Iowa	Any	Yes	Standard	
Kansas	N/A	No	N/A	
Kentucky	Any	Yes	Max Rate: 3-2-1	
Louisiana	Any	Yes	Standard	
Maine	Any	Yes	Standard	
Maryland	Any	Yes	Max 3-Yr Term: 2-months advance interest on aggregate amount of all prepayments made in any 12-month period in excess of 1/3 of the amount of the original loan.	
Massachusetts	Any	Yes	Standard	
Michigan	Any	Yes	Max Rate: 1-1-1	
Minnesota	N/A	No	N/A	
Mississippi	Any	Yes	5-4-3-2-1 **Payoff based on UPB, not original loan amount.*	

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Missouri	Any	Yes	Standard	
Montana	Any	Yes	Standard	
Nebraska	Any	Yes	Standard	
Nevada	Any	Yes	Standard	
New Hampshire	N/A	No	N/A	
New Jersey	Corporation only	Yes	Standard	When vested in Real Person or LLC
New Mexico	N/A	No	N/A	
New York	Any	Yes	Standard	
North Carolina	Any	Yes	Standard	
North Dakota	Any	Yes	Standard	
Ohio	Any	Yes	1-2 Units: 1-1-1-1-1 3-4 Units: Standard	<$116,356
Oklahoma	Any	Yes	Standard	
Oregon	Any	Yes	Standard	
Pennsylvania	Any	Yes	Standard	≤$329,411 (1-2 Units)
Rhode Island	N/A	No	N/A	
South Carolina	Any	Yes	Standard	
South Dakota	Any	Yes	Standard	
Tennessee	Any	Yes	Standard	
Texas	Any	Yes	Standard	
Utah	Any	Yes	Standard	
Vermont	N/A	No	N/A	
Virginia	Any	Yes	Standard	
Washington	Any	Yes	Standard	
West Virginia	Any	Yes	Standard	
Wisconsin	Any	Yes	Standard	
Wyoming	Any	Yes	Standard	

Standard Structure: Fixed Percentage

- 5 Yr PPP: 5-5-5-5-5
- 4 Yr PPP: 5-5-5-5
- 3 Yr PPP: 5-5-5
- 2 Yr PPP: 5-5
- 1 Yr PPP: 5

Fixed Percentage Structure:

The PPP charge will be equal to the percentage in effect at the time of the prepayment on the amount of the prepayment that exceeds 20% of the original principal balance. The PPP is applicable regardless of the reason for the prepayment of principal including prepayments resulting from the sale or refinance of the subject property or curtailments that exceed 20% of the original balance in any 12 months period.

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