



PREPAYMENT PENALTY CHART - BUSINESS PURPOSE

Eff Date: 06/09/2026

State		PPP Permitted	PPP Calculation	PPP Max Term	PPP Applicability	Eligibility
AL	Alabama	Yes	No restrictions	None	Refinance or sale	
AK	Alaska	No	N/A	N/A	N/A	
AZ	Arizona	Yes	No restrictions	None	Refinance or sale	
AR	Arkansas	Yes	No restrictions	None	Refinance or sale	
CA	California	Yes	No restrictions	None	Refinance or sale	
CO	Colorado	Yes	No restrictions	None	Refinance or sale	
CT	Connecticut	Yes	No restrictions	None	Refinance or sale	
DE	Delaware	No	N/A	N/A	N/A	
DC	District of Columbia	Yes	No restrictions	None	Refinance or sale	
FL	Florida	Yes	No restrictions	None	Refinance or sale	
GA	Georgia	Yes	No restrictions	None	Refinance or sale	
HI	Hawaii	Yes	No restrictions	None	Refinance or sale	
ID	Idaho	Yes	Up to 6 months interest , based on average balance over prior 6 months	Only for first 3 years of the loan. § 28-42-306(2)	Yes, applies to full payoff; but no penalty if refinance / consolidation with <i>same lender</i> . § 28-42-306(3)	Must disclose; limit applies only if payoff is <i>not</i> via same-lender refinance.
IL	Illinois	Yes - Limited Cases	See Eligibility	See Eligibility	Refinance or sale	Prepayment Penalties are prohibited on loans made to individuals
IN	Indiana	Yes	No restrictions	None	Refinance or sale	
IA	Iowa	No	N/A	N/A	N/A	
KS	Kansas	No	NA	NA	N/A	
KY	Kentucky	Yes	No prepayment penalty shall exceed three percent (3%) for the first year, two percent (2%) for the second year, and one percent (1%) for the third year of the outstanding balance of the loan; but in no event shall a prepayment penalty be assessed against a borrower refinancing with the mortgage loan company that funded the mortgage.	None	Refinance or sale	No prepayment penalty shall be assessed against the borrower following the third anniversary date of the mortgage or sixty (60) days prior to the date of the first interest rate reset, whichever is less.
LA	Louisiana	Yes	No restrictions	None	Refinance or sale	
ME	Maine	Yes	No restrictions	None	Refinance or sale	
MD	Maryland	No	See Eligibility	See Eligibility	Refinance or sale	Not Allowed
MA	Massachusetts	Yes	No restrictions	None	Refinance or sale	Not Allowed
MI	Michigan	No	N/A	N/A	N/A	
MN	Minnesota	Yes - DSCR Only	Any 1st lien DSCR Any 1st lien Non-QM Business Purpose Loan Purchase	DSCR None;	DSCR Only - Purchase or Refi	DSCR Only

MS	Mississippi	Yes	Mississippi Code § 75-17-31 — Limitations on prepayment penalties with respect to loans for certain real estate. This statute sets out when a lender may charge a prepayment penalty on a debt secured by real estate and the maximum amounts allowed. Under § 75-17-31: •A lender may charge a prepayment penalty for prepayment of a note or debt secured in whole or in part by a lien on real estate (e.g., residential mortgage). •The statute caps the maximum allowable penalty based on how soon the prepayment occurs: - oFirst year: up to 5% of unpaid principal; - oSecond year: up to 4%; - oThird year: up to 3%; - oFourth year: up to 2%; - oFifth year: up to 1%; - oAfter five years, no penalty is permitted. •This statute applies specifically to loans secured by liens on residential real estate (single-family homes or condos) or agricultural/livestock property. •The statute also notes it doesn’t apply where a greater penalty is required by federal law or regulation.	5 Years	Refinance or sale	
MO	Missouri	Yes	No restrictions	None	Refinance or sale	
MT	Montana	Yes	No explicit dollar or formula cap in state law; requirement is disclosure of the penalty or formula.	No statutory “term cap” on the penalty beyond disclosure requirement	Refinance or sale	Mortgage lender must comply with federal law (TILA/RESPA) and disclose prepayment-penalty terms clearly
NE	Nebraska	Yes (for certain loans secured by real property)	Prepayment penalty allowed only if: (1) maximum stated at origination, (2) full payoff within 2 years, (3) payoff not via same-lender refinancing.	2 years (for full payoff) to impose penalty.	Refinance or sale	Penalty ≤ 6 months interest on 80% of original principal. he penalty may only be imposed if: Maximum penalty is stated in writing at origination, The loan is prepaid in full within 2 years, and Prepayment is done with money other than proceeds of another loan by the same licensee.
NV	Nevada	Yes	No restrictions	None	Refinance or sale	
NH	New Hampshire	Yes	No Restrictions	No Restrictions	No Restrictions	If a prepayment penalty is included, it must be clearly disclosed and <u>printed in bold</u> in the loan note or an addendum to the note.
NJ	New Jersey	Yes - Limited Cases	See Eligibility	See Eligibility	Refinance or sale	In New Jersey, prepayment penalties on business purpose loans are permitted only if the mortgagor is a corporation. Prepayment penalties are prohibited on business purpose loans made to a natural person, LLCs, LPs, and Trusts. Prepayment Penalties are still allowed if the borrower is a C-Corporation or S-Corporation.
NM	New Mexico	No	NA	NA	NA	
NY	New York	N/A	NA	NA	NA	The company is not lending in New York for any product
NC	North Carolina	Yes	No restrictions	None	Refinance or sale	
ND	North Dakota	Yes	No known statewide cap located in the mortgage code. Statutes/rules emphasize disclosure and program-specific terms.	None	Refinance or sale	Because ND uses administrative rules and program rules, check the particular loan program and licensing chapter for precise limits.
OH	Ohio	Yes	1% of original pricipal amount. Loan must be >\$116,356 (adjusts annually); Max 5 years.	5 years	Refinance or sale	Not allowed on loans <\$116,356 or on 1-2 Units. 3+ Units are exempt from all noted restrictions.
OK	Oklahoma	Yes	No restrictions	None	Refinance or sale	
OR	Oregon	Yes	No restrictions	None	Refinance or sale	

PA	Pennsylvania	Yes - Limited Cases	See Eligibility	See Eligibility	Refinance or sale	Prepayment penalties are not allowed on loan amounts less than \$319,777.
RI	Rhode Island	No	See Eligibility	See Eligibility	Refinance or sale	Not Allowed
SC	South Carolina	Yes	No restrictions	None	Refinance or sale	
SD	South Dakota	Yes	None Known	None Known	Refinance or sale	
TN	Tennessee	Yes	No restrictions	None	Refinance or sale	
TX	Texas	Yes	No restrictions	None	Refinance or sale	
UT	Utah	Yes, high cost loans only	Only for high-cost mortgages (per state High-Cost Home Loan Act). Penalty capped at 80% of interest from the prior six scheduled payments. § 61-2d-103(b)	Maximum 36 months after origination. § 61-2d-103(a	Refinance or sale (High cost mortgages only)	If payoff is via new loan from same lender (or affiliate), penalty is not allowed. § 61-2d-103(3)(a) Also if prepayment is partial, must reduce penalty proportionally. § 61-2d-103(4)
VT	Vermont	Yes	NA	NA	NA	The company is not lending in Vermont for any product
VA	Virginia	No	N/A	N/A	N/A	
WA	Washington	Yes	No restrictions	None	Refinance or sale	
WV	West Virginia	No	N/A	N/A	N/A	
WI	Wisconsin	Yes	No restrictions	None	Refinance or sale	
WY	Wyoming	Yes	No restrictions	None	Refinance or sale	Allowed on Busienss Purpose Loans Only