



SHARP NON-QM Prepayment Penalty Matrix

SHARP S

State	Guidance
Full/ALT Doc	
AK, KS, MI, MN, NM , OH & RI	Prepayment Penalties not allowed
IL & NJ	Prepayment Penalties not allowed on loans vested to individuals
PA	Prepayment Penalties not allowed on loan amounts less than \$319,777
MS	Prepayment Penalties not allowed
DSCR	
AK, KS, MI, MN, NM , OH & RI	Prepayment Penalties not allowed
IL & NJ	Prepayment Penalties not allowed on loans vested to individuals
PA	Prepayment Penalties not allowed on loan amounts less than \$319,777
MS	Only declining prepayment penalty structures allowed (6 mos no interest, 3% / 4% / 5% fixed percentage, declining structures that do not exceed 5% and do not drop below 3% in 1st 3 years)

SHARP C

State	Guidance
AK, IL, KS, MI, MN, NM, OH, RI	Prepayment Penalties not allowed
DC	Within 3 years from consummation, no prepayment charge or penalty is permitted which exceeds an amount equal to 2 months advance interest on the aggregate amount of all prepayments in excess of 1/3 of the amount of the original loan or financial transaction made in any 12-month period. See DC Code § 28– 3301(f)(1).
MD	Prepayment Penalties not allowed
MS	Prepayment Penalties not allowed
NC	Only permitted if loan size is => \$100,000
NJ	Only permitted on DSCR loans that vest as an entity. The prepayment charge will be equal to 6 months of interest on the amount of the prepayment that exceeds 20% of the original principal balance. The charge applies to loans that pay off due to sale or refinance, or curtailments that exceed 20% of the original principal balance in a given 12-month time period.
PA	Prepayment penalties for business purpose loans secured by one and two-unit properties are not allowed on loan balances less than an adjusted value as determined by the Dept of Banking & Securities. For calendar year 2022 the amount is \$301,022, calendar year 2024 \$312,159 and calendar year 2025 \$319,777 subject to change annually effective January 1st. For business purpose loans secured by three and four-unit properties, a prepayment penalty is permitted regardless of loan amount.
VA	Only permitted if loan size is => \$75,000

SHARP N

State	Guidance
AK	Prepayment Penalties not allowed
CO	Terms of the offer of a loan product with a PPP must be provided clearly and conspicuously in writing and include the following statutory acknowledgement - “LOAN PRODUCT CHOICE DISCLOSURE - I was provided with an offer to accept a product both with and without a prepayment penalty provision. I have chosen to accept the product with a prepayment penalty.” (Colo. Rev. Stat. Ann. Sect. 5-3.5-102(1)(g)(III).
IL	Outside of Cook County: Permitted if the APR is less than 8%, regardless of loan purpose. Cook County Permitted as Follows: When closing in an individual’s name with loan amount >\$250K and APR > 8% OR when closing in an entity name with any loan amount and APR >8%
KS	Prepayment Penalties not allowed
MD	(i) May be imposed only on prepayments made within 3 years from the date the loan is made; and, (ii) May not exceed an amount equal to 2 months’ advance interest on the aggregate amount of all prepayments made in any 12–month period in excess of one–third of the amount of the original loan. Business Purpose Loans allow for 3+ Years w/ 2mos advanced interest on aggregate amount of prepayments which exceed a third of the original loan in a 12 mos. period (MD Code 12-105 (c) (4))
MI	Prohibited after 3 years from date of the loan for business purpose loan that secures a Single-Family Dwelling unit. PPP may not exceed 1% of prepayment amount made (Mich. Comp. Laws Ann. Sect. 438.31c(1c)(2)(c).
MN	Prepayment Penalties not allowed
MS	Prepayment Penalties not allowed
NH	Prepayment Penalties not allowed
NM	Prepayment Penalties not allowed
OH	Prepayment Penalties not allowed
OR	If a loan agreement provides for a penalty to be charged for repaying the loan prior to the date provided for repayment in the loan agreement, the loan agreement shall contain in at least 10- point bold or underlined type substantially the following notice: - NOTICE TO THE BORROWER - “Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the loan agreement.” (Or. Admin. R. 441-870-0040).
PA	Not permitted on 1-2 units if loan amount is < \$319,777 (41 PA Const. Stat. Ann. Sect 101). Permitted if 3 or more units.
RI	May be imposed only on prepayments made within first year from the date the loan is made and may not exceed 2% of the outstanding balance due at the day of payoff. PPP after the first year are prohibited.

WI Terms of the offer of a loan product with a PPP must be provided clearly and conspicuously in writing and include the following disclosure: - “LOAN PRODUCT CHOICE DISCLOSURE - I was provided with an offer to accept a product both with and without a prepayment penalty provision. I have chosen to accept the product with a prepayment penalty.” (Wis. Stat. Ann. Sect. 428.207)

SHARP I

State	Guidance
AK, KS, MN, NM, ND	Prepayment Penalties not allowed
IL	Permitted to legal entities with no limits. If borrower is a natural person, prepayment penalty is prohibited when APR is greater than 8%. Prepay is allowed when APR is =<8%.
NJ	Permitted to legal entities (LLCs are eligible). Not permitted for individual borrowers.
OR	Requires state specific notice to borrower verbiage to be disclosed on the loan agreement (i.e. Note, Note Addendum or prepayment penalty rider) The disclaimer must be in at least 10-point font and either bold or underlined (see example below)
	NOTICE TO THE BORROWER: Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the loan agreement.
MD	Prepayment Penalties not allowed
PA	Loan amounts =<\$319,777 permitted only on 3-4 residential units. Number of units will be validated prior to purchase.
WA	Permitted on fixed rate loans. Prohibited on ARM loans.
RI, MI, OH	Prepayment Penalties not allowed

SHARP W

State	Guidance
AK, NM, MN	Prepayment Penalties not allowed
LA	A mortgage lender may contract for and receive a prepayment penalty in an amount not to exceed: (a) Five percent of the unpaid principal balance if the loan is prepaid in full during the first year of its term. (b) Four percent of the unpaid principal balance if the loan is prepaid in full during the second year of its term. (c) Three percent of the unpaid principal balance if the loan is prepaid in full during the third year of its term. (d) Two percent of the unpaid principal balance if the loan is prepaid in full during the fourth year of its term. (e) One percent of the unpaid principal balance if the loan is prepaid in full during the fifth year of its term.
MI	Max 3YR at max 1% for SFR
MN	Prepayment Penalties not allowed
MS	Prepayment Penalties not allowed
NJ	Permitted to legal entities. Not permitted for individual borrowers.
NM	Prepayment Penalties not allowed
NC	Prepayment penalty may be charged only on loans greater than \$150,000
OH	1-2 unit: maximum 1% within 5 years of execution date of the mortgage only if loan amount >=\$112,957; No prepayment penalty permitted if loan amount < \$112,957 (only allowed within first 5 years 3-4 unit : prepayment penalty permitted without restriction except if the loan amount falls below \$112,957 then no PPP
PA	1-2 unit: only if loan balance >\$319,777 No prepayment penalty permitted if balance <= \$319,777 3-4 unit: prepayment penalty allowed without restriction
RI	Prepayment penalty allowed - max 2% of balance
TX	Prepayment penalty allowed - non owner occupied only
VA	Max 1% if balance < \$75k