

Prepayment Penalty

Supplement – High Voltage

This Supplement is for High Voltage loans. Please refer to the Voltage Supplement for Voltage loans. Prepayment penalty terms are available for terms of 1 to 5 years. Pricing implications apply based on the structure and length of the prepayment. Please refer to the rate sheet or pricing engines for pricing information. Any restrictions applied by federal, state, or local law would supersede the requirements here. Please review the State Specific Penalties section for instances where neither the Fixed nor Declining Structure is available.

Fixed Structure:

1. Term: 1-5 years
2. Penalty amount: 5% on any full or partial prepayment for term of penalty
 - a. 5-year penalty: Year 1 - 5%, Year 2 - 5%, Year 3 - 5%, Year 4 - 5%, Year 5 - 5%
 - b. 4-year penalty: Year 1 - 5%, Year 2 - 5%, Year 3 - 5%, Year 4 - 5%,
 - c. 3-year penalty: Year 1 - 5%, Year 2 - 5%, Year 3 - 5%,
 - d. 2-year penalty: Year 1 - 5%, Year 2 - 5%
 - e. 1-year penalty: Year 1 - 5%
3. Waivable in the event of sale: no

Declining Structure:

1. Term: 1-5 years
2. Penalty amount: A declining penalty amount based on the term of the payment penalty
 - a. 5-year penalty: Year 1 - 5%, Year 2 - 4%, Year 3 - 3%, Year 4 - 2%, Year 5 - 1%
 - b. 4-year penalty: Year 1 - 5%, Year 2 - 4%, Year 3 - 3%, Year 4 - 2%,
 - c. 3-year penalty: Year 1 - 5%, Year 2 - 4%, Year 3 - 3%,
 - d. 2-year penalty: Year 1 - 5%, Year 2 - 4%
 - e. 1-year penalty: N/A (use fixed 1-year option)
3. Waivable in the event of sale: no

State Specific Penalties:

1. Michigan
 - a. Applicable property types: 1 unit properties (2-4 unit properties may not utilize this option and are limited to the Fixed or Declining Structures)
 - b. Term: 3 years
 - c. Penalty Amount: 1% of the amount prepaid
 - d. Waivable in the event of sale: no
2. Minnesota
 - a. No PPP may be placed on any loan that is below the county conforming limit based on the property type.

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- b. Follow standard fixed or declining structures for loan amounts above the applicable county conforming limit.
3. New Jersey (allowed on DSCR only. Not allowed on full or alternative documentation)
 - a. Applicable property types: any
 - b. Term: 1-5 years
 - c. Allowable PPP Types: Fixed or Declining (as described above)
 - d. Waivable in the event of sale: no
 - e. Restrictions:
 - i. Title to the subject property must close in the name of an entity approved by Underwriting
 - ii. The borrowers on the loan application will not sign the note in their individual capacity, rather they will sign a Personal Guaranty agreement. The note will only be signed by the owners/officers of the entity in their capacity as same.
4. Ohio
 - a. Applicable property types: 1-2 unit properties (3-4 unit properties may not utilize this option and are limited to the Fixed or Declining Structures)
 - b. Loan Amount: Loan amount must exceed \$113,520, otherwise a prepayment penalty may not be assessed
 - c. Term: 5 years
 - d. Penalty Amount: 1% of the amount prepaid
 - e. Waivable in the event of sale: no
5. Pennsylvania
 - a. 1-2 Unit Properties
 - i. Loan amount <\$319,777: may not close with a PPP
 - ii. Loan amount >=\$319,778: Follow standard fixed or declining structures
 - b. 3-4 Unit Properties: Follow standard fixed or declining structures

States Where No PPP is Allowed:

1. Alaska
2. Kansas
3. Mississippi
4. New Mexico
5. New Jersey (N/A to DSCR loans-see above limitations)
6. Rhode Island