

Prepayment penalty (PPP) terms may vary from one to five years and the following structures may be used:

- **Six Months Interest:** The prepayment penalty (PPP) term may vary from one to five years. The PPP charge will be equal to six months of interest 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 month period.
- **Fixed Percentage or Declining Structure:** The PPP charge will be equal to the percentage in effect at the time of the prepayment and applied to any curtailment or the entire outstanding principal balance during the prepay period regardless of the reason for the prepayment of principal.

The following fixed or declining structures may be used:

5 YEAR TERM

- 5% / 5% / 5% / 5% / 5%
- 5% / 4% / 3% / 2% / 1%

4 YEAR TERM

- 5% / 5% / 5% / 5%

3 YEAR TERM

- 5% / 5% / 5%
- 5% / 4% / 3%
- 3% / 2% / 1%

2 YEAR TERM

- 5% / 5%
- 5% / 4%
- 2% / 1%

1 YEAR TERM

- 5%

Prepayment penalties are not required but there are price adjustments for loans without a PPP, including loans where EPM does not allow a PPP and loans with a PPP that does not meet the structures above.

EPM does not allow prepayment penalties in the following states.

- AK
- IL
- KS
- MN
- NM

EPM allows prepayment penalties with restrictions in the following states.

- LA: restricted to declining structures only.
- MI: restricted to a 1 year term with a maximum penalty of 1% of the balance at the time of prepayment.
- MO: restricted to a 2 year term with a maximum penalty of 2% of the balance at the time of prepayment.
- MS: restricted to declining structures only.
- NJ: restricted to limited liability companies (LLCs) and corporations only.
- OH: not allowed on loan amounts \leq \$112,957 or applicable state limit. Restricted to a 1 year term with a maximum penalty of 1% of the original principal amount.
- PA: not allowed on 1 and 2 unit properties with loan amounts \leq \$319,777 or applicable state limit.
- RI: restricted to a 1 year term with a maximum penalty of 1% of the balance at the time of prepayment.
- These requirements do not constitute legal advice and the Seller is responsible for compliance with all applicable federal and state laws, regulations and restrictions.