PENNYMAC

PREPAYMENT PENALTY OPTIONS AND TERMS

Business Purpose Loans | November 2026

WHERE AND HOW

STATE LAW GOVERNS

Acceptable only where permitted by applicable state law and regulations. Restrictions vary by state, occupancy, and entity type.

PREPAYMENT PERIOD

Period starts on the Note Date and ends on the Nth anniversary of the Note Date, where N is the term selected at closing (1–5 years).

HIGH-COST THRESHOLDS

Total points, fees, and APR may not exceed current state and federal high-cost thresholds — prepayment penalty included.

INELIGIBLE TRANSACTIONS

Not allowed on primary residences, second homes, or investment-property cash-out where proceeds will be used for personal use.

STRUCTURE OPTIONS | Term selected at closing (1–5 years) where state law allows

TERM	FLAT PERCENTAGE (A)	DECLINING (A)	6 MONTHS INTEREST (B)
5 years	5% – 5% – 5% – 5% – 5%	5% – 4% – 3% – 2% – 1%	Available
4 years	5% – 5% – 5% – 5%	5% – 4% – 3% – 2%	Available
3 years	5% – 5% – 5%	5% – 4% – 3%	Available
2 years	5% – 5%	5% – 4%	Available
1 year	5%	5%	Available

STRUCTURE DEFINITIONS

FLAT PERCENTAGE

Fee equals the Prepayment Penalty Percent in effect at the time of prepayment and stays the same for the whole period.

DECLINING

Fee equals the percent in effect at the time of prepayment, decreasing each year on the anniversary of the Note Date.

WHEN THE FEE APPLIES

On any unscheduled principal received during the term (a curtailment), including when the loan pays off in full for any reason.

PENALTY TERMS CONDITIONS

A: FLAT PERCENTAGE & DECLINING

A prepayment penalty fee applies if ANY unscheduled principal is received (a Curtailment) within the Prepayment Penalty Term, including full payoff for any reason. Fee = Prepayment Penalty Percent in effect at prepayment (may change each year on the Note Date anniversary) multiplied by the Curtailment amount.

B: 6 MONTHS INTEREST

Fee applies when unscheduled principal received (This Curtailment), added to all other prior unscheduled principal within the preceding 12 months, exceeds 20% of the original principal amount (Twelve Months Excess Curtailments) — including full payoff. Fee = 6 months advanced interest (at the Note Rate) on the Twelve Months Excess Curtailments amount.

NOTE: Always confirm current state restrictions and program guidelines before locking terms.

EQUAL HOUSING OPPORTUNITY

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