



## AMF DSCR Program Bulletin — Prepayment Penalty Lock Procedure Update

June 15, 2026

Arch Mortgage Funding, Inc. (AMF), is implementing changes to its lock procedures for DSCR loans that include a prepayment penalty.

**Effective immediately, Sellers are required to select both the prepayment penalty structure and the prepayment penalty term when locking loans with a prepayment penalty.** This update ensures that loan pricing accurately reflects applicable prepayment penalty LLPAs and any associated price caps.

The daily rate sheet will continue to govern state eligibility requirements.

If you have any questions regarding the updated lock procedures, please contact the AMF Lock Desk at [lockdesk@archmortgagefunding.com](mailto:lockdesk@archmortgagefunding.com) or the MAXEX Lock Desk at [lockdesk@maxex.com](mailto:lockdesk@maxex.com) (by phone at 888-700-1274).

This bulletin serves as an official update to Section 19 of the AMF DSCR Program Manual Version 6 and incorporates the following revised language:

AMF will purchase loans with prepayment penalties (PPPs) that comply with all federal and state laws, regulations and restrictions. Prepayment penalties are not required but there are price adjustments for loans without a PPP.

### AMF Prepayment Penalty Structures

- **6 months' interest.**
  - PPP term: 1 to 5 years.
  - Penalty: 6 months of interest on the prepayment amount exceeding **20% of the original principal balance.**
  - Applies regardless of the reason for prepayment, including:
    - Sale or refinance.
    - Curtailments exceeding 20% of the original balance within any 12-month period.
    - **Note:** Penalties may also apply to curtailments below 20% if specified in the loan documents.
- **Fixed percentage or declining structure.**
  - PPP term: 1 to 5 years.
  - Penalty: A fixed or declining percentage on the prepayment amount exceeding **20% of the original principal balance.**
  - Applies regardless of the reason for prepayment, including:
    - Sale or refinance.
    - Curtailments exceeding 20% of the original balance within any 12-month period.
    - **Note:** Penalties may also apply to curtailments below 20% if specified in the loan documents.

### AMF Prepayment Penalty Structure Options Include:

5-YEAR TERM	4-YEAR TERM	3-YEAR TERM	2-YEAR TERM	1-YEAR TERM
<ul style="list-style-type: none"> <li>▪ 6 months' interest.</li> <li>▪ Fixed — 5%.</li> <li>▪ Fixed — 4%.</li> <li>▪ Fixed — 3%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 months' interest.</li> <li>▪ Fixed — 5%.</li> <li>▪ Fixed — 4%.</li> <li>▪ Fixed — 3%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 months' interest.</li> <li>▪ Fixed — 5%.</li> <li>▪ Fixed — 4%.</li> <li>▪ Fixed — 3%.</li> <li>▪ Declining — 5%/4%/3%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 months' interest.</li> <li>▪ Fixed — 5%.</li> <li>▪ Fixed — 4%.</li> <li>▪ Fixed — 3%.</li> <li>▪ Declining — 5%/4%.</li> <li>▪ Declining — 4%/3%.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 6 months' interest.</li> <li>▪ Fixed — 5%.</li> <li>▪ Fixed — 4%.</li> <li>▪ Fixed — 3%.</li> </ul>

**Note:** AMF may purchase prepayment structures outside of the published prepayment penalty parameters. However, any pricing adjustments will be determined by AMF Secondary Markets. For more information, contact [lockdesk@archmortgagefunding.com](mailto:lockdesk@archmortgagefunding.com).

Prepayment penalties are not allowed in AK, MD, MI, MN, MS, NM, OH and RI and will be subject to the no-penalty LLPA. Prepayment penalties are not allowed in IL and NJ on loans to individuals but are allowed on loans to corporations.