

2509 PREPAYMENT PENALTY

- 2509.1 A prepayment penalty shall be charged to the loan recipient if the property is sold or transferred at any time during the first five (5) years after settlement of the loan, except as provided in § 2506.
- 2509.2 The prepayment penalty shall be equal to the interest on the principal amount of the loan from the date of settlement to the date of sale or transfer, at the rate of interest on the First Mortgage Loan.
- 2509.3 The rates shall be disclosed to the recipient at the time of settlement.
- 2509.4 The prepayment penalty may be waived by DHCD upon a showing that the sale or transfer of the property is *bona fide* and shall not yield the recipient a profit in excess of what is needed to pay off the First Mortgage Loan, the principal amount of the HPAP loan, a reasonable brokerage fee and whatever paid-in equity the recipient has in the property.

SOURCE: Notice of Final Rulemaking published at 31 DCR 2968, 2975 (June 15, 1984);
Notice of Final Rulemaking published at 53 DCR 5254 (June 30, 2006).