



Balloon Payments

This matrix is distributed to provide general information about the subject matter covered and should not be utilized as a substitute for professional advice for your specific situation. If you require such advice, please consult with your own professional advisers.

STATE	Purchase Money 1st-Lien*	Non-Purchase Money 1st-Lien*	Purchase Money Junior-Lien*	Non-Purchase Money Junior-Lien*	NOTES	CITATIONS
Alabama	Y	Y	Y	Y	Permitted but the borrower has the right to refinance balloon payment without penalty if any scheduled payment is more than one-half times as large as the average of earlier scheduled payments. Terms of the refinance will be no less favorable than the terms of the original transaction. Right to refinance does not apply if loan is adjusted to account for borrower's seasonal or irregular income or if the loan is repayable in a single principal payment irrespective of the scheduled interest payments.	Ala. Code § 5-19-7
Alaska	Y	Y	Y	Y	1. Small Loans Act Loans: Not Permitted; 2. All Other Loans: Unregulated.	Alaska Stat. § 06.20.250(c)
Arizona	Y	Y	Y	Y	1. Non-Purchase Money Junior-Lien Loans <= \$10K with a Term <= 3 Years (secured by owner-occupied residence): Not Permitted. Financial Institutions are exempt from balloon payment prohibition. While not permitted for consumer lender loans; permitted for consumer lender loans made by mortgage bankers.; 2. All Other Loans: Unregulated and there is no requirement that a balloon payment be refinanced.	Ariz. Rev. Stat. § 6-114, 6-637(D), 6-602(A), 6-101
Arkansas	Y	Y	Y	Y	1. High Cost Loans with a term <=10 yrs: Not Permitted, but permitted when the payment schedule is adjusted to account for the seasonal or irregular income or is a bridge loan connected with the acquisition or construction of a dwelling intended to become the obligor's principal dwelling; 2. All Other Loans: Permitted and there is no requirement that a balloon payment be refinanced.	Ark. Code Ann. § 23-53-104(f), 23-39-501 et seq., 23-53-103(5)
California - CFL	Y	Y	Y	Y	1. Closed-End Consumer Loans < \$10K: Not Permitted; 2. Open-End Loans, and Closed-End Consumer Loans >= \$10K: Permitted and there is no requirement that a balloon payment be refinanced; 3. Covered Loans: Not permitted if term of loan is <= 5 years, unless loan is adjusted to account for borrower's seasonal or irregular income or is a bridge loan.	Cal. Fin. Code § 22307, 22450, 4970, 4973 (E)(b)(1); 10 CA ADC § 1453; Cal. Civ. Code § 2924
California - REB/DRE	N	N	N	N	1. Covered Loans: Not Permitted if loan term is <= 5 years; 2. Loan with a term >= 3 years, or a loan which is secured by an owner-occupied dwelling with a term >= 6 years: Permitted.	Cal. Bus. & Prof. Code § 10244, 10244.1., Cal. Fin. Code § 4973;(b)(1)



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California - RML	Y	Y	Y	Y	Not permitted for Covered Loans with term <= 5 yrs.	Cal. Civ. Code § 2924i; Cal. Fin. Code § 4973;(b)(1), 4970
Colorado	Y	Y	Y	Y	1. 1st Lien Purchase Money Loans and Loans <= 12%: Unregulated; 2. Covered Loans with a term <10 yrs: Not Permitted except when the payment schedule is adjusted for borrower's seasonal or irregular income, and is a bridge loan; 3. All Other Closed-End Loans: Permitted, Borrower has the right to refinance if any payment is more than twice as large as the average of all other regularly payments. The lender must disclose to the borrower in writing at the time the sale is entered into, the right to refinance. These provisions do not apply to the extent that the payment schedule is adjusted to account for the borrower's seasonal or irregular income; 4. All Other Open-End Loans: Permitted and there is no requirement that a balloon payment be refinanced.	Colo. Rev. Stat. § 5-3-208, 5-3.5-102(1)(a), 5-3.5-101(2)
Connecticut	Y	Y	Y	Y	1. High Cost Loans with term < 7 yrs: Not Permitted; 2. All Other Loans: Permitted.	Conn. Gen. Stat. § 36a-746c (A)(1)
Delaware	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Del. Code Ann. tit. 5, § 2201 et seq.
District of Columbia	Y	Y	Y	Y	Covered Loans: Not permitted unless such covered loan is for a term >= 7 years, the loan is a bridge loan, or if payment schedules are adjusted to account for borrower's seasonal or irregular income.	D.C. Code § 26-1152.13, 26-1151.01
Florida	Y	Y	Y	Y	1. High Cost Loans (Florida Fair Lending Act) <= 10 years: Not Permitted, unless the loan is adjusted to accounts for borrower's seasonal or irregular income, or is a bridge loan; 2. Mortgage Brokerage and Mortgage Lending Statute: Permitted and there is no requirement that a balloon payment be refinanced.	Fla. Stat. Ann. § 697.05, 494.00791
Georgia	Y	Y	Y	Y	1. High Cost Loans: Shall not contain a scheduled payment that is more than twice as large as the average of earlier scheduled payments, unless such loan is adjusted due to borrower's seasonal or irregular income; 2. All Other Loans: Unregulated and there is no requirement that a balloon payment be refinanced.	GA ST § 7-4-1 et seq., 7-6A-5
Hawaii	Y	Y	Y	Y	1. 1st Lien Loans; Junior Lien Loans Guaranteed or Insured by the VA, FHA or SBA: A lender is permitted to make a real property secured loan that calls for a balloon payment; 2. Junior Lien Loans Under the Interest & Usury Provisions: A lender is permitted to make a real property secured loan that calls for a balloon payment; 3. 1st and Junior Lien Loans Under the Financial Services Loan Companies Provisions: Permitted if the maximum rate of interest is not exceeded.	HI ST § 478-7, 478-8, 412:9-308



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Idaho	Y	Y	Y	Y	1. Closed-End Loans <= \$1K: Not Permitted; 2. Residential Mortgage Practices Act: Unregulated; 3. Junior Lien Loans (Idaho Credit Code): Permitted, Borrower has the right to refinance without penalty if any payment is more than twice as large as the average of all other regularly scheduled payments. The lender is not required to refinance the balloon payment on the same terms if the lender offers borrower, at the minimum, the following four (4) options: A. Permission to sell the collateral and pay off the balance retaining any surplus; B. Permission to return collateral and release from obligation on the balloon payment; C. Permit the borrower to pay off the balloon payment and keep the collateral; or D. Permit the borrower to refinance the balloon payment with the same lender at the prevailing terms at that time not exceed, five (5) points over the interest rate charged on the original loan; 3. Residential Mortgage Practices Act: Unregulated and there is no requirement that a balloon payment be refinanced.	Idaho Code § 28-43-307, 28-41-301, 28-43-309, 28-43-310; IDAPA 12.01.09.005
Illinois	Y	Y	Y	Y	1. High Risk Home Loans: Permitted, However, no lender can make a high risk home loan that contains a scheduled final payment that is more than twice as large as the average of earlier scheduled monthly payments unless such balloon payment became due and payable at least 15 years after the loan's origination ; 2. All Other Loans: Permitted and there are no express limitations on balloon payments for loans under the Interest Act.	38 IL ADC 1050.1272; 815 IL CS 137/1 et seq.; 815 IL CS 137/10; 815 IL CS 137/45
Indiana	Y	Y	Y	Y	1. 1st Lien Loans: Permitted and there is no requirement that a balloon payment be refinanced; 2. 2nd-Lien Closed-End Loans: Permitted but the borrower has the right to refinance balloon payment without penalty if any scheduled payment is more than twice as large as the average of earlier scheduled payments. These provisions do not apply to the extent that the payment schedule is adjusted to account for the borrower's seasonal or irregular income; 3. 2nd Lien Open-End Loans: Permitted and there is no requirement that a balloon payment be refinanced; 4. High Cost Home Loans with a term <= 10 years: Not permitted, unless the loan is adjusted to accounts for borrower's seasonal or irregular income, or is a bridge loan.	Ind. Code § 24-4.5-3-402, 24-9-2-9, 24-9-4-3
Iowa	Y	Y	Y	Y	1. ICCCL Loans (Amount Financed of <= \$25,000) and Open-End Lines of Credit: Permitted, Borrower has the right to refinance if any payment is more than twice as large as the average of all other regularly payments. The terms of the refinancing may be no less favorable to the consumer than the terms of the original transaction; 2. All Other Loans: Permitted and there is no requirement that a balloon payment be refinanced.	Iowa Code § 537.3308, 535.10(2)



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Kansas	Y	Y	Y	Y	1. High Cost Loans: Not permitted; 2. 1st Lien Loans: Permitted without restrictions; 3. Junior Lien Loans: Permitted without restrictions; 4. Reverse Mortgage: Permitted.	Kan. Stat. Ann. § 16a-3-308a, 16a-1-301(11); 16-207(i), 16a-1-109
Kentucky	Y	Y	Y	Y	1. Mortgage Loans Generally: Neither expressly permitted nor prohibited and there is no requirement that a balloon payment be refinanced; 2. High Cost Loans: Not permitted but excludes loans whose payment schedules are adjusted to accommodate borrower's seasonal or irregular income.	Ky. Rev. Stat. § 294.010 et seq., 360.100
Louisiana	Y	Y	Y	Y	Unregulated.	La. Rev. Stat. Ann. § 6:1081 et seq.
Maine	Y	Y	Y	Y	1. 1st Lien Closed End Loans: Permitted and there is no requirement that a balloon payment be refinanced. Also, the amortization period can not exceed 30 years; 2. 2nd Lien Closed-End Purchase Money Loans: Permitted and there is no requirement that a balloon payment be refinanced; 3. 2nd Lien Closed-End Non-Purchase Money Loans: Permitted if loan term > 4 years provided the loan and the loan contract gives the borrower the right to refinance the final balloon payment (Note that balloon payments are not permitted in connection with "high rate, high fee mortgages."); 4. Open End Loans: Unregulated and there is no requirement that a balloon payment be refinanced.	Me. Rev. Stat. Ann. tit. 9-A, § 1-202, 3-308, 8-206-A, 9-302; ME ADC 02-030 Ch. 250;(B)
Maryland	Y	Y	Y	N	1. 1st Lien Loans: Permitted and there is no requirement that a balloon payment be refinanced; 2. 2nd Lien Closed End Loans: Permitted but a consumer/borrower must be permitted to postpone payment of the balloon payment once for a period not to exceed 6 months; 3. 2nd Lien Open End Loans: Not Permitted; 4. 2nd Lien Closed End and Open End Loans under the Maryland 2ndary Mortgage Loan Law: Permitted if (i) expressly disclosed to the borrower; and (ii) Agreed to by both the borrower and the lender/seller in writing. Also, borrower must be permitted to postpone payment of the balloon payment once for a period not to exceed 6 months.	MD COML § 12-101 et seq., 12-404(c), 12-1003(c)(2), 12-903(a)(2)
Massachusetts	Y	Y	Y	Y	1. High Cost Mortgage Loans: Not Permitted, but excludes loans whose payment schedules are adjusted to accommodate borrower's seasonal or irregular income; 2. Closed-End "Small Loans": Not Permitted. Small Loans is a loan of <= \$6K at an effective annual interest rate, taking into account all loan-related fees and charges and broker fees, greater than 12%; 3. All Other Loans: Permitted.	MA ST 183C § 8; 209 MA ADC 26.01(4)



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Michigan	Y	Y	Y	Y	Permitted for all loans made under The Mortgage Brokers, Lenders and Servicers Licensing Act, the 2ndary Mortgage Loan Act, and the Interest Act. Not Permitted for the Consumer Mortgage Protection Act with a term < 5 years, unless loan is a bridge loan connected with the acquisition or construction of a dwelling intended to become the obligor's principal dwelling.	Mich. Comp. Laws Ann. § 438.31c, 445.1635
Minnesota [ILT]	Y	Y	Y	Y	1. Section 47.204 1st Mortgage Loans: There are no applicable statutes that address or restrict balloon payment loans; 2. Section 47.59 Mortgage Loans < \$100K: There are no applicable statutes that address or restrict balloon payment loans; 3. Section 334.01 Mortgage Loans >= \$100K: There are no applicable statutes that address or restrict balloon payment loans.	Minn. Stat. § 47.204, 47.59, 334.01
Mississippi	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Miss. Code Ann. § 75-171 et seq., 81-18-1 et seq.
Missouri	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Mo. Rev. Stat. § 443.800 et seq., 408.570 et seq., 408.015 et seq., 408.231 et seq.; 4 MO ADC 140-30.010 et seq.
Montana	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Mont. Code Ann. § 32-5-101 et seq., 31-1-101 et seq.
Nebraska	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	None
Nevada	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Nev. Rev. Stat. § 645B.010 et seq., 99.010 et seq.
New Hampshire	Y	Y	Y	Y	Permitted and there is no requirement that a balloon payment be refinanced. Lender must disclose to the borrower a statement to the effect that the lender is not bound to refinance the balloon payment.	NH ST § 397-A:1 et seq; NH ADC BAN 2504.01
New Jersey	Y	Y	Y	Y	1. 1st Mortgage Loans: Unregulated; 2. 2nd Mortgage Loans: Permitted if loan is at least 36 months and it is disclosed to the borrower in writing that the lender is under no obligation to refinance the loan. 3. High Cost Home Loans: Not Permitted, excluding situations in which lender adjusts borrower's payment schedule to account for borrower's seasonal or irregular income.	N.J. Rev. Stat. § 17:11C-2, 17:11C-24, 46:10B-26
New Mexico	Y	Y	Y	Y	1. High Cost Home Loans: Not Permitted unless the payment schedule is adjusted to the borrower's seasonal or irregular income; 2. All Loans Except High-Cost Home Loans: Permitted with no restrictions.	N.M. Stat. Ann. § 58-21-1 et seq., 58-21A-5; NM ADC 12.19.8;8.5



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New York	Y	Y	Y	Y	1. High Cost Loans: Not Permitted unless the payment schedule is adjusted to the borrower's seasonal or irregular income, the loan is a bridge loan to purchase or construct borrower's principal dwelling, or the loan is a Home Equity Line of credit; 2. Not permitted for loans secured by a 1st mortgage on real property occupied by the owner, Loans > \$250K and term < 3 years.	3 NY ADC 80; 3 NY ADC 82; NY Bank § 6-f; 3 NY ADC 41.2
North Carolina	Y	Y	Y	Y	1. High Cost Loans: Not Permitted, unless the payment schedule is adjusted to account for the borrower's seasonal or irregular income; 2. All Other Loans: Permitted without restrictions.	N.C. Gen. Stat. § 24-1.1E
North Dakota	Y	Y	Y	Y	The Money Brokers Act and the Interest and Usury Provisions do not prohibit balloon payments and do not require that a balloon payment be refinanced.	N.D. Cent. Code § 13-04.1-01 et seq.; ND ADC 13-05-01-04;(2)
Ohio	Y	Y	Y	Y	1. 1st Lien Loans: Unregulated; 2. 2nd Lien Loans: Permitted. However, in the instance of a non-amortized or partially amortized simple interest loan, a Registrant must provide the borrower with notice of maturity at least 90 but not more than 120 days prior to the expected maturity date; 3. High Cost Mortgages: Not permitted if term is less than 5 years, unless loan is a bridge loan to acquire or construct a dwelling intended to become the borrower's principal dwelling.	Ohio ADC § 1301:8-3-14; Ohio Rev. Code § 1349.25, 1349.27
Oklahoma	Y	Y	Y	Y	1. Loans with an APR in Excess of 13%: Permitted. If a payment is more than twice as large as the average of earlier payments, the borrower may refinance the balloon payment, without penalty, on terms at least as favorable as those of the initial loan. This provision does not apply to unequal payments established to accommodate the seasonal income of the debtor; 2. Subsection 10 Mortgages: Not permitted on loans with a term of < 5 years; 3. All Other Loans: Unregulated. There is no requirement that they be refinanced.	OK ST T. 14A § 3-402; 14A Okla. Stat. § 3-309.4
Oregon	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced. Please note that a mortgage <= \$50K with a balloon payment feature is subject to the Interest and Usury Provisions of Oregon law.	Or. Rev. Stat. § 82.010(3)(b), 82.025(4)
Pennsylvania	Y	Y	N	N	1. 1st Lien Loans <= \$50K and 2nd Lien Loans <= \$5K: Permitted and there is no requirement that a balloon payment be refinanced; 2. 2nd Lien Loans > \$5K and <= \$50K: Not Permitted; 3. Loans > \$50K: Unregulated and there is no requirement that a balloon payment be refinanced; 4. High Cost Loans < \$100K: Not Permitted unless the payment schedule is adjusted to account for the seasonal or irregular income or is a bridge loan connected with the acquisition or construction of a dwelling intended to become the borrower's principal dwelling.	41 Pa. Stat. § 101, 301(f), 401; 63 Pa. Stat. § 456.308, 456.511(a); 7 Pa. Stat. § 6602, 6613, 6615



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Rhode Island	Y	Y	Y	Y	1. High Cost Home Loans: Effective December 31, 2006, not permitted; 2. All Other Loans: Permitted, but a lender may not contract for or charge a balloon payment during the same payment period in which another installment is due. The balloon payment must be the only installment due to the lender during the payment period in which it is charged.	2006 HB 7814, 2006 SB 2851 to be codified at R.I. Gen. Laws § 34-25.2-6, 19-14.1-1 et seq.
South Carolina	Y	Y	Y	Y	1. 1st Lien Loans and 2. Junior Lien Open-End Loans: Permitted and there is no requirement that a balloon payment be refinanced; 3. Junior Closed-End Loans: Permitted, but Borrower has the right to refinance without penalty if any payment is more than twice as large as the average of all other regularly payments. This section does not apply to: A. a transaction pursuant to a revolving loan account; B. the payment schedule is adjusted to the seasonal or irregular income or scheduled payments or obligations of the consumer; C. a credit transaction to the extent a formula for determining the rate of the loan finance charge and any change in the amount of payment upon renegotiation or refinancing is specified in the agreement between the parties or is an alternative mortgage instrument; or D. a transaction of a class defined by rule of the Administrator as not requiring for the protection of the consumer his right to refinance as provided in this section; 4. High Cost Home Loans: Not permitted except when the payment schedule is adjusted to account for the borrower's seasonal or irregular income.	S.C. Code Ann. § 37-23-30(2), 37-3-105, 37-3-402, 37-23-20
South Dakota	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	S.D. Codified Laws Ann. § 54-14-1 et seq., 54-3-1 et seq.
Tennessee [ILT and RML Licensees].	Y	Y	Y	Y	Unregulated and there is no requirement that a balloon payment be refinanced.	Tenn. Code Ann. § 45-1-101 et seq; TN ST §§ 47-14-101 et seq.
Texas	Y	N	Y	N	1. Non-Purchase Money Loans: Not permitted; 2. High Cost Loans: Not permitted but excludes loans whose payment schedules are adjusted to accommodate borrower's seasonal or irregular income or is a bridge loan; 3. 2nd Lien Purchase Money Loans with an Interest Rate > than 10%: Regulations enacted pursuant to Chapter 342 provide that balloon payments are authorized in a 2ndary mortgage loan; 4. All Other Loans: Unregulated.	Tex. Const. Art. 16 § 50; Tex. Fin. Code § 343.202; 7 TX ADC § 1.708
Utah	Y	Y	Y	Y	1. 1st Lien Closed-End Loans: Unregulated and there is no requirement that a balloon payment be refinanced; 2. High Cost Home Loans: Not permitted; 3. All Other Loans: Permitted. If any scheduled payment of a closed-end consumer credit debt is more than twice as large as the average of all earlier scheduled payments, the debtor has the right to refinance the amount of that payment at the time it is due if the creditor is still offering that type of credit and the debtor is credit worthy. Credit terms may be no less favorable than those offered to others.	Utah Code Ann. § 70C-3-102, 61-2d-102, 61-2d-104



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Vermont	Y	Y	Y	Y	Permitted and there is no requirement that a balloon payment be refinanced.	Vt. Stat. Ann. tit. 8, § 2200 et seq.; Vt. Stat. Ann. tit. 9, § 41a et seq.
Virginia	Y	Y	Y	Y	Permitted without restrictions.	Va. Code § 6.1-330.49 et seq., 6.1-330.90
Washington	Y	Y	Y	Y	Under the Consumer Loan Act and the State's General Usury Law: Permitted and there is no requirement that a balloon payment be refinanced.	WA ST § 19.52.020, 31.04.125
West Virginia	Y	Y	Y	Y	1. Mortgage Loan Act: may not include any requirement that more than one installment be payable in any one installment period, or that the amount of any installment be greater or less than that of any other installment, except for the final installment which may be in a lesser amount, or unless the loan is structured as a revolving line of credit having no set final payment date; 2. Consumer Credit and Protection Act: Permitted. For consumer loans of less than \$1,500 with a balloon payment of at least twice the amount of the average earlier scheduled payment, borrowers have the right to refinance the amount of balloon payment without penalty.	W. Va. Code § 31-17-8; W. Va. Code § 46A-2-105.
Wisconsin	Y	Y	Y	Y	1. 2nd Lien Loans <= \$25K: Permitted; 2. High Cost Loans: Not permitted, unless such loans adjust payment schedule to account for borrower's seasonal or irregular income, or to a bridge loan with a maturity of less than one year to acquire or construct borrower's principal residence; 3. All Other Loans: Unregulated.	Wis. Stat. Ann. § 422.402(6), 428.203(1), 428.202;(2)(d)(2)
Wyoming	Y	Y	Y	Y	1. Simple Interest 1st Lien Loans (<= 18%): Permitted and there is no requirement that a balloon payment be refinanced; 2. All Other Closed-End Loans: Permitted. If any scheduled payment is more than twice as large as the average of all earlier scheduled payments, the debtor has the right to refinance the amount of that payment at the time it is due if the creditor is still offering that type of credit and the debtor is credit worthy. Credit terms may be no less favorable than those offered to others. Borrower has no right to refinance if lender adjusts payment schedule to account for the borrower's seasonal or irregular income; 3. All Other Open-End Loans: Unregulated and there is no requirement that a balloon payment be refinanced.	Wyo. Stat. § 40-14-305, 40-14-333

* Some restrictions apply, see the Note section category for the restrictions.