

NOTE

For value received, the undersigned (borrower) promises to pay to the Secretary of Housing and Urban Development (Secretary) at the Office of the Secretary in Washington, D.C. the principal sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_), but not to exceed the amount computed under Item 1 below.

1.The amount owed under this Note is the lesser of the following:

(a)The amount of mortgage assistance payments (assistance) paid by the Secretary in accordance with Section 235 of the National Housing Act on behalf of the borrower or the homeowner under a note and second mortgage or second deed of trust dated \_\_\_\_\_ and bearing FHA Case No. \_\_\_\_\_ (insured second mortgage or second deed of trust).

(b)Fifty percent of the net appreciation of the property covered by the insured mortgage or deed of trust (property). The net appreciation will be computed in accordance with regulations prescribed by the Secretary in 24 CFR 235.12.

2.The amount owed under this Note will be payable when the first of the following occurs:

(a)Title to the property is conveyed to a party who is not eligible for Section 235 mortgage assistance payments, or

(b)The property is rented for a period longer than one year.

3.Once the amount owed under this Note becomes due and payable pursuant to Item 2 above, and is unpaid, the borrower will pay interest on the amount owed at the rate of \_\_\_\_\_ percent (\_\_\_\_\_ %) until fully paid. If the amount owed under this Note is due and payable and the insured mortgage or deed of trust has not been paid in full,

the Secretary may defer the payment of the amount owed under this Note until the insured mortgage or deed of trust is paid in full. If payment is deferred, the borrower will pay interest on the amount owed at the same rate as stated above for the period of deferment.

4.If more than one person signs this note, each signer is responsible for paying the amount due, and the Secretary may enforce his/her rights against each person individually or against the mortgagors as a group.

5.Protest and Notice are waived.

6.This Note is secured by a mortgage or deed of trust dated \_\_\_\_\_ and executed by \_\_\_\_\_  
\_\_\_\_\_ and \_\_\_\_\_

in connection with certain property described therein. Any assistance paid by the Secretary on behalf of any homeowner other than the borrower, under the insured mortgage or deed of trust shall be included in the amount computed under paragraph 1(a) for the purpose of taking action against the property, not for taking action against the undersigned personally.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date