

Used by Rural Housing Service (RHS) for insured Rural Housing (RH) loans to low-and moderate income families who are eligible to receive interest credit.

Form RD 1944-6 (Rev. 3-97) UNITED STATES DEPARTMENT OF AGRICULTURE Rural Housing Service Form Approved OMB No. 0575-0172

INTEREST CREDIT AGREEMENT (Section 502 RH Loans)

Date of Note (4) Amount of Note (5) Type of Agreement (1)
 1 New 2 Renewal 3 Corrected
 Case Number (2)
 Effective Date of Agreement (3)

Payment Plan (6)
 Annual Monthly Deferred

I. This agreement between the United States of America, acting through the United States Department of Agriculture pursuant to Section 521 of the Housing Act of 1949, (herein called "the Government") and the borrower whose name appears below (herein called "Borrower") supplements promissory note(s) or assumption agreement(s) (herein called "the note", whether one or more) from Borrower to the Government as described above.

II. **TO BE COMPLETED BY BORROWER (if additional space is needed, attach additional sheets)**

A. Complete the following for borrower, co-borrower, and all adult members of the household who will receive income

Name	Age	Planned Income Next 12 Months		Names and addresses of employer or source of income
		Wages	Other	
1. (7)				
2.				
3.				

B. Number of dependents (not including foster children) residing in the dwelling (8)

C. Annual Real Estate Taxes (Dwelling Only) (9) Annual Property Insurance Premium (Dwelling Only) (10)

SIGNATURES OF BORROWERS. I (we) certify that this information is correct to the best of my (our) knowledge and have read and understand the requirements and conditions on the reverse of this agreement.

SECTION 1001 OF TITLE 18, UNITED STATES CODE PROVIDES: "WHOEVER, IN ANY MATTER WITHIN THE JURISDICTION OF ANY DEPARTMENT OR AGENCY OF THE UNITED STATES KNOWINGLY AND WILLFULLY FALSIFIES, CONCEALS OR COVERS UP BY ANY TRICK, SCHEME, OR DEVICE A MATERIAL FACT, OR MAKES ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENTS OR REPRESENTATIONS, OR MAKES OR USES ANY FALSE WRITING OR DOCUMENT KNOWING THE SAME TO CONTAIN ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENT OR ENTRY, SHALL BE FINED UNDER THIS TITLE OR IMPRISONED NOT MORE THAN FIVE YEARS OR BOTH."

(11) (11)
 (Date) (Borrower) (Co-Borrower)

III. **TO BE COMPLETED BY COUNTY OFFICE**

1. Annual Income (12)	4. Note Installment () (15)	11. Note Installment (15)
2. Deductions (13)	5. Note Installment () (16)	12. Note Installment at 1% rate (21)
3. Adjusted Annual Income (14)	6. Real Estate Tax () (17)	13. Difference (22)
(1 minute 2)	7. Property Insur. () (18)	14. Interest Credit: Annual (24) Monthly (25)
<input type="checkbox"/> Low-income <input type="checkbox"/> Moderate-income	8. Total () (19)	
Limit-Maximum	9. Adjusted Income x 20% () (20)	
	10. Difference () (20)	

IV. MONTHLY INSTALLMENT note subject to the provisions of this agreement, the borrower will pay (27) dollars per month for 12 months beginning (28). If the borrower's circumstances do not change, this agreement will be extended for an additional 12 months. This agreement or the extension thereof may be revised or cancelled as provided by the conditions listed on the reverse of this form.

V. ANNUAL INSTALLMENT note subject to the provisions of this agreement, the borrower will pay (29) dollars on or before January 1, 19 (30). If the borrower's circumstances do not change, this agreement will be extended and the borrower will pay (31) dollars on or before January 1, 19 (32). This agreement or the extension thereof may be revised or cancelled as provided by the conditions listed on the reverse of this form.

*In accordance with the provisions of a Form RD 1951-37, "Additional Partial Payment Agreement", or other agreement the borrowers' required payment will be \$ (33) rather than the amount shown above.

(34) UNITED STATES DEPARTMENT OF AGRICULTURE
 (Date Approved) By (36)
 (35) (Title)

RETURN TO: (37) (38)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0172. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

If the decision contained above in this form results in denial, reduction of cancellation of assistance, you may appeal this decision and have a hearing if you wish. Please refer to the instructions on the reverse of this form.

RD 1944-6 (Rev. 3-97)

(see reverse)

PROCEDURE FOR PREPARATION : RD Handbooks 3550.

PREPARED BY : RD 1944-6 - County Supervisor and Borrower.
RD 1944-A6 - Finance Office

NUMBER OF COPIES : Original and two copy.

SIGNATURES REQUIRED : Original by borrower, co-borrower and RHS official.

DISTRIBUTION OF COPIES : RD 1944-6 - copy to Finance Office; copy to borrower;
original retained in County Office.

RD 1944-6 - copy to borrower; original retained in
County Office; copy to Finance Office only in the
following circumstances: (1) monthly renewal;
(2) annual renewal; (3) for new loans when legend
on generated agreement advised to complete and
return.

NOTE: If corrections or changes to a generated interest credit agreement are necessary, field offices should prepared Form RD 1944-6.

REVERSE OF FORM RD 1944-6 & 1944-A6

- VI. As requested by the Government, Borrower will submit to it, in form prescribed or approved by it, statement of Borrower's total annual income and expenses for the previous calendar year or other designated periods.
- VII. The Government may review Borrower's annual income and expenses during the term of this agreement and, in accordance with its regulations, may at its discretion increase, decrease, or cancel any amount of interest credit granted under this agreement. The Government may also determine whether to offer a new agreement for the succeeding year or other selected period following the period covered by this agreement.
- VIII. At its option the Government may terminate this agreement as of any date specified by it if it determines that:
 - a. Borrower has defaulted under any terms or conditions of this agreement, the note or any instrument securing Borrower's loan obligations.
 - b. The property securing the loan obligations has been sold or title to it transferred without the Government's consent or approval.
 - c. Borrower has failed or ceased to occupy such property.
 - d. Borrower has enlarged or improved the dwelling or added related facilities so that the housing exceeds modest standards for size, design, and cost for previously occupied homes for low and moderate income families in the locality.
- IX. The Government may amend or cancel the agreement and collect any amount of reduction granted which resulted from incomplete or inaccurate information, an error in computation, or any other reason which resulted in interest credit that the borrower was not entitled to receive.
- X. Upon the failure of the borrower to make the payment prescribed in paragraph IV or V, the Government at its option may declare the entire indebtedness of the note immediately due and payable.
- XI. No terms or conditions of the note or any related security instrument other than the amount of annual or monthly payment shall be affected by this payment.
- XII. This agreement is subject to the present regulations of the Government, and to its future regulations not inconsistent with the express provisions hereof.
- XIII. For loans approved or assumed on or after October 1, 1979, any interest credit granted as a result of this agreement shall be subject to recapture by the Government when the property securing the loan is sold, or title to it is transferred, or when it is no longer occupied by the Borrower.
- XIV. Loans subject to deferred mortgage payments will be converted to repayment status when Borrower has the ability to repay the full note rate payment plus real estate taxes and homeowner's insurance premiums. Deferred payments cannot be granted after 15 years from the effective date of the initial interest credit agreement. All deferred payments are subject to recapture.

INSTRUCTIONS FOR PREPARATION

ALL COMPUTATIONS MADE TO DETERMINE THE AMOUNT OF INTEREST CREDIT SHOULD BE ROUNDED TO THE NEAREST DOLLAR EXCEPT ITEMS 14, 15, AND 21 WHICH SHOULD BE ROUNDED AS INSTRUCTIONS BELOW INDICATE:

(1) TYPE OF AGREEMENT.

Item 1 - Item 1 will be marked for all initial loans with interest credit, and in all other cases when interest credit is being granted and the borrower is not presently receiving interest credit.

Item 2 - Item 2 will be marked when an interest credit agreement is being processed to continue interest credit with a borrower whose current interest credit agreement is expiring.

Item 3 - Item 3 will be marked when the borrower's present interest credit agreement is to be cancelled or amended by the new interest credit agreement.

(2) Insert borrower's case number.

(3) Insert the date the agreement is to be effective and applied to the borrower's loan account. The effective date will be as follows:

- (a) For initial or subsequent loans, the loan closing date or when appropriate, the amortization effective date.
- (b) For transfers or credit sales, the date the transaction is closed.
- (c) For renewals of expiring interest credit agreements, one day after the expiration date of the current interest credit agreement. For reviews not completed during the review period, one day after the expiration date of the previous interest credit agreement if failure to renew was due to error or oversight by RHS.
- (d) For interest credit renewed, or granted as a result of a borrower's appeal, one day after the previous agreement expired or was cancelled, or on the date the initial agreement should have been effective.
- (e) For reamortizations, the effective date of the reamortization.
- (f) For all other cases, the next payment due date following approval date of the agreement.

(4) Insert date of promissory note, reamortization agreement or date of assumption agreement in cases of assumption on new rates and terms. If a subsequent loan eligible for interest credit is involved, show the date of the subsequent loan separately and below the date of the initial loan.

(5) Insert amount of initial loan in figures as shown on the promissory note, reamortization agreement or amount of assumption agreement in cases of assumption on new rates and terms. For loans with an amortization effective date, the amount of the loan consists of the amount shown on the promissory note plus capitalized interest. If a subsequent loan eligible for interest credit is involved, insert amount of the subsequent loan separately and below the amount of the initial loan.

(6) Check the type of the borrower's payment plan. For deferred mortgage payment borrowers, check deferred and check annual or monthly.

(7) Insert the name, age, and current verified income of the borrower, spouse and all adult members of the household who will receive income and the name and address of employer(s).

(8) Insert the number of dependents eligible for a \$480 deduction (See item 13).

(9) Insert the amount of annual real estate taxes, less abatements, applicable to the dwelling and dwelling site as improved. If the dwelling is on a farm, only the taxes applicable to the dwelling and dwelling site will be shown.

(10) Insert the amount of annual property insurance premium being paid for the dwelling and, until further notice to facilitate the collection of information, add to the amount of insurance premium the amount of the "note installment ineligible". The amount of note installment ineligible is the annual installment, or the monthly installment times 12, for loans not eligible for interest credit but which were advanced for authorized Section 502 loan purposes. This may include both RHS and non-RHS debts which are liens against the RHS security by virtue of a prior mortgage. (See Single Family Housing Handbook). Enter the total of both items. When this entry represents more than the insurance cost, place an asterisk beside it and list amount of each item included on the bottom front of the form.

(11) Borrowers will sign and date the agreement exactly as name is typed in item 37.

(12) Insert the amount of annual income in accordance with the Single Family Housing Handbook.

INSTRUCTIONS FOR PREPARATION (continued)

- (13) Insert the total amount of deductions allowed. These include a \$480 deduction for each member of the family residing in the household other than the applicant, spouse, co-applicant, or foster children, who is under 18 years of age, or 18 years of age or older and are disabled, or handicapped, or a full-time student. An additional \$400 deduction is made for an elderly family defined as a household where the borrower or the borrower's spouse/co-borrower is 62 years of age or older or is disabled or handicapped. Deductions are also allowed for child care expenses for minors 12 years of age or under necessary to enable a household member to be gainfully employed or to further his/her education, and for the aggregate of medical expenses in excess of 3 percent of gross annual income not covered by insurance for any elderly family and attendant care and auxiliary apparatus expenses for handicapped/disabled members of *any* household to enable a member to be employed.
- (14) Item (12) minus item (13) rounded to nearest \$10.00
- (15) Insert the annual total of regular installments for all loans eligible for interest credit. For annual installment repayment schedules, insert amount of regular annual installment as shown on the promissory note or reamortization agreement. For monthly installment borrowers, insert 12 times the monthly installment as shown on the promissory note, reamortization agreement, or assumption agreement in cases of assumption on new rates and terms. For loans with an amortization effective date, the amount of the annual loan installment will be computed based on the amount shown on the promissory note plus capitalized interest. If more than one loan is involved, use the annual total of regular installments for all loans eligible for interest credit. All annual installments will be rounded to the next higher whole dollar.
- (16) Reserve for future use. Do not complete at this time.
- (17) Insert the estimated amount of real estate taxes to be paid during the term of the agreement.
- (18) Add items (10), (15), and (17).
- (19) Twenty percent of item (14).
- (20) Item (18) minus item (19). For annual installment loans, if the amount of real estate taxes for the first year of the agreement is different than the amount due for the second year of the agreement, a separate calculation will be made in the bracketed spaces to determine the amount of interest credits for the first year.
- (21) For annual installment repayment schedules, insert the installment required by the amortization factor for 1 percent for the term of the loan and rounded up to the next higher whole dollar. For monthly installment repayment schedules, compute the monthly installment required by the monthly amortization factor for 1 percent and round the result up the next higher whole dollar, then multiply the result times twelve. For loans with an amortization effective date, the amount of the annual loan installment for 1 percent will be computed based on the amount shown on the promissory note plus capitalized interest. For reamortized loans with a repayment period of *combined* years and months, the 1 percent installment is computed by using the amortization factor for *whole years* rather than the total months of the repayment period. Subtract the year of the effective date of the reamortization from the year of the expiration date. If more than one loan is involved, compute each loan's installment separately and insert the total of annual installments for all loans eligible for interest credit.
- (22) Item (15) minus item (21).
- (23) Insert the smaller of items (20) and (22).
- (24) For annual payment borrowers, insert the amount of interest credit. This amount must be divisible in whole dollars by the number of months the interest credit will be in effect (divide the smaller of items (20) and (22) by 12, round down, and multiply by the number of months the agreement is in effect).
For example: If an RH loan is closed in June and item (20) is \$242 and item (22) is \$300, the amount of interest credit would be \$242 divided by 12 equals 20.16 rounded down, times 7 months = \$140.
- (25) For monthly payment borrowers, enter the amount of monthly interest credit (item (23) divided by 12; rounded to the nearest whole dollar).
- (26) Check the appropriate block and enter the low-income limit for the borrower's size of household for initial and corrected initial interest credit agreements for income limits. (See Single Family Housing Handbooks).
- (27) For monthly payment borrowers, insert amount of monthly payment computed as follows: Subtract item (25) from the monthly note installment (item (15) divided by 12).
For deferred mortgage payment borrowers, insert the amount of payment determined by Form RD 1944-B6, "Deferred Payment Computation".

INSTRUCTIONS FOR PREPARATION (continued)

- (28) For monthly payment borrowers, insert next due date following effective date of agreement.
- (29) For annual payment borrowers, insert amount of payment computed as follows:
- (a) If the first installment is a full annual installment and the first year interest credit will be in effect for a full year, the amount of payment will be item (15) minus item (24).
 - (b) If the first installment is less than a full annual installment and the first year interest credit will be in effect for less than a full year, the amount of payment will be the first year installment minus item (24). Refer to Form RD 1940-16, "Promissory Note," item (12a), for the borrower's first year partial installment.
 - (c) If the first installment is a full annual installment and the first year interest credit will be in effect for less than a full year, the amount of payment will be item (15) minus item (24) and any previous interest subsidy that year. The previous interest subsidy that year is a pro rata portion of item (23) or (24), whichever is applicable, on the previous Form RD 1944-6, "Interest Credit Agreement," calculated on the basis of the number of months the previous agreement was in effect that year. The number of months equals 12 minus the number of months used to calculate item (24). For example, if the previous agreement was cancelled in July and item (23) is \$300, the previous interest subsidy would be 6/12 of \$300, or \$150.
 - (d) For deferred mortgage payment borrowers insert the payment determined by Form RD 1944-B6, "Deferred Payment Computation".
- (30) For annual payment borrowers, insert the year subsequent to the effective date of the interest credit agreement.
- (31) For annual payment borrowers, insert the amount of payment which will be item (15) minus item (23).
- (32) For annual payment borrowers, insert the year following the date entered in item (30).
- (33) Insert amounts of payment as per Form RD 1951-37 or other written agreement reached with borrower.
- (34) Date approved by RHS official.
- (35) Insert title of RHS official approving the interest credit agreement.
- (36) RHS official will sign.
- (37) Type name(s) and address of borrower(s) exactly as they appear in promissory note.
- (38) Type county office name and address.
- (39) Enter the letters "8RR" for initial and renewal interest credit when the interest credit will be approved for a repair and rehabilitation loan which meets the requirements of the Single Family Housing Handbook. Do not complete items (15) through (22). Enter the amount of interest credit for monthly payment borrowers in item (25), and the amount of interest credit for annual payment borrowers in items (23) and (24).