

MASTER INTEREST ASSISTANCE AND SHARED EQUITY AGREEMENT WITH PROMISSORY NOTE

State _____
County _____
Case No. _____

Date _____

Date of Loan Note _____

Amount of Loan Note _____

Date of Mortgage _____

Amount of Mortgage _____

Date of Assumption _____

**Maximum Amount of Interest
Assistance Per Year** _____

FOR VALUE RECEIVED, the undersigned (whether one or more persons, called "Borrower") jointly and severally promised to pay to the order of the United States of America, acting through the Rural Housing Service (RHS), United States Department of Agriculture, (called the "Government"), all or a portion of the interest assistance paid on behalf of the Borrower, as calculated under regulations in force on the date of payment, when the loan is settled or the Borrower ceases to occupy the property as his/her primary residence.

Presentment, protest and notice are waived.

1. This master agreement between the Government and Borrower, supplements the Promissory Note between _____ (called Lender) and _____ Borrower(s). This agreement provides a mechanism for the granting of interest assistance by the Government to the Borrower and for the shared equity of all or part of that assistance. The term assistance, as used in this master agreement, means interest assistance payment.
2. In consideration of the Lender's making a RHS guaranteed loan to the Borrower(s), RHS agrees that it will supplement the Borrower's payments to the Lender in accordance with a subject to the conditions and requirements of this agreement.
3. The Borrower's annual household income at the time of execution of this agreement is \$ _____ and represents _____ percent of the area median income.
4. The Borrower will remain eligible for interest assistance as long as the Borrower continues to occupy the dwelling as his or her primary residence and the RHS guaranteed loan remains unpaid except as otherwise provided in this document.
5. The Government will provide interest assistance not to exceed \$ _____ per month, as determined using the tables contained in Exhibit D to 7 CFR Part 1980 Subpart D (available in any RHS office). The actual assistance will be based on the Borrower's household income and eligibility for assistance at the time of the annual review. Interest assistance funds will be paid directly to the Lender, at the address specified by the Lender, on behalf of the Borrower, and must be applied to the Borrower's loan note installment.
6. Original equity consists of the actual contribution by the Borrower and reduces the amount of the loan below the market value of the property. The contribution may be in the form of cash and/or value of the lot if the home was constructed on the Borrower's property. The amount contributed by the Borrower for this agreement is \$ _____ and represents _____ percent of the market value of the security.

7. The Borrower agrees to report any increase in income that amounts to \$ 100 per month or more over the amount used in the most current Annual Interest Assistance Agreement. The Borrower may report decreases in income which may affect eligibility for assistance. Based on this information, the Government may adjust the assistance amount if the assistance required is at least \$20 or in accordance with floor rate as provided in Exhibit D.
8. The Lender and the Government will enter into an Annual Interest Assistance Agreement for each period the Borrower is entitled to receive interest assistance during the life of this master agreement.
9. In the event of an overpayment of assistance, the Government reserves the right to collect overpayments from the Borrower or the Lender or offset the overpayment by reducing future assistance payments at its option. Overpayment amounts may be added to the shared equity amount at the Government's option if not collected by other means.
10. Underpayments of assistance by the Government will be paid in a lump sum to Lender. Overpayments made by the Borrower as a result of underpayments by the Government must be refunded to the Borrower by the Lender unless an agreement to apply the payments to the loan is reached by the Borrower and the Lender.
11. The Borrower agrees that the real property described in the mortgage listed above is pledged as security for repayment of the assistance received or to be received.
12. The Lender agrees to provide for completion of the Annual Interest Assistance Agreements for submission RHS. This includes obtaining the necessary information and verifications of income and other information for calculation of the Annual Interest Assistance Agreement.
13. The Lender is not responsible for monitoring the Borrower's income but will promptly provide information to RHS when the Borrower reports a change in income.
14. The Lender will not declare an account to be in default or otherwise penalize the Borrower because interest assistance payments due from the Government have not been paid.

I have read and agree to the provisions of this agreement.

Borrower

Co-Borrower

Acknowledged

Accepted and Agreed to

By: _____
Lender

By: _____
Rural Housing Service (RHS)