

<p>Form RD 3560-52 (02-05)</p>	<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT MULTIPLE FAMILY HOUSING</p>							
<p>(1) KIND OF LOAN <input type="checkbox"/> Title V of the Housing Act of 1949 <input type="checkbox"/> Sec. 523 or 524 Rural Housing Site <input type="checkbox"/> Sec. 514 Labor Housing <input type="checkbox"/> Sec. 515 Rural Rental Housing <input type="checkbox"/> Subsequent loan to build or acquire new units <input type="checkbox"/> Other Real Estate</p>	<p>PROMISSORY NOTE</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">STATE (2a)</td> <td style="width: 50%;">COUNTY (2b)</td> </tr> <tr> <td colspan="2">CASE NO. (2c)</td> </tr> <tr> <td colspan="2">PROJECT NO. (2d)</td> </tr> </table>	STATE (2a)	COUNTY (2b)	CASE NO. (2c)		PROJECT NO. (2d)	
STATE (2a)	COUNTY (2b)							
CASE NO. (2c)								
PROJECT NO. (2d)								
Date (3) , 20____								
<p>FOR VALUE RECEIVED, the undersigned (whether one or more persons, herein called "Borrower") jointly and severally promise to pay to the order of the United States of America, acting through the Rural Housing Service, United States Department of Agriculture, (herein called the "Government") at its office in (4)</p>								
<p>THE PRINCIPAL SUM OF (5a)</p> <p>DOLLARS (\$ (5b)), plus INTEREST on the PRINCIPAL of (6a) PERCENT ((6b)) PER ANNUM.</p>								
<p>Payment of the Principal and Interest shall be as agreed between the Borrower and the Government as indicated below: (check one)</p>								
<p>(8) <input type="checkbox"/> I.</p>	Principal and Interest payments shall be deferred. The interest accrued to (8a) , 20____ shall be added to the Principal. The new Principal and later accrued Interest shall be payable in (8b) regular installments on the dates indicated in the box below. The installments are calculated based on an amortization period of ____ years. Borrower authorizes the Government to enter the amount of the new Principal herein (8c) and the amount of regular installments in the box below, when determined:							
<p>(9) <input type="checkbox"/> II.</p>	Payments shall not be deferred. The installments are calculated based on an amortization period of ____ years. Principal and Interest shall be paid in ____ installments as indicated in the box below:							
<p>(10) <input type="checkbox"/> III.</p>	Payment of Interest shall not be deferred. Installments of accrued Interest shall be payable on the (10a) of each month beginning on (10c) , 20____, through (10d) , 20____. Principal and later accrued Interest shall be paid in (10e) installments as indicated in the box below:							
<p>(11)</p>	<p>\$ (11a) on (11b), 20____, and \$ (11c) thereafter on the (11d) of each (11e) until the PRINCIPAL and INTEREST are fully paid except that the FINAL INSTALLMENT of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and PAYABLE ON (11f). The consideration herefor shall support any agreement modifying the foregoing schedule of payments.</p>							

Used to secure loans on Rural Rental Housing (RRH), Section 515, Labor Housing (LH), Rural Housing Site (RHS) and Site Option (SO) loans.

For Rural Rental Housing (RRH) loans where contracts to build or acquire new units were entered into on or after December 15, 1989, prepayment and graduation is prohibited.

(see reverse)

- PROCEDURE FOR PREPARATION : 7 CFR part 3560.
- PREPARED BY : Loan Originator.
- NUMBER OF COPIES : Original and two. For credit sales, original and three. For consolidation, original and one.
- SIGNATURES REQUIRED : Original signed by the borrower and by any other person where necessary; co-signer if required; copies conformed.
- DISTRIBUTION OF COPIES : Original retained in Area Office operation file. One copy to borrower. One copy to Area Office case file. Conformed copy to Finance Office for credit sales.

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If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to the Borrower as requested by Borrower and approved by the Government. Approval of the Government is mandatory provided the advance is requested for a purpose authorized by the Government. Interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof. Borrower authorizes the Government to enter the amount and date of each advance in the Record of Advances.

Payments of principal and interest shall be applied in accordance with Rural Development's accounting procedures in effect on the date of receipt of the payment. Borrower agrees to pay late charges in accordance with Rural Development regulations in effect when a late charge is assessed.

PREPAYMENT OF THE FINAL INSTALLMENT IS PROHIBITED FOR SECTION 515 (RRH) LOANS MADE TO BUILD OR ACQUIRE NEW UNITS, EXCEPT AS PROVIDED IN GOVERNMENT REGULATIONS.

For other loans, prepayment of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower providing the loan is in a current status. Refunds and extra payments, as defined in the regulations of Rural Development according to the source of funds involved, shall be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein. Prepayment restrictions must be considered if the Borrower is subject to these restrictions and the prepayment of scheduled installments will cause the loan to be repaid prior to the expiration of the restricted repayment period.

CREDIT ELSEWHERE CERTIFICATION: Borrower hereby certifies inability to obtain sufficient credit elsewhere to finance the actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near the community for loans for similar purposes and periods of time, and that the loan evidenced hereby shall be used solely for purposes authorized by the Government.

TRANSFER OF TITLE: Property constructed, improved, purchased, or refinanced in whole or in part with the loan evidenced hereby shall not be leased (except individual units leased to tenants), assigned, sold, transferred, or encumbered, voluntarily or otherwise, without the written consent of the Government.

GRADUATION PROVISIONS DO NOT APPLY TO SECTION 515 (RRH) LOANS MADE TO BUILD OR ACQUIRE NEW UNITS.

For other loans, **GRADUATION AGREEMENT:** If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rate and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept a loan in sufficient amount to pay this note in full and, if the lender is a cooperative, to pay for any necessary stock. When the Borrower is subject to prepayment restrictions, refinancing will not be required until such restrictions are exhausted.

CREDIT SALE TO INELIGIBLE BORROWER: The provisions of the paragraphs entitled "Credit Elsewhere Certification" and "Graduation Agreement" do not apply if (1) this promissory note represents in whole or in part, payment for property purchased from the Government and (2) the loan represented by this promissory note was made to the Borrower as an ineligible Borrower under Title V of the Housing Act of 1949, as amended and regulations issued thereunder. As long as the promissory note remains unpaid, the property purchased with this loan shall not be sold or transferred, either voluntarily or involuntarily, unless the Government consents to such transaction in writing.

DEFAULT: Failure to pay when due any debt evidenced hereby or perform any covenant or agreement hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to, insured or Guaranteed by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. **UPON ANY SUCH DEFAULT,** the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This Note is given as evidence of a loan to Borrower made or insured by the Government pursuant to Title V of the Housing Act of 1949 and for the type of loan as is indicated in the "KIND OF LOAN" block above. This Note shall be subject to the present regulations of Rural Development and to its future regulations and provisions hereof.

Presentment, protest, and notice hereby waived.

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(12) _____ (SEAL)
(BORROWER)

_____ (SEAL)
(BORROWER)

(13) _____
(ADDRESS)

(14)

RECORD OF ADVANCES					
AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE
(1) \$ (a)	(b)	(8) \$		(15) \$	
(2) \$		(9) \$		(16) \$	
(3) \$		(10) \$		(17) \$	
(4) \$		(11) \$		(18) \$	
(5) \$		(12) \$		(19) \$	
(6) \$		(13) \$		(20) \$	
(7) \$		(14) \$		(21) \$	
				TOTAL \$	(15)

Position 2

INSTRUCTIONS FOR PREPARATION

ALL BLANKS BEGINNING WITH ITEM (5a) THROUGH ITEM (11f) PERTAINING TO THE TERMS AND FINANCE CHARGES OF THE LOAN WILL BE TYPED IN CAPITAL LETTERS.

1. Enter type of loan. Make an additional check if the loan is a subsequent loan to build or acquire new units.
2. Enter (a) State and (b) County in which property is located, (c) borrower's case number, and (d) project number.
3. Enter date on which loan is closed unless an earlier date is necessary in an exception under RD Instruction 1927-B. For multiple family housing consolidations, insert the date of the consolidation which is the date the Form RD 3560-17 is completed. When the loan will be dated the FIRST of the month but the FIRST falls on a weekend or holiday, date the note the FIRST, close the last working date before the FIRST and file the first work day following the FIRST.
4. Enter Area Office address.
5. Enter amount of loan in (a) words and (b) figures. For consolidation of multiple family housing loans, this amount will be the total of all loans and recoverable cost items, if applicable consolidated as shown on Form RD 3560-17, Multiple Family Housing Consolidation.
6. Enter applicable interest rate in (a) words and (b) figures. (For "Advances" to non-profit organizations purchasing potentially prepaying projects, enter "zero" and "0".)
7. For RHS Loans - When note is being prepared for RHS loan, immediately after item (6b) following the words "PER ANNUM" delete the period and type, "SHALL BE PAID AT THE END OF TWO YEARS FROM DATE OF THIS NOTE, except that prepayments must be made as provided herein below." (Proceed to 10e at bottom of form to complete the form.)

For Multiple Housing Consolidations — When note is prepared in conjunction with the consolidation of multiple housing loans, immediately after item (6b) following the words "PER ANNUM" change the period to a comma (,) and add "which represents the consolidation of loans and recoverable cost items, if applicable as described in Form RD 3560-17, dated _____," (Insert the date of the consolidation.)

PAYMENT ALTERNATIVES

Each loan must be repaid by one of the following alternatives. Payment alternatives involving the deferral of principal and/or interest may be used only in accordance with loan program instructions for the type of loan being made.

- A. Rural Rental Housing and Rural Cooperative Housing may only use Alternative I or II (Alternative II only for "advances" to non-profits) and must be on PASS.
- B. Labor Housing loans closed under Alternatives I or II must be on monthly or annual installments and will be closed on PASS.
- C. Labor Housing loans closed under Alternative III may be on monthly or annual installments and will be closed on DIAS.
- D. Rural Housing Site loans and Site Option loans do not use Alternatives I, II or III. Proceed to (10e) and complete balance of form. Payment will be determined on DIAS.

Indicate the alternative being used by checking the box preceding the alternative selected.

For RRH, RCH, AND LH Loans the following will be applicable:

8. Alternative I is used when principal and interest payments are deferred and accrued interest is capitalized and amortized with the principal over the remaining length of the loan. This alternative will be used when the loan funds are distributed by the Finance Office by multiple advance, or when an interim financed loan is closed, on a date other than the first of the month.

(a) When the loan is closed enter the date on which the accrued interest will be capitalized. This date must be subsequent to the loan closing date and is the estimated date the project will be operational. The amortization effective date will always be the first of the month. When the date the interest is capitalized differs from the AED entered at closing, the loan originator will enter the corrected date provided by the Finance Office via terminal. Any change MUST be initiated by the borrower.

(b) When the accrued interest is capitalized (at AED), enter the number of monthly installments over which principal and interest will be amortized. The number of installments for monthly payment notes will be the number of years over which the loan is to be repaid times 12 (excepting LH loans on annual installments), less the number of deferred monthly installments and the first partial month.

(Example: PASS payment periods must be in whole months. Loan closed 2/15/98 with 6 month construction period, AED of 9/1/98; and, final due date 2/15/2028.

30 x 12 = 360
Less 6 deferred months for construction
Less 1 deferred month for February 16-28, 1998
355 regular amortized installments.)

The number of monthly installment will be based on a loan term of 30 years or the remaining economic life of the project, whichever is less. The installment are calculated based on an amortization period of 50 years or the remaining economic life of the project, whichever is less.

Annual installments are not authorized for RRH and RCH loans.

(c) This item will not be completed until the Finance Office via M1JI provides the amount of accrued interest to be added to the principal and entered in this block. (The amount of accrued interest will be determined as of the amortization effective date (AED) shown in (8a) and will be reported to the Loan Originating Office after all loan funds have been advanced by the Finance Office.)

9. Alternative II is used when payments are not deferred, all loan funds are disbursed by the Finance Office in a single advance and are available at loan closing and when the loan is closed on the first day of the month. All interim financed loans closed on other than the first of the month must use Alternative I.

(a) For RRH, RCH, and LH monthly loans enter the number of years over which the loan is amortized time 12.

10. Alternative III may be used ONLY for LH loans with annual or monthly DIAS installments. Alternative III will be checked when principal payments, but not interest, are to be deferred and loan funds are requested in multiple advances or interim financing is used and the full amount of the loan is requested at one time. Loan funds may be made available on or after loan closing when using this option.

(a) Interest payments cannot be deferred and will be scheduled to be paid at least annually.

(b) Principal payments may be deferred but cannot extend beyond the second year following loan closing. "Interest Only" installments may be scheduled for less than two years, but a payment must be made at least every twelve months.

(c) Amortized payments after the deferred period may be on a monthly or annual basis.

10a. Enter the "First."

- 10b. For annual payments, delete the word month and insert the “month” in which installments will be due.
- 10c. Enter the month, the first day and year the first interest only installment is due. This date may not be more than 12 months from loan closing, (Example: Loan closed in February, income expected in October, enter November 1, 20____.)
- 10d. Enter the month, the first day and year the last interest only installment is due. This date may not be more than 12 months, from the date in 10c.
- 10e. Enter the number of amortized installments over which principal and later accrued interest will be paid. For monthly installments, the number of installments will be the difference between the number of months of the full term of the loan and the number of months the principal is deferred plus the partial month of deferral (Example: 33 year term x 12 = 396 months; loan closed on October 5, 1998, with five month construction period; principal deferred to April 1 plus one month for partial month; amortized payment is due on the first of the month; $396 - 6 = 390$ remaining installment]). Enter the difference between the number of years of the full term of the loan and the number of years the principal is deferred. The number of installments shown will be one or two years less the full term of the loan. Partial year interest only installments count as 1 full year. (Example 1 or 2 year deferred principal - 33 year term; loan closed February 5, 1998, and first interest only installment due 10/1/98; count 7 months plus partial month as 1 for a total of 8 months as 1 year for deferred principal. The remaining installment period would be 32 years. Count 19 months plus partial month for 20 months as 2 year deferred principal. The remaining installment period would be 31 years.) Loans will be amortized over a period not to exceed 33 years or the remaining economic life of the project, whichever is less.
11. This box is used to record the date and amount of the regular amortized installments. Interest only installments will be recorded in this box.

For Rural Housing Site and Site Option Loans

- 11a. For RHS and SO loans, enter the amount of the loan in figures and type in the words, “plus accrued interest.”
- 11b. For RHS loans, enter date the total indebtedness is due. This date will be 2 years from the date of the note. Also change the comma (,) after the date to a period (.) and “x” out the words and spaces, “and \$_____ thereafter, on the _____ of each _____ until the principal and interest are fully paid except that,” and capitalize the “T” in the word “the” to start a new sentence.

For SO loans, enter the date the loan is due. This date will be not later than the end of the TA grantee’s current funding period. Also change the comma (,) after the word “date” to a period (.) and “x” out the remaining portion of that sentence through the word “that.” Capitalize the “T” in the word “the” to start a new sentence.

For all other loans

If payment Alternative I is checked:

- 11a. For monthly installments, only blocks (11d, 11e, and 11f) will be completed until the Finance Office via terminal provides the total principal including capitalized interest. The amortized monthly payment will be entered in 11a and 11c. The date of the first payment to be entered in 11b will be one month after the date entered in (8a) above. This information will be provided to the loan originating office by the Finance Office via terminal.
- 11b. For monthly installments, the first installment will be due one month after the date interest is capitalized. Interest must always be capitalized on the first day of the month.
- 11c. For RRH, RCH and LH loans, enter the same figures as shown in item (11a).
- 11d. Insert the “FIRST.”
- 11e. Insert the word “MONTH” for monthly installments. Enter the month payment is due for annual installment LH loans.
- 11f. Insert the date at which time the loan will be repaid.

If Payment Alternative II is checked:

- 11a. For RRH, RCH and LH monthly loans and LH annual loans on PASS, enter in figures the amount of a regular monthly amortized installment computed by the ordinary annuity method. (All payment amounts must be unrounded.)

The formula used to compute the payment is accessed by inputting data into AMAS via MIJI, Amortization Schedule Request.

For "Advances" to non-profits, enter the total amount of the loan.

- 11b. Enter the date one month later than the date shown in Item 3 which is the date of closing. (Enter one year later for LH with annual payments or for "advances" to non-profits.)

Example:

Monthly

If loan closing is on November 1, 1998, the date entered in (11b) will be December 1, 1998.

Annual LH and Advance to non-profits

If loan is closed on November 1, 1998, the date entered in (11b) will be November 1, 1999.

- 11c. Enter the same figure as shown in item (11a).
- 11d. Enter the word "FIRST."
- 11e. Enter the word "MONTH." (For annual payment LH enter the actual month , i.e., November, payment will be made.)
- 11f. Enter the date at which time the loan will be repaid.

For Advances to non-profits, enter N/A in 11c, d, e, and f.

If payment Alternative III is checked:

- 11a. Insert in figures the amount of the regular amortized monthly or annual installment, computed by accessing AMAS via MIJI, Amortization Schedule Request. Round to the higher dollar.
- 11b. Insert date of first installment, which for annual installments will be one year following the date shown in (10d).
- 11c. Insert the amount of a regular annual amortized installment computed as in (11a).
- 11d. Insert the word "FIRST" as shown in item 11b (example 1st of May).
- 11e. For annual installments insert the name of the month payment is due. For monthly installments, insert the word "MONTH."
- 11f. Insert the date at which time the loan will be repaid.
12. Individuals — Type names of borrower and spouse (if required by State Law) below lines for signatures.

Organization — Type legal name of borrower and names and titles of persons authorized to sign for the organization.

13. Insert what will be the borrower's mailing address after the loan is closed.

When the borrower is a corporation or partnership and program instruction requires the additional liability of the principal stockholders or each partner as individuals, the words "As Individuals" will be typed at the top of the blank space to the left of the lines for signatures. The name of each principal stockholder or each partner and their spouse, if required by State Instruction or Loan Closing Instructions, will be typed below a line for their signature and each will sign exactly as their name is typed.

14. Complete for all loans:

- (a) The Loan Originator will insert the amount of each advance on the original and Area Office copy of the note. (This will be the entire amount of the loan when the entire loan is advanced at loan closing.)
- (b) Insert the actual check date of each advance. The date to be entered for the first advance will be the date of loan closing unless the loan is closed before funds are advanced from the Finance Office. In such cases and for each subsequent advance the date to be entered will be the date of the loan check.

15. Enter total after all advances are completed.

NOTE: In any case where the date shown in items (8a), or (b) is changed, the number and amount of installments in block 11 in the payment box must also be changed. In such cases, the borrower and the Agency approving official must indicate concurrence with changes by initialing and dating the changes or the borrower must execute a replacement promissory note.