APPENDIX 3

REHABILITATION LOAN RIDER

     THIS REHABILITATION LOAN RIDER is made this _____ day of
_____, 19___, and is incorporated into and shall be deemed to amend
and supplement the Mortgage, Deed of Trust or Security Deed ("Security
Instrument") of the same date given by the undersigned ("Borrower") to
secure Borrower's Note ("Note") to

("Lender") of the same date and covering the property described in the
Security Instrument and located at:

                              (Property Address)

     ADDITIONAL COVENANTS. In addition to the covenants and agreements
made in the Security Instrument, Borrower and Lender further covenant and
agree as follows:

A.   Loan proceeds are to be advanced for the rehabilitation of the
      premises in accordance with the Rehabilitation Loan Agreement dated
      _____, 19__, between the borrower and lender. This
      agreement is incorporated by reference and made a part of this
      mortgage. No advances shall be made unless approved by a Direct
      Endorsement Underwriter or the Assistant Secretary of Housing
      - Federal Housing Commissioner, Department of Housing and Urban
      Development.

B.   If the rehabilitation is not properly completed, performed with
      reasonable diligence, or is discontinued at any time except for
      strikes or lockouts, the lender is vested with full authority to take
      the necessary steps to protect the rehabilitation improvements and the
      property from harm, continue existing contracts or enter into
      necessary contracts to complete the rehabilitation. All sums expended
      for such protection, exclusive of the advances of the principal
      indebtedness, shall be added to the principal indebtedness, and be
      secured by the mortgage and be due and payable on demand with interest
      as set out in the note.

C.   If the borrower fails to make any payment or to perform any other
      obligation under the loan, including the commencement, progress and
      completion provisions of the Rehabilitation Loan Agreement, and such
      failure continues for a period of 30 days, the loan shall, at the
      option of the lender, be in default,

     BY SIGNING BELOW, Borrower accepts and agrees to the terms and
covenants contained in this Rehabilitation Loan Rider.

_____   _____
Borrower (Seal)   Borrower (Seal)

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