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## SUBSIDY MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on \_\_\_\_\_, 20\_\_\_\_. The mortgagor is

\_\_\_\_\_  
("Borrower"). This Security Instrument is given to \_\_\_\_\_, which is organized and existing under the laws of the \_\_\_\_\_, and whose address is \_\_\_\_\_ ("Lender"). Borrower owes Lender the principal sum of \_\_\_\_\_ Dollars (U.S. \$\_\_\_\_\_). This debt is evidenced by Borrower's note ("Note") dated the same date as this Security Instrument. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions, and modifications of the Note; (b) the payment of all other sums, with interest, advanced under Paragraph 5 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant, and convey to Lender the following described property located in \_\_\_\_\_ County, Illinois:

\_\_\_\_\_  
\_\_\_\_\_  
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which has the address of \_\_\_\_\_ ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances, and fixtures now or hereafter a part of the Property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant, and convey the Property, and that the Property is unencumbered, except for encumbrances of record. Borrower warrants, and will defend generally, the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

**1. Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

**2. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 2. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**3. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower, subject to Lender's approval, which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with Paragraph 5.

All insurance policies and renewals must meet with Lender's approval and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible, or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of such payments. If, under Paragraph 19, the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**4. Preservation, Maintenance, and Protection of the Property; Borrower's Loan Application.** Borrower shall not destroy, damage, or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that, in Lender's good-faith judgment, could result in forfeiture of the Property, or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in Paragraph 16, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good-faith determination, precludes forfeiture of Borrower's interest in the Property, or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all the

provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**5. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this Paragraph 5, Lender does not have to do so.

Any amounts disbursed by Lender under this Paragraph 5 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate, and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**6. Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept, use, and retain these payments as a loss reserve in lieu of mortgage insurance. Loss reserve payments may no longer be required, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance ends in accordance with any written agreement between Borrower and Lender or applicable law.

**7. Inspection.** Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

**8. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property, or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Paragraph 1 or change the amount of such payments.

**9. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment, or modification of amortization of the sums secured by this Security Instrument, granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest, or refuse to extend time for payment, or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of, or preclude the exercise of, any right or remedy.

**10. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Paragraph 15. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant, and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear, or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**11. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**12. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first-class mail, unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this Paragraph 12.

**13. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end, the provisions of this Security Instrument and the Note are declared to be severable.

**14. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

**15. Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**16. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys'

fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property, and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Paragraph 15.

**17. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change of the entity that collects monthly payments due under the Note and this Security Instrument (known as the "Loan Servicer"). There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with Paragraph 12 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

**18. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit, or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this Paragraph 18, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Paragraph 18, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety, or environmental protection.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

**19. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Paragraph 15 unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument, foreclosure by judicial proceeding, and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Security Instrument, without further demand, and may foreclose this Security Instrument by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Paragraph 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

**20. Release.** Upon either the expiration of five years from the date of this Security Instrument or the reimbursement of the remaining sums due, Lender shall release this Security Instrument without charge to Borrower. Borrower shall pay any recordation costs.

**21. Waiver of Homestead.** Borrower waives all right of homestead exemption in the Property.

**22. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into, and shall amend and supplement, the covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument. [Check applicable box(es)]

- Adjustable Rate Rider       Condominium Rider       1--4 Family Rider
- Graduated Payment Rider     Planned Unit Development Rider     Biweekly Payment Rider
- Balloon Rider                       Rate Improvement Rider               Second Home Rider
- Other(s) [specify]

**BY SIGNING BELOW**, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

Witnesses:

.....  
 \_\_\_\_\_ --Borrower

.....  
 \_\_\_\_\_ --Borrower

.....  
 \_\_\_\_\_ --Borrower

.....  
 \_\_\_\_\_ --Borrower

\_\_\_\_\_  
 [Space Below This Line For Acknowledgment]

STATE OF ILLINOIS, .....County ss:  
 I, ....., a Notary Public in  
 and for said county and state, do hereby certify that .....,  
 ....., personally known to me to be the same person(s)  
 whose name(s) ..... subscribed to the foregoing instrument, appeared before me this day in person, and  
 acknowledged that.....signed and delivered the said instrument as ..... free and voluntary act, for  
 the uses and purposes therein set forth.

Given under my hand and official seal, this .....day of ....., 20.....  
 My Commission expires:

\_\_\_\_\_  
**Notary Public**

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## PROMISSORY NOTE

Borrower: \_\_\_\_\_ Lender: \_\_\_\_\_

Loan Number: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

Date of Loan Disbursement: \_\_\_\_\_

PROMISE TO PAY. I promise to pay \_\_\_\_\_ ("Lender"), or order, in lawful money of the United States of America, the principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), pursuant to the Promissory Note Rider.

DEFAULT. I will be in default if any of the following happens: (a) I break any promise I have made to Lender, or I fail to perform any duty contained herein and in the Promissory Note Rider promptly at the time and strictly in the manner provided in this Note and in the Promissory Note Rider; b) I sell or transfer the property in violation of the Federal Home Loan Bank of Chicago's policies.

LENDER'S RIGHTS. Upon default, Lender may declare the unforgiven principal balance on this Note immediately due, without notice, and then I will pay that amount. This Note has been delivered to Lender and accepted by Lender in the State of Illinois. If there is a lawsuit, I agree, upon Lender's request, to submit to the jurisdiction of the courts of \_\_\_\_\_ County, the State of Illinois. This Note shall be governed by, and construed in accordance with, the laws of the State of Illinois and the United States of America.

COLLATERAL. This Note is secured by a Mortgage dated \_\_\_\_\_ to Lender on real property located in \_\_\_\_\_ County, State of Illinois, all the terms and conditions of which are hereby incorporated and made a part of this Note.

ADDITIONAL PROVISIONS. The mortgage is on property located at:

GENERAL PROVISIONS. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees, or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, protest, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker, or endorser, shall be released from liability. All such parties agree that Lender may release any party or guarantor, or impair, fail to realize upon, or perfect Lender's security interest in the collateral, and take any other action deemed necessary by Lender without the consent of, or notice to, anyone. The obligations under this Note are joint and several. This means that the words "I," "me," and "my" mean each and all of the persons signing below.

PRIOR TO SIGNING THIS NOTE, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. I, AND EACH OF US, AGREE TO THE TERMS OF THE NOTE AND ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THE NOTE.

BORROWER:

X \_\_\_\_\_

X \_\_\_\_\_

X \_\_\_\_\_

X \_\_\_\_\_

Date Signed

Date Signed



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## PROMISSORY NOTE RIDER

THIS PROMISSORY NOTE RIDER ("Rider") is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and is incorporated into and shall be deemed to amend and supplement a Note in the amount of \$\_\_\_\_\_, dated an even date herewith, executed by the undersigned ("Borrower") to \_\_\_\_\_ ("Lender"), secured by a Mortgage or Deed of Trust dated an even date herewith. Lender is advancing funds to Borrower in accordance with the terms of the Federal Home Loan Bank of Chicago's Affordable Housing Program.

In addition to the agreements and provisions made in said Note, Borrower and Lender further agree as follows:

This forgivable subsidy is originated pursuant to the Federal Home Loan Bank of Chicago's Affordable Housing Program ("Program"). Borrower has received subsidy funds under the Program in the amount of \$\_\_\_\_\_ ("Subsidy"), which will be a mortgage on the subject property according to the terms and conditions applicable to the Program. Borrower hereby acknowledges receipt of the Subsidy.

Lender will consider the anniversary of the date of the loan closing for the first mortgage loan advanced by Lender to finance the subject property (or in cases where the Subsidy finances only renovation costs to the property, Lender will consider the anniversary of the date that this Note and Rider are executed) ("Loan Closing Date") in forgiving and/or prorating the Subsidy. Borrower and Lender agree that, after the completion of each full month following the Loan Closing Date, 1/60th of the Subsidy will be forgiven. Upon completion of a five- (5) year term, no amounts will remain due. No credit will be given for partial months of ownership. Borrower agrees to provide Lender all and any information that Lender or the Federal Home Loan Bank of Chicago ("FHLBC") deems to be necessary to release Borrower from its repayment obligation.

Borrower must notify Lender and the FHLBC of any sale or refinancing of the subject property that occurs within five (5) years of the Loan Closing Date.

Borrower and Lender agree that, if the property financed pursuant to the Program is sold within five (5) years of the Loan Closing Date to a purchaser whose income meets the eligibility requirements for participation in the Program, then Borrower shall not be required to repay any portion of the Subsidy. If the subject property is sold to a purchaser that is not a very low-, low-, or moderate-income household, any net gain on sale will be applied as repayment of the unforgiven Subsidy as follows: 1/60th of the total Subsidy awarded to Borrower is to be repaid for each month remaining on the five- (5) year term from the Loan Closing Date. No credit will be given for partial months of ownership. The amount of Subsidy to be repaid shall not exceed the net gain on sale, as defined by the FHLBC's repayment policy at the time of sale of the property. Gain on sale will be computed by Lender based upon its review of the appropriate H.U.D. Settlement Statements for the purchase and sale of the mortgage property.

If Borrower refinances within five (5) years of the Loan Closing Date, which results in a net gain, and the subject property does not remain subject to the encumbrance created by this Rider, or another legally enforceable retention agreement or mechanism as permitted under the Program, then repayment of the unforgiven Subsidy is as follows: 1/60th of the total Subsidy awarded to Borrower is to be repaid for each month remaining on the five- (5) year term from the Loan

Closing Date. No credit will be given for partial months prior to refinancing. The amount of Subsidy to be repaid shall not exceed the net gain on refinancing, as defined by the FHLBC's repayment policy at the time of refinancing of the property. Net gain on refinancing will be computed by Lender based upon its review of the appropriate loan documents related to refinancing of the mortgage property

If Borrower sells or refinances the subject property, and the subject property was assisted with a permanent mortgage loan funded by a Program subsidy advance, then Borrower shall not be required to repay any portion of the Subsidy.

Borrower's obligation to repay the Subsidy shall terminate if the subject property is foreclosed upon or conveyed by deed in lieu of foreclosure, or if the FHA-insured first mortgage on the subject property is assigned to the Secretary of the U.S. Department of Housing and Urban Development.

Reimbursement of said Subsidy shall be made directly to:

Name of Institution \_\_\_\_\_  
Street Address \_\_\_\_\_  
City, State, Zip \_\_\_\_\_

This Rider shall expire on \_\_\_\_\_ 20\_\_\_\_\_, unless the terms of this Rider require repayment at an earlier date.

IN WITNESS WHEREOF, Borrower has executed this Promissory Note Rider.

\_\_\_\_\_  
Borrower's Name

\_\_\_\_\_  
Borrower's Signature

Date \_\_\_\_\_

\_\_\_\_\_  
Co-Borrower's Name

\_\_\_\_\_  
Co-Borrower's Signature

Date \_\_\_\_\_