

UNITED STATES DEPARTMENT OF AGRICULTURE  
FARMERS HOME ADMINISTRATION

|  |                |  |   |
|--|----------------|--|---|
| DATE OF NOTE   | AMOUNT OF NOTE | <b>INTEREST CREDIT AGREEMENT</b><br>(Section 502 RH Loans) | TYPE OF AGREEMENT<br>1 <input type="checkbox"/> New    2 <input type="checkbox"/> Renewal    3 <input type="checkbox"/> Corrected |
| PAYMENT PLAN<br><input type="checkbox"/> Annual <input type="checkbox"/> Monthly <input type="checkbox"/> Deferred |                |  | CASE NUMBER   |
|  |                |  | EFFECTIVE DATE OF AGREEMENT   |

I. This agreement between the United States of America, acting through the Farmers Home Administration 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.

|      | PLANNED INCOME NEXT 12 MONTHS |       |       |   |
|------|-------------------------------|-------|-------|---|
| NAME | AGE                           | WAGES | OTHER | NAMES AND ADDRESSES OF EMPLOYER OR SOURCE OF INCOME |
| 1.   |                               |       |       |   |
| 2.   |                               |       |       |   |
| 3.   |                               |       |       |   |

B. Number of dependent minor children (not including foster children) residing in the dwelling.

C. Annual Real Estate Taxes (Dwelling Only) \_\_\_\_\_ Annual Property Insurance Premium (Dwelling Only) \_\_\_\_\_

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.

**WARNING:** 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 ... 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 not more than \$10,000 or imprisoned not more than 5 years, or both."

\_\_\_\_\_  
(Date) (Borrower) (Co-Borrower)

|   |   |  |
|---|---|--|
| III. TO BE COMPLETED BY COUNTY OFFICE<br><br>1. Annual Income _____<br><br>2. Deductions _____<br><br>3. Adjusted Annual Income _____<br>(1 minus 2)<br><br><input type="checkbox"/> Low-income <input type="checkbox"/> Moderate-Income<br>Limit Maximum | 4. Note Installment (    ) _____<br>5. Note Installment (    ) _____<br>6. Real Estate Tax (    ) _____<br>7. Property Insur. (    ) _____<br>8. Total (    ) _____<br>9. Adjusted Income x 20% (    ) _____<br>10. Difference (    ) _____ | 11. Note Installment _____<br>12. Note Installment _____<br>at 1% Rate _____<br>13. Difference _____<br>14. Interest Credit<br>Annual _____<br>Monthly _____ |
|---|---|--|

IV. MONTHLY INSTALLMENT note subject to the provisions of this agreement, the borrower will pay \_\_\_\_\_ dollars per month for 12 months beginning \_\_\_\_\_. 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 canceled 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 \_\_\_\_\_ dollars on or before January 1, \_\_\_\_\_. If the borrower's circumstances do not change, this agreement will be extended and the borrower will pay \_\_\_\_\_ dollars on or before January 1, \_\_\_\_\_. This agreement or the extension thereof may be revised or canceled as provided by the conditions listed on the reverse of this form.

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

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\_\_\_\_\_  
(Date Approved) By \_\_\_\_\_  
(Title)

RETURN TO:

*Public reporting burden for this collection of information is estimated to average 20 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. Send comments regarding this burden estimate or any other aspect of this collection of information including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0059), Washington, D.C. 20503. Please DO NOT RETURN this form to either of these address. Forward to FmHA only.*

*If the decision contained above in this form results in denial reduction or cancellation of FmHA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.*

- 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 regulation of the Farmers Home Administration, 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.