

SHARED APPRECIATION ALLONGE

THIS SHARED APPRECIATION ALLONGE is an AMENDMENT made this _____ day of _____, 19____, and is incorporated into and shall be deemed to amend and supplement the Note ("Note") of the same date given by the undersigned ("Borrower") to evidence Borrower's indebtedness to _____ ("Lender"), which indebtedness is secured by a Mortgage, Deed of Trust or Security Deed ("Security Instrument"), of the same date and covering the Property described in the Security Instrument and located at:

[Property Address]

Notwithstanding anything to the contrary set forth in the Note, Borrower hereby agrees to the following:

1. At the time that the Note is due and payable or is paid in full, Borrower promises to pay Lender an additional amount of interest equal to twenty-five percent (25%) of the appreciated value of the Property, except that the total effective interest rate shall not exceed twenty percent (20%).
2. If the principal balance is less than the appraised value of the Property at origination, the Lender's share of appreciation shall be calculated by subtracting the appraised value of the Property at the time of the loan origination from the adjusted sales proceeds (i.e., sales proceeds less costs and capital improvements, but excluding liens) and multiplying by twenty-five percent (25%).
3. If the principal balance is greater the appraised value at origination but less than the adjusted sales proceeds, the Lender's share is calculated by subtracting the principal balance from the adjusted sales proceeds and multiplying by twenty-five percent (25%).
4. If the principal balance is greater than the adjusted sales proceeds, the net appreciated value is zero.
5. If there has been no sale or transfer at the time the Note is satisfied, the "sales proceeds" in Paragraphs 2 and 4 shall be the current appraised value of the Property.
6. The effective interest rate shall be calculated by adding the amount of interest accrued in the twelve (12) month period prior to the sale of the Property or prepayment in full, to the Lender's share of the net appreciated value. The sum of the interest and Lender's appreciation share shall be divided by the sum of the Principal Balance at the beginning of the twelve (12) month period prior to sale or prepayment in full, plus the total of the monthly payments to or on behalf of the Borrower in the twelve (12) months prior to the sale or prepayment in full, to result in the effective interest rate not in excess of twenty percent (20%).
7. Borrower and Lender have a debtor-creditor relationship. Nothing in this document is intended to create a partnership or joint venture.

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

Borrower (SEAL)

Borrower (SEAL)