

Loan No.  
Borrower:  
MIN.

**NOTE**

**NOTE DATE**

**CITY, STATE**

**ADDRESS**  
**CITY, STATE ZIP**  
Property Address

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. **\$0,000.00** (this amount will be called "principal"), to the order of the Lender. The Lender is **[LENDER NAME]**. I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note will be called the "Note Holder."

**2. INTEREST**

No interest is due on this note.

**3. PAYMENTS**

Unless this Note is forgiven under Section 11 hereof, I will pay all principal under this Note on the earlier of the following (the earlier of such dates is called the "Maturity Date") (a) the date on which the Property (or any interest thereon) is sold, assigned or otherwise transferred; (b) the date on which the Primary Loan is refinanced (unless otherwise provided by law), modified, assumed or foreclosed; or (c) **[Maturity Date]**. However, I may be required to pay this Note in full before the Maturity Date if a default occurs under this Note or the deed of trust of even date herewith securing this Note and recorded as a lien against the Property (the "Deed of Trust"). The "Primary Loan" is the loan made by the Lender to me represented by a note of even date herewith and secured by a first priority lien on the Property in the form of a deed of trust or mortgage of even date herewith.

I will make my payment at 912 W. Baxter Drive, Suite 150, South Jordan, UT 84095 or at a different place if required by the Note Holder.

**4. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Notice of Default**

If I do not pay the full amount when due, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date I will be in default. That date must be at least 10 days after the date on which the notice is mailed to me or, if it is not mailed, 10 days after the date on which it is delivered to me.

**(B) Default**

If I do not pay the overdue amount by the date stated in the notice described in (A) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal, which has not been paid. Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(C) Payment of Note Holder's Cost and Expenses**

If I do not pay the overdue amount by the date stated in the notice described in (B) above, I will be in default. If I am in default, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount.

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**5. THIS NOTE SECURED BY A DEED OF TRUST**

In addition to the protections given to the Note Holder under this Note, a Deed of Trust, dated **[NOTE DATE]**, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

**Transfer of the Property or a Beneficial Interest in Borrower.** Upon the refinance, or modification, assumption or foreclosure of the Primary Loan or any first priority mortgage lien on the Property or any sale,

assignment or transfer of 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 Beneficiary's prior written consent, Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by law as of the date of this Deed of Trust.

**6. BORROWER'S PAYMENTS BEFORE THEY ARE DUE**

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in a letter that I am doing so. A prepayment of all of the unpaid principal is known as a "full prepayment." A prepayment of only part of the unpaid principal is known as a "partial prepayment."

**7. BORROWER'S WAIVERS**

I waive my rights to require the Note Holder to do certain things. Those things are: (A) to demand payment of amounts due (known as "presentment"); (B) to give notice that amounts due have not been paid (known as "notice of dishonor"); (C) to obtain an official certification of nonpayment (known as a "protest"). Anyone else who agrees to keep the promises made in this Note, or who agrees to make payments to the Note Holder if I fail to keep my promises under this Note, or who signs this Note to transfer it to someone else also waives these rights. These persons are known as "guarantors, sureties and endorsers."

**8. GIVING OF NOTICES**

Any notice that must be given to me under this Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by certified mail to the Note Holder at the address stated in Section 3 above. A notice will be mailed to the Note Holder at a different address if I am given a notice of that different address.

**9. RESPONSIBILITY OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each of us is fully and personally obligated to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to do these things. The Note Holder may enforce its rights under this Note against each of us individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorser of this Note (as described in Section 7 above) is also obligated to keep all of the promises made in this Note.

**10. CERTAIN RESTRICTIONS TERMINATE ON FORECLOSURE OF HUD-INSURED FIRST MORTGAGE**

In the event of foreclosure or deed in lieu of foreclosure of prior mortgage or assignment of the first mortgage to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the property or otherwise restricting the Borrower's ability to sell the Property shall have no further force or effect. Any person (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a prior deed of trust shall receive title to the Property free and clear from such restrictions.

**11. FORGIVENESS OF NOTE**

Upon completion of thirty-six (36) consecutive payments on the Primary Loan, my obligation to repay the principal balance under this Note may be forever forgiven and extinguished if:  
A. During the preceding thirty-six (36) consecutive payments none of the payments on the Primary Loan have been made thirty (30) days or more after a payment is due.  
B. The Note has not been subordinated. The Note Holder will not willingly subordinate this loan to a new Primary Loan issued to me on the subject property. Consequently, if this loan is subordinated without the consent of the Note Holder, this Section becomes void and the obligations under this Note will not be eligible for forgiveness. I will then

be required to repay the obligations under this Note in full in accordance with the terms and conditions found in Section 3 herein.

I understand that it is my sole responsibility to satisfy all of the conditions to forgive and extinguish my obligation to repay the principal balance under this Note. Provided the conditions to forgive and extinguish this loan have been met, to extinguish this obligation, upon completion of the 36th payment after the first payment due date of the Primary Loan, I must: (a) make a request to the Note Holder to release the lien; (b) cooperate with Note Holder in establishing conditions for repayment have been met; and (c) pay the costs associated with preparing and recording the lien release. This cost will be determined by the original closing entity (or acceptable substitute). The Note Holder may add a processing fee of no more than Fifty Dollars (\$50) to cover their costs associated with the processing of the lien release. Upon compliance with (a) and (b) above, the Note Holder will execute and send to the closing entity the necessary documents and funds to fully process the lien release.

If I am not able to comply with Section 11(A) and the Primary Loan arrives at its maturity and I have complied with section 11(B) in that this Note has not been subordinated to another loan, this Note will be forever forgiven and extinguished upon my completion of the items in the paragraph immediately preceding this paragraph.

**12. AGREEMENT TO COOPERATE**

The undersigned borrower(s) agree(s) that the failure of borrower(s) to cooperate, adjust, and/or replace any such loan documentation as provided herein, upon the reasonable request of Note Holder, will constitute a default under the loan documentation.

**NOTICE TO BORROWERS**

- **Read this promissory note or loan agreement before you sign.**
- **Do not sign this promissory note or loan agreement if it contains blank spaces.**
- **The promissory note or loan agreement is secured by a secondary mortgage on your real property.**
- **Sign the original only.**

\_\_\_\_\_  
BORROWER NAME (Seal)  
-Borrower

\_\_\_\_\_  
-Borrower (Seal)  
(Sign Original Only)

Loan originator (Organization): [LENDER NAME]; NMLS #: [NMLS#]  
Loan originator (Individual): [MLO NAME]; NMLS #: [NMLS#]