

SUBSIDY ACCOUNT AGREEMENT

WHEREAS, on the _____ day of _____ ("PROVIDER"),
_____ ("BORROWER")

and
("LENDER") are hereby entering into this Agreement concerning a sum of money which is being deposited with the LENDER by the PROVIDER in an escrow account (hereinafter "Account") for the benefit of the BORROWER to subsidize the monthly mortgage payments payable to LENDER under the terms of a Note secured by a Mortgage or Deed of Trust ("Security Instrument") on property located at:

NOW, THEREFORE, it is agreed between the PROVIDER, BORROWER and LENDER as follows:

1. The sum of \$ _____ is deposited by PROVIDER with the LENDER, the receipt of which is hereby acknowledged, which sum, will be held in accordance with the terms of this Agreement. PROVIDER has no further rights in the deposited funds upon deposit. The funds in the Account may be commingled with funds held by the LENDER for other Borrowers but the LENDER shall maintain separate accounting records by Borrower with respect to each Account.

2. LENDER will withdraw from this Account monthly amounts as follows until the Account is terminated:

Monthly Payments Numbered	Subsidy Withdrawals
1-12	\$
13-24	\$
25-360	\$

Funds, if any remaining in the Account at the time the last monthly subsidy withdrawal is made, may be retained by LENDER.

3. The LENDER will credit the monthly amount withdrawn as indicated in Paragraph 2 against the BORROWER'S required monthly mortgage payment as called for in the Note.

BORROWER'S obligation continues to be the full Note monthly mortgage payment although BORROWER'S out-of-pocket monthly payment is reduced during the subsidy period to the extent of the subsidy withdrawals per Paragraph 2. BORROWER'S required out-of-pocket monthly payment during the subsidy period is as follows:

Monthly Payments Numbered	Borrower's Payment	(Principal and Interest Only)
1-12	\$	
13-24	\$	
25-360	\$	

Subsidy withdrawals per Paragraph 2 will be applied only upon LENDER'S receipt of BORROWER'S monthly payment per Paragraph 3. Monthly principal reduction will be based on the Note interest rate amortization schedule. Interim interest collected at loan closing will be based on the Note interest rate and will not be subsidized.

4. Withdrawals from the Account will commence on the due date of the first monthly payment and will continue until such time as the Account is terminated.
5. At the time the Account is fully depleted per Paragraph 2 above, BORROWER must then remit to the LENDER the total principal and interest mortgage payments as called for in the Note.
6. BORROWER'S interest in the Account is to have the withdrawals applied to the current monthly payment due under the Note and Security Instrument and no part thereof may be used to pay any delinquent payments due from BORROWER under Paragraph 3.
7. If the LENDER is collecting monthly escrow payments from the BORROWER for insurance, taxes or similar charges, this Agreement does not reduce or impact those escrow payments.
8. The LENDER is the sole party authorized to withdraw from the Account, except as herein provided and no deposit beyond the initial deposit will be made to the Account.
9. If the LENDER'S interest in the BORROWER'S loan on the subject property is assigned, sold or transferred to any third party, LENDER will assign its rights and/or obligations under this Agreement to that party.
10. This Account will be terminated and all parties released from obligations hereunder upon the happening of any of the following events:
 - a) all monthly amounts being withdrawn as specified in Paragraph 2;
 - b) the loan being prepaid in full prior to all monthly payments being withdrawn as specified in Paragraph 2, in which case the balance in the Account will be retained by the Lender;
 - c) the Mortgage being foreclosed, in which case the balance in the Account will be issued to reduce the mortgage debt.
11. If the subject property is sold and the Note and Security Instrument assumed in accordance with the terms provided in the Security Instrument, the Account will remain with the LENDER to be disbursed to the credit of the assuming party as provided in this Agreement.

- 12. There are no other terms or agreements, expressed or implied, concerning the Account herein established.
- 13. This Agreement shall be binding and inure to the benefit of the heirs, successors and assigns of the parties hereto; provided, however, BORROWER may not assign without LENDER'S written approval.

LENDER:

By _____

PROVIDER:

By _____

BORROWER:

BORROWER:

BORROWER:

BORROWER:
