

**Residual Receipts
Note
(Nonprofit Borrowers)**

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 0000-0000
(Exp. 00/00/00)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours 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 the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, DC 20410-3600 and to the Office of Management and Budget, Paperwork Reduction Project (2502-0468), Washington, DC 20503. Do not send this completed form to either of the above addresses.

Project Name: _____

HUD Project No. _____

For value received _____ **(Maker)**
promises to pay to _____ **(Payee)** the sum of _____ Dollars

(\$ _____) at _____
with interest at the rate of _____% (_____ per centum) per annum,
which shall not be compounded, subject to the following:

~~4.— 1. The balance of principal, if any remaining unpaid, plus accrued interest, Principal and interest on this Residual Receipts Note shall be due and payable on the maturity date (“Maturity Date”), which is hereby defined as the date on or after the maturity date of that certain Loan financing the Project and secured by the Security Instrument dated _____, 20____ in the principal amount of \$ _____ (as the same may be now or hereafter amended, the “Security Instrument”) originally in favor of _____ (together with its successors and assigns “Lender”). -Ssuch Loan being is insured by HUD. maturity date of the note and mortgage or deed of trust (respectively, Note and the Security Instrument) insured or held by HUD financing the Project, provided that if the Note is prepaid in full, the holder of this Residual Receipts Note, at its option and without notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Any capitalized term or word used herein can be found in this Residual Receipts Note, and the Security Instrument, the Note, or the Regulatory Agreement between Borrower/Maker and HUD, incorporated by reference therein.~~

~~2.— Any capitalized term or word used herein can be found in this Residual Receipts Note, the Regulatory Agreement between Borrower and HUD, and/or the Security Instrument.~~

~~3.— 2. If the Note secured by the Security Instrument is prepaid in full, the holder of this Residual Receipts Note, at its option and without notice, may declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Notwithstanding the foregoing, in the~~

event ~~said~~ the indebtedness is paid in full by way of any substitute indebtedness of Maker secured by any substitute security instrument insured or held by HUD under Section 223 (a)(7) of the National Housing Act, as amended, the maturity date of this Residual Receipts Note shall be automatically extended to the maturity date of the substitute security instrument without the consent of Payee.

- 3. So long as HUD is the insurer or holder of the Note secured by the Security Instrument ~~on the Project~~, payments due under this Residual Receipts Note shall be payable only from Residual Receipts or as described in Paragraph 5 below ~~of the Project~~. The restriction on payment imposed by this paragraph shall not excuse any default caused by the failure of Maker to pay the indebtedness evidenced by this Residual Receipts Note.
- 4. Prepayments to principal and interest on this Residual Receipts Note may be made only from ~~the Residual Receipts account~~ and only after obtaining the prior written approval of HUD, except as permitted in Paragraph 5 below. No prepayments shall be made until after final endorsement for mortgage insurance by HUD of the Note ~~secured by the Security Instrument~~ and after the end of a semiannual or an annual fiscal period of Maker.
- 5. Notwithstanding the provisions of ~~Paragraphs~~ Paragraphs numbered 3 and 4 ~~above~~, Maker also may make payments due hereunder from sources other than Project income or Project Assets.
- 6. This Residual Receipts Note is non-negotiable ~~and may not be sold, transferred, assigned, or pledged by Payee except with the prior written approval of HUD.~~
- 7. In the event that the maturity date of the Note and the Security Instrument is extended and such extension is approved by HUD, then, in such event, the Maturity Date of this Residual Receipts Note shall automatically be extended to the extended maturity date of the Note and the Security Instrument without the consent of Payee.
- 8. Any unauthorized payments on this Residual Receipts Note, as determined by HUD, shall be returned to the Project.
- 9. This Residual Receipts Note is made and delivered in payment of _____

- 10. Presentation, demand and notice of demand, non-payment and protest of this Residual Receipts Note are waived.

11. The terms and provisions of this Residual Receipts Note are also for the benefit of and are enforceable by HUD against any party hereto, their successors or assigns, or any other person.

IN WITNESS WHEREOF Maker has signed this Residual Receipts Note on this _____ day of _____, 20____.

MAKER:

By: _____

Title: _____

Payee hereby certifies that this is a bona fide transaction and that Payee fully understands all the requirements of this [Residual Receipts](#) Note, and that no prepayment of principal or interest shall be accepted without evidence that HUD has authorized such prepayment, [unless such prepayment is from non-Project sources as described in Paragraph 5](#). If an unauthorized prepayment is accepted, the funds shall be returned to the Project immediately upon discovery.

PAYEE:

By: _____
Name and Title: