

**Surplus Cash Note**

**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 (\$\_\_\_\_\_), payable at

\_\_\_\_\_ with interest on any remaining  
balance of principal at \_\_\_\_\_ per cent (\_\_\_\_\_% ) per annum payable  
annually or semi-annually, commencing \_\_\_\_\_, 20\_\_\_\_, and  
thereafter on the first day of \_\_\_\_\_ until the entire indebtedness has  
been paid. Any interest not so paid shall not create any default in the terms of this note  
but shall accrue and be payable in full on the maturity date hereof. In any event, the  
balance of principal, if any remaining unpaid, plus accrued interest, shall be due and  
payable on \_\_\_\_\_, 20\_\_\_\_ ("**Maturity Date**"). [*Note: The Maturity  
Date must be on or after the maturity date of the Security Instrument.*] (The definition of  
any capitalized term or word used herein can be found in this Surplus Cash Note, the  
Note, the Regulatory Agreement between Borrower and HUD, and/or the Security  
Instrument.)

This Surplus Cash Note ~~is made on and~~ is subject to the following terms and  
conditions:

1. In the event that the maturity date of that certain Security Instrument dated  
\_\_\_\_\_ in the principal amount of \$\_\_\_\_\_ made by  
Maker to \_\_\_\_\_ ("**Lender**")  
in connection with the Project referenced above is extended and such extension  
is approved by HUD then in such event the Maturity Date ~~of this Surplus Cash  
Note~~ shall automatically be extended to the extended maturity date of the  
Security Instrument without the consent of Payee.

2. Except as provided in Section 5 below, Seas long as HUD is the insurer or holder  
of the Note secured by the Security Instrument, payments due under this Surplus  
Cash Note shall be payable only from Surplus Cash. 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 Surplus Cash Note.

3. In the event ~~that~~ the indebtedness secured by the Security Instrument is paid in full and the Security Instrument released of record, then the holder of this Surplus Cash Note may, at its option, declare the whole principal sum or any balance thereof, together with interest thereon, immediately due and payable. Notwithstanding the foregoing, in the event said 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 Surplus Cash Note shall automatically be extended to the maturity date of the substitute security instrument without the consent of Payee.
4. Maker may pay any part or all of the principal of this Surplus Cash Note on any interest payment date, provided no such prepayment of principal in any amount or any payment of interest shall be made except from Surplus Cash in accordance with the conditions prescribed in the Regulatory Agreement.
5. Notwithstanding the provisions of paragraphs numbered 2, ~~and 4, and 7 above~~, Maker may also make payments due hereunder from sources other than Project income or Project Assets.
6. Any unauthorized payments, as determined by HUD, shall be returned to the Project.
7. Except as permitted pursuant to Paragraph 5 hereof, No prepayment of this Surplus Cash Note shall be made until after final endorsement for mortgage insurance by HUD of the Note ~~secured by the Security Instrument~~, unless such prepayment is made from non-Project sources ~~and is approved in writing by HUD~~.
8. This Surplus Cash Note is non-negotiable ~~and may not be sold, transferred, assigned or pledged by payee except with the prior written approval of HUD~~.
9. Interest on this Surplus Cash Note shall not be compounded as long as HUD is the insurer or holder of the Note secured by the Security Instrument.
10. Maker hereby waives presentment, demand, protest and notice of demand, protest and nonpayment of this Surplus Cash Note.
11. The terms and provisions of this Surplus Cash Note are also for the benefit of and are enforceable by HUD against any party hereto ~~or any other person, their successors and assigns~~. This Surplus Cash Note may not be modified or amended without the written consent of HUD.

IN WITNESS WHEREOF, Maker has signed this Surplus Cash Note on this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

MAKER: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Title: