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| **Residual Receipts**  **Note (Limited**  **Dividend Borrowers)** | **U.S. Department of Housing**  **and Urban Development**  Office of Housing | OMB Approval No. 2502-0598  (Exp. 06/30/2017) |

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**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:

1. The balance of principal, if any remaining unpaid, plus accrued interest, 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”**). Such Loan is insured by HUD. Any capitalized term or word used herein can be found in this Residual Receipts Note, the Security Instrument, the Note, or the Regulatory Agreement between Borrower/Maker and HUD.

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 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, payments due under this Residual Receipts Note shall be payable

only from Residual Receipts or as described in Paragraph 5 below. 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 Residual Receipts 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 and after the end of a semiannual or an annual fiscal period of Maker.

5. Notwithstanding the provisions of 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.

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.

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: