

My Place Mortgage

Interest-Only Agreement

Federation of Appalachian Housing Enterprises, Inc. DBA FAHE, Inc. Hereafter referred to as "FAHE, Inc." is pleased to offer you the opportunity of an interest-only down payment assistance loan (second mortgage) to assist with the closing costs and down payment needs of your home purchase. Participation in FAHE, Inc.'s My Place Mortgage program is contingent upon meeting the program's income requirements. I/we understand that during the term of the loan, I am responsible for making monthly interest-only payments. At the end of the loan term (30 years) or upon refinance, sale, early payoff of the first mortgage or transfer, I/we am/are responsible to pay the principal balance of the second mortgage.

Example: John Smith purchases a home for \$120,000. He put \$3,000 down. John applied for and obtained a fixed 30-year first mortgage for \$116,400 at a 5.75% rate. His closing costs were \$4,200. John did not have additional funds for the closing costs of \$4,200 or the remainder of the down payment of \$600 (\$117,000 - \$116,400), and he did not want to increase his first mortgage so he took out a My Place Mortgage for \$4,800 at a rate of 5.75%. While John owned this home, John's monthly payments on the My Place Mortgage would be \$23 a month.

When John decides to sell, refinance, transfer the title on his home or on the date his last payment is due on the first mortgage, he would be responsible for the principal balance of \$4,800. If John still owes interest on this balance, he will pay all those amounts, in full, on this date as well.

I/we also understand that my participation in this program is based upon the lender's calculation of my/our monthly gross income total of \$ _____ meets the program requirements.

I/we hereby attest that I/we have read and understand the terms of this My Place Mortgage Agreement that I am entering into on this date. I understand repayment terms of the interest only mortgage that has been provided to me/us by FAHE, Inc. for down payment and closing cost assistance that I/we are applying for and agree to be bound by its terms of this Interest-Only Agreement for as long as I hold the mortgage.

Borrower's Printed Name

Co-Borrowers' Printed Name

Borrower's Signature and Date

Co-Borrower's Signature and Date