

**SUBSIDY REPAYMENT AGREEMENT**

- As required under section 521 of the Housing Act of 1949 (42 U.S.C. 1490a), subsidy received in accordance with a loan under section 502 of the Housing Act of 1949 is repayable to the Government upon the disposition or nonoccupancy of the security property. Deferred mortgage payments are included as subsidy under this agreement.
- When I fail to occupy or transfer title to my home, recapture is due. If I refinance or otherwise pay in full without transfer of title and continue to occupy the property, the amount of recapture will be calculated but, payment of recapture can be deferred, interest free, until the property is subsequently sold or vacated. If deferred, the Government mortgage can be subordinated but will not be released nor the promissory note satisfied until the Government is paid in full. In situations where deferment of recapture is an option, recapture will be discounted 25% if paid in full at time of settlement.
- Market value at time of initial subsidy \$ \_\_\_\_\_ less amount of Rural Housing Service (RHS) loans \$ \_\_\_\_\_ less amount of any prior liens \$ \_\_\_\_\_ equals my/our original equity \$ \_\_\_\_\_. This amount equals \_\_\_\_\_% of the market value as determined by dividing original equity by the market value.
- If all loans are not subject to recapture, or if all loans subject to recapture are not being paid, the amount to be recaptured is computed according to the following formula. Divide the balance of loans subject to recapture that are being paid by the balance of all open loans. Multiply the result by 100 to determine the percent of the outstanding balance of open loans being paid.

5.

months loan outstanding	Average interest rate paid							
	1%	2%	3%	4%	5%	6%	7%	>7%
0 - 59	.50	.50	.50	.50	.44	.32	.22	.11
60 - 119	.50	.50	.50	.49	.42	.31	.21	.11
120 - 179	.50	.50	.50	.48	.40	.30	.20	.10
180 - 239	.50	.50	.49	.42	.36	.26	.18	.09
240 - 299	.50	.50	.46	.38	.33	.24	.17	.09
300 - 359	.50	.45	.40	.34	.29	.21	.14	.09
360 & up	.47	.40	.36	.31	.26	.19	.13	.09

6. Calculating Recapture

Market value (at the time of transfer or abandonment)  
 LESS  
 Prior liens,  
 RHS balance,  
 Reasonable closing costs,  
 Principal reduction at note rate,  
 Original equity (see paragraph 3), and  
 Capital improvements (see 7 CFR part 3550).  
 EQUALS  
 Appreciation value. (If this is a positive value, continue.)  
 TIMES  
 Percentage in paragraph 4 (if applicable),  
 Percentage in paragraph 5, and  
 Return on borrower's original equity (100% - percentage in paragraph 3).  
 EQUALS  
 Value appreciation subject to recapture. Recapture due equals the lesser of this figure or  
 the amount of subsidy received.

Borrower agrees to pay recapture in accordance with this agreement.

Borrower	Date
Borrower	Date