

## BALLOON RIDER TO NOTE

THIS RIDER is made this \_\_\_\_\_ and is incorporated into and shall be deemed to amend and supplement both the Note and Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note (the "Note") to

### Equity Now Inc.

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

\_\_\_\_\_  
\_\_\_\_\_

### ( X ) BALLOON PAYMENT

This loan is payable in full at the end of 30 years. You must repay the entire principal balance of the loan and the unpaid interest then due. The lender is under no obligation to refinance the loan at that time. You will therefore be required to make payment out of other assets you may own, or will have to find a lender willing to lend you the money at prevailing market rates, which may be considerably higher or lower than the interest rate on this loan. If you refinance this loan at maturity, you may have to pay some of all closing costs normally associated with a new loan, even if you obtain refinancing from the same lender.

- **Balloon**

This balloon note accompanies a mortgage with payments amortized over 40 years. On this loan (\$348,000 at 7.25 percent), a 40-year repayment schedule costs about \$150 less than a 30-year repayment schedule. Although the payments are on a 40-year schedule, the loan is for 30 years. At the end of 30 years, the borrower will have to pay off any remaining balance in what is known as a balloon payment. With this mortgage, if the borrower paid on time every month for 30 years, and never made an extra payment toward principal, the borrower would be required to pay \$188,531 in a lump sum on June 1, 2037. That's how much the borrower would still owe on the mortgage after 30 years. Presumably, it won't come to that -- the borrower will have sold the property, or refinanced the mortgage, before June 2037.