

**NOTE ADDENDUM
PREPAYMENT PENALTY**

NOTICE TO THE BORROWER

Do not sign this loan agreement before you read it. This loan agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for prepayment in the loan agreement.

This Note Addendum is incorporated into and shall be deemed amend and supplement the Adjustable Rate Note or Fixed Rate Note, as applicable (“Note”) of the same date executed by the undersigned and payable to Equity Now Inc. (the “Lender”). The Note is secured by Mortgage or Deed of Trust, Security Deed or other comparable security instrument (the “Security Instrument”), covering the property (the “Property”) described in the Security Instrument located at:

Property Address

The section of the Note entitled “**BORROWER’S RIGHT TO PREPAY**” or alternatively “**BORROWER’S PAYMENTS BEFORE THEY ARE DUE,**” is hereby deleted in its entirety and replaced with the following language:

BORROWER’S RIGHT TO PREPAY; PREPAYMENT CHANGE

If any prepayment is made within TWELVE (12) months from the date of the Note, there shall be a prepayment penalty equal to five (5%) percent of the principal so prepaid.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

Date

Date

- **Prepayment penalty**
In the first year after the loan is closed, the borrower is discouraged from making any additional payments toward principal. For every \$100 paid extra toward principal in the first year, the borrower must pay \$105. Prepayment penalties are often more complex than this; for example, a borrower might have to pay six months' interest on any amount prepaid that is in excess of 20 percent of the original principal amount. A borrower might have to hire an accountant to determine if a prepayment penalty is figured correctly.