

**1 YEAR PREPAYMENT PENALTY
ADDENDUM TO NOTE**

This Addendum is attached to and made part of that Note (the "Note") dated _____ by and between _____ ("Borrower(s)", and _____ ("Lender" or "Note Holder"). To the extent that this Addendum conflicts with the Note, this Addendum shall control. Unless specifically defined otherwise, all capitalized terms shall have the meanings set forth in the Note.

1. The paragraph of the Note entitled "Borrower's Right to Prepay," is hereby deleted and replaced with the following:

BORROWER'S RIGHT TO PREPAY

- (A) Prepayment**
I have the right to make payments of principal at any time before they are due. A "prepayment" is a payment of principal before it is due.
- (B) Partial or Full Prepayments**
I may make partial prepayments or a full prepayment. A "partial prepayment" is any amount paid in a month that is greater than the interest due in such month. A "full prepayment" is a payment of the entire unpaid principal balance.
- (C) Prepayment Penalty**
During the first year of the loan term, if I make a full or partial prepayment, I will pay a prepayment penalty according to the schedule below if the total of all prepayments I have made during the 12-month period exceeds 20% of the original loan amount set forth in the Note (the "20% Threshold"). The prepayment penalty will apply only to that portion of the total of all such prepayment amounts that exceed the 20% Threshold.
- (D) Prepayment Penalty Schedule**
The prepayment penalty shall be an amount equal to six (6) months' advance interest on the amount prepaid in excess of the 20% Threshold. The interest rate applied to the prepayment shall be the interest rate in effect for the Note on the date of such prepayment. This prepayment penalty shall be in effect for the First Loan Year (1st month through 12th month).
- (E) Notice**
When I make a full or partial prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a prepayment if I have not made all the monthly payments due under this Note.
- (F) Effect of a Partial Prepayment**
The Note Holder will use my prepayments to reduce my unpaid principal balance after deducting any prepayment penalty assessed, any applicable fees and amounts past due, and any accrued and unpaid interest. If I make a partial prepayment, there will be no change in my monthly payment due date.

2. Other than as expressly set forth in this Addendum, the Note remains in full force and effect, according to its terms.

_____ Date	_____ Date
_____ Date	_____ Date