**PARITY**

**AGREEMENT**

|  |
| --- |
| NOW COMES the United States of |
| America, United States Department |
| of Agriculture (USA) and the , |
| a national bank of , |
| Illinois (Bank), and , |
| an Illinois not for profit corporation (Borrower), |
| of , Illinois and agree as follows: |

WHEREAS, The United States of America, United States Department of Agriculture (USA) and the , a national bank of, Illinois, (Bank) collectively (Lenders) have agreed to extend credit to , an Illinois not for profit corporation (Borrower), of , Illinois, for the purpose of , and both lenders have agreed to extend credit provided they are on a parity, one with the other to which Borrower consents.

NOW THEREFORE said parties do hereby for and in consideration of the mutual covenants, extension of credit, agreements and benefits herein contained agree as follows:

1. The Lenders agree to provide $ in funds to Borrower for said . USA shall provide $and Bank $. The real estate and personal property securing these loans are described in the attached Schedule A.
2. The interest rate of the  (Bank) shall be .
3. The United States of America, United States Department of Agriculture shall provide $of permanent mortgage financing at an interest rate in effect at the time of loan approval or at the time of loan closing, not to exceed %, for a period of  () years with principal and interest payments amortized monthly.
4. Each lender hereby warrants the validity of its promissory notes and mortgages to the other. Inasmuch as each party shall have a promissory note(s) and a mortgage and regardless of which is recorded first on the closing date, the parties agree that so long as amounts are owed to either on their respective obligations they shall share in the collateral security, pro rata, and the liens of each mortgage shall be in parity one with the other as joint record liens. Each shall have all the rights, interest and obligations availed by virtue of its respective note(s) and mortgage and all payments made during said permanent loan financing period on said permanent loan indebtedness shall be applied by the parties, pro rata.

It is the intent of the parties that the indebtedness and security, including any additional security required, such as security agreements, financing statements, and rent or collateral assignments, shall be in parity, one with the other as joint secured lien, and that no party shall have security prior or superior to that of the other, but that all said security shall be considered by each of them to be in parity with, i.e., that is equal to, that of the other.

1. In the event of a default of any payment or covenant made by the Borrower to either Lender of any liability or obligation in the respective notes and mortgages or other security devices, the default shall be treated as a default of all indebtedness due both Lenders and either or both shall have the right to enforce their obligations as if default occurred on all such obligations and covenants.
2. Should default occur and, as a result thereof, the Lenders, or either, advances funds for protection of the collateral such as for repairs, payment of real estate or other taxes, insurance premiums or utilities, each Lender shall assume responsibility for payment of its own such costs and expenses out of its pro rata share of proceeds received from any such sale or disposition of the security by reason of default under any of the documents evidencing the indebtedness of any of the Lenders.
3. All insurance required by Lenders shall be written with both Lenders as co-additional insured, that in the event of damage to or destruction of all or any portion of the premises by fire, wind or other casualty, the proceeds of any insurance fund or settlement sum shall be paid to and applied by the Lenders, pro rata, to their indebtedness. However, by mutual agreement, the Lenders may permit Borrower to repair or rebuild the damaged or destroyed portion of the premises.
4. That any condemnation award is hereby assigned to the Lenders, pro rata, against indebtedness. Lenders are further authorized by Borrower to execute and deliver all documents to carry out the award and the right to appeal therefrom.
5. Any additional loans made to the Borrower by either Lender shall not share in the benefits of this Parity Agreement and any liens securing these loans on property described in this Parity Agreement shall be subsequent and inferior to the joint and parity lien granted herein.
6. This Parity Agreement shall remain in full force and effect so long as both Lenders have amounts due them by virtue of their separate loan documents described herein with Borrower or by reason of this Agreement. Neither Lender shall accept tender of final payment from Borrower without first notifying the other to make sure all requirements of this Agreement have first been met before accepting said payment.
7. In the event of any sale or disposition of collateral by reason of a default, the proceeds received therefrom shall be shared pro rata between the parties according to the remaining balances due each upon their respective obligations at the time of said collection. In the event collection expenses are incurred, including attorney's fees, title expenses, court costs, or other out-of-pocket costs that cannot be recovered as a part of the collection procedure from the debtor, that each of said Lenders shall assume responsibility for payment of their own such costs and expenses.
8. In the event the provisions of the Agreement conflict with any provisions of the Lenders’ loan or security documents, the provisions of this Agreement shall control.
9. This Agreement shall be binding upon the parties, their heirs, successors and assigns.

Dated

UNITED STATES OF AMERICA

UNITED STATES DEPARTMENT OF AGRICULTURE

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Rural Development Manager

STATE OF ILLINOIS )

) SS

COUNTY OF )

I, , Notary Public in and for the County of do hereby certify that , personally known to me to be the same person whose name is, as authorized representative of the United States of America, United States Department of Agriculture, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being hereunto duly authorized, signed and delivered the same instrument as the free and voluntary act of the United States of America and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this  day of , .

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

Notary Public in and for  County, Illinois

My commission expires:

(SEAL)

Dated

a National Bank of ,IL

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

STATE OF ILLINOIS )

) SS

COUNTY OF )

I, , Notary Public in and for the County of do hereby certify that , personally known to me to be the same person whose name is, as authorized representative of the , as , subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being thereunto duly authorized, signed, sealed with the seal of said Bank, and delivered the same instrument as the free and voluntary act of said Bank and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this  day of , .

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

Notary Public in and for  County, Illinois

My commission expires:

(SEAL)

Dated

, an Illinois Not For Profit Corporation

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

STATE OF ILLINOIS )

) SS

COUNTY OF )

I, , Notary Public in and for the County of do hereby certify that , personally known to me to be the same person whose name is, as authorized representative of , as , subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being thereunto duly authorized, signed, sealed with the seal of said corporation, and delivered the same instrument as the free and voluntary act of said corporation and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this  day of , .

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

Notary Public in and for  County, Illinois

My commission expires:

(SEAL)

The form of this Parity Agreement was prepared by the Office of the General Counsel, United States Department of Agriculture, and the material in the blank spaces was inserted under the direction of:

SCHEDULE A

REAL ESTATE:

PERSONAL PROPERTY: