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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
1	Cash - non-interest-bearing	1,178	1,295	
2	Savings and temporary cash investments			
3	Accounts receivable			
	Less allowance for doubtful accounts			
4	Pledges receivable			
	Less allowance for doubtful accounts			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
7	Other notes and loans receivable (attach schedule)			
	Less allowance for doubtful accounts			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments - U S and state government obligations (attach schedule)			
b	Investments - corporate stock (attach schedule)			
c	Investments - corporate bonds (attach schedule)			
11	Investments - land, buildings, & equipment basis			
	Less accumulated depreciation (attach sch)			
12	Investments - mortgage loans			
13	Investments - other (attach schedule)			
14	Land, buildings, and equipment basis			
	Less accumulated depreciation (attach sch)			
15	Other assets (describe)			
16	<b>Total assets</b> (to be completed by all filers - see page 17 of the instructions Also, see page 1, item I)	1,178	1,295	0
17	Accounts payable and accrued expenses			
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe)			
23	<b>Total liabilities</b> (add lines 17 through 22)			0
<b>Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.</b> <input checked="" type="checkbox"/>				
24	Unrestricted	1,178	1,295	
25	Temporarily restricted			
26	Permanently restricted			
<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> <input type="checkbox"/>				
27	Capital stock, trust principal, or current funds			
28	Paid-in or capital surplus, or land, bldg, and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	<b>Total net assets or fund balances</b> (see page 17 of the instructions)	1,178	1,295	
31	<b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions)	1,178	1,295	

**Part III Analysis of Changes in Net Assets or Fund Balances**

Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,178
Enter amount from Part I, line 27a	2	87
Other increases not included in line 2 (itemize)	3	
Add lines 1, 2, and 3	4	1,265
Decreases not included in line 2 (itemize)	5	
Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,265

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (yr., mo., day)	(d) Date sold (yr., mo., day)
1 a			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			

<b>2</b> Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	
<b>3</b> Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see pages 13 and 18 of the instructions) If (loss), enter -0- in Part I, line 8	3	

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No  
If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

**1** Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2005			
2004			
2003			
2002			
2001			

<b>2</b> Total of line 1, column (d)	2	0.0
<b>3</b> Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.0
<b>4</b> Enter the net value of noncharitable-use assets for 2006 from Part X, line 5	4	
<b>5</b> Multiply line 4 by line 3	5	
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)	6	
<b>7</b> Add lines 5 and 6	7	
<b>8</b> Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18	8	

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 18 of the instructions)**

<b>1a</b>	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary-see instructions)		
<b>b</b>	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b . . . . .	1	0
<b>c</b>	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b) . . . . .		
<b>2</b>	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) . . . . .	2	
<b>3</b>	Add lines 1 and 2 . . . . .	3	0
<b>4</b>	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-) . . . . .	4	
<b>5</b>	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0- . . . . .	5	0
<b>6</b>	<b>Credits/Payments</b>		
<b>a</b>	2006 estimated tax payments and 2005 overpayment credited to 2006 . . . . .	6a	
<b>b</b>	Exempt foreign organizations - tax withheld at source . . . . .	6b	
<b>c</b>	Tax paid with application for extension of time to file (Form 8868) . . . . .	6c	
<b>d</b>	Backup withholding erroneously withheld . . . . .	6d	
<b>7</b>	Total credits and payments Add lines 6a through 6d . . . . .	7	
<b>8</b>	Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached . . . . .	8	
<b>9</b>	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> . . . . .	9	0
<b>10</b>	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> . . . . .	10	
<b>11</b>	Enter the amount of line 10 to be <b>Credited to 2007 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
<b>1a</b> During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? . . . . .		X
<b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 20 of the instructions for definition)? . . . . . If the answer is "Yes" to <b>1a</b> or <b>1b</b> , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year? . . . . .		X
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
<b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS? . . . . . If "Yes," attach a detailed description of the activities		X
<b>3</b> Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes . . . . .		X
<b>4a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year? . . . . .		X
<b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? . . . . . If "Yes," attach the statement required by General Instruction T		X
<b>6</b> Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? . . . . .	X	
<b>7</b> Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV . . . . .		X
<b>8a</b> Enter the states to which the foundation reports or with which it is registered (see page 20 of the instructions) <input checked="" type="checkbox"/> <b>NORTH CAROLINA</b>		
<b>b</b> If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation . . . . .	X	
<b>9</b> Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV on page 26)? If "Yes," complete Part XIV . . . . .		X
<b>10</b> Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses . . . . .		X

**Part VII-A Statements Regarding Activities** Continued

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11a	X
b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	11b	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶	13	X

14 The books are in care of ▶ % KAREN LOVETT Telephone no ▶ 252-522-5818  
 Located at ▶ 510 W WASHINGTON ST KINSTON NC ZIP+4 ▶ 28501  
 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041-Check here ▶   
 and enter the amount of tax-exempt interest received or accrued during the year ▶ 15

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days ) <input type="checkbox"/> Yes <input type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 21 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2006?	1c	
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," list the years ▶ _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see page 21 of the instructions )	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2006 )	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2006?	4b	

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required** Continued

**5a** During the year did the organization pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? . . . . .  Yes  No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? . . . . .  Yes  No

(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . . .  Yes  No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) . . . . .  Yes  No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? . . . . .  Yes  No

**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 21 of the instructions)? . . . **5b**  
Organizations relying on a current notice regarding disaster assistance check here . . . . .

**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? . . . . .  Yes  No  
If "Yes," attach the statement required by Regulations section 53.4945-5(d)

**6a** Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .  Yes  No

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . . **6b**  
If you answered "Yes" to 6a, also file Form 8870

**7a** At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? .  Yes  No

**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? . . . . . **7b**

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

**1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SHEILA GOODIN 508 COLLEGE ST KINSTON NC 28501	PRESIDENT 5	0	0	0
ROSE CLARK 606 COLLEGE ST KINSTON NC 28501	VICE PRESI 5	0	0	0
WANE G GASTON 500 COLLEGE ST KINSTON NC 28501	SECRETARY 5	0	0	0
MAREN LOVETT 710 W WASHINGT KINSTON NC 28501	TREASURER 5	0	0	0

**2 Compensation of five highest-paid employees (other than those included on line 1 - see page 22 of the instructions).**  
If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SHEILA GOODING 508 COLLEGE ST KINSTON NC 28501	PRESIDENT 5			
Total number of other employees paid over \$50,000 . . . . . <input type="checkbox"/>				

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors Continued

**3** Five highest-paid independent contractors for professional services (see page 22 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
ROSE CLARK 506 COLLEGE ST KINSTON NC 28501	VICE PRESIDENT	

Total number of others receiving over \$50,000 for professional services . . . . . ▶

**Part IX-A** Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1	
2	
3	
4	

**Part IX-B** Summary of Program-Related Investments (see page 23 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments. See page 22 of the instructions	
<b>3</b>	
<b>Total.</b> Add lines 1 through 3 . . . . . ▶	

**Part X** Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 23 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	0
b	Average of monthly cash balances	1b	0
c	Fair market value of all other assets (see page 23 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	0
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	0
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 23 of the instructions)	4	0
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	0
6	Minimum investment return. Enter 5% of line 5	6	0

**Part XI** Distributable Amount (see page 24 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here  and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2006 from Part VI, line 5	2a	
b	Income tax for 2006 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see page 24 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

**Part XII** Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	
b	Program-related investments - total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 25 of the instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	

**Note:** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII Undistributed Income** (see page 25 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7 . . . . .				
2 Undistributed income, if any, as of the end of 2005				
a Enter amount for 2005 only . . . . .				
b Total for prior years _____, _____				
3 Excess distributions carryover, if any, to 2006				
a From 2001 . . . . .				
b From 2002 . . . . .				
c From 2003 . . . . .				
d From 2004 . . . . .				
e From 2005 . . . . .				
f Total of lines 3a through e . . . . .				
4 Qualifying distributions for 2006 from Part XII, line 4 ▶ \$ _____				
a Applied to 2005, but not more than line 2a . . .				
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 26 of the instructions) . . .				
d Applied to 2006 distributable amount . . . . .				
e Remaining amount distributed out of corpus . . .				
5 Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a) )				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5 .				
b Prior years' undistributed income Subtract line 4b from line 2b . . . . .				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) has been previously assessed . . . . .				
d Subtract line 6c from line 6b Taxable amount - see page 26 of the instructions . . . . .				
e Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount - see page 26 of the instructions . . . . .				
f Undistributed income for 2006 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2007 . . . . .				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 26 of the instructions) . . . . .				
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 26 of the instructions) . . . . .				
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a . . . . .				
10 Analysis of line 9				
a Excess from 2002 . . . . .				
b Excess from 2003 . . . . .				
c Excess from 2004 . . . . .				
d Excess from 2005 . . . . .				
e Excess from 2006 . . . . .				



**Part XVI Supplementary Information** (continued)

**Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
Paid during the year				
<b>Total</b> .....				▶ 3a
Approved for future payment				
<b>Total</b> .....				▶ 3b



**Notice to Homeowner**  
**Assumption of HUD/FHA Insured Mortgages**  
**Release of Personal Liability**

FHA Case Number
387-0041622
Loan Number
3221979773

You are legally obligated to make the monthly payments required by your mortgage (deed of trust) and promissory note.

The Department of Housing and Urban Development (HUD) has acted to keep investors and non-creditworthy purchasers from acquiring one-to-four family residential properties covered by certain FHA-insured mortgages. There are minor exceptions to the restriction on investors, loans to public agencies and some non-profit organizations, Indian tribes or servicepersons; and loans under special mortgage insurance programs for property sold by HUD, rehabilitation loans or refinancing of insured mortgages. Your lender can advise you if you are included in one of these exceptions.

HUD will therefore direct the lender to accelerate this FHA-insured mortgage loan if all or part of the property is sold or transferred to a purchaser or recipient (1) who will not occupy the property as his or her principal residence, or (2) who does occupy the property but whose credit has not been approved in accordance with HUD requirements. This policy will apply except for certain sales or transfers where acceleration is prohibited by law.

When a loan is accelerated, the entire balance is declared "immediately due and payable." Since HUD will not approve the sale of the property covered by this mortgage to an investor or to a person whose credit has not been approved, you, the original homeowner, would remain liable for the mortgage debt even though the title to the property might have been transferred to the new buyer.

Even if you sell your home by letting an approved purchaser (that is, a creditworthy owner-occupant) assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from liability from your mortgage lender. FHA-approved lenders have been instructed by HUD to prepare such a release when an original homeowner sells his or her property to a creditworthy purchaser who executes an agreement to assume and pay the mortgage debt and thereby agrees to become the substitute mortgagor. The release is contained in Form HUD-92210-1, ("Approval of Purchaser and Release of Seller"). You should ask for it if the mortgage lender does not provide it to you automatically when you sell your home to a creditworthy owner-occupant purchaser who executes an agreement to assume personal liability for the debt. When this form is executed, you are no longer liable for the mortgage debt.

You must sign and date this Notice as indicated, return one copy to your lender as proof of notification and keep one copy for your records.

10/30/2009  
Date

10/30/2009  
Matthew D. Smithwick

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**Instructions to Lender.** A copy of this Notice must be given to the mortgagor(s) on or before the date of settlement. You should retain a signed copy in the origination file.