

Truth-in-Lending Disclosure
HOMestead Assistance Loan Program
Pennsylvania Housing Finance Agency (Creditor)
211 North Front Street, Harrisburg, PA. 17101
(717) 780-3871 or 1-800-822-1174
www.phfa.org

Date:

Borrowers:

Property Location:

| | | | |
|---|---|---|---|
| ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 0 % | FINANCE CHARGE The dollar amount the credit will cost you. \$ 0.00 | Amount Financed The amount of credit provided to you or on your behalf. \$ | Total of Payments The amount you will have paid after you have made all payments as scheduled. See payment schedule below. |
|---|---|---|---|

Your payment schedule will be

| Number of Payments | Amount of Payments | When Payments are Due Monthly, Beginning |
|--------------------|--------------------|---|
| 1 | \$ | If sale or transfer of property or refinance of first mortgage occurs within one year from closing. |
| 1 | \$ | If sale or transfer of property or refinance of first mortgage occurs within two years from closing. |
| 1 | \$ | If sale or transfer of property or refinance of first mortgage occurs within three years from closing. |
| 1 | \$ | If sale or transfer of property or refinance of first mortgage occurs within four years from closing. |
| 1 | \$ | If sale or transfer of property or refinance of first mortgage occurs within five years from closing. |
| 0 | \$0 | If sale or transfer of property or refinance of first mortgage occurs after five years from closing. |

Insurance Property (homeowners) insurance is NOT required for this loan.

Flood Insurance is NOT required for this loan.

Security: You are giving a security interest in the property listed above.

Variable Rate This loan does not have a variable rate feature.

Assumption: This loan is assumable with written consent from PHFA.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties. Included with this disclosure and made a part of it is the Good Faith Estimate of Settlement Services.

You are not required to complete this transaction merely because you have received these disclosures or signed loan application. The undersigned acknowledges receiving a completed copy of this disclosure.

Applicant's Signature and Date

Applicant's Signature and Date

Applicant's Signature and Date

Applicant's Signature and Date

PENNSYLVANIA HOUSING FINANCE AGENCY
HOMEstead Downpayment and Closing Cost Assistance Loan Program

SUBORDINATE MORTGAGE NOTE

Date: _____, 20_____

FOR VALUE RECEIVED, the undersigned _____,
jointly, separately and severally (herein collectively "Borrower"), promise(s) to pay to the **PENNSYLVANIA HOUSING FINANCE AGENCY**, a public corporation and government instrumentality having its principal office at 211 North Front Street, P.O. Box 8029, Harrisburg, PA 17105 (herein "PHFA" or "Agency") or its order, at such place as PHFA may from time to time designate in writing, the principal sum of:

_____ Dollars (\$_____).

This Subordinate Mortgage Note (hereinbefore and hereinafter ("Note")) is accompanied by a Subordinate Mortgage dated this date on real property owned by the Borrower located at : _____.

1. HOME INVESTMENT PARTNERSHIP PROGRAM AND/OR AMERICAN DREAM DOWNPAYMENT INITIATIVE. This is a HOMEstead Program loan and funds loaned to the Borrower were provided by the U.S. Department of Housing and Urban Development either through the HOME Investment Partnership Program ("HOME Program") or the American Dream Downpayment Initiative ("ADDI") or some combination thereof. The funds are being supplied in the form of a non-interest bearing, deferred payment, forgivable loan. The HOME and ADDI programs require the Borrower to continue to use the property as their principal residence during a designated Affordability Period and to repay a portion of the funds should they fail to occupy the property for a portion of the Affordability Period. The Affordability Period applicable to this loan is based upon the amount of funds loaned to the Borrower as set forth in Paragraph 4 hereof. Funds loaned hereunder may only be used for approved downpayment and closing costs related to the purchase of the property described in the accompanying Subordinate Mortgage, and will be disbursed at the closing of that purchase. Borrower is aware that this HOMEstead loan is subject to federal regulations, which may change from time to time.

2. INTEREST. Interest shall not accrue on the sums advanced in connection with this Note, unless/until there is an Event of Default under the terms of this Note.

3. REPAYMENT. Borrower must repay the outstanding balance of this loan upon the occurrence of one of the following during the term of this loan and prior to the expiration of the Affordability Period set forth in Paragraph 4:

- A. The property is rented, sold, or transferred; or
- B. Borrower ceases to occupy the property which is secured by this loan as Borrower's primary residence; or
- C. Borrower defaults under the terms of this Note or the accompanying Subordinate Mortgage or defaults under the first mortgage obligation; or
- D. It is discovered that Borrower has submitted incomplete, false or misleading information in connection with this loan or Borrower's first mortgage loan, or fails to comply with any applicable federal or state laws.

4. TERM OF REPAYMENT AND AFFORDABILITY PERIOD.

A. Repayment of the Note and the Note Term (also known as the "Affordability Period") is determined by the amount of HOMEstead funds disbursed under this Note as follows:

- (i). 5-year Term = Loans of less than \$15,000.00 (i.e. up to \$14,999.99)
- (ii). 10-year Term = Loans of \$15,000.00 to \$35,000.00

B. The Note is forgivable in nature as per the following schedule:

- (i) 5-year Note = 20% of the original Note amount is forgiven each year on the anniversary date of the Note.
- (ii) 10-year Note = 10% of the original Note amount is forgiven each year on the anniversary date of the Note.
- (iii) No credit shall be given for a portion of a year. For the above forgiveness percentages to apply the Borrower must own/occupy the residence for each full 12 month period.

C. If the Borrower becomes the subject of a foreclosure proceeding that results in the sale of part or all of the premises, any sums in excess of those paid to superior lien holders shall be paid to PHFA to apply to the outstanding balance of this loan. If

there are insufficient funds to pay off this Note, PHFA may in its discretion waive the payment of any or all of the remaining outstanding loan balance.

D. Borrower shall be responsible for payment of all fees or costs associated with the satisfaction or release of the subordinate mortgage, either when the loan is paid off or after the end of the Affordability Period.

5. **PREPAYMENT.** Borrower may prepay the principal due on this Note in whole or in part at any time, without penalty.

6. **PRIMARY RESIDENCE.** The Borrower hereby agrees that the real property secured by the Subordinate Mortgage accompanying this Note shall at all times be the primary residence of the Borrower.

7. **DISCLOSURE STATEMENT BY BORROWER.** Borrower hereby affirms that he/she has submitted full, complete and accurate financial information in connection with this loan. Borrower further agrees to submit full and complete financial information to PHFA as requested by the Agency. In addition, Borrower promises to give PHFA immediate written notification of (1) any change of address, or (2) if and when the property is to be sold or transferred.

8. **ACCOMPANYING DOCUMENTS.** This Note is secured by a Subordinate Mortgage on the residence of the Borrower and by other loan documents (collectively the "loan documents"). All the terms, covenants, agreements, conditions, warranties and provisions contained in the loan documents are hereby incorporated in this Note. A breach by the Borrower of any of the terms of the loan documents shall also constitute a breach of the terms of this Note.

9. **REMEDIES.** In the event that the Borrower violates any terms of this Note or the loan documents, then PHFA may immediately declare the entire principal remaining due under the terms of this Note to be immediately due and payable, by giving written notice to the Borrower. If the sum due is not promptly paid, PHFA may then institute appropriate legal action in any court of competent jurisdiction, including the Court of Common Pleas of Dauphin County, Pennsylvania. In the event that it is necessary to institute such legal action, Borrower agrees to pay reasonable attorney's fees and costs, actually incurred by PHFA in enforcement of such a remedy. The remedies provided to PHFA in this Note are in addition to any remedy provided in the other loan documents.

10. **NOTICES.** Any notices required to be given pursuant to this Note may be given by either first class or registered or certified mail. Notices shall be sent to the addresses indicated in this Note, unless either party notifies the other in writing of a change of address.

11. **TIME OF ESSENCE.** Time is of the essence with respect to each and every provision of this Note.

IN WITNESS WHEREOF, intending to be legally bound, the Borrower has executed this Note on the date written above.

WITNESS:

Borrower

Borrower