

PENNSYLVANIA HOUSING FINANCE AGENCY SUBORDINATE MORTGAGE NOTE

Amount \$ _____
_____, _____. 20____
(month) (day) (year)

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 other place as PHFA may from time to time
designate in writing, the principal sum of
_____ (\$ _____)
Dollars.

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

1. **INTEREST.** Interest shall not accrue on the sums advanced in connection with this Note.
2. **REPAYMENT.** Borrower must repay this loan according to the following provisions:
 - A. Upon the occurrence of one of the following Borrower must repay this loan in full:
 - (1) the property is being sold or transferred (unless this subordinate mortgage debt is being assumed along with the first mortgage debt by a qualified and eligible buyer at PHFA's discretion), or
 - (2) the first mortgage debt is refinanced by the Borrower (does not apply to the Access Modification or the Access Down Payment/Closing Cost Assistance programs)
 - (3) Borrower ceases to occupy the real property which is secured by this loan as Borrower's primary residence; or
 - (4) Borrower's first mortgage obligation is paid in full (does not apply to the Access Modification or the Access Down Payment/Closing Cost Assistance programs); or
 - (5) Borrower defaults under the terms of this Note or its accompanying Subordinate Mortgage or defaults under the first mortgage obligation; or
 - (6) it is discovered that Borrower has submitted incomplete, false or misleading information to PHFA in connection with this loan or Borrower's First Mortgage loan, or fails to comply with any applicable federal or state laws.
3. **PREPAYMENT.** Borrower may prepay the loan in whole or in part at any time without penalty.
4. **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.
5. **DISCLOSURE STATEMENT BY BORROWER.** Borrower hereby affirms that he/she has submitted full, complete and accurate financial information as requested by PHFA. 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.
6. **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 terms of the loan documents shall also constitute a breach of the terms of this Note.

7. **REMEDIES.** In the event that the Borrower violates any term of this Note, then PHFA may immediately declare the entire principal remaining due to the Agency to be immediately due and payable in its entirety, by giving written notice to Borrower.

If such sums are 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 remedies provided in the other loan documents.

8. **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.

9. **TIME OF ESSENCE.** Time is of the essence of each and every provision of this Note.

10. **DISBURSEMENT REQUESTS.** Borrower agrees that funds for this loan cannot be disbursed until actually needed.

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

WITNESS:

(SEAL)

Borrower

(SEAL)

Borrower