

Prepared by: _____

Return to: _____

Property Parcel Number: _____

Above space is intentionally left blank for recording data.

**PENNSYLVANIA HOUSING FINANCE AGENCY
Keystone Forgivable in Ten Years Loan Program**

SUBORDINATE MORTGAGE

This Subordinate Mortgage ("Mortgage"), entered into this ____ day of _____, 20____, is given by _____ ("Borrower") as security for the loan made to Borrower by the **Pennsylvania Housing Finance Agency** ("Lender"), its successors and or assigns, a public corporation and government instrumentality, having its principal office at 211 North Front Street, City of Harrisburg, County of Dauphin, Commonwealth of Pennsylvania.

Borrower is indebted to Lender in the principal amount of: _____ \$(_____) Dollars, which indebtedness is evidenced by a Subordinate Mortgage Note dated this date ("Note"), providing for conditional payment pursuant to its terms no later than the tenth (10th) anniversary of the making of the Note.

This Mortgage is given by Borrower to Lender to secure any and all sums loaned by Lender to Borrower through Lender's Keystone Forgivable in Ten Years Loan Program. The sums secured by this Mortgage are evidenced by the Note, and include, but are not necessarily limited to, sums advanced by Lender to Borrower or on behalf of Borrower in connection with the purchase of the property secured by this Mortgage.

To secure the repayment of such sums, Borrower does hereby mortgage, grant and convey to Lender the following described real property, located in the County of _____, Commonwealth of Pennsylvania, which currently has the address of _____, and is more fully described as follows:

See Exhibit "A" attached hereto and incorporated herein.

TOGETHER with all the improvements now or hereafter erected in the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and water stock, and all fixtures now or hereafter attached to the property, all of which including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Mortgage (herein the "Property").

BORROWER COVENANTS AND AGREES AS FOLLOWS:

1. ***Borrower's Covenant.*** Borrower covenants and warrants that Borrower lawfully owns the Property hereby conveyed and has the right to mortgage, grant and convey the Property to Lender.

2. ***Repayment.*** Borrower shall repay the sums advanced in connection with this Mortgage in accordance with the terms contained in the Note of even date, which is incorporated herein in its entirety. In the event there is more than one Borrower, the obligation of each shall be joint and several.

3. ***Default.*** If Borrower fails to make payments of principal and interest as may be required by this Mortgage or the Note, or if Borrower violates any other term of this Mortgage or the Note, Lender may declare this Mortgage to be in default, and Lender may accelerate all outstanding indebtedness, by declaring all sums remaining due under this Mortgage to be immediately due and payable in their entirety. In such event, Lender may institute an action of mortgage foreclosure against Borrower, or such other form of civil action as is determined appropriate by Lender. If it is necessary for Lender to institute such legal action, Borrower agrees to pay all costs and attorney's fees actually incurred by Lender.

4. ***Interest.*** Interest shall not accrue on the sums advanced pursuant to this Mortgage.

5. ***Prepayment Permitted.*** Borrower may repay the sums loaned pursuant to the Note and this Mortgage, in whole or in part, at any time without penalty.

6. ***Preservation and Maintenance of Property.*** Borrower shall maintain the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property.

7. ***Primary Residence.*** At all times this loan is outstanding, Borrower must occupy the Property as a primary residence. This requirement shall automatically terminate following a transfer pursuant to a foreclosure sale to the first mortgagee, a deed-in lieu of foreclosure to the first mortgagee or an assignment of the first mortgage to the Secretary of the Department of Housing and Urban Development.

8. ***Inspection.*** PHFA may make or cause to be made reasonable entries upon and inspection of the Property, provided that PHFA shall give Borrower notice prior to any such inspection specifying reasonable cause therefor related to PHFA's interest in the Property.

9. ***Taxes and Insurance.*** Borrower agrees that all real estate, water and sewage charges, and other charges that are levied against the Property will be paid in a timely manner. Borrower further agrees to maintain adequate liability and hazard insurance to protect the property against risk of loss, and that Lender will be named as a Mortgagee on any such policy. In the event that Borrower fails to pay the taxes or to maintain adequate liability and hazard insurance, Lender may pay the same and add the amount disbursed to the amount owed to Lender by Borrower.

10. ***Insurance Proceeds.*** In the event that the proceeds of an insurance claim are paid to Borrower, and those proceeds are not to be used to restore the premises, Lender may claim its right to a proportional share of such proceeds to satisfy any remaining indebtedness.

11. ***Condemnation.*** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender in an amount sufficient to satisfy any outstanding indebtedness owed to Lender.

12. ***Transfer of the Property: Due on Sale.*** In accordance with the provisions of the Note, Lender may declare all of the sums secured by this Mortgage to be immediately due and payable upon the sale or transfer of any of Borrower's interest in the property.

13. ***Remedies Cumulative.*** All remedies provided in this mortgage are distinct and cumulative to any other right or remedy under this Mortgage, the Note or the other loan documents, or afforded by law or in equity, and may be exercised concurrently, independently or successively.

14. ***Forbearance by Lender not a Waiver.*** Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law shall not be a waiver or preclude the exercise of any such right or remedy at any time.

15. ***Governing Law: Severability.*** This Mortgage shall be governed by the laws of the Commonwealth of Pennsylvania. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end, the provisions of the Mortgage and Note are declared to be severable.

16. ***Notice.*** Except for any notice required under applicable law to be given in another manner, (a) any notice to Borrower provided for in this Mortgage shall be given by mailing such notice by first class or registered or certified mail addressed to Borrower at the Property address or at such other address as Borrower may designate by notice to Lender as provided herein, and (b) any notice to Lender shall be given by first class or registered or certified mail, return receipt requested, to Lender's address stated herein or to such other address as Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

(signatures continued on next page.)

IN WITNESS WHEREOF, and intending to be legally bound hereby, Borrower has executed this Mortgage on the day and year first above written.

Commonwealth of Pennsylvania :
:
County of _____ :

This record was acknowledged before me on _____, 20____, by
_____.

Signature of Notarial Officer

Certification of Residence

I hereby certify that precise address of Lender (Mortgagee) is:
211 North Front Street, P.O. Box 8029
Harrisburg, Pennsylvania 17105-8029

Authorized Agent

Mortgage Loan Officer's Name

NMLS Number:

Loan Origination Organization

NMLS Number:
