Federal Home Loan Bank of New York

ID: AHP-111

AFFORDABLE HOUSING PROGRAM
SUBORDINATE MORTGAGE FOR OWNER-OCCUPIED DWELLINGS

THIS MORTGAGE is made on _____ _____, _____ between _____ residing at _____ (the "Borrower") and _____ (the "Lender"), and all who succeed to the Lender's responsibilities (such as successors and assigns), a banking organization, organized and existing under the laws of _____, with principal offices at _____.

PROMISSORY NOTE

In consideration of _____ Dollars ($ _____) (hereafter referred to as the "Principal") received by the Borrower as a result of certain subsidy that the Lender obtained through the Affordable Housing Program ("AHP") pursuant to Section 10(j) of the Federal Home Loan Bank Act (12 USC § 1430(j)) and the regulation promulgated thereunder, as amended, 12 CFR Part 1291, in connection with a certain parcel of real estate which is owned by the Borrower (as described below), the Borrower has signed an AHP Promissory Note ("Note") of even date herewith. The Borrower has promised to pay the amounts due under the Note in the event of the occurrence of certain circumstances and to abide by all promises contained in the Note.

MORTGAGE AS SECURITY

1. This Mortgage is given to the Lender as security for the payment of amounts due and the performance of all promises under the Note. The Borrower mortgages the real estate owned and occupied by the Borrower described as follows (referred to as the "Property"):

   All of the land located in the municipality of _____, County of _____, and State/Commonwealth of _____, specifically described as follows:
   Address: _____
   Section No.: _____ Block No.: _____ Lot No(s).: _____

   Also more particularly described in the Legal Description of the Property site, attached hereto as Exhibit A.

   Together with:

   All buildings and other real improvements that now are or will be located on the site of the Property.

All fixtures, equipment and personal property that now are or will be attached to or used with the land, buildings and improvements of or on the site of the Property.

All rights which the Borrower now has or will acquire with regard to the Property.

2. This Mortgage is subject and subordinate to mortgage(s) dated as of the date specified above.

RETENTION PERIOD AND EXPIRATION OF MORTGAGE

3. Pursuant to the regulation of the Federal Housing Finance Agency that governs the operation of the AHP ("AHP Regulation"), 12 CFR Part 1291, this Mortgage will expire as follows:

   a) In cases where the Principal was provided for downpayment or closing cost assistance in connection with the acquisition of the Property, the Retention Period shall expire five (5) years from the date of this Mortgage;

   b) In cases where the Principal financed renovation costs to the Property, the Retention Period shall expire five (5) years from the date that such renovations were fully completed to the satisfaction of the Borrower and documented by a final cost certification; or

   c) Upon satisfaction of a Repayment Obligation pursuant to Sections 12, 13 and 14 hereof.

BORROWER'S AND LENDER'S CONDITIONS AND OBLIGATIONS

4. By executing this Mortgage in the space indicated below, the Borrower fully understands and agrees to the terms and conditions contained herein. The Borrower further acknowledges that he/she must comply with all terms and conditions contained pursuant to this Mortgage.

5. The Principal is subject to the terms and conditions of this Mortgage, the Note, and the AHP Regulation.

6. The Lender and Borrower agree to notify the Federal Home Loan Bank of New York ("FHLB-NY") if, during the Retention Period, the Borrower either sells or refinances the Property.

7. The terms of this Mortgage supersede terms contained in any prior documentation which pertain to the matters covered herein.

8. The Borrower acknowledges receipt of a true copy of this Mortgage at no charge.

9. This Mortgage shall be governed by federal law and the law of the state or commonwealth where the Property is located.

RIGHTS GIVEN TO LENDER

10. The Borrower, by mortgaging the Property to the Lender, gives the Lender those rights stated in this Mortgage and all rights the law gives to the Lender and/or the FHLB-NY under the AHP. The rights, terms and restrictions in this Mortgage shall bind the Borrower. Upon performance of the promises contained in the Note and Mortgage, the Lender will cancel this Mortgage at its expense.

REPAYMENT OBLIGATIONS

11. The Borrower agrees to repay to Lender a pro rata portion of the Principal, in accordance with Section 13 hereof, if prior to the expiration of the Retention Period, the Property is sold for a net gain to a household whose income exceeds 80 percent of the area median, as determined by the Lender and adjusted for family size.

12. The Borrower agrees to repay to Lender a pro rata portion of Principal, in accordance with Section 13 hereof, if prior to expiration of the Retention Period, the Borrower refinances the Property, *unless* the Property continues to be subject to this Mortgage, a deed restriction, or other legally enforceable retention agreement in accordance with the AHP Regulation.

13. In the event that the Property is sold or refinanced under circumstances set forth Sections 11 and 12 hereof requiring Borrower's repayment to Lender of a pro rata portion of the Principal from any net gain from the sale or refinancing the Lender shall recover such pro rata portion of the Principal by taking the following actions:

    a) The Lender shall request that the Borrower promptly repay an amount that is equivalent to one-sixtieth (or 1.67 percent) of the Principal for each month that remains under the Retention Period ("Repayment Obligation"). Conversely, one-sixtieth (or 1.67 percent) of the Principal shall be forgiven for each month that the Borrower owned the Property before its sale.

    b) In the event the Borrower fails to repay the Repayment Obligation, Lender shall exercise reasonable collection efforts to obtain repayment of the Repayment Obligation, which may include commencing foreclosure proceedings against its lien on the Property. Any repayment of the Principal that is realized from the foreclosure proceedings shall satisfy the Repayment Obligation. The Borrower agrees to pay all costs, including any legal or professional fees, if Lender employs an attorney or an outside agency in connection with any collection efforts and/or foreclosure action related to this Mortgage.

EACH PERSON LIABLE

14. This Mortgage is legally binding upon the Borrower. Lender may enforce any of the provisions of the Note and this Mortgage against the Borrower who signs this Mortgage.

NO ORAL CHANGES

15. This Mortgage can only be changed by an agreement in writing signed by both the Borrower and Lender.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this instrument as of the date and year above set forth.

By: _____ By: _____
(Borrower) (Borrower)

_____ _____
(Print Name) *(Print Name)*

STATE/COMMONWEALTH OF _____
ss.:
COUNTY OF _____

On the _____ day of _____ in the year _____ before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

WITNESS my hand and official seal,

_____

Notary Expires:

State of _____ County of _____

LENDER: _____

ADDRESS: _____

_____