



FIRST HOME CLUBsm

RETENTION DOCUMENTS

FHLB NY requires that the following documents be executed at the closing of a FHC household:

- **First Home Club Promissory Note**
- **First Home Club Subordinate Mortgage**
- **First Home Club Certification of Intent to Record**

These documents are in a form fillable pdf format, which allows the completion of only the applicable information.

NMLS ID #: _____

NMLS NAME: _____

FIRST HOME CLUBsm
PROMISSORY NOTE

LENDER: _____

DATE: _____

BORROWER'S PROMISE TO PAY

For value received, _____ (FHC # _____) (hereinafter referred to as the "Borrower"), residing at _____ promises to pay to the order of _____ (hereinafter referred to as the "Lender"), a _____ organized and existing under the laws of the _____, maintaining offices at _____, the Principal sum of _____ Dollars (\$ _____) in lawful money of the United States of America.

PAYMENTS

Borrower shall make all payments hereunder at such address as the Lender may provide Borrower.

EVENTS OF DEFAULT

1. In the event the property which secures this note is sold to an ineligible homebuyer whose income exceeds 80% of the area median income as determined by Lender, adjusted for family size, the Lender is entitled to recapture a pro rata portion of the Principal. Recapture of the Principal will occur if the house is sold to an ineligible homebuyer within the five (5) year term of this Note. Twenty percent (20%) of the Principal will be forgiven for each year of the term that has passed.
2. It shall be an event of default in the case of a refinancing, including home equity loans, prior to the end of the retention period, in which event, an amount equal to the pro rata share of the direct subsidy that financed the purchase of the property, reduced for every year the occupying household has owned the unit, *unless* the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism pursuant to the Affordable Housing Program regulations.

FORGIVENESS

The Borrower hereby acknowledges and understands that the Principal amount represents a reduction in the Borrower’s downpayment and/or closing costs for the acquisition of a property within the Lender’s lending area. Provided the proceeds for the Principal are used for the purposes set forth herein, and no event of default has occurred, the proceeds will be forgiven by _____ (the “Expiration Date”) and no payment will be due on the Principal or interest.

CHANGES IN TERMS

This Note may not be changed orally, but may be changed only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

WAIVERS

All parties to the Note, whether maker, principal, surety, guarantor, or endorser hereby waives demand, notice, and protest.

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

Primary Borrower:

Secondary Borrower:

STATE OF _____, COUNTY OF _____ ss.:

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

Notary Public

My Commission Expires:

NMLS ID #: _____

NMLS NAME: _____

FIRST HOME CLUBsm
SUBORDINATE MORTGAGE

LENDER: _____

DATE: _____

THIS MORTGAGE for First Home Clubsm Funds (the “Program”) is made on _____
by _____ (the “Borrower”) residing at _____
to _____ (the “Lender”), maintaining offices at
_____.

WHEREAS, the Federal Home Loan Bank of New York (“Bank”) accepted the enrollment of the Borrower into the First Home Clubsm through the auspices of the Lender; and the Bank anticipated matching funds for downpayment and closing cost assistance for the purchase of a home by the potential first-time homebuyer, the Borrower; and

WHEREAS, the Lender has determined that the Borrower meets the definition of a first-time homebuyer as defined by the Bank; and

WHEREAS, the Lender has determined that at the time of enrollment the Borrower had a total household income of 80% or less of the area median income for their current place of residence, adjusted for household size, as defined by the Bank and agreed upon by the Lender in the Enrollment Period Report; and

WHEREAS, the Borrower has established a First Home Club savings account with the Lender and the Borrower has demonstrated a pattern of systematic savings in the dedicated account which is consistent with the agreed upon schedule and the Borrower has also completed homeownership counseling; and

WHEREAS, the Lender has received from the Borrower an executed Enrollment Terms and Conditions Statement and the Lender has submitted to the Bank the First Home Club Member Certification Statement; and

WHEREAS, the Bank has this date issued a grant of matching funds to the Borrower and Lender.

NOW THEREFORE, the Borrower is indebted to the Lender in the principal amount of \$ _____ (“Subsidy Amount”), which indebtedness is evidenced by Borrower’s Note dated _____ (herein “Note”), due and payable on _____;

TO SECURE TO LENDER (a) the repayment of the indebtedness evidenced by the Note and all renewals, extensions and modifications thereof; (b) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Instrument; and (c) the performance of the covenants and agreements of Borrower herein contained, Borrower does hereby mortgage, grant, convey, and assign to Lender the property described below.

MORTGAGE AS SECURITY

1. This Mortgage is given as security for the payment of amounts due and the performance of all promises contained herewith. The Borrower mortgages the real estate owned and occupied by the Borrower described as follows:

County of _____, and State of _____, specifically described as follows:

Property Address: _____

Section No.: _____ Block No.: _____ Lot No.: _____

Which is more particularly described in the Legal Description of the real property, attached hereto as Exhibit A.

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

REPAYMENT TERMS

3. Provided there are no events of default, this Mortgage will expire on _____ (“Expiration Date”).

BORROWER’S AND LENDER’S CONDITIONS AND OBLIGATIONS

4. The Borrower agrees to meet all First Home Club program requirements during the term of this Mortgage. The Borrower hereby acknowledges and agrees that the Subsidy Amount represents a reduction in the Borrower’s downpayment and/or closing costs for the acquisition of a property within the Lender’s lending area. If the proceeds from the Subsidy Amount are used for the purposes approved under this Program, the loan will be forgiven by the Expiration Date of this Mortgage and no payments will be due on the Subsidy Amount.
5. In the event any of the proceeds of the Subsidy Amount are not, or cease to be, used for said purposes, the proceeds must be repaid to the Lender as stated in the Recapture Obligation section of this Mortgage (paragraphs 7 through 9).

6. The Lender and Borrower agree to notify the Bank of any sale, refinancing, foreclosure, conveyance by deed in lieu of foreclosure, assignment of the first mortgage to the Secretary of HUD, or change in ownership of the unit occurring prior to the end of the Retention Period.

RECAPTURE OBLIGATION - EVENTS OF DEFAULT

7. The Borrower and Lender agree that the Subsidy Amount will only be used for the purpose approved under the Program, i.e. downpayment and closing costs for the purchase of a home by the Borrower. The Borrower and Lender acknowledge that if the Bank determines by its own monitoring or the Bank is informed by the Lender that the First Home Club funds will not be or are no longer being used for the purposes approved by the Bank (“Event of Noncompliance”), a *pro rata* portion of the Subsidy Amount must be repaid.
8. The Borrower agrees to repay to the Lender a *pro rata* portion of the Subsidy Amount (“Recapture Obligation”), if the Subsidy Amount is not used for the purposes approved under the Program or if the property does not remain affordable during the term of this Mortgage (“Recapture Period”). If the property is sold to an ineligible homebuyer (i.e. whose total household income exceeds 80% of the area median income, in which the property is located, adjusted for family size, as defined under the Program and agreed upon by the Lender in the Enrollment Period Report on Date of Enrollment,) the Lender is entitled to recapture a *pro rata* portion of the Subsidy Amount from the Borrower. Recapture of the matching funds will occur if the house is sold to an ineligible homebuyer within the five (5) year term of this Note and Mortgage, but 1/60th of the Subsidy Amount will be forgiven each month of the term of the mortgage for which Borrower is in compliance. The Subsidy Amount may be assumed by an eligible homebuyer, as defined and limited to a household with an income that does not exceed 80% of the area median income in which the property is located, adjusted for family size, as defined under the Program.
9. If an Event of Noncompliance occurs, the Lender shall recapture a *pro rata* portion of the Subsidy Amount by taking the following actions:
 - a) The Lender shall request that the Borrower promptly reimburse the Lender for such amount.
 - b) In the event the Borrower fails to repay, the Lender shall commence foreclosure proceedings against its lien on the home purchased by the Borrower. Any payments realized from the foreclosure proceedings shall satisfy the Borrower’s obligation. The Borrower agrees to pay all costs, any attorneys’ fees in the event the Lender must refer this matter to an attorney for collection and/or for foreclosure of this mortgage.
 - c) The Borrower agrees to keep the property fully insured against loss by fire, hazard, flood and the insurance policy shall include a standard mortgage clause in favor of Lender.
10. The obligation to repay Subsidy to the Bank shall terminate after any foreclosure or conveyance by deed in lieu of foreclosure or any assignment of the first mortgage to the Secretary of HUD.

TERMS OF REFINANCING

11. It shall be an event of default in the case of a refinancing, including home equity loans, prior to the end of the retention period, in which event, an amount equal to the pro rata share of the direct subsidy that financed the purchase of the property, reduced for every year the occupying household has owned the unit, unless the property continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism pursuant to the Affordable Housing Program regulations.

ACKNOWLEDGEMENT

12. The Borrower acknowledges that the First Home Club funds are not Federal funds and that the Subsidy Amount is subject to the terms and conditions of this Mortgage and the Rules and Regulations of the Federal Housing Finance Agency - 12 C.F.R. Part 1291 (“Regulations”), as the same may be amended from time to time.

13. The Borrower agrees to the terms and conditions of this Mortgage and certifies that its representations and warranties contained herein and in its Enrollment Period Report are true and accurate as of the date of this Mortgage. The Borrower further represents and warrants that it will fully comply with the Regulations.

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

15. The Borrower agrees to be responsible for all tax issues (including, but not limited to, reporting and payment) arising from receipt of First Home Club funds.

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

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

18. This mortgage shall be governed by federal law and the law of the state where the property is located.

IN WITNESS WHEREOF, the undersigned Borrower executes this Mortgage on the day and year first above written:

WITNESS:

Primary Borrower:

Secondary Borrower:

STATE OF _____, COUNTY OF _____ ss.:

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

My Commission Expires:

Notary Public

Exhibit A
LEGAL DESCRIPTION

NMLS ID #: _____

NMLS NAME: _____

FIRST HOME CLUBsm
SUBORDINATE MORTGAGE
CERTIFICATION OF INTENTION TO RECORD

LENDER: _____

BORROWER: _____ **FHC #** _____

PREMISES: _____

Title Number: _____

Title Company: _____

Attached is a copy of a Subordinate Mortgage that encumbers the above-referenced premises.

The original of this Subordinate Mortgage is being taken from the closing for public recording
on _____.
Date

**Name of Title Company, Law Firm or
Federal Home Loan Bank of New York Stockholder**

Signature of Authorized Representative

Printed Name

Date