



PROGRAM EXPANSION NOVEMBER 2022

POLICIES AND PROCEDURES

VERSION 0.1

1. Program Expansion

Program expansion is scheduled to go-live in Jan 2023. The program expansion includes:

Delinquency Date.

Phase 1. Applicant must be delinquent 2 months prior to Dec 1.

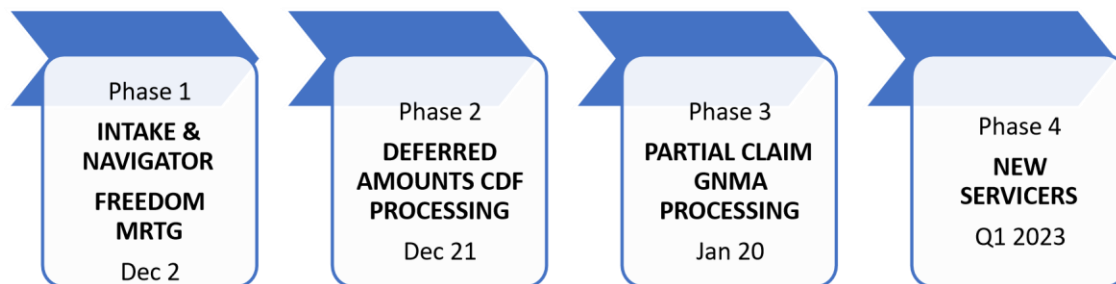
Phase 4. Applicant must be delinquent 2 months prior to TBD.

Multiple Applications. Applicants can apply multiple times through the MRP, PTX or Partial Claim / Deferred Amounts for up to \$80 K combined limit.

1-4 Unit owner occupied properties. Applicants with multiple units are eligible as long as the homeowner occupies one of the units. • **Deferred Amounts and Partial Claims.**

Deferred Amount (loan deferral)- Fannie Mae & Freddie Mac

Partial Claim – Government National Mortgage Association GNMA (USDA, FHA and VA) The implementation approach will be completed in 3 phases:



1.1. New Eligibility Requirements

New eligibility requirements starting on December 2, 2022.

Eligible Homeowners	Notes for Eligibility Reviewers

Homeowner must currently own and occupy one of the Eligible Property Types in California as their primary residence.	New eligible property types include 1-4 unit owner occupied properties. Homeowners with granny units or accessory dwelling units (ADU) are also eligible
--	---

Eligible Homeowners	Notes for Eligibility Reviewers
Homeowner must not own and occupy more than one property (up to 4 units)	Multiple units are not considered multiple properties. 1-4 units are eligible as long as the homeowner occupies one of the units.
Homeowners who have accepted certain Partial Claim Liens or Deferrals after January 2020 as part of a loss mitigation workout can receive assistance.	Partial Claims or Deferred amounts executed prior to January 2020 are not eligible

<p>Households that have received Emergency Rental Assistance Program funds or have been approved to receive Emergency Rental Assistance funds, are not eligible for assistance.</p>	<p>Homeowners with 1-4 unit owner occupied prorties cannot receive rental assistance and mortgage assistance. Homeowners that received rental assistance are not eligible for this program.</p> <p>Verify the attestation regarding rental assistance</p> <p>Since rental assistance is paid to landlords, decline the application if rental assistance was deposited to the homeowners bank accounts.</p>
--	--

Eligible Legal Ownership Structures	Notes for Eligibility Reviewers
<p>Those where the homeowner has transferred their ownership interest into a Living Trust, provided the homeowner remains a beneficiary of such trust and occupies the home as their primary/principal residence</p>	<p>Treat as a traditional revocable living trust</p>

Eligible Property Types	Notes for Eligibility Reviewers

“Eligible Property Types” are:

Single-family (attached or detached) properties

Condominium units

1-4 unit owner-occupied

Manufactured homes permanently affixed to real property and taxed as real estate

1-4 unit owner occupied are now eligible.

Verify that homeowner lives in one of the units

Use utility bill or driver’s license to verify residency

Homeowners with granny units or accessory dwelling units (ADU) are also eligible

Eliminating or reducing certain Partial Claim Liens or Deferrals, defined as:

- **COVID-19 Recovery Partial Claims that were established after January 2020**
- **Payment Deferrals that were placed by a servicer approved by the program after January 2020**

Deferred Amounts or Partial Claims executed prior to January 2020 are not eligible

All Deferred Amounts and Partial Claims executed after January 2020 are eligible

Eligible Uses of Mortgage Reinstatement

Program Proceeds Per Term Sheet

Notes for Eligibility Reviewers

For loans with no impound accounts and delinquent property taxes, borrowers must establish an impound account with their servicer for delinquent property taxes to be paid

- This requirement was **removed** from the previous term sheet
- Impound accounts are no longer required
- Continue asking for impound account and refer the applicant to the PTX program if the applicant cannot create the impound account.

- **Must be at least two payments past due at time of submission of application for program assistance**
- **Delinquency must occur prior to Dec. 1, 2022.**

- This requirement only applies for Mortgage Relief Assistance. **Applicants must have missed payments starting on October 2022**
- Applicants only requesting assistance for Deferred Amounts or Partial Claims are not required to have missed payments prior to Dec 1.

Exclusions:

Applicants cannot execute a loss mitigation

(other than DA/PC) and apply for mortgage

#1. Any homeowner applying for assistance is assistance at the same time ineligible if, at the time they apply for assistance, they have completed loss Decline application if the loss mitigation mitigation in a manner other than a **Partial** (other than DA/PC) is executed after the **Claim Lien or Deferral (described above)** application submission date **that has resulted in their first mortgage loan** Deferred Amounts and Partial Claims

are **no longer being delinquent.** eligible loss mitigations, continue the

However, if the borrower has been brought approval if this type of loss mitigation is **current and subsequently defaults post-loss** executed after the application submission mitigation, they are not excluded from date **receiving HAF funds.**

#2. For homeowners that are not delinquent or 0 or 1 payment delinquent before the program's delinquency date, including those that fall delinquent during the eligibility review process, the program will provide funding to reduce or eliminate the partial claim/loan deferral only and the arrearage will not be funded.

Deferred Amounts (loan deferrals) and Partial Claims will be funded, but not any arrearage if the applicant does not meet the delinquency date and/or becomes delinquent during our review. See **Figure 1** for an illustration of eligibility determination based on Delinquency for MRP, Partial Claim and Loan Deferral.

Maximum Per Household

Notes for Eligibility Reviewers

Homeowners may apply for assistance with current mortgage arrearage, Property Tax assistance (term sheet) and/or Partial Claim Lien or Deferral payoff if the combined amount of assistance needed does not exceed \$80,000 at the time of application.

If the combined assistance needed by any applicant is above \$80,000, assistance needed for complete reimbursement of current mortgage arrearage will be provided first, and the amount remaining to reach the \$80,000 limit will be applied toward property tax (if needed) and lastly the Partial Claim Lien or Deferral, in that order

MRP - Servicers do not accept partial payments. Decline mortgage arrearage application if the combined amount is over \$80K.

Property Tax, Deferred Amounts and Partial Claims accept partial payments. For PTX, DA or PC applications, do not decline If the combined amount is over \$80K. Any funds available under the \$80 limit can be approved.

Funding order:

1. Mortgage Arrearage
 2. Property Tax
 3. Deferred Amount / Partial Claim
- Deferred Amounts and Partial Claims can only be approved if the first loan is current.

Required Application Documents

Notes for Eligibility Reviewers

Homeowners requesting assistance for Partial Claim Lien or Deferral reduction must provide a copy of the note and a mortgage statement reflecting the amount

Deferred amount and partial claims notes include:

Date. Must be after January 2020

Address. Must match the property address

Amount. Ok if combined amount is over \$80K, we can approve up to \$80K

Loan Number. Not to confuse with first loan number, each deferred amount and partial claim have their own loan number

Figure 1: Eligibility Determination Based on Delinquency for MRP, Partial Claim and Loan Deferral

2022	July	August	Sept	October	November	December	January	February	March	April	May	MRP eligible?	PC eligible?
MRP+PC App	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	N/A	N/A	N/A	N/A	N/A	Yes	Yes
MRP+PC App	Current	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	N/A	N/A	N/A	N/A	N/A	Yes	Yes
MRP+PC App	Current	Current	Delinquent	Delinquent	Delinquent	Delinquent	N/A	N/A	N/A	N/A	N/A	Yes	Yes
MRP+PC App	Current	Current	Current	Delinquent	Delinquent	Delinquent	N/A	N/A	N/A	N/A	N/A	Yes	Yes
MRP+PC App	Current	Current	Current	Current	Delinquent	Delinquent	N/A	N/A	N/A	N/A	N/A	No	Yes
MRP+PC App	Current	Current	Current	Current	Current	Delinquent	Delinquent	N/A	N/A	N/A	N/A	No	Yes
MRP+PC App	Current	Current	Current	Current	Current	Delinquent	Delinquent	Delinquent	N/A	N/A	N/A	No	No
MRP+PC App	Current	Current	Current	Current	Current	Delinquent	Delinquent	Delinquent	Delinquent	N/A	N/A	No	No
MRP+PC App	Current	Current	Current	Current	Current	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	N/A	No	No
MRP+PC App	Current	Current	Current	Current	Current	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	Delinquent	No	No

2. Eligibility Operations

Starting December 2, 2022:

MRP applicants must have missed 2 payments prior to Dec 1, 2022. Delinquency must have started on October 2022

1-4 Unit owner occupied properties. Applicants with multiple units are eligible as long as the homeowner occupies one of the units.

The following table explains how to treat applications during each of the implementation phases.

Scenario	Phase 1 INTAKE & NAVIGATOR	Phase 2 DEFERRED AMOUNTS CDF PROCESSING	Phase 3 PARTIAL CLAIM GNMA PROCESSING

MRP Only First time applicants	<p>Approve as long as the requested amount is less than \$80K</p> <p>Decline if the requested amount is over \$80K</p>	
PTX Only First time applicants	<p>Approve up to \$20K limit</p>	
DA Only First time applicants	<p>Don't need to be 2 months delinquent</p> <p>Complete pre-approval, do not request the I record, set status to Pending Processing</p>	<p>Request I record and process Deferred Amount approval and funding</p>

PC Only First time applicants	Complete pre-approval before the I record is created and set status to Pending Processing	Request I record and process Partial Claim approval and funding.
--	---	--

Scenario	Phase 1 INTAKE & NAVIGATOR	Phase 2 DEFERRED AMOUNTS CDF PROCESSING	Phase 3 PARTIAL CLAIM GNMA PROCESSING
MRP + MRP Applicant was approved for MRP and became delinquent	<ul style="list-style-type: none"> Approve if the combined amount is less than \$80K Decline if the combined amount is over \$80K 		
MRP + DA	Approve MRP and clone DA Set cloned app to Pending Processing	<ul style="list-style-type: none"> Approve MRP + DA all together, no more cloning. 	

- Request I record and process Deferred Amount approval and funding

MRP + PC

- Treat as a normal MRP.
Approve MRP, no need to clone application for the Partial Claim

- After MRP funding, if exception exists, status is set to Pending PC. Review the PC amount and process approval.

- After MRP funding if no exceptions exist then no action needed.

3. Document Description Naming Conventions

All applications must have a document description according to the following guidelines:

Document	Naming Convention
Bank Statements	BOA 9/27/22 - 10/26/22 Applicant's checking #1240 EB \$700.04 (bank, period, applicant/co-applicant, type of account (checking, saving, etc), account number, ending balance)
Escrow Account Statement	11/24/22 Escrow statement (date, document)
Income Proof	11/06/22 - 11/12/22 Applicant's paystub GROSS \$2,658.60 (period, applicant/co-app, GROSS amount) 10/01/22 - 01/30/22 Applicant's P&L NET \$5,000.00 (period, applicant/co-app, NET amount)
Mortgage Statement	11/18/22 Mortgage statement (delinquency start date 08/01/22) (date, mortgage statement, delinquency start date)
Other Documents	12/05/22 LOE hardship letter, 11/07/22 LOE no income (date, type of document)
Partial Claim Note	10/01/22 Promissory note LN#87 FHA/VA#55 (date, type of document, loan number, claim number)
Servicer Workout Denial Letter	NA – If uploaded, tag as: date and type of doc
Signed Authorization	TPA (signed on 01/05/22) TPA (signed by everyone 18+, date)
Utility Bill	05/09/22 Utility bill (date, utility bill)
Not Valid Documents	Reason why the document is not valid. "Outdated Mortgage" "Incomplete bank statement"

4. FAQ

1. Applicant did not apply for Deferred Amount or Partial Claim.

During phase 1 -3. Applicants from Freedom Mortgage that show a deferred amount in the mortgage statement but did not apply for assistance must complete the deferred amount and partial claim section of their application.

During phase 1-3. Applicants from non-Freedom Mortgage that show deferred amount in the mortgage statement but did not apply for assistance will receive mortgage assistance only. Applicants can reapply after phase 3 once their servicer is enrolled to receive DA and PC.

After phase 3. If the servicer is enrolled for DA and PC, applicants must complete the deferred amount and partial claim section of their application

U.S. Department of Veterans Affairs Sample Partial Claim Promissory Note and Sample Partial Claim Subordinate Mortgage

These Sample Forms are neither required nor endorsed by the U.S. Department of Veterans Affairs (“VA”). Mortgagees should review these forms and make modifications as needed to fit applicable federal, state and local requirements. These Sample Forms should not be construed as legal advice and are not a substitute for due diligence to be exercised in ensuring all applicable legal requirements have been met and followed by a holder or servicer of a primary VA-guaranteed loan to which this subordinate mortgage relates. Holders and servicers are responsible for ensuring compliance with all applicable laws (specifically including, but not limited to, 38 C.F.R. Part 36) and ensuring that this subordinate note and mortgage are legally sufficient to attach to the secured realty as a lien subordinated only to the primary VA-guaranteed mortgage loan or that occupies the highest priority in accordance with applicable law, after the primary VA-guaranteed mortgage. No representations or warranties, express or implied, are made herein by the provision or publication of these Sample Forms.

Primary VA Guaranteed Loan No. _____

**NOTICE: THIS LOAN IS NOT ASSUMABLE
WITHOUT THE APPROVAL OF THE
SECRETARY OF VETERANS AFFAIRS OR
ITS AUTHORIZED AGENT.**

[Property Address]

1. PARTIES

“Borrower” means each person signing at the end of this Note, and the person’s successors and assigns. “Secretary” or “Lender” means the Secretary of Veterans Affairs, an Officer of the United States, and its successors and assigns.

2. BORROWER’S PROMISE TO PAY

In return for a loan received from Lender, Borrower promises to pay the principal sum, as calculated under Title 38 Code of Federal Regulations (“C.F.R.”), Section 36.4805(e), of _____ Dollars (U.S. \$ _____), to the order of the Lender or Note Holder.

Borrower will make all payments under this Note in the form of cash, check, or money order.

Borrower understands Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the “Note Holder.”

3. PROMISE TO PAY SECURED

Borrower’s promise to pay is secured by a mortgage, deed of trust, or similar security instrument that is dated the same date as this Note and called the “Security Instrument.” The Security Instrument protects the Lender from losses, which might result if Borrower defaults under this Note.

4. MANNER OF PAYMENT

(A) Time

Repayment of the full principal sum is required on [insert the maturity date of the primary guaranteed mortgage] or earlier, when the first of the following events occurs: (1) the transfer of title to the Property secured by the Security Instrument; or (2) the refinancing or payment in full otherwise, of all amounts due under the primary Note and related mortgage, deed of trust or similar Security Instruments guaranteed by the Secretary, with which this Note and Subordinate Mortgage are associated.

(B) Place

Payment shall be made at _____ or any such other place as Lender or Note Holder may designate in writing by notice to Borrower.

5. BORROWER'S RIGHT TO PREPAY

Borrower has the right to prepay the debt evidenced by this Note, in whole or in part, without charge or penalty. If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment unless Lender agrees in writing to those changes.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Default

If Borrower does not pay the full amount due on the date it is due, Borrower will be in default and Note Holder is entitled to exercise all remedies provided by, and in accordance with, applicable law.

(B) Notice of Default

If Borrower is in default, Note Holder may send a written notice of default as required by applicable law.

(C) No Waiver By Note Holder

If, at any time Borrower is in default, Note Holder does not require immediate payment in full, the Note Holder does not waive such right and may require immediate payment at any time Borrower remains in default.

(D) Payment of Note Holder's Costs and Expenses

In the event of Borrower's default, Borrower will be liable to Note Holder for all costs and expenses of enforcing this Note to the full extent of applicable law, including but not limited to, reasonable attorney fees and court costs.

7. WAIVERS

Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require Note Holder to give notice to other persons that amounts due have not been paid.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note against each person individually or against all signatories together. Any one person signing this Note may be required to pay all the amounts owed under this Note.

9. V.A. REGULATIONS

Regulations (38 C.F.R. Part 36) issued under the U.S. Department of Veterans Affairs ("VA") Guaranteed Loan Authority (38 U.S.C. Chapter 37) and in effect on the date of loan closing shall govern the rights, duties, and liabilities of the parties to this loan and any provisions of this Note which are inconsistent with such regulations are hereby amended and supplemented to conform thereto.

10. SEVERABILITY

If one section of this instrument is found to be void or unenforceable such determination shall not affect the validity or enforceability of other provisions, all of which shall remain in full force and effect.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note.

Borrower (SEAL)

Borrower (SEAL)

After Recording Return To:

_____[Space Above This Line For Recording Data]_____

**NOTICE: THIS LOAN IS NOT ASSUMABLE
WITHOUT THE APPROVAL OF THE
SECRETARY OF VETERANS AFFAIRS OR
ITS AUTHORIZED AGENT.**

VA Partial Claim Loan No. _____

Primary VA Guaranteed Loan No. _____

PARTIAL CLAIM MORTGAGE

THIS SUBORDINATE MORTGAGE ("Security Instrument") is given on _____,
20____. The Mortgagor is _____,
whose address is _____ ("Borrower").
This Security Instrument is given to the Secretary of Veterans Affairs, an Officer of the

United States, whose address is _____.
("Lender"). Borrower owes Lender the principal sum, as calculated under Title 38 Code of Federal Regulations ("C.F.R."), Section 36.4805(e), of _____ Dollars (U.S. \$ _____). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for the full debt, if not paid earlier, due and payable on _____.

BORROWER MAY make prepayments for this subordinate loan, in whole or in part, without charge or penalty. If Borrower makes a partial prepayment there will be no changes in the due date unless Lender agrees in writing to those changes.

THIS SECURITY INSTRUMENT secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced under Paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, warrant, grant and convey to the Lender, with the power of sale the following described property located in _____ County, [State]:

which has the address of [Street]
[City], [State] [Zip Code], ("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and nonuniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

Borrower and Lender covenant and agree as follows:

UNIFORM COVENANTS

1. **Payment of Principal.** Borrower shall pay when due the principal of the debt evidenced by the Note.
2. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time of payment of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.
3. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent.
4. **Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to:

_____ or any address
Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.
5. **Governing Law; Severability.** This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument

Instrument protects the Lender from losses, which might result if Borrower defaults under this Note. 4. MANNER OF PAYMENT (A) Time On , [insert maturity date of insured primary mortgage] or, if earlier, when the first of the following events occurs: (i) Borrower has paid in full all amounts due under the primary Note and related mortgage, deed of trust or similar Security Instruments insured by the Secretary, or (ii) The maturity date of the primary Note has been accelerated, or (iii) The primary Note and related mortgage, deed of trust or similar Security Instrument are no longer insured by the Secretary. (B) Place Payment shall be made at the Office of Housing FHA-Comptroller, Director of Mortgage Insurance Accounting and Servicing, 451 Seventh Street, SW, Washington, DC 20410 or any such other place as Lender may designate in writing by notice to Borrower. 5. BORROWER'S RIGHT TO PREPAY 2 Borrower has the right to pay the debt evidenced by this Note, in whole or in part, without charge or penalty. If Borrower makes a partial prepayment, there will be no changes in the due date or in the amount of the monthly payment unless Lender agrees in writing to those changes. 6. WAIVERS Borrower and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require Lender to demand payment of amounts due. "Notice of dishonor" means the right to require Lender to give notice to other persons that amounts due have not been paid. 7. OBLIGATIONS OF PERSONS UNDER THIS NOTE If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Lender may enforce its rights under this Note against each person individually or against all signatories together. Any one person signing this Note may be required to pay all the amounts owed under this Note. BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Note. _____ (SEAL) Borrower

_____ (SEAL) Borrower

Model Subordinate Mortgage Form Instructions for Partial Claim Mortgage Form Language Preceding Uniform Covenants This is a Model Subordinate Mortgage Form. Mortgagees must review this form and make modifications as needed to fit applicable federal, state, and local requirements. Uniform Covenants Paragraphs 1-6 should have the heading "Uniform Covenants." The text of these Paragraphs must be used as presented in the Model Subordinate Mortgage Form without any change. If change is needed to meet requirements of state, local, or federal law, the mortgagee must request and receive written approval from HUD via the loan servicing

contractor. Non-Uniform Covenants The form should designate the paragraphs beginning with Paragraph 7 "Non-Uniform Covenants." Any special language or notices required by applicable law should appear following the non-uniform covenants provided in the Model. Signatures Witness lines may be omitted if state and local law do not require witnesses for mortgages. 1 FHA Case No. _____ PARTIAL CLAIM MORTGAGE THIS SUBORDINATE MORTGAGE ("Security Instrument") is given on , 20 . The Mortgagor is _____ Whose address is _____ ("Borrower"). This Security Instrument is given to the Secretary of Housing and Urban Development, and whose address is 451 Seventh Street, SW, Washington, DC 20410 ("Lender"). Borrower owes Lender the principal sum of _____ Dollars (U.S. \$_____). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for the full debt, if not paid earlier, due and payable on _____. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, advanced under Paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, warrant, grant and convey to the Lender, with the power of sale the following described property located in _____ County, [State]: which has the address of [Street] [City], [State] [Zip Code], ("Property Address"); TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property." BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances or record. THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property. Borrower and Lender covenant and agree as follows: UNIFORM COVENANTS 1. Payment of Principal. Borrower shall pay when due the principal of the debt evidenced by the Note. 2. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time of payment of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successor in interest.

Lender shall not be required to 2 commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy. 3. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the term of this Security Instrument or the Note without that Borrower's consent. 4. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to: Department of Housing and Urban Development, Attention: Single Family Notes Branch, 451 Seventh Street, SW, Washington, DC 20410 or any address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph. 5. Governing Law; Severability. This Security Instrument shall be governed by Federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable. 6. Borrower's Copy. Borrower shall be given one conformed copy of the Note and of this Security Instrument. NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows: 7. Acceleration; Remedies. [insert any required statespecific language followed by:] If the Lender's interest in this Security Instrument is held by the Secretary and the Secretary requires immediate payment in full under Paragraph 4 of the Subordinate Note, the Secretary may invoke the non-judicial power of sale provided in the Single Family Mortgage Foreclosure 3 Act of 1994 ("Act") (12 U.S.C. § 3751 et seq.) by requesting a foreclosure commissioner

designated under the Act to commence foreclosure and to sell the Property as provided in the Act.
Nothing in the preceding sentence shall deprive the Secretary of any rights otherwise available to a
Lender under this paragraph or applicable law. BY SIGNING BELOW, Borrower accepts and agrees to the
terms contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with
it. Witness: _____ (SEAL) Borrower
_____ (SEAL) Borrower June 2015