

# HFA Subordinate Closing Documents Completion Instructions

**Effective Date**  
09/01/2021  
**Supersedes**  
N/A

## Multistate Amortizing Subordinate Note Form 3295

### NOTE

**The language in the following two brackets is optional**

**1** [Insert Program Name]

**2** [THIS LOAN CONTAINS PROVISIONS PROHIBITING THE UNAUTHORIZED TRANSFER OF THE PROPERTY AND IS NOT ASSUMABLE]

\_\_\_\_\_ **3** \_\_\_\_\_ **4** \_\_\_\_\_ **5** \_\_\_\_\_ **6** \_\_\_\_\_  
 [Note Date] [City] [State]  
 \_\_\_\_\_ **7** \_\_\_\_\_  
 [Property Address]

**1. BORROWER'S PROMISE TO PAY**

In return for a loan in the amount of U.S. \$ **8** (the "Principal") that I have received from **9** (the "Lender"), I promise to pay the Principal, plus accrued interest, if any, to the order of the Lender. I will make all payments under this Note in U.S. currency in the form of cash, check, money order, or other payment method accepted by Lender.  
 I understand that the 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."

**2. INTEREST**

Interest will be charged on unpaid Principal until the full amount of the Principal has been paid. I will pay interest at a yearly rate of **10** %.

**Optional - Insert the following if the Note bears interest.**

**11** [The interest rate required by this Section 2 is the rate I will pay unless I am in default as described in Section 6(B) of this Note. Upon default, I will pay interest on the unpaid principal balance at the rate of [ ] % per annum or the maximum rate allowed by law, whichever is less, from the date when the Principal was due until I pay the Principal in full.]

**3. PAYMENTS**

**(A) Time of Payments**

I will pay principal and interest by making a payment every month. This amount is called my "Monthly Payment," I will make my Monthly Payment on the **12** day of each month beginning on **13**, **14**. I will make these payments every month until I have paid all of the Principal and interest and any other charges described below that I may owe under this Note. Each Monthly Payment will be applied as of its scheduled due date and will be applied to interest before the Principal. If, on **15**, **16**, I still owe amounts under this Note, I will pay those amounts on that date, which is called the "Maturity Date."

**(B) Place of Payments**

I will make my Monthly Payments at **17** or at a different place if required by the Note Holder.

**(C) Amount of Monthly Payments**

My Monthly Payment will be in the amount of U.S. \$ **18**.

**(D) Conditions for Loan Becoming Due Before Maturity Date**

Your loan will become due before the Maturity Date upon the occurrence of any of the following dates:

- (i) the date on which the property (or any interest therein) securing this Note (the "Property") is sold or otherwise transferred;
- (ii) the date on which the "First Lien Note" is refinanced or paid in full (the "First Lien Note" is a loan made by the first lien lender to me under a first lien note and a security instrument on the Property dated the same date as this Note); or
- (iii) the date on which the First Lien Note becomes due and payable for any reason.

**19** **The language in the following bracket is optional**

[(iv) the date I cease to use the Property as my primary residence].

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**6. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any Monthly Payment by the end of \_\_\_\_\_ calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be \_\_\_\_\_% of my overdue Monthly Payment. I will pay this late charge promptly but only once on each late payment.

**(B) Default**

I will be in default under this Note if:

- (i) I do not pay the full amount of each monthly payment on the date it is due;
- (ii) I do not pay the full amount of Principal and interest (if any) on the Maturity Date;
- (iii) I fail to comply with the terms of the "Security Instrument" (defined in Section 10 below) securing this Note; or
- (iv) I fail to comply with the terms of the First Lien Note or the mortgage, mortgage deed, deed of trust or security deed securing the First Lien Note.

**20**

**The language in the following bracket is optional**

**[(v) I cease to use the Property as my primary residence.]**

**21**

**[Paragraph 11 is OPTIONAL]**

**11. CERTAIN RESTRICTIONS TERMINATE ON FORECLOSURE OF HUD-INSURED FIRST MORTGAGE OR DEED OF TRUST.**

In the event of foreclosure or deed in lieu of foreclosure of a prior mortgage, mortgage deed, deed of trust, security deed, or assignment of the first deed of trust securing the First Lien Note to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property or otherwise restricting the Borrower's ability to sell the Property will have no further force or effect. Any person (including their successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a prior security deed will receive title to the Property free and clear from such restrictions.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

\_\_\_\_\_  
(Seal)  
- Borrower

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**PLEASE NOTE THAT THESE INSTRUCTIONS ALSO APPLY TO THE FORM 3295e (For Electronic Signature)**

All the data completion fields are customary with the exception of the below instructions related to new subordinate fields. Authorized changes and/or optional changes are in brackets. If the authorized/optional changes are not adopted please be sure to remove the bracketed language from the documents.

1. Authorized Change -Name of HFA Program (i.e., Home)
2. Authorized Change – Remove brackets and retain non-Assumability language provided
3. Month of year (i.e., January) and Day of Month (i.e., 12) that document is created
4. Year (i.e., 2021) that document is created
5. City where Note is prepared OR follow current practice for completion of this field. Due to technology advancements in the area of Remote On-line Notarization and/or Hybrid Closings this field may be completed according to your current practices and/or customary practice of the lender's forms provider.
6. State where Note is prepared OR follow current practice for completion of this field. Due to technology advancements in the area of Remote On-line Notarization and/or Hybrid Closings this field may be completed according to your current practices and/or customary practice of the lender's forms provider.
7. Subject Property Address (i.e., 123 Main Street, Moorpark, CA, 93021. Commas are optional)
8. Loan amount numeric
9. Lender Name
10. Interest Rate numeric (i.e., 5.0000%)
11. *Optional Language* is required if the interest rate is greater than zero. Remove this optional language if the interest rate is 0.0000% **Required by THDA**
12. Day of the month that payments are due (i.e., 1<sup>st</sup>)
13. First Month that payments begin (i.e., March)
14. Year that payments begin (i.e., 2021)
15. Month that final payment is due (i.e., February)
16. Year that final payment is due (i.e., 2051)
17. Address where payments must be sent



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18. Monthly payment amount numeric (i.e., \$100.00)
  
19. *Optional Language* is required if the program requires owner occupancy throughout the life of the loan. Remove this optional language if failure to occupy the home as a primary residence does not trigger a default. **Required by THDA**
  
20. *Optional Language* is required if the program requires owner occupancy throughout the life of the loan. Remove this optional language if failure to occupy the home as a primary residence does not trigger a default. **Required by THDA**
  
21. *Optional Paragraph 11 or for the 3295e Paragraph 12 addresses the elimination of certain restrictions at the time of foreclosure. This paragraph may be required by the Housing Finance Agency. Required by THDA*