

HFA Subordinate Closing Documents Completion Instructions

Effective Date 09/09/2021

Supersedes N/A

TENNESSEE – Single Family Freddie Mac/Fannie Mae Standardized Subordinate Deed of Trust Form 3800.43

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. Maximum Principal Indebtedness – loan amount (same amount as shown in Definitions Documents (D))
2. *Authorized Change Lien Position* – recording lien position of the loan (i.e., Second or Third) *THDA is always Second*
3. “Borrower” is – borrower names
4. Currently Residing at – borrowers’ current address as shown on the loan application.

THE MAXIMUM PRINCIPAL INDEBTEDNESS FOR TENNESSEE RECORDING TAX PURPOSES
IS \$ **1** _____

_____ [Space Above This Line For Recording Data] _____

SUBORDINATE DEED OF TRUST

**Language in Brackets Below is Optional, and
the word “Second” may be changed to Third, if applicable**

2 [Deed of Trust Will be Recorded in Second Lien Position]

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined under the caption TRANSFER OF RIGHTS IN THE PROPERTY and in Sections 11 and 14. Certain rules regarding the usage of words used in this document are also provided in Section 12.

Parties

(A) “**Borrower**” is **3** _____, currently residing at **4** _____. Borrower is the trustor under this Security Instrument.

(B) “**Lender**” is _____. Lender is a _____ organized and existing under the laws of _____. Lender’s address is _____. Lender is the

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5. If applicable, the debt will be paid . . . – this is the maturity date, Month and day, as shown on the Note.
6. If applicable, the debt will be paid . . . – this is the maturity date, year, as shown on the Note.

Documents

(D) “**Note**” means the promissory note dated _____, _____ and signed by each Borrower who is legally obligated for the debt under that promissory note. The Note evidences the legal obligation of each Borrower who signed the Note to pay Lender _____ Dollars (U.S. \$ _____) plus interest, if any. Each Borrower who signed the Note has promised to pay this debt in full, in

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accordance with the payment schedule set forth in the Note. If applicable, the debt will be paid in full no later than **5**, **6**.

(E) “**Riders**” means any and all Riders to this Security Instrument that are signed by Borrower. All such Riders are incorporated into and deemed to be a part of this Security Instrument.

(F) “**Security Instrument**” means this document, which is dated _____, _____, together with all Riders to this document.

7. *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**

Additional Definitions

(G) “**Applicable Law**” means all controlling applicable federal, state, and local statutes, regulations, ordinances, and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(H) “**Community Association Dues, Fees, and Assessments**” means all dues, fees, assessments, and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association, or similar organization.

(I) “**Default**” means: (i) the failure to pay any Periodic Payment or any other amount secured by this Security Instrument on the date it is due; (ii) a breach of any representation, warranty, covenant, obligation, or agreement in this Security Instrument; (iii) a breach of any representation, warranty, covenant, obligation, or agreement in the first lien security instrument that is secured by the Property; or (iv) any action or proceeding described in Section 7(d).

Language in Brackets Below to be added to end of (I) above is Optional

7 [or (v) Borrower’s failure to use the Property as their primary residence.]

(J) “**Loan**” means the debt obligation evidenced by the Note, plus any interest, prepayment charges, costs, expenses, and late charges due under the Note, and all sums due under this Security Instrument, plus any interest.

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8. *Authorized Change* – Transfer of Rights of the Property. Lenders MAY preprint this document with County embedded in that portion of the section of the document titled TRANSFER OF RIGHTS IN THE PROPERTY that requires entry of the Type of Recording Jurisdiction, if all mortgage recordings in the state take place at the county level. In such cases, the words [Type of Recording Jurisdiction] do not have to appear beneath the word County. In addition, if documents are prepared on a transaction-by-transaction basis and the Name of Recording Jurisdiction is typed in when the document is prepared, the words [Name of Recording Jurisdiction] do not have to appear beneath the actual name of the recording jurisdiction.

TRANSFER OF RIGHTS IN THE PROPERTY

This Security Instrument secures to Lender (i) the repayment of the Loan, and all renewals, extensions, and modifications of the Note, and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the

_____ of _____:

[Type of Recording Jurisdiction]

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[Name of Recording Jurisdiction]

Derivation Clause

The instrument constituting the source of the Borrower's interest in the foregoing described property was a [Warranty Deed] [Quitclaim Deed] [Other] recorded [at Book _____, Page _____] [under Instrument No. _____] in the Register's Office of _____ County, Tennessee.

9. *Authorized Change* - Lenders MAY delete from the last sentence of the next-to-last paragraph that precedes the Uniform Covenants section the word "generally" and replace it with the word "specially", if the security property is located in an area in which security instruments normally provide for a special warranty of title by the borrower (rather than a general warranty).

BORROWER REPRESENTS, WARRANTS, COVENANTS, AND AGREES that: (i) Borrower lawfully owns and possesses the Property conveyed in this Security Instrument in fee simple or lawfully has the right to use and occupy the Property under a leasehold estate; (ii) Borrower has the right to grant and convey the Property or Borrower's leasehold interest in the Property, subject to any existing senior encumbrances; and (iii) the Property is unencumbered, and not subject to any other ownership interest in the Property, except for encumbrances and ownership interests of record. Borrower warrants generally

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10. *Optional Language* is required if the first mortgage is an FHA loan *Required by THDA*

23. **Waivers.** Borrower waives all right of homestead, equity of redemption, statutory right of redemption, and relinquishes all other rights and exemptions of every kind, including, but not limited to, a statutory right to an elective share in the Property.

[The following Section is OPTIONAL]

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[24]. **CERTAIN RESTRICTIONS TERMINATE ON FORECLOSURE OF HUD-INSURED FIRST DEED OF TRUST.**

In the event of foreclosure or deed in lieu of foreclosure of a prior 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.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider signed by Borrower and recorded with it.

IN WITNESS WHEREOF, Borrower has signed this Security Instrument.



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Please note that these Additional Authorized Changes are acceptable:

The following customary changes MAY be made to this document at the lender's option:

- A.** Lenders MAY add legends to identify the preparers of the document, consistent with the requirements of state and local laws.
- B.** Although not required, lenders MAY include at the bottom of each page "initial lines" on which borrowers may insert their initials to acknowledge that all pages of the document are present. If lines are provided for initials, the originator is not required to have borrowers initial the document, but if the borrower initials the document, the originator must require that the borrower initial each and every page as indicated.
- C.** Lenders MAY insert the appropriate acknowledgment in the blank space after the signature lines as documents for individual mortgages are prepared or MAY print documents bearing the appropriate acknowledgment(s) in advance for use as the need arises.
- D.** Lenders MAY adjust cross-references to section, paragraph, or page numbers, if needed to reflect changes in section, paragraph, or page numbers that result from adding, modifying, or deleting certain language in accordance with another authorized change.
- E.** Lenders MAY add the words "Purchase Money" in front of or above the caption "Deed of Trust", if all, or any portion, of the loan proceeds are to be used to purchase the security property. Lenders MAY also add the following in parentheses either above the caption or in the space provided for the legal description of the property:

(All or part of the purchase price of the Property is paid for with the money loaned.)

- F.** Lenders MAY delete the word "Witnesses" and the two accompanying lines for witness signatures that appear to the left of the Borrower signature lines on Page 12, if the document is notarized. *THDA has deleted, notary required*
- G.** Lenders MAY add an asterisk (*) following the applicable borrower's name in Definition (A). Borrower on Page 1 and following the applicable borrower's signature on the last page of the document and then insert the following legend immediately after the execution block on this page, if a borrower is signing the document for the sole purpose of waiving dower rights:

* _____ signs as Borrower solely for the purpose of waiving dower rights without personal obligation for payment of any sums secured by this Security Instrument.
- H.** Lenders may insert a Notice on the Security Instrument if the Notice is required by applicable law for the type of transaction.



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- I. If the borrower is an inter vivos revocable trust, we may require: a special rider, a different signature form for the trustee signature, and a special signature acknowledgment for the settlor/credit applicant(s). Lenders are responsible for making any modifications, including the use of different terminology, needed to conform to the signature forms customarily used in Tennessee and will be held fully accountable for the use of any invalid signature form(s).

- Each of the trustees must sign this document in a signature block substantially similar to the following, which should be inserted in the Borrower signature lines.

_____, Trustee of the _____ Trust under trust instrument
dated _____, for the benefit of _____ (Borrower).

N/A THDA does not allow revocable or irrevocable trust