

**Colorado Housing and Finance Authority
CHFA Form 305H, Second Mortgage Note
Document Completion Instructions**

This instruction page is for informational purposes only for the CHFA Participating Lender and should NOT be sent to the title company for closing.

As a reminder, obtaining this form in the CHFA HomeConnection site will auto-populate certain fields. These forms should NOT be downloaded into the Participating Lenders' document preparation system, documents should always be obtained through the CHFA HomeConnection site CHFA website.

- NMLS information for Lender and Loan Originator – this information will not auto-populate. Information must be completed.
- Date of closing – this information will not auto-populate. Date the documents will be signed by the borrower and should match the First Mortgage Loan's promissory note.
- Second Mortgage Loan Amount – this will auto-populate in the HomeConnection site. To change the loan amount, click in the box to edit.
- Time and Place of Payments – this information will not auto-populate. Please see the current HomeAccess Loans payment chart for the date payments will start and date the loan matures. This chart is updated and sent to closing staff each year by CHFA.

THIS PAGE IS FOR INFORMATIONAL PURPOSES ONLY, DO NOT SEND TO CLOSING.

Loan Originator Organization Name: _____

Loan Originator Organization NMLSR ID#: _____

Individual Loan Originator Name: _____

Individual Loan Originator NMLSR ID#: _____

Colorado Housing and Finance Authority
www.chfainfo.org

CHFA Second Mortgage Loan Promissory Note
This loan is not assumable.

Date: _____

Property Address: (the "Property") _____

1. Borrower's Promise to Pay

In return for a loan that I have received (the "Loan"), I promise to pay U.S. \$_____ (this amount is called "Principal") to the order of the Lender. The Lender is Colorado Housing and Finance Authority, a body corporate and political subdivision of the State of Colorado, duly organized and existing under and by virtue of the laws of the State of Colorado. I will make all payments under this Note in the form of cash, check, or money order. 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".

(A) Loan Authority

The Loan evidenced by this Note is being made pursuant to the Lender's second mortgage down payment assistance program.

(B) Use of Funds

The Loan is being made in order to assist me in purchasing the Property.

2. Interest

The Principal of this Note will not bear interest.

3. Payments

(A) Time and Place of Payment

I will pay Principal by making a payment every month beginning on the first day of _____, 20___. I will make these payments every month until I have paid all the Principal and other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date.

If not sooner paid, I will pay the remaining Principal and any other amounts I may owe in full on the earlier of: (i) the first day of _____, 20___; (ii) the date on which the note secured by the first deed of trust (the "First Deed of Trust") encumbering the Property described in such First Deed of Trust (the "Property") is paid in full, either by voluntary prepayment, acceleration, or foreclosure; (iii) the date I sell, assign, transfer, or convey all or any part of my interest in the Property; or (iv) the date on which I cease to occupy the Property as my principal residence, subject to those exceptions provided in Section 16 of the second deed of trust encumbering the Property (the "Second Deed

of Trust”) as further described in Section 11 below. That date is called the “Maturity Date”. The Maturity Date may be accelerated by the Note Holder if I am in default or under other conditions described in the Second Deed of Trust.

I will make my payment at **Colorado Housing and Finance Authority, P.O. Box 660592 Dallas, Texas 75266-0592** or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payments will be in the amount of U.S. \$200.00.

4. Borrower's Right to Prepay

I have the right to make payments of Principal at any time before they are due. A payment of Principal only before it is due is known as a "Prepayment". When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all of the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayment without paying any Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

5. Loan Charges

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me that exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. Borrower's Failure To Pay As Required

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 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 5% of my overdue payment of Principal. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full payment of each monthly payment on the date it is due, I will be in default. I will also be in default if: (i) I do not make timely payments on the First Mortgage Loan (hereinafter defined), except a default under the First Mortgage Loan shall not be a default under this Note until the holder of the First Mortgage Loan has either (a) accelerated the maturity of the First Mortgage Loan, or (b) has taken affirmative action to foreclose on the First Mortgage Loan; or (ii) I sell or otherwise transfer all or part of the Property (other than by devise, descent, or operation of law), without the Lender's prior written consent; or (iii) I fail to occupy the Property as my principal residence as long as I have not paid this Note in full, subject to those exceptions provided in Section 16 of the Second Deed of Trust; or (iv) I omit or misrepresent a material fact in an application for the First Mortgage Loan or in any documents signed by me in connection with this Note or the First Mortgage Loan; or (v) I change the use of the Property to a use other than for single-family occupancy by me or my immediate family.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal that has not been paid. The date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver by the Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above the Note Holder will still have the right to do so if I am in default at a later time.

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

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law, regulation or other legal requirements. Those expenses include, but are not limited to, reasonable attorneys' fees.

Notwithstanding anything to the contrary contained herein, if the Borrower's first mortgage is an FHA-insured mortgage, the Borrower is not liable for Lender's costs and expenses, including attorney fees, other than the original assistance provided if the event of default results solely from Borrower's violation of a legal restriction on conveyance as defined by 24 C.F.R. § 203.41, such as an owner-occupancy requirement.

7. Giving of Notices

(A) Notice to Borrower

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it, or by mailing it by first class mail, to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address. I will promptly notify the Note Holder of any change to my physical address and of any change to my mailing address. Unless applicable law requires otherwise, notice may instead be sent by e-mail or other electronic communication if agreed to by me and the Note Holder in writing and if I have provided the Note Holder with my current e-mail address or other electronic address. If I have agreed with the Note Holder that notice may be given by e-mail or other electronic communication, I will promptly notify the Note Holder of any changes to my e-mail address or other electronic address.

(B) Notice to Note Holder

Any notice that I must give to the Note Holder under this Note will be delivered by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

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 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. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. Subordination

This Note is secured by the Second Deed of Trust. I have also signed a senior promissory note and First Deed of Trust (the "First Mortgage Loan") in conjunction with the purchase of the property. I acknowledge that the indebtedness evidenced by this Note, and any other financial obligation that may hereafter be imposed on me by the Lender, is subordinate to the indebtedness evidenced by the First Mortgage Loan.

10. Waivers

I 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 the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

11. Secured Note

In addition to the protections given to the Note Holder under this Note, the Second Deed of Trust, dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises that I make in this Note. That Second Deed of Trust describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note.

WITNESS THE HAND(S) OF THE UNDERSIGNED.

Date

Date

Date

Date