

SoftSecond® Loan Program Subsidy Note

FULL VALUE SUBSIDY AMOUNT: \$ _____

DATE: _____

LOCATION: _____, Massachusetts

PROPERTY ADDRESS:

Street

City/Town

Zip

1. BORROWER'S PROMISE TO PAY

In return for a loan (the "Loan") in the amount of \$ _____ that has been made to me by the Massachusetts Housing Partnership Fund Board (the "Provider") in the form of a payment to _____ (the "Bank"), which shall be used by the Bank according to the attached schedule of subsidy payments to reduce the payments that I must make to the Bank under a certain second note of even date herewith in the principal amount of \$ _____ ("the Second Note") and a certain mortgage of even date herewith (the "Second Mortgage") on the Property located at the Property Address, above (the "Property"), I make the following promises:

A. To make regular and timely monthly payments to the Bank on the Second Note according to the Second Mortgage Payment Subsidy Schedule attached hereto and incorporated herein (the "Schedule") of Borrower's payments.

B. If I sell or transfer the Property before the fifth anniversary of the Loan, to pay to the order of the Provider or its designee the amount of the subsidy payments which the Bank has actually applied against my obligation to the Bank under the Second Note, unless this provision is waived in writing by the Provider. This amount is the total of all monthly payments shown on the column "Monthly Subsidy Payment" on the Schedule for the period of my ownership of the Property. In no event, however, will this amount, when combined with the total amount of allowable secured debt on the Property, cause the secured debt on the Property to exceed the then applicable Fannie Mae loan to value requirements.

C. If I sell or transfer the Property after the fifth anniversary of the loan, to pay to the Provider or its designee the lesser of a) the amount stated in paragraph B, above, or b) twenty (20%) percent of the net appreciation realized on the sale of the Property or c) the applicable amount in a) or b), above, adjusted, if necessary, to reflect Fannie Mae requirements. The term "net appreciation" shall mean the positive difference between the resale price and the purchase price of the Property (less appraisal costs and broker's fees), based on good faith, arm's length transactions. In the event that the twenty (20%) percent of net appreciation is not greater than the amount stated in paragraph B, above, I will provide to the Provider, at my cost, a professional real estate appraisal to support the resale price. I acknowledge that the Provider reserves the right to base the calculation of net appreciation for purposes of this paragraph on the appraised value of the Property. I

acknowledge that the Provider is allowing me to retain at least eighty (80%) percent of the net appreciation as a return on my investment in the Property provided I retain ownership of the Property for at least five years.

D. To use the Property as my principal residence during the term of this SoftSecond Subsidy Note provided that I continue to own the Property.

2. PAYMENTS

I will make any payment due under this SoftSecond Subsidy Note in full at the time of my sale or transfer of the Property.

3. DEFAULT

It will be an event of default under this SoftSecond Subsidy Note if the following occurs:

- A. Default of any term or condition of the Second Note and Second Mortgage.
- B. Default of any term or condition of this SoftSecond Subsidy Note and SoftSecond Subsidy Mortgage.

4. PAYMENT OF NOTE HOLDER'S COSTS AND EXPENSES

If the Provider is required to initiate legal process as the result of my default as described above, the Provider will have the right to be paid back for all of its costs and expenses incurred as a result of my default, to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees (including the time of any in-house counsel of lender, charged at the same rate as comparable outside attorneys).

5. THIS NOTE SECURED BY A MORTGAGE

In addition to the protections given to the Provider under this SoftSecond Subsidy Note, a mortgage on the Property of even date (the "SoftSecond Subsidy Mortgage"), protects the Provider from possible losses which might result if I do not keep the promises which I make in this SoftSecond Subsidy Note.

6. BORROWER'S WAIVERS

I waive my rights to require the Provider to do certain things to the extent permitted by law. Those things are:

- (A) to demand payment of amounts due (known as "presentment");
- (B) to give notice that amounts due have not been paid (known as "notice of dishonor");
- (C) to obtain an official certification of nonpayment (known as a "protest").

7. GIVING OF NOTICES

Any notice that must be given to me under this SoftSecond Subsidy Note will be given by delivering it or by mailing it by certified mail addressed to me at the Property Address above. A notice will be delivered or mailed to me at a different address if I give the Provider proper written notice of my different address. Any notice that must be given to the Provider under this SoftSecond Subsidy Note will be given by delivering it or mailing it by certified mail to the Provider at the following address:

Massachusetts Housing Partnership
160 Federal Street, 2nd Floor,
Boston, MA 02110.

8. RESPONSIBILITY OF PERSONS UNDER THIS NOTE

If more than one person signs this SoftSecond Subsidy Note, each of us is fully and personally obligated to keep all of the promises made in this SoftSecond Subsidy Note. Any guarantor, surety, or endorser of this SoftSecond Subsidy Note is also obligated to do these things. The Provider may enforce its rights under this SoftSecond Subsidy Note against each of us individually or against all of us together. This means that anyone of us may be required to pay all of the amounts owed under this SoftSecond Subsidy Note. Any person who takes over my rights or obligations under this Note will have all of my rights and must keep all of my promises made in this SoftSecond Subsidy Note. Any person who takes over the rights or obligations of a guarantor, surety, or endorses of this SoftSecond Subsidy Note is also obligated to keep all of the promises made in this SoftSecond Subsidy Note.

9. TERM

The term of this SoftSecond Subsidy Note is thirty years or upon the sale, foreclosure sale or a deed in lieu of foreclosure of the Property, whichever first occurs.

10. GOVERNING LAW

This SoftSecond Subsidy Note shall be governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the Borrower has executed this SoftSecond Subsidy Note under seal as of the date written above.

Witness

Borrower

Witness

Borrower

SECOND MORTGAGE PAYMENT SUBSIDY SCHEDULE

Year	Borrower Payment	Monthly Subsidy Payment	Monthly Payment
Year 1			
Year 2			
Year 3			
Year 4			
Year 5			
Year 6			
Year 7			
Year 8			
Year 9			
Year 10			
Years 11-30			

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