

**OKLAHOMA HOUSING FINANCE AGENCY  
HOMEBUYER DOWN PAYMENT ASSISTANCE PROGRAM**

**SUBORDINATE MORTGAGE  
(Payable at Maturity or Earlier Prepayment Event)**

**THIS SUBORDINATE MORTGAGE** (this “**Mortgage**”) is made as of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ (the “**Borrower(s)**”) to **OKLAHOMA HOUSING FINANCE AGENCY**, a public trust created pursuant to the laws of the State of Oklahoma, whose address is 100 NW 63<sup>rd</sup> Street, Suite 200, Oklahoma City, OK 73116 (including its successors and assigns, the “**Lender**”). The Borrower(s) owes the Lender the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_). This debt is evidenced by the Borrower(s)'s Promissory Note (the “**Note**”) dated the same date as this Mortgage and maturing on \_\_\_\_\_, 20\_\_\_\_ (the “**Maturity Date**”). The Note provides that the principal of the Note is payable at the earlier of the Maturity Date or an occurrence of a “**Prepayment Event**” as set forth in the Note. The loan evidenced by the Note and secured by this Mortgage (the “**Loan**”) is being made by the Lender pursuant to its Homebuyer Down Payment Assistance Program.

In addition to the Loan, the Borrower(s) obtained a mortgage loan (the “**First Mortgage Loan**”) from \_\_\_\_\_ (the “**Senior Lender**”), which loan is secured by a First Mortgage lien on the Property (the “**First Mortgage**”). The documents evidencing or securing the First Mortgage Loan are collectively referred to herein as the “**First Mortgage Loan Documents**”.

To secure to the Lender the repayment of the Loan evidenced by the Note, the Borrower(s) do/does hereby irrevocably mortgage, grant and convey to the Lender, with power of sale, subject to the rights of the Senior Lender under the First Mortgage, the following property, to-wit:

Legal Description:

(Which has the street address of: \_\_\_\_\_), together with all the improvements now or hereafter erected on said property, all easements, rights, appurtenances, and fixtures now or hereafter a part of said property, and all replacements thereof and additions thereto. All the foregoing, together with said property, are hereinafter referred to in this Mortgage as the “**Property**”.

The Borrower(s) covenant(s) that the Borrower(s) is/are the lawful owner of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and, except for the First Mortgage and other encumbrances of record acceptable to the Senior Lender, the Property is unencumbered. The Borrower(s) warrant(s) and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

**PAYMENTS:** The principal of the Loan evidenced by the Note shall be due and payable as set forth in the Note.

**DESIGNATION OF DEFAULT AND REMEDIES:** It shall be a default under the Note if the Borrower(s) does/do not comply with the terms thereof, including making all payments when due. The Lender shall give notice to the Borrower(s) and the Senior Lender prior to a designation of a default under the Note. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to the Borrower(s) (and with respect to the Senior Lender, 60 days from the date the notice is given to the Senior Lender), by which the default must be cured; and (d) that failure to cure

the default on or before the date specified in the notice may result in designation of a default under the Note and the sale of the Property. The notice shall further inform the Borrower(s) of the right to reinstate after designation of a default and the right to bring a court action to assert the nonexistence of a default or any other defense of the Borrower(s) to a designation of default and sale. If the default is not cured by the Borrower(s) on or before the date specified in the notice, then the Lender at its option may designate a default and require immediate payment of all sums secured by this Mortgage without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding the Lender's right to invoke any remedies hereunder, the Lender may not commence foreclosure proceedings or accept a deed in lieu of foreclosure or exercise any other rights or remedies hereafter until it has given the Senior Lender at least 60 days prior written notice. The Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided herein, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If the Lender invokes the power of sale, the Lender shall give written notice of intention to foreclose by power of sale to the Borrower(s), the Senior Lender and all other parties prescribed by the Oklahoma Power of Sale Mortgage Foreclosure Act, Title 46, Okla. Stat. (2011), §40, et seq., as the same may be amended from time to time (the "Act"). The Lender shall publish the notice of sale by public advertisement for the time and in the manner prescribed by the Act. The Lender, without demand on the Borrower(s), shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order the Lender determines. The Lender may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. The Lender or its designee may purchase the Property at any sale.

The Lender shall deliver to the purchaser the Lender's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Lender's deed shall be prima facie evidence of the truth of the statements made therein. The Lender shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable attorneys' fees; (b) to all sums due under the Loan; and (c) any excess to the person or persons legally entitled to it.

**SUBORDINATION:** This Mortgage is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Mortgage and to all advances heretofore made or which may hereafter be made pursuant to the First Mortgage Loan Documents, including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Mortgage, curing defaults by the Borrower(s) under the First Mortgage Loan Documents or for any other purpose expressly permitted by the First Mortgage; or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Mortgage are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of foreclosure or deed in lieu of foreclosure of the First Mortgage, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property or otherwise restricting the Borrower(s)'s ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Borrower(s) or a related entity of the Borrower(s)), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage shall receive title to the Property free and clear from such restrictions.

Further, if the Senior Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the lien of this Mortgage shall automatically terminate upon the Senior Lender's acquisition of the title, provided that (a) the Lender has been given written notice of a default under the First Mortgage Loan Documents; and (b) the Lender shall not have cured the default under the First Mortgage Loan Documents, or diligently pursued curing the default as determined by the Senior Lender, within the 60-day period provided in such notice sent to the Lender.

**NOTICES:** Any notice to the Borrower(s) provided for in this Mortgage 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 address of the Property or any other address the Borrower(s) designates by written notice to the Lender.

**RELEASE:** Upon satisfaction of all sums secured by this Mortgage, the Lender shall release this Mortgage to the Borrower(s). The Borrower(s) may be liable to pay any recordation costs.

**INSURANCE:** The Lender shall be named as a loss payee with respect to their interest in the Loan secured by this Mortgage pertaining to the Property.

**MODIFICATION OF FIRST MORTGAGE LOAN DOCUMENTS:** The Lender consents to any agreement or arrangement in which the Senior Lender waives, postpones, extends, reduces, or modifies any provisions of the First Mortgage Loan Documents, including any provisions requiring the payment of money.

**NOTICE TO BORROWER(S):** A power of sale has been granted in this Mortgage. A power of sale may allow the Lender to take the Property and sell it without going to court in a foreclosure action upon default by the Borrower(s) under this Mortgage.

**IN WITNESS WHEREOF,** the Borrower(s) has/have executed this Mortgage.

**BORROWER(S):** \_\_\_\_\_  
Printed Name  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
Printed Name  
  
\_\_\_\_\_

STATE OF OKLAHOMA                    )  
  )  
  ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_,  
By \_\_\_\_\_.

\_\_\_\_\_  
Notary Public (seal)  
  
My Commission Expires: \_\_\_\_\_