

SECOND DEED OF TRUST NOTE (“Second Note”)
(Missouri Housing Development Commission Single Family Loan Program)

_____, _____
[Date]

_____, _____
[City]

[State]

[Property Address]

[Zip Code]

1. BORROWER’S PROMISE TO PAY

In return for a loan that I have received, I, the undersigned (“Borrower(s)”) do promise to pay U.S. \$ _____ (this amount is called “Principal”) to the order of the Lender. The Lender is MISSOURI HOUSING DEVELOPMENT COMMISSION, 1201 Walnut Street, Ste. 1800, Kansas City, Missouri 64106. I will make all payments under this Second Note in the form of cash, check or money order. This Second Note is secured by a deed of trust (“Second Deed of Trust”). Borrower has also signed a senior promissory note (“First Note”) and deed of trust (“First Deed of Trust”) in conjunction with the purchase of the property as defined in the Second Deed of Trust. The First Note and the First Deed of Trust and related documents are referred to as the “First Mortgage Loan Documents.” I understand that the Lender may transfer this Second Note. The Lender or anyone who takes this Second Note by transfer and who is entitled to receive payments under this Second Note is called the “Note Holder.”

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of **zero percent (0%)**.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Second Note.

3. PAYMENTS

(A) Upon the occurrence of any of the events listed in this section 3A or section 6 within the **first five (5) years** following the date of this Second Note, **I will pay to the Note Holder the full amount of Principal.**

If any event listed in section 3A or section 6 shall occur in the **second five (5) years** following the date of this Second Note, **I will pay to the Note Holder the portion of the principal of this Second Note specified below (the “Reduced Principal Due”).**

The Reduced Principal Due on any date of calculation shall be equal to:

$$\text{Principal} \times \frac{120 - \text{Months Elapsed}}{60}$$

where "Months Elapsed" means the number of months that have elapsed between the date of this Second Note and the date of calculation. [For example, if the Principal of this Second Note is \$1,000 and the number of months elapsed since the date of the Note was 75, the Reduced Principal Due would be \$1,000 x 45/60 = \$750]

The Principal (during the first five years) and Reduced Principal Due (during the second five years) will become immediately due and payable to the Note Holder upon the occurrence of any of the following events:

1. Borrower(s) cease to occupy the Property described in the Second Deed of Trust; or
2. Borrower(s) prepay in full or refinance the First Mortgage Loan secured by the First Deed of Trust; or
3. Borrower(s) sell, transfer or otherwise dispose of the Property described in the Second Deed of Trust, including through foreclosure or transfer in lieu of foreclosure or condemnation proceeding; or
4. Borrower(s) are in violation of any terms of the First Note or First Deed of Trust or the Second Deed of Trust and this Second Note.

(B) During the second five years, the principal shall be forgiven at a rate of 1/60 per month, so long as all conditions of the Second Deed of Trust and this Second Note are being met. Thus, at the end of ten years from the date of this Second Note, the loan evidenced by this Second Note shall have been entirely forgiven so long as all terms and conditions of this Second Note and the Second Deed of Trust are met.

(C) If, on _____, I still owe amounts under this Second Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

(D) I will make my payments at the office of Missouri Housing Development Commission, 1201 Walnut Street, Suite 1800, Kansas City, Missouri 64106, or at a different place if required by the Note Holder.

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

5. INDEBTEDNESS SUBORDINATE

I acknowledge that the indebtedness evidenced by this Second Note is subordinate in right of payment to the First Note Loan secured by the First Deed of Trust.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

Default

If I do not pay the full amount of Principal on the Maturity Date, or if such amount is not forgiven pursuant to section 3(B), I will be in default. I will also be in default if: (i) I default in the payment of any sums due under the First Mortgage Loan and such

default is not made good prior to the due date of the next installment thereunder, or any cure period provided by the holder of the First Mortgage Loan, except a default under the First Mortgage Loan shall not constitute a default under this Second Note until the holder of the First Mortgage Loan has either (a) accelerated the maturity thereof, or (b) has taken affirmative action to foreclose on the First Mortgage Loan; or (ii) I refinance, 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 during the term hereof; or (iv) I omit or misrepresent a material fact in an application for the First Mortgage Loan or in any documents executed in connection with this Second Note or the First Mortgage Loan; or (v) I change the use of the Property, or any part thereof, to a use other than for single-family occupancy; or if, (vi) I default under any of the covenants, terms or conditions

contained in this Second Note or in the Second Deed of Trust, or in any of the First Mortgage Loan Documents, or in any other document concerning or given as security for the indebtedness evidenced hereby.

(B) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that the Note Holder may require me to pay immediately the full amount of Principal (if such default occurs in the first five years) or Reduced Principal Due (if such default occurs in the second five years) which has not been paid. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(C) No Waiver By 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.

(D) 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 Second Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Second 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.

Any notice that must be given to the Note Holder under this Second Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 1 above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS SECOND NOTE

If more than one person signs this Second Note, each person is fully and personally obligated to keep all of the promises made in this Second Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Second 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 Second Note, is also obligated to keep all of the promises made in this Second Note. The Note Holder may enforce its rights under this Second 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 Second Note.

9. WAIVERS

I and any other person who has obligations under this Second 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.

10. UNIFORM SECURED NOTE

This Second Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Second Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Second Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Second Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Second Note.

Borrower(s) Signature:

- Borrower

- Borrower

- Borrower

[Sign Original Only]

SECOND DEED OF TRUST

GRANTOR:

GRANTEE:

Missouri Housing Development Commission
1201 Walnut Street, Suite 1800, Kansas City, Missouri 64106

LEGAL DESCRIPTION:

See Exhibit "A" (page 8)

REFERENCE TO RECORDING INFORMATION:

Document No. _____ Book No. _____ Page No. _____ Date Filed _____

SECOND DEED OF TRUST

(Missouri Housing Development Commission Single Family Loan Programs)

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 12 and 18. Certain rules regarding the usage of words used in this document are also provided in Section 10.

(A) **“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.

(B) **“Borrower”** is _____ a
_____ (marital status i.e. a single person or a married couple)
Borrower is the trustor under this Security Instrument.

(C) **“Electronic Funds Transfer”** means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(D) **“Lender”** is Missouri Housing Development Commission. Lender is a governmental instrumentality organized and existing under the laws of the State of Missouri. Lender’s address is 1201 Walnut Street, Suite 1800, Kansas City, Missouri 64106. Lender is the beneficiary under this Security Instrument.

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

(F) **“Property”** means the property that is described below under the heading “Transfer of Rights in the Property.”

(G) **“Second Note”** means the Second Deed of Trust Note signed by Borrower and dated _____, _____. The Second Note states that Borrower owes Lender _____ Dollars (U.S. \$ _____) plus interest.

Borrower has promised to pay this debt as described in the Second Note.

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

(I) **“Trustee”** is Anne Powell.

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 Second Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Second Note. For this purpose, Borrower irrevocably grants, bargains, sells, conveys and confirms to Trustee, in trust, with power of sale, the property which currently has the address of _____(Street), City of _____, County of _____, State of Missouri., _____(Zip Code) and which is further described in attached Exhibit "A" which is attached hereto and made a part hereof.

TOGETHER WITH all the improvements now or hereafter erected on the property, and all rights, privileges, easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Second Note. Payments due under the Second Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Second Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Second Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Second Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 9. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Second Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any.

3. Lien Subordinate to First Security Instrument. Lender and Borrower acknowledge that this Security Instrument is subject to a recorded Deed of Trust which is a **first** mortgage lien on the Property, dated _____, executed by Grantor in favor of

_____ as Beneficiary, securing a promissory note in the amount of \$_____, (which Deed of Trust and Promissory Note secured thereby are hereinafter collectively called the "First Mortgage

Loan Documents" and together evidence the "First Mortgage Loan"), which First Mortgage Loan Documents and the promises, obligations, covenants and conditions contained therein are by this reference incorporated herein as if set forth verbatim. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the First Mortgage Loan Documents and shall comply with all of the promises, obligations, covenants and conditions contained therein.

4. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence until the Borrower has satisfied the obligations due to the Lender under the Second Note. In the event of foreclosure or deed in lieu of foreclosure of Prior Security Deed or assignment of the first mortgage 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 shall have no further force or effect. Any person (including his successors or assigns) receiving title to the Property through a foreclosure or deed in lieu of foreclosure of a Prior Security Deed shall receive title to the Property free and clear from such restrictions.

5. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition.

6. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

7. Joint and Several Liability; Co-signers. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Second Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Second Note without the co-signer's consent.

8. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

9. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall

constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

10. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Second Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Second Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

11. Borrower's Copy. Borrower shall be given one copy of the Second Note and of this Security Instrument.

12. Sale of Second Note; Change of Loan Servicer; Notice of Grievance. The Second Note or a partial interest in the Second Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects periodic payments as may be due under the Second Note and this Security Instrument and performs other mortgage loan servicing obligations under the Second Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Second Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Second Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Second Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Second Note purchaser unless otherwise provided by the Second Note purchaser.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

13. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument. 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 Borrower, 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 acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by Applicable Law to Borrower and to the other persons prescribed by Applicable Law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by Applicable Law. Trustee, without demand on Borrower, 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 Trustee determines. Trustee 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. Lender or its designee may purchase the Property at any sale.

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

14. Release. Upon payment of all sums secured by this Security Instrument, Lender shall release this Security Instrument. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

15. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by Applicable Law.

16. Lease of the Property. Trustee hereby leases the Property to Borrower until this Security Instrument is either satisfied and released or until there is a default under the provisions of this Security Instrument. The Property is leased upon the following terms and conditions: Borrower, and every person claiming an interest in or possessing the Property or any part thereof, shall pay rent during the term of the lease in the amount of one cent per month, payable on demand, and without notice or demand shall and will surrender peaceable possession of the Property to Trustee upon default or to the purchaser of the Property at the foreclosure sale.

17. Homestead Exemption. Borrower hereby waives all homestead exemptions in the Property to which Borrowers would otherwise be entitled under Applicable Law.

18. Notice. Oral agreements or commitments to loan money, extend credit or to

forebear from enforcing repayment of debt including promises to extend or renew such debt are not enforceable. To protect you (Borrower(s)) and us (Creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.

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

- Borrower

- Borrower

[Space Below This Line for Acknowledgment]

ACKNOWLEDGMENT

STATE OF MISSOURI)
)ss.
COUNTY OF _____)

On this _____ day of _____, Year 20____, before me personally appeared _____ known to me to be the person(s) who executed the foregoing Agreement and acknowledged to me that executed the same for the purposes therein stated and the said

_____ acknowledged (himself) (herself) (themselves) to be (unmarried) (married).

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the county and State aforesaid, the day and year first above written.

My Commission Expires: _____

Notary Public

EXHIBIT A
(Legal Description)