DISCLOSURE OF SECOND LOAN TERMS

Second Loan Date:	
Second Loan Maturity:	/ /
Borrower(s):	
Property Address:	
2nd Loan Lender:	Hawaii Housing Finance and Development Corporation ("HHFDC")
Second Loan ($):	

1. I/We as applicant(s) may be eligible for a first mortgage loan (the "First Loan") and a second mortgage loan (the "Second Loan") to be provided by the Hawaii Housing Finance and Development Corporation ("HHFDC") through its HHFDC Hale Kama'āina Mortgage Program (the "Program").

2. I/We acknowledge that the First Loan Lender has explained other available sources of down payment and closing cost assistance, as well as alternative mortgage loan options, and I/we have determined that this First Loan and Second Loan best meet our financial needs.

3. I/We understand that the Second Loan may be used solely to fund down payment or closing costs related to the First Loan or to reduce the amount of the First Loan. The Second Loan will be evidenced by a Second Promissory Note and secured by subordinate lien ("Second Mortgage") which will be recorded in the property records of the State of Hawaii and will be subordinate only to the senior mortgage.

4. I/We understand that the Second Loan is a fixed one percent simple interest (1%) loan, with the Second Loan amount stated above plus accrued interest due in full should the Second Loan become repayable as described in Paragraph 5 below. No scheduled payments are required until an action listed in Paragraph 5 below occurs. I/we should refer to the Second Promissory Note and Second Mortgage evidencing and securing, respectively, the Second Loan for information about non-payment, default, acceleration, prepayment rights and prepayment penalties and other important terms and conditions. No prepayment penalty will be imposed.

5. I/We understand that the Second Loan must be repaid upon:
    a) The sale, transfer, or other disposition of the Property;
    b) The refinancing or repayment in full of the First Loan;
    c) The acceleration of the First Loan or Second Loan due to default or other applicable loan provisions.
    d) Upon maturity of first mortgage loan; or
    e) any other event that, under the Second Promissory Note or Second Mortgage, permits or requires repayment of the Second Loan in full."

6. I/We understand (upon the occurrence of any of the actions described in Paragraph 5 (each a "Payment Action"), the Second Loan becomes immediately due and payable, and I/we shall repay the entire remaining Second Loan amount plus accrued interest.

7. I/We understand that interest payments are deferred and may be forgiven in full at the sole discretion of the HHFDC if the Borrower(s) complies with all eligibility requirements and fulfills all obligations under this Note and the Mortgage for the duration of the loan. The interest may be forgivable after the 10th year, provided the Borrower remains in full compliance with all terms and conditions.

SAMPLE

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8. I/We acknowledge that repayment obligations under this Second Loan may affect refinancing options, and that HHFDC is under no obligation to approve subordination requests. I/We should consult with our First Loan Lender before refinancing to fully understand repayment implications.

9. I/We understand that there are no taxes or insurance associated with this Second Loan other than a Second Loan recording fee, which may vary depending on the system(s) of land that the Property is described in (Land Court, Regular System, Double-System), that there are no other permitted Second Loan related fees. The recording fee is not considered a finance charge.

10. At loan closing, I/we understand that this Second Loan is not assumable– I.e., a subsequent purchaser of the Property cannot assume the Second Loan in full or in part.

AMOUNT FINANCED: The amount of credit provided to you	FINANCE CHARGE: The dollar amount the credit will cost you	TOTAL OF PAYMENTS: The amount you will pay upon the occurrence of a Payment Action	INTEREST RATE: The cost of your credit	ANNUAL PERCENTAGE RATE: The cost of your credit as a yearly rate, including any Finance Charges
	$0.00	$0.00	1%	1%

Your payment schedule will be:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENT IS DUE
One (1) payment, upon the occurrence of a Payment Action	The amount of the second mortgage plus accrued interest.	Upon meeting any condition in Paragraph 4

I/We hereby acknowledge receipt of this disclosure:

Applicant Name **Applicant Type** **Signature** **Date**

Co-Applicant Name **Applicant Type** **Signature** **Date**

SAMPLE