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**MORTGAGE, RETENTION AND SUBORDINATION AGREEMENT
(Only for use with FHA Mortgages)**

Document Number:

Return Address: Waukesha County – HOME Consortium
515 W. Morland Blvd., Room AC320
Waukesha, WI 53188

Parcel I.D. Number:

Date: _____ Mortgage Amount: \$ _____

Mortgagor:

Mortgagee: Waukesha County

Mortgagor mortgages to Mortgagee for the consideration in the amount shown above the following tract of land, together with all improvements and fixtures thereon (“Property”):

This mortgage is granted by the Mortgagor(s) to secure the performance of Mortgagor’s obligation as set forth hereunder.

In the event of foreclosure, Mortgagee shall be entitled to elect to proceed under the accelerated redemption periods of Section 846.101 or 103, Wisconsin Statutes.

RETENTION AGREEMENT

Mortgagor's purchase of the Property was partially funded with proceeds from an U.S. Department of Housing and Urban Development HOME Program loan from Mortgagee in the amount described above ("HOME DPA Forgivable Loan"). Under the regulations of the Waukesha County HOME Consortium, Mortgagor's receipt of the funds are conditioned on Mortgagor's agreement to restrictions on Mortgagor's ability to sell or refinance the Property, for the purpose of ensuring that the funds are used for the purchase of housing which is retained as Affordable Housing for at least five years from the closing date ("Retention Period"). In addition to the HOME DPA Forgivable Loan, Mortgagor obtained a mortgage loan from _____ ("Lender"), which loan is secured by a first mortgage lien on the Property. Accordingly, Mortgagor agrees:

1. Mortgagor shall use the HOME DPA Forgivable Loan to fund costs associated with the Property.
2. Such HOME DPA Forgivable Loan may be retained by Mortgagor without any obligation to repay the HOME DPA Forgivable Loan except as specifically provided in this Agreement.
3. Mortgagee and Lender must be notified of any sale or refinancing of the Property that occurs prior to the end of the Retention Period.
4. Except as set forth herein, if Mortgagor sells, refinances or vacates the Property, Mortgagor must repay to Mortgagee all or a portion of the HOME DPA Forgivable Loan, determined as follows: an amount equal to the HOME DPA Forgivable Loan, less a deduction of 20% thereof for each full year Mortgagor has owned, resided in and maintained the Property as their primary residence, commencing with the date of the HOME DPA Forgivable Loan.
5. If Mortgagor sells the Property, Mortgagor is not required to repay an amount exceeding the net gain realized on the sale after deduction of sales expenses. Net gain is defined as the difference between your original purchase price and the price you as a seller receive for the property when it is sold, less your seller costs. Net gain will be computed by Mortgagee based upon its review of the appropriate H.U.D. Settlement Statements for the purchase and sale of the Property.
6. If Mortgagor refinances and the Property remains subject to the encumbrance created by this Agreement, then Mortgagor shall not be required to repay any portion of the HOME DPA Forgivable Loan.
7. The obligations to repay this HOME DPA Loan shall terminate upon foreclosure, deed-in-lieu of foreclosure or assignment of the insured mortgage to HUD.
8. The term Mortgagor shall include all Mortgagors whether one or more, and the provisions hereof for reimbursement shall not apply as long as any named Mortgagor continues to both own and occupy the Property.

SUBORDINATION AGREEMENT

Lender is Mortgagor's primary lender for Mortgagor's purchase of the Property, and is the holder of a mortgage against the Property recorded on or about the closing date. To induce Lender to advance funds under its mortgage, Mortgagee does hereby unconditionally subordinate the lien created by this Agreement to the lien of Lender's mortgage.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the above date.

_____(Seal)
Mortgagor

_____(Seal)
Mortgagor

MORTGAGOR ACKNOWLEDGMENT

STATE OF WISCONSIN)

:SS.

_____) COUNTY)

Personally came before me this ____ day of _____, 20____, the above named _____ to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public

_____) County, Wisconsin
My commission expires:_____

WAUKESHA COUNTY

By: _____

Its: _____

MORTGAGEE ACKNOWLEDGMENT

STATE OF WISCONSIN)

:SS.

_____) COUNTY)

Personally came before me this ____ day of _____, 20____, the above named _____ to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public

_____) County, Wisconsin
My commission expires:_____