

LOAN GUARANTY AGREEMENT

Pursuant to Kansas Rural Home Loan Guarantee Act, Laws 2022, ch. 85, Secs. 15 -19 (“Act”), and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Kansas Housing Resources Corporation (“KHRC”) hereby guarantees, on the terms described below, the amount of \$_____ of the indebtedness of _____ (“Borrower”) to _____ (“Financial Institution”), under a promissory note executed, dated _____ by the Borrower in favor of the Financial Institution (the “Loan”).

1. This a non-recourse guaranty. The source of the payment of the guaranty is restricted solely to the state housing trust fund as established under KSA 74-8959. No claim against this guaranty will be paid by the State of Kansas, KHRC or any other state agency other than pursuant to an appropriation act of the legislature after such claim has been filed with and considered by the joint committee on special claims against the state.
2. This is a collection guaranty. The guaranty shall only be enforced upon the existence of a condition of default under the Loan by the Borrower, and after the Financial Institution has enforced any secured interest in any property securing the Loan and sold such property.
3. The amount of the guaranty is limited as follows:
 - a. To the amount of the Loan that exceeds 80% of the appraised value of the single-family home subject to the Loan, up to 125% of the appraised value of the single-family home subject to the Loan. The amount of the guaranty shall not exceed \$100,000.00. For purposes of Sec 3 of the Loan Guaranty Agreement, “appraised value” means the value of the single-family home subject to the Loan at the time of the execution of the Loan. Examples for how to calculate the amount of the guaranty are included on Exhibit “A,” attached hereto.
 - b. To the amount of the principal due under the Loan, at the time demand is made on KHRC for payment, that was used for land and building purchases, renovation and new construction costs, equipment and installation costs, predevelopment costs that may be capitalized, financing, capitalized interest during construction and consultant fees that do not include the Borrower’s staff costs. The guaranty does not include any other cost under the Loan relating to the Loan, the Borrower, and any co-guarantor, including, but not limited to, interest, fees and charges not expressly allowed above, and costs of collection.
 - c. At the time of the execution of this Loan Guaranty Agreement, KHRC will impose a one-time fee of 2% of the amount of the guaranty to recover costs incurred for the administration of the Act. The fee will be invoiced separately from this Loan Guaranty Agreement, and the amount of the fee will not be added to the amount of the guaranty. The collection of the fee will be administered in the manner described in Sec 18(e) of the Act.

4. The guaranty shall terminate upon one of the following, unless otherwise agreed to by KHRC, in writing:
 - a. The principal due under the Loan goes below 80% of the value of any appraisal done during the period of the Loan Guaranty Agreement.
 - b. Loan is paid in full, including any renewals or refinancing.
 - c. The Loan is modified in any manner in which the original amount of the guaranty is increased.
 - d. KHRC and the Financial Institution agree to a termination in writing.
 - e. Any term or condition stated in the application for this Loan Guaranty Agreement regarding to submission of documents to KHRC is breached.
 - f. The Loan is assigned to any third-party.

The Financial Institution shall inform KHRC within ten business days, in writing, when any condition under Section 4.a.-c. of the Loan Guaranty Agreement occurs. Section 4.b. and Section 4.c. do not apply if the Loan is a construction loan that becomes a permanent loan through a renewal, refinancing or modification between the Financial Institution and the Borrower.

5. The Financial Institution represents, warrants, and guarantees the following:
 - a. The Financial Institution is a bank, trust company, savings bank, credit union, savings and loan association or any other lending institution under the jurisdiction of a federal or state regulatory agency.
 - b. The Loan is being made to provide financing for the construction or renovation of a single-family home in a rural county in Kansas with a population of less than 10,000, as certified to the secretary of state pursuant to K.S.A. 11-201, and amendments thereto, on July 1 of the preceding year.
 - c. The principal amounts of the Loan and the mortgage securing the Loan are equal to or greater than the appraised value of the single-family home subject to the Loan.
 - d. The real estate subject to the Loan and mortgage is owned by the Borrower.
 - e. The Financial Institution has applied all usual lending standards and policies to determine the creditworthiness of the Borrower, including all standards and policies of any federal or state agency with regulatory authority over the Financial Institution. The Financial Institution originating the Loan will monitor the Loan and, in case of any default, work with the Borrower to obtain the collateral for the loan. The Financial Institution will provide KHRC with regular reports on the status of the Loan in the

manner appropriate with the nature and circumstances of the Loan, including, but not limited to, payment histories and other information that will allow KHRC to fulfill KHRC's obligations under Sec. 19 of the Act. The Financial Institution will administer the Loan in a manner consistent with any applicable law, regulation, as well as the Financial Institution's financial and lending policies that are applicable to the Loan.

The breach of any of these representations, warranties and guarantees will discharge KHRC of any responsibility to make payment under this guaranty.

6. KRHC and the Financial Institution expressly agree that none of the defenses available to a guarantor under Kansas or federal law are waived or released by KHRC, including, but not limited to:

- a. Failure to notify KHRC of the Borrower's default under the Loan.
- b. Failure to notify KHRC of adverse matters related to the Borrower and/or Loan.
- c. Material alteration of Loan, including any assignment.
- d. Impairment of collateral.
- e. Failure to notify KHRC of a sale of collateral, including a sheriff's sale under KSA 60-2410 or a disposition of collateral under the Uniform Commercial Code.
- f. Failure to hold a commercially reasonable sale of collateral.
- g. Release of any co-guarantors by the Financial Institution.
- h. Negligent loan administration.
- i. Other increases in the scope of risk related to the Borrower and/or Loan.
- j. Any Borrower defense as to the Loan.
- k. Application of automatic stay under the Bankruptcy Code.
- l. Release of any collateral.
- m. Any rights of subrogation arising upon KHRC's payment under the guaranty.
- n. Any rights of recovery, including but limited to, reimbursement or contribution, against the Borrower; or any co-guarantor, arising upon KHRC's payment under the guaranty.

7. Any invalidity or unenforceability of any provision or application of this Loan Guaranty Agreement shall not affect other lawful provisions and application hereof, and to this end the

provisions of this Loan Guaranty Agreement are declared to be severable. This Guaranty Loan Agreement constitutes the entire agreement between KHRC and the Financial Institution. Except as authorized by the terms herein, this Loan Guaranty Agreement may not be waived, modified, amended, terminated, released, or otherwise changed except by a writing signed by KHRC and Financial Institution. This Loan Guaranty Agreement shall be governed by the laws of the State of Kansas, and venue shall be in Shawnee County, Kansas for any lawsuit related to this guaranty. Any right to jury trial regarding any claim on this this Loan Guaranty Agreement is waived.

Kansas Housing Resources Corporation

Name: _____
Date: _____
Title: _____

Financial Institution

Name: _____
Date: _____
Title: _____

Exhibit A

Summary of general rule to calculate the amount of guaranty: From 80% of the appraised value up to loan amount or 125% of the appraised value, whichever is less, subject to an overall limit of \$100,000.00

Example 1: \$100,000 appraisal

- a. If the loan amount is \$115,000, the guaranty is \$35,000 (80% of the appraisal up to the loan amount because the loan amount is less than 125% of the appraisal)
- b. If the loan amount is \$125,000, the guaranty is \$45,000 (80% of the appraisal up to the loan amount because the loan amount is equal to 125% of the appraisal)
- c. If the loan amount is \$145,000, the guaranty is also \$45,000 (80% of the appraisal up to 125% of the appraisal because the loan amount exceeds 125% of the appraisal)

Example 2: \$200,000 appraisal

- a. If the loan amount is \$225,000, the guaranty is \$65,000 (80% of the appraisal up to the loan amount because the loan amount is less than 125% of the appraisal)
- b. If the loan amount is \$250,000, the guaranty is \$90,000 (80% of the appraised value up to the loan amount because the loan amount is equal to 125% of the appraisal)
- c. If the loan amount is \$275,000, the guaranty is also \$90,000 (80% of the appraised value up to 125% of the appraisal because the loan amount exceeds 125% of the appraisal)

Example 3: \$300,000 appraisal

- a. If the loan amount is \$315,000, the guaranty is \$75,000 (80% of the appraisal up to the loan amount because the loan amount is less than 125% of appraisal)
- b. If the loan amount is \$375,000, the guaranty is \$100,000 (80% of the appraisal up to the loan amount because the loan amount is equal to 125% of the appraisal, but then subject to the \$100,000 limit)
- c. If the loan amount is \$400,000, the guaranty is also \$100,000 (80% of the appraisal up to the 125% of the appraisal because the loan amount exceeds 125% of the appraisal, but then subject to the \$100,000 limit)