



*Help Kansans Unlock Home!  
First Time Homebuyer Program*

*New & Seasoned  
Mortgage Lender Training*

Kansas Housing Resources Corporation



# *Lender Support is Vital*

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- Tell customers about FTHB
- Provide assurance and support
  - FTHB is real help!
- Help them collect needed documents
- Provide First Mortgage Loan
- Process Second Mortgage Paperwork
- Conduct Closing
- Funds have not been exhausted years
- More than \$700,000 available each year

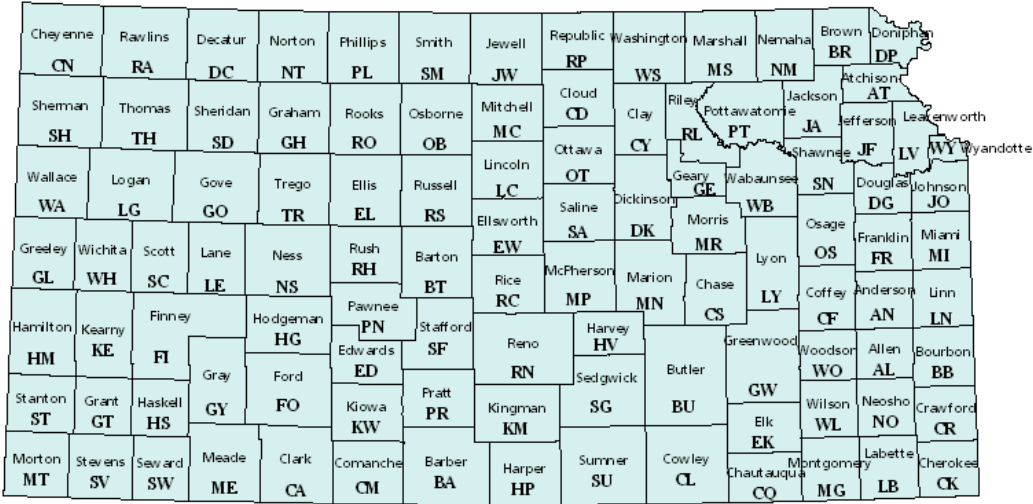
No Cost to  
Participate

LENDERS  
YOUR HELP  
DELIVERS  
HOPE

No Servicing of  
Second Mortgage



# HOME Investment Partnerships Program



- Federally funded HOME Program administered by State of Kansas
- Funds are intended to increase homeownership and expand affordable housing.
- Available statewide except areas that receive their own HOME funds (Johnson County or the city limits of Kansas City, Topeka, Lawrence or Wichita)



# Other Kansas Homebuyer Programs

## FHA SINGLE FAMILY MORTGAGE PROGRAMS

FHA's Single Family mortgage programs help prospective homebuyers and current homeowners finance or refinance a home for purchase, renovations or repairs, energy-efficiency improvements, new construction, and more. Learn about the most used mortgage programs that meet the various housing needs of individuals and families across the nation.

### — USDA Rural Development – Single Family Programs

USDA Rural Development's Single Family Housing programs:

- [The Single Family Housing Direct Home Loan Program](#) provides loans directly to families and individuals so they can buy or build homes in rural America.
- [The Single Family Housing Guaranteed Loan Program](#) enables USDA to partner with private lending institutions, backing their loans to help families and individuals buy homes in rural areas.
- [The Home Repair Loan and Grant Program](#) provides loans and grants to help families and individuals repair their homes to make them safer, healthier places to live.



# Homebuyer/Homeowner Services

- + City of Lawrence CDBG Home Purchase Program

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- + City of Lawrence Home Purchase Program

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- + City of Leavenworth CDBG Home Ownership

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- + City of Topeka Opportunity to Own Homebuyer Program

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- + City of Wichita HOMEownership 80 Program

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- + Johnson County Home Rehabilitation

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- + Wyandotte County

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- + Habitat for Humanity Kansas Affiliates

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- + FHA's Single Family Mortgage Programs

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- + Kansas First-Time Homebuyer Savings Accounts



# *First Time Home Buyer (FTHB) Program*

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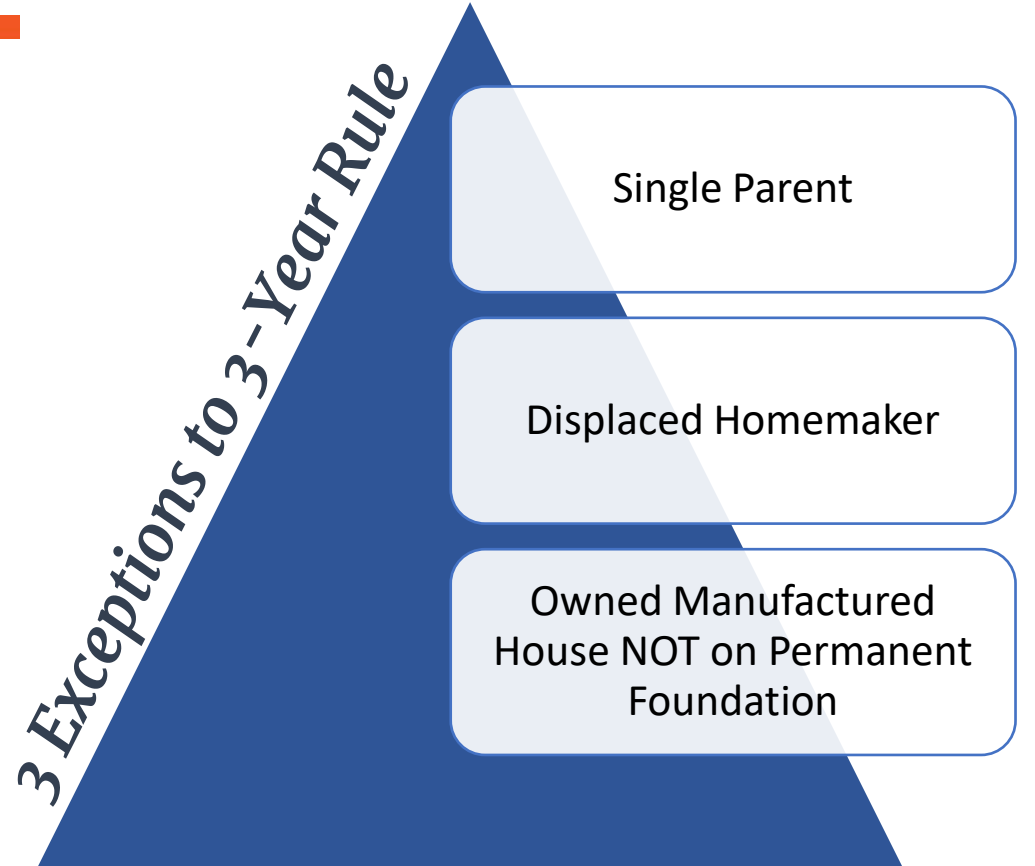
- Down Payment Assistance (DPA) and Closing Costs Assistance
- 0% interest soft second mortgage in the amount of 15 or 20% of the home's purchase price
- If the homebuyer remains in the home for 10 years, the loan is forgiven!
- Homebuyers must make an investment of 1% but no more than 10% of the sale price from their own funds
- This program can be paired with other homebuyer programs.



# Eligible Applicant

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- Household Income at or below [80% of HOME Income Limits](#) (updates each July)
- Must occupy as a principal residence
- Has not owned a home in 3 years



# *Eligible Property Types*

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- Single Family House
- Condominium or Co-op
- Townhouse
- Manufactured Home (HUD code)
- Modular Home (local code)
- Duplex (one unit, not entire duplex)
- New Construction, only after Certificate for Occupancy issued

Existing Homes

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Attached to Foundation

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Turnkey Ready (No Escrow  
for Repairs)



# Property Standards

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- Maximum Purchase Price Limits by County (updates each July)
- Cannot be in flood zone
  - [A, AE, AH, AO, A99, V and/or VE](#)
- Must not be a rental within last 3 months (to prevent displacement)
  - Unless Tenant is purchasing
- Fee Simple Title - No Contract for Deed
- 5 acres of land or less
- Must pass FTHB inspection prior to closing



# *First Mortgage Loan*

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- Loan must be 30-year fixed rate – No Cash Back at Closing
- Using FHA, VA, USDA Rural Development, Fannie Mae, Freddie Mac or Conventional underwriting guidelines
- Interest rate cannot exceed Freddie Mac by more than .65%
  - Discount points reviewed on case-by-case basis
- Front-End Ratio must be between 15% and 30%
- Debt to Income Ratio must be 45% or less
- KHRC's lien must be in Second Mortgage position
- A Junior-lien or Second Mortgage Policy (Title Insurance) allows KHRC reinsurance that the mortgage is recorded and there is a clean title. Costs vary by company and location but are generally \$125 to \$150.



Home Sale Price	\$110,000.00	
1%	\$1,100.00	Required Down & Maximum Origination Fee
10%	\$11,000.00	Maximum Down Payment (include cash to close)
15%	\$16,500.00	Maximum FTHB Assistance
20%	\$22,000.00	Maximum FTHB Assistance if below 50% AMI

Front End Ratio	23.97%	Between 15% and 30%
Monthly Income	\$2,649.67	
Monthly Mortgage	\$635.00	

Back End Ratio	31.51%	Maximum 45%
Monthly Debt	\$200.00	
Monthly Mortgage	\$635.00	
Total	\$835.00	

$$\frac{\text{Monthly Housing Expenses}}{\text{Gross Monthly Income}} \times 100 = \text{Front-end ratio}$$


$$\frac{\text{Monthly Debt}}{\text{Gross Monthly Income}} \times 100 = \text{Back-end ratio}$$


<b>Layering</b>	
Sales Price	\$110,000.00
<b>Maximum Joint Subsidy</b>	<b>\$33,000.00</b>
FTHB	\$16,500.00
FHLBank	\$15,000.00
<b>Total Subsidy</b>	<b>\$31,500.00</b>
<b>Difference</b>	<b>\$1,500.00</b>
FTHB	\$16,500.00
FHLBank	\$15,000.00
<b>Total Subsidy</b>	<b>\$31,500.00</b>

Cannot Exceed 30% of Sales Price

<b>Layering</b>	
Sales Price	\$70,000.00
<b>Maximum Joint Subsidy</b>	<b>\$21,000.00</b>
FTHB	\$10,500.00
FHLBank	\$15,000.00
<b>Total Subsidy</b>	<b>\$25,500.00</b>
<b>Difference</b>	<b>-\$4,500.00</b>
FTHB	\$6,000.00
FHLBank	\$15,000.00
<b>Total Subsidy</b>	<b>\$21,000.00</b>

Cannot Exceed 30% of Sales Price

# Title Insurance

A Junior-lien or Second Mortgage Policy (Title Insurance) allows KHRC reinsurance that the mortgage is recorded and there is a clean title. Costs vary by company and location but are generally \$125 to \$150.

## Transaction Identification Data for reference only:

Issuing Agent: [REDACTED] Buyer: [REDACTED]  
Issuing Office: [REDACTED] Title Contact: [REDACTED]  
ALTA Universal ID: [REDACTED]  
Loan ID Number: [REDACTED]  
Commitment No.: [REDACTED]  
Property Address: [REDACTED]

**SCHEDULE A**

- 1. Commitment Date:**  
[REDACTED]
- 2. Policy to be issued:**  
ALTA Homeowner's Policy [REDACTED] \$ [REDACTED]  
Proposed Insured: [REDACTED]  
The estate or interest to be insured: Fee Simple  
ALTA Loan Policy [REDACTED] \$ [REDACTED]  
Proposed Insured: [REDACTED]  
ISAOA/ATIMA  
The estate or interest to be insured: Fee Simple  
**ALTA Loan Policy [REDACTED] \$ [REDACTED]**  
Proposed Insured: Kansas Housing Resource Corporation ISAOA  
The estate or interest to be insured: Fee Simple
- 3. The estate or interest in the Land at the Commitment Date is:**  
Fee Simple
- 4. The Title is, at the Commitment Date, vested in:**  
[REDACTED]
- 5. The Land is described as follows:**  
[REDACTED]





# *Buyer Participation*

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- Minimum 1% (maximum 10%) of Purchase Price Required
- Gifting is allowed, will NOT reduce grant
  - Still requires at least 1% of own funds
- Maximum \$10,000 in Assets (emergency / maintenance funds)
- HUD Homebuyer Counseling Required, cost can count towards 1%
- HUD Homebuyer Education Required, cost can count towards 1%



# HUD Housing Counseling & Education

*HUD Certified & Approved*

Consumer Credit Counseling  
Services (Salina & Wichita)  
<https://kscccs.org>

Housing and Credit Counseling,  
Inc. (Lawrence & Topeka)  
<https://housingandcredit.org>

Community Housing of  
Wyandotte County (Kansas City)  
<https://chwckck.org>

Information and resources to make informed decisions that support long-term homeownership sustainability.

Certificates of Completion for each:

1. Home Buyer Counseling
2. Homeownership Education

# *Program Requirements*

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- Repayment required if:
  - Sold or no longer occupy the home
  - Refinance with debt consolidation
  - Full repayment required if property becomes rental
- Payoff Request Form Available, on webpage
- Mortgage Subordination Request Available, upon request
- Lien Releases are sent to homeowner to file, at the conclusion of 10-years





**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage - Forgivable After 10 Years  
HOME Investment Partnerships Program

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**Loan Payoff Request**

Send requests to [FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org) or Fax: 785-232-8073.

This notice serves as a request for a payoff for a loan received via the federally funded HOME Investment Partnerships Program administered by the Kansas Housing Resources Corporation.

Homeowner Name(s): \_\_\_\_\_

Property Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Purchase Date: \_\_\_\_\_

Sale/Payoff Date: \_\_\_\_\_

**Amount Charged by Your County to  
Release The Recorded Second Mortgage: \$** \_\_\_\_\_

Reason for Payoff Request: \_\_\_\_\_

\_\_\_\_\_  
Contact Person Name: \_\_\_\_\_ Phone #: \_\_\_\_\_

I hereby grant permission for \_\_\_\_\_ to

receive this information at the following email \_\_\_\_\_

Name and address KHRC should send the mortgage release documents to for recording:

\_\_\_\_\_  
\_\_\_\_\_

Signed: \_\_\_\_\_  
Homeowner Date

Signed: \_\_\_\_\_  
Homeowner Date

# Household Income & Maximum Assistance

Below 50% of Income Limits  
Up to 20% of Sale Price



Between  
50% & 80% of Income Limits  
Up to 15% of Sale Price

County	HOME Maximum Purchase Price Limits	1 Person	2 Person	3 Person	4 Person
		50% AMI	50% AMI	50% AMI	50% AMI
Ford County, KS	\$162,000	\$29,200	\$33,350	\$37,500	\$41,650
Geary County, KS	\$143,000	\$28,900	\$33,100	\$37,250	\$41,350
Lyon County, KS	\$143,000	\$28,950	\$33,100	\$37,250	\$41,350
McPherson County, KS	\$152,000	\$32,500	\$37,150	\$41,800	\$44,400

County	HOME Maximum Purchase Price Limits	1 Person	2 Person	3 Person	4 Person
		80% AMI	80% AMI	80% AMI	80% AMI
Ford County, KS	\$162,000	\$46,700	\$53,550	\$60,000	\$66,650
Geary County, KS	\$143,000	\$46,350	\$52,950	\$59,550	\$66,150
Lyon County, KS	\$143,000	\$46,350	\$52,950	\$59,550	\$66,150
McPherson County, KS	\$152,000	\$51,950	\$59,400	\$66,800	\$74,250





# If Under \$15,000 Assistance

If assistance is below \$15,000; half is forgiven at 5-years, with the other half forgiven at 10-years.

Example - \$14,999 Assistance

	1/2 Soft Second Amount	1/2 Interest Free Mortgage Amount	TOTAL OWED TO KHRC
Year 1	\$7,500	\$7,500	\$14,999
Year 2	\$6,000	\$7,500	\$13,499
Year 3	\$4,500	\$7,500	\$11,999
Year 4	\$3,000	\$7,500	\$10,499
Year 5	\$1,500	\$7,500	\$8,999
Year 6	\$0	\$7,500	\$7,500
Year 7	\$0	\$7,500	\$7,500
Year 8	\$0	\$7,500	\$7,500
Year 9	\$0	\$7,500	\$7,500
Year 10	\$0	\$7,500	\$7,500
Year 11	\$0	\$0	\$0



# If Over \$15,000 Assistance

If assistance is above \$15,000; half is forgiven at 10 years, with the other half reducing by a small portion each month over 10 years.

Example is \$20,000 Assistance

	<b>1/2 Soft Second Amount</b>	<b>1/2 Interest Free Mortgage Amount</b>	<b>TOTAL OWED TO KHRC</b>
Year 1	\$10,000	\$10,000	\$20,000
Year 2	\$9,000	\$10,000	\$19,000
Year 3	\$8,000	\$10,000	\$18,000
Year 4	\$7,000	\$10,000	\$17,000
Year 5	\$6,000	\$10,000	\$16,000
Year 6	\$5,000	\$10,000	\$15,000
Year 7	\$4,000	\$10,000	\$14,000
Year 8	\$3,000	\$10,000	\$13,000
Year 9	\$2,000	\$10,000	\$12,000
Year 10	\$1,000	\$10,000	\$11,000
Year 11	\$0	\$0	\$0



# *Application Process*

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- Lender informs homebuyer of program or
- Real Estate Agent informs homebuyer of program or
  1. Homebuyer contacts participating lender
  2. Loan Approval
- HUD Homebuyer Counseling (preferably early in process)
- HUD Homebuyer Education
  1. Homebuyer locates property
  2. Obtains purchase contract with FTHB Program Contingency
- Lender with homebuyer, completes FTHB application package
- KHRC reviews and reserves funds
- KHRC requests FTHB Inspection (no cost to homeowner or lender)



# Calculating Annual Income

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- Assets (and 'imputed income'):
- Market value of all assets
- Checking accounts, stocks, CD's, etc.
- Land is a capital investment and counted
- Equity (market value less loans) is counted
- If sum of all assets is greater than \$5,000,
- multiply by passbook rate .06%
- Use the greater of this calculation or actual income produced from the assets, not both.



# *Verifying Income*

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**Third-Party Verification:** Written verification from employer (VOE), Social Security, proof of child support, or other income source

**Review of Documents:** The examination of at least 2 months of source documents, such as paycheck stubs, Social Security Award letter, 3 years of tax filings, divorce decrees, or other applicable sources.

**Income Determination:** A written determination resulting from the verification and review. Must include the 'imputed income' calculation





# Assets

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Maximum of \$10,000 assets

- Retirement funds are not counted
- Count liquid assets
- Amount after 1% to 10% considered
- Above \$10,000 will reduce subsidy



# *Income Eligibility Determination*

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Determining household size/composition

*AND*

Determining annual income.

# *Definition of Annual Income*

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Annual income is the gross amount of income of all adult household members that is anticipated to be received during the upcoming 12-month period.



# *Determining Household Size*

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## Do Count

- All adults living in the household
- All custodial children living in the household
- Any child who is subject to shared-custody

## Do NOT Count

- Foster children
- Live-in aides and children of live-in aides
- Unborn children
- Children being pursued for legal custody or adoption who are not currently living in the household

# *Determining Household Size*

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## Special Cases

- Must count temporarily absent family members
- Optional to count adult students living away from home
- Optional to count permanently absent family members



# *FTHB House Inspection*

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- If inspection passes, closing date is determined
- Lender with homebuyer completes remaining closing package
  
- If inspection fails, repairs can be made at seller's expense
- If seller makes repairs, a reinspection can be requested and completed
  
- If reinspection fails, KHRC could charge lender fee





**First Time Home Buyer (FTHB) Program**  
**Down Payment (DPA) & Closing Cost Assistance**  
**Soft Second Mortgage – Forgivable After 10 Years**  
**HOME Investment Partnerships Program**

**Seller's Inspection Guidelines**

To be given to seller at application.

Potential Buyer(s) \_\_\_\_\_

Property Address \_\_\_\_\_

City \_\_\_\_\_, Kansas, Zip Code \_\_\_\_\_

The dwelling unit and the equipment provided in it must provide decent, safe and sanitary housing in accordance with the Housing Quality Standards as defined in 24CFR, CH. VIII (4-1-90 Edition), Part 882. A copy is available upon written request.

The **Minimum** conditions to be inspected, per HUD Form #52580-A are listed below. Additional requirements may be stipulated by inspector. A Lead-Based Paint Visual Assessment will also be performed.

Visit the following web site for guidance on the paint visual assessment:

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>

1. All exterior walking surfaces must be sound and free from hazards. Walking surfaces elevated more than thirty (30) inches above the adjacent surface must be protected by a guard rail or handrail at stairs. Rails shall conform to local code requirements as to construction.
2. Building walls, foundations and roof must be sound, free from hazard and weather tight.
3. There can be no evidence of peeling or flaking paint on exterior or interior painted surfaces, including interior windowsills.
4. The building drainage system, gutters and downspouts must be in operating condition.
5. The building site must be free of debris and free from hazards.
6. All windows and doors in the unit must be in operating condition, sound, free from hazard and weather tight. Windows accessible from the ground must be lockable. All exterior doors must be lockable and have a storm door. All windows required by code or 24CFR must have screens.
7. The heating system for the unit must be in good operating condition and capable of providing adequate heat to all living spaces. Gas systems must be properly vented.
8. The hot water heating system for the unit must be in good operating condition and capable of providing adequate hot water to kitchen and bath spaces. Gas systems must be properly vented. Pressure relief valves and 3/4" overflow pipe 3 to 6 inches from the floor are required on hot water heaters.
9. The plumbing system for the unit must be in good operating condition and capable of providing adequate water to kitchen and bath spaces and removing wastewater to a public or private disposal system. Seller may be required to provide proof of acceptability of local sewage systems and water supply systems.

10. The electrical system for the unit must be in good operating condition, adequately sized to provide adequate service and protected by proper connections, coverings, and grounding.
11. If a stove or refrigerator is included in the sale of the property, the appliances must be present at the time of the inspection and must be in good operating condition. Kitchen areas must provide food storage and preparation areas.
12. Bathroom spaces must have an enclosed toilet space, a bathing space and an operable window or a powered ventilation system.
13. The building must be free from infestation.
14. The building must be free from hazardous materials as defined by Kansas and Federal Standards. A list of such laws is available upon written request.
15. An operable smoke detector must be provided on each occupied level plus the basement area of the unit. Battery operated detectors must have active batteries.
16. At the time of the inspection for these standards, the unit must be ready for occupancy with all utility systems, appliances, and smoke detectors operable. Only one compliance inspection will be made.
17. **Inspections for are non-intrusive, visual inspections only. The KHRC is not, by nature of the inspection process, providing any safety or code compliance assurances to buyer or seller or confirmation of building materials, quality or integrity of construction or confirmation of any warranty issues, express or implied. It is recommended that the buyer obtain inspections from authorities or licensed contractors if such assurances are suggested by the condition or age of the property or equipment being provided by the seller.**  
  
**Further, the inspection is NOT a warranty to the borrower(s), the seller(s) or any other person(s).**
18. Any other conditions that would constitute decent, safe and sanitary housing.
19. The unit has not been occupied by a tenant (for an agreed upon amount or without charge, regardless of a written agreement) other than the Purchaser during the three (3) month period preceding the date of the purchase contract.

By signing below, the seller indicates that he has received and understood the conditions required and outlined by these guidelines. Further, by signing below, the seller or seller's agent indicates that the residence meets or will meet all of the standard requirements stated above prior to closing.

The seller has 30 days to make any necessary repairs, at their expense. The seller may be charged for any re-inspection of the home if any of the above items fail the second inspection.

Blue Ink or e-signature

Seller: \_\_\_\_\_

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

Date: \_\_\_\_\_



**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage - Forgivable After 10 Years  
HOME Investment Partnerships Program

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**Inspection Disclaimer**

The Kansas Housing Resources Corporation (KHRC) HOME First Time Homebuyers Program conducts an inspection of subject properties. This inspection is solely intended for the purpose of complying with the U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program requirements.

**The inspection is not intended to be a substitute for mechanical, electrical, plumbing, and structural inspections by qualified inspectors in these fields. KHRC strongly encourages homebuyers to hire independent inspectors to conduct these important inspections.**

By my/our signature below, I/We understand that it is recommended that an independent inspector be hired to verify the prospective home's mechanical, electrical, plumbing, termite damage, and structural soundness.

I/We understand that the Kansas Housing Resources Corporation is not liable for such defects, identified or unidentified, in the property that I am purchasing with the assistance of the HOME First Time Homebuyer Program.

Blue ink or e-signature:

Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

**Kansas Housing Resources Corporation (KHRC)**

611 S Kansas Ave, Suite 300

Topeka, KS 66603

[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)

785-217-2044

<https://kshousingcorp.org/first-time-homebuyer>



**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage – Forgivable After 10 Years  
HOME Investment Partnerships Program

**Inspection Request Form & Package Cover Form**

Date Application Emailed or Faxed \_\_\_\_\_ Date of Reinspection \_\_\_\_\_

# of Pages:	From
To: Marilyn Stanley	Lender:
Dept: KHRC – FTHB Program	Phone:
<a href="mailto:FTHB@kshousingcorp.org">FTHB@kshousingcorp.org</a>	Email:
Fax: 785-232-8073 (email preferred)	Fax:

\_\_\_\_\_  
Name of Homebuyer(s) (last, first, middle initial)

\_\_\_\_\_  
Street Address of Property to be Purchased

\_\_\_\_\_  
City County Zip

\_\_\_\_\_  
Contact Person for Scheduling Inspection Email Phone

**FOR STATE AGENCY/INSPECTOR USE ONLY**

Date sent to Inspector \_\_\_\_\_ Inspection Agency \_\_\_\_\_

Email \_\_\_\_\_ File Number \_\_\_\_\_

Date Contact Person Contacted \_\_\_\_\_

Date Inspection Scheduled \_\_\_\_\_

Inspector \_\_\_\_\_ Inspection - Pass \_\_\_\_\_ Fail \_\_\_\_\_

**Kansas Housing Resources Corporation (KHRC)**  
611 S Kansas Ave, Suite 300  
Topeka, KS 66603  
[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)  
785-217-2044  
<https://kshousingcorp.org/first-time-homebuyer>



# *FTHB Inspections*

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- Decent, safe, sanitary, and in good repair.
- FT HB's inspection is not intended to be a substitute for mechanical, electrical, plumbing and structural inspections by qualified inspectors in those fields.
- KHRC's FT HB program pays for the initial inspection and reinspection.
- Disclaimers must be completed by both the seller and buyer understanding this and informing them the FT HB inspection does not take the place of a whole home inspection, which is encouraged.
- 44% of homes passed inspection without repairs last fiscal year
  - 2 homes failed due to lead paint and could not progress further with FT HB



# *FTHB Visual Paint Assessment*

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- The HUD regulation defines deteriorated paint as: "Any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate.
  - Substrate means the material directly beneath the painted surface out of which the components are constructed, including wood, drywall, plaster, concrete, brick or metal.
- HUD has identified size thresholds for how the repairs must be made, these thresholds are known as de minimis levels. It is important to note that de minimis levels control how a repair must be made, not whether the repair is made. If deteriorated paint is identified, it must be repaired.



# *FTHB Visual Paint Assessment*

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- If more than ten percent (10%) of the total surface area of an interior or exterior type of component with a small surface area is deteriorated, the de minimis level has been exceeded. Examples would be window sills, baseboards, and trim.
- The de minimis level is 20 square feet for exterior surfaces. This means a total of 20 square feet on all the exterior surfaces, this includes outbuildings, fences, and play equipment attached to the land and belonging to the owner, twenty square feet is a square about 4 feet 6 inches on each side.
- The de minimis level is two square feet in any one interior room. This means a total of 2 square feet of deteriorated paint on the floors, walls, and ceiling in the room, two square feet is a square about 17 inches on each side.
- If all of the deteriorated paint on all of the building components is larger than the square, safe work practices and clearance must be performed.

Lead Paint Visualization Training available at

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>.





**Kansas Housing Resources Corporation (KHRC) - First Time Homebuyer (FTHB) Program  
Uniform Physical Condition Standards (UPCS) Inspectable Items & Results Report**

<b>Homebuyer(s):</b>	
<b>Property Address:</b>	

**Location, Violation and Remedy Summary (if applicable):** Complete Upon Reinspection  
(if applicable)


***Introduction***

Existing housing that is acquired for down payment and closing cost assistance must be decent, safe, sanitary, and in good repair. At minimum, the standards must provide that the housing meets all applicable State and local housing quality standards and code requirements and the housing does not contain the specific deficiencies proscribed by HUD based on the applicable inspectable items and inspected areas in HUD-prescribed physical inspection procedures (Uniform Physical Condition Standards) issued pursuant to 24 CFR 5.705. The participating jurisdiction must inspect the housing and document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards of this paragraph (c)(3) or it cannot be acquired with HOME funds.

***Disclaimer***

The State of Kansas HOME First Time Homebuyer Program conducts a UPCS inspection on subject properties. FTHB's inspection is not intended to be a substitute for mechanical, electrical, plumbing and structural inspections by qualified inspectors in those fields.

***Visual Paint Assessment***

The HUD regulation defines deteriorated paint as: "Any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate. Substrate means the material directly beneath the painted surface out of which the components are constructed, including wood, drywall, plaster, concrete, brick or metal. HUD has identified size thresholds for how the repairs must be made, these thresholds are known as de minimis levels. It is important to note that de minimis levels control how a repair must be made, not whether the repair is made. As always, if deteriorated paint is identified, it must be repaired. If more than ten percent (10%) of the total surface area of an interior or exterior type of component with a small surface area is deteriorated, the de minimis level has been exceeded. Examples would be window sills, baseboards, and trim. The de minimis level is 20 square feet for exterior surfaces. This means a total of 20 square feet on all the exterior surfaces, this includes outbuildings, fences, and play equipment attached to the land and belonging to the owner, twenty square feet is a square about 4 feet 6 inches on each side. The de minimis level is two square feet in any one interior room. This means a total of 2 square feet of deteriorated paint on the floors, walls, and ceiling in the room, two square feet is a square about 17 inches on each side. If all of the deteriorated paint on all of the building components is larger than the square, safe work practices and clearance must be performed. Lead Paint Visualization Training available at <https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>.

***Visual Paint Assessment***

	<b>Complete</b>	<b>Comments</b>
Passed Visual Paint Assessment - No deteriorated paint found		
Failed Visual Paint Assessment, deteriorated paint found, but below the De Minimus level. Work can be completed by the home owner using safe work practices.		
Failed Visual Paint Assessment, deteriorated paint found, above the De Minimus level. Work must be completed by a trained and certified lead paint professional. Since the First Time Homebuyer Program is an acquisition program, Subpart X of 24 CFR 35, 1000 lead paint regulations apply. Whole unit clearance is required.		





# *FTHB Inspection Variances*

## Roof

- Not leaking, but shingles missing, severely curled, or deteriorated – REPAIR or REPLACE

## Windows

- Large cracks, even though no cutting hazard - REPAIR
- All operable windows will open and have screens without tears or holes
- All operable windows must have locks

## Doors

- All exit doors must have a storm door, exceptions on case-by-case basis.

## Walls and Ceilings

- Interior walls - holes larger than 1" X 1" - REPAIR
- Exterior walls - all holes - REPAIR
- Any nail, tack, or pin holes are not repaired unless excessive in an area and has created severe wall damage



↑  
**1 inch**  
↓

← **1 inch** →

# *FTHB Inspection Variances*

## Kitchen Appliances

Any appliance remaining in the property must meet Uniform Physical Condition Standards (UPCS).

If the homebuyer will supply its own appliances at a later date – no UPCS violation.

## Electrical

All light fixtures complete and unbroken

All outlets work in each room

At least one outlet in the bathroom, regardless of if there is a permanent light

Any outlets replaced or installed within six (6') feet from a water source must be GFCI



## Exterior Conditions

All structures on the property must meet minimum HQS

All structures on the property must not have any chipping or peeling paint as described:

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>



# Recent Inspection Electrical Issues

- Multiple three-pronged Receptacles in the living room, first floor bedroom, west bedroom upstairs, and basement are OPEN GROUND. These need switched back to a two-prong outlet or switched to a GFCI labeled “No Equipment” or you can switch out the breakers and install new GFCI Breakers.
- Outlet in upstairs bathroom is not working. Trouble shoot and repair.
- One port in the breaker box needs a cover.
- Electrical junction box with no cover. Install cover on junction box.
- Outlets have open grounds, properly ground electrical wiring.
- Panel box needs proper cover, no access to breakers without exposing wiring, properly cover.
- Install missing Lamp covers and/or bulbs.
- Install missing or broken switch and plug covers.
- GFCI near toilet does not trip, repair/replace.



# *Recent Inspection Exterior Issues*

- There is sporadic peeling paint on the large window on the north side of the home. As the peeling paint does not exceed the DeMinimis level, you may remove all peeling/loose paint from the structure and the ground below the structure then cover with two coats of non lead based paint.
- Replace or repair numerous holes in vinyl siding to prevent water penetration.
- All exterior wood shall be sealed and painted.
- Piece of siding missing on the back of the house. Install a new piece.
- Windows
- Bedroom and living room windows need sash locks. Make sure all windows in the house operate as designed. (multiple won't open, need paint cut)
- Large crack in foundation, repair.
- Need a new storm door for front door. South back storm door needs new glass installed.
- Handrails must be present where there are consecutive steps. Install handrail on the front sidewalk.
- Repair and reinstall missing or damaged window screens.



# *Recent Inspection Interior Issues*

- No Smoke Detectors or non-working Smoke Detectors. Install smoke detectors and make sure works properly upon reinspection.
- Repair or replace nonworking bath fan.
- Repair holes in walls where baseboards were removed leaving holes into walls.
- Carbon Monoxide Detector not present – install carbon monoxide detector.
- Double key deadbolt lock present on exit door, replace with non-double deadbolt lock.
- Weatherstripping falling off kitchen door, replace.
- Laundry room walls and ceiling in need of repair
- Kitchen screen only halfway, need full screen.
- Front storm door, no screen on lower half.
- Living room and kitchen have nail holes in wall, repair.
- Handrails must be present where there are consecutive steps. Install handrail for the basement stairs.



# Allowable Closing Costs

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- KHRC will review the Loan Estimate and Closing Disclosure for unreasonable charges
  - Lender origination fees, not to exceed 1% of loan amount
  - Title insurance
  - Credit report recording fees
  - Appraisal fees
  - Flood letter
  - Survey
  - Tax service fee
  - Document preparation fee (not to exceed \$250)
- Please include the requested FTHB DPA funds on CD



# *Fees Not Allowed*

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- Underwriting fees unless paid to a third-party investor at closing.
  - Maximum charge of \$200.
  - Any charge above the maximum must be paid by the lender.
- Commitment fees are not allowable when an origination fee is also charged
- Settlement or closing fees unless paid to a third party
  - the maximum allowable loan closing fee to either the borrower or a seller is \$200
- Discount points are allowable only if they are disclosed and agreed upon by the buyer/seller who is paying the fee.
  - In the case of a seller, the seller must agree to pay a discount fee in the sales contract.
- Real estate sales commissions may not be paid by the buyer
- Email fees may not be charged to the buyer or the seller.



# Definition of Annual Income & Household Size

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Annual income is the gross amount of income of all adult household members that is anticipated to be received during the upcoming 12-month period.

## Do Count

- All adults living in the household
- All custodial children living in the household
- Any child who is subject to shared-custody

## Do NOT Count

- Foster children
- Live-in aides and children of live-in aides
- Unborn children
- Children not currently living in the household



# Calculating Assets and/or Annual Income

---

Assets (and 'imputed income'):

- Market value of all assets (cannot exceed \$10,000)
- Checking accounts, stocks, CD's, etc.
- Land is a capital investment and counted
- Equity (market value less loans) is counted
- If sum of all assets is greater than \$5,000, multiply by passbook rate .06%
- Use the greater of this calculation or actual income produced from the assets, not both.



# Homebuyer/Homeowner Services

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**First Time Homebuyer**



**Home Loan Guarantee for Rural Kansas**



**Kansas Homeowner Assistance Fund**



**Weatherization Assistance**



**Homebuyer 101 Resources**



# First Time Homebuyer

Home > Pages > First Time Homebuyer

## Check Eligibility and Apply

Unsure how to begin the homebuying process, or whether you are eligible for First Time Homebuyer down payment and closing cost assistance?

Provide our staff with some basic information and we will follow up with personalized guidance on your path to homeownership.

[Start Your Homebuying Journey Here](#)

Ready to purchase your first home? Find a lender serving your area here.

[Find a Participating Lender](#)

Need help with building your credit? Find a HUD Housing Counseling Agency serving your area here.

[Find a HUD Housing Counseling Agency](#)

Let us guide you on the path to homeownership.



## Lender Resources

### Homebuyer "101" Resources

[Homebuyer "101" Resources](#)

[Kansas Legislature Lookup – To Find Senate and House Representatives](#)

[Lead Paint Visualization](#)

[Freddie Mac Primary Mortgage Rate](#)

[Lender Training Slides](#)



# Start Your Homebuying Journey Here



[Home](#) > [Start Your Homebuying Journey](#)

## Start Your Homebuying Journey

Please fill out the form below to get more information and find out if your household may be eligible to receive down payment and closing cost assistance through the First Time Homebuyer program, administered by KHRC with federal HOME funds. Our staff will follow up via your preferred method of communication with more information and next steps. If you are not eligible, our staff will help direct you toward other resources to guide you on your homebuying journey. Your information will be kept confidential and will not be shared outside of our organization.

**Name** *(Required)*

First

Last

**Phone** *(Required)*

**Where do you currently live?** *(Required)*

City


State / Province / Region

ZIP / Postal Code



Ready to purchase your first home? The first step is to find a KHRC First Time Homebuyer lender serving your area. Select your county from the list below, and contact a local lender to start the process.

SEARCH BY COUNTY:

View All 

[Print this page](#)

### **American Mortgage Bank, LLC**

Kimmy Williams - 405-283-8800  
3401 NW 63rd Street, Suite 620 Oklahoma City, OK 73116

[Click for more info](#)

### **Bank of Oklahoma Mortgage, dba BOK Financial Mortgage (Topeka & Wichita)**

Sheila Hodson-Williams (Topeka) or Tina Smith (Wichita)  
- 785-414-3216 (Topeka) or 316-448-3823 (Wichita)  
900 S Kansas Ave, Suite 100 Topeka, KS 66612-1245

[Click for more info](#)

### **Bayshore Mortgage Funding, LLC**

Sarah Johnson - 443-566-4083  
2108 Emmorton Park Road Edgewood, Maryland 21040

[Click for more info](#)

### **Capitol Federal Savings Bank (Topeka)**

### **Bank Midwest Mortgage, a division of NBH Bank (Lawrence, Topeka, Ottawa)**

Ashley Zeller - 785-760-5746  
4831 W 6th St Lawrence, Kansas 66049

[Click for more info](#)

### **Bank of the Plains via Mortgage Investment Services Corporation (Great Bend)**

Amy Hofeling - 620-796-2370 Ext. 1348  
1000 Adams Street Great Bend, Kansas 67530

[Click for more info](#)

### **Bell Bank Mortgage (Overland Park)**

Danielle Hugunin - 913-804-4081  
11095 Metcalf Ave Overland Park, Kansas 66210

[Click for more info](#)

### **Capitol Federal Savings Bank (Wichita)**

### **Bank Midwest Mortgage, a division of NBH Bank (Salina)**

Nancy McElderry - 785-825-2100  
316 W. Cloud St. Salina, Kansas 67401

[Click for more info](#)

### **Bay Equity LLC (Louisburg)**

Lauri Orscheln - 913-558-2014  
16 S Broadway, Suite 16 B, Louisburg, Kansas 66053

[Click for more info](#)

### **Bennington State Bank (Salina)**

Andy Adams or Laurie Anfdemberge - 785-827-5522  
2130 S Ohio Salina, Kansas 67401

[Click for more info](#)

### **Citizens Bank of Kansas (Derby)**

Scroll to bottom of page

## Documents | Forms | Resources



Program Summary	
2023 HOME Max Purchase Limits	
2023 HOME Program Income Limits	
Application and Funding Process Steps	
Housing Counseling and Education Information	>
Training and Operations Manual	
Loan Payoff Request Form	
New Lender Forms	>
Lender Home Buyer Application Forms	>
Lender After Reservation Forms	>

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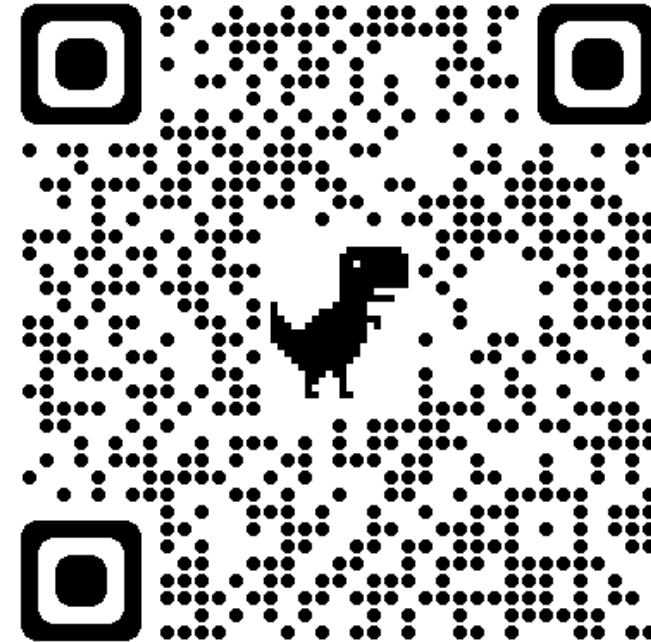


# *FTHB Key Information – Deep Dive Into Forms*

1. Program Summary
2. Application and Funding Process
3. Training and Operations Manual

Updates Every June/July

1. Maximum Purchase Price Limits
2. Maximum Income Limits by County







## First Time Home Buyer (FTHB) Program Down Payment (DPA) & Closing Cost Assistance Soft Second Mortgage – Forgivable After 10 Years HOME Investment Partnerships Program

### Program Summary

To be eligible to participate, the proposed homebuyer must be:

→First Time Homebuyer      →Income Eligible Household      →Credit Ready

#### FIRST TIME HOMEBUYER is defined as:

A household that has not owned a home during the three-year period immediately prior to the purchase of a home with FTHB HOME funds. The three types of households that can qualify as first-time homebuyers, even though they have owned a home within the three-year period immediately prior to purchase, are:

1. **A displaced homemaker:** An adult individual who has not worked full-time in the labor force for several years but has, during such years, worked primarily without remuneration to care for the home and family, is unemployed or underemployed, and is having trouble obtaining or upgrading employment.
2. **A single parent:** An individual who is divorced, did not receive the house in the settlement, and has one or more minor children for whom the individual has residential or joint custody.
3. **The owner of a manufactured home** (personal property) that is not installed on a permanent foundation.

#### INCOME ELIGIBLE HOUSEHOLD is defined as:

The gross annual income does not exceed 80 percent of the HUD area median income for the area at the time the household initially occupies the property or at the time the HOME funds are invested, whichever is later.

#### PROPERTY TO BE PURCHASED

- Maximum purchase price is updated annually - 92.254(a)(2)(iii) of the HOME Final Rule published 7/24/2013.
- Must be occupied as the qualified buyer's principal residence upon purchase.
- Cannot be within [Johnson County or the city limits of Kansas City, Lawrence, Topeka, or Wichita](#).
- Must pass required inspection in accordance with 92.251 of the HOME Final Rule published 7-24-2013.
- Cannot be rental property in the last three months unless the renter (at application) is the first-time homebuyer.
- Cannot be in Flood Zone A, AE, AH, AO, A99, V, and/or VE.
- Eligible property types include:
  - Single-Family property (five (5) acres or less)
  - Condominium, townhome, or ½ of a duplex
  - Manufactured home on permanent foundation built after June 15, 1976, titled as real property.
  - Modular home (always installed on permanent foundation)
  - New construction - purchase contract dated after certificate of occupancy only
- Fee Simple Title - full ownership of land, and any buildings on that land. (No Contracts for Deed allowed)

#### FIRST MORTGAGE LOAN

- The loan must be a 30-year fixed rate mortgage loan using FHA, VA, USDA Rural Development, Fannie Mae, Freddie Mac, or Conventional underwriting guidelines.
- The interest rate must not exceed [Freddie Mac's Primary Mortgage Market Survey Rate](#) by more than .65%.
- No more than a 1% origination fee may be charged, and no pre-payment penalties are allowed.
- The housing ratio must be no less than 15% and no more than 30% and the total debt ratio must be 45% or less.
- Title Insurance required for soft second mortgage required, likely for additional cost.

#### STATE OF KANSAS PARTICIPATION

- All eligible homebuyers may receive up to \$40,000 maximum assistance in the form of a soft second mortgage:
  - Up to 20% of the sales price - if household income is less than 50% of area median income.
  - Up to 15% of the sales price - if household income is between 51% and 80% of area median income.
- Assistance must be used for down payment, closing costs, and/or any costs associated with loan closing.
- Can be layered with other homebuyer programs - 30% (sales price) subsidy maximum.
- Requires all adults on soft second mortgage, no cash back at closing.
- The assistance awarded is interest free with two equal parts, both parts forgiven after 10-years.
  1. First half of assistance is forgiven proportionately on either a 5-year or 10-year period:
    - If \$14,999 or less, proportionately forgiven over 5 years (60-months)
    - If \$15,000 to \$40,000, proportionately forgiven over 10 years (120 months)
  2. Second half is forgiven after 10-years (120 months), repaid if sold or refinanced during 10-years.
- FTHB second mortgage released at the end of ten (10) years, if property is occupied continually by the original buyer(s), and all rules and regulations associated with the Program are complied with.

Therefore, restrictions are as follows:

<u>Subsidy Amount</u>	<u>½ Interest Free Soft Second</u>	<u>and</u>	<u>½ Interest Free Portion</u>
Up to \$14,999	5 years		10 years
\$15,000 to \$40,000	10 years		10 years

#### HOMEBUYER'S PARTICIPATION

- Each homebuyer must invest 1% of the sale price of their own funds, maximum 10%. Gifts can be received above the buyer's 1% investment, but no more than 9% of sale price.
- Homebuyers must maintain homeowners' insurance in at least the amount of the sales price and must show KHRC as secondary payee for the first 10 years following purchase.
- Applicants with non-retirement type assets in the amount of \$10,000, or greater, will be subject to a spend down requirement.

#### HOW TO APPLY

1. Choose and contact the participating lender at <https://kshousingcorp.org/first-time-homebuyer-lender-search>.
2. Apply for a first mortgage loan with a participating lender.
3. Identify a qualified property.
4. Direct participating lender to initiate FTHB application process.

#### **Kansas Housing Resources Corporation (KHRC)**

Attn: FTHB  
611 S Kansas Ave, Suite 300  
Topeka, KS 66603

[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)  
785-217-2044

<https://kshousingcorp.org/first-time-homebuyer>

Update 12/06/2023

# KANSAS HOUSING

## HOME Maximum Purchase Price Limits (Value Limits Effective July 1, 2023)

County Name	Purchase Price Limit	County Name	Purchase Price Limit	County Name	Purchase Price Limit
Allen County	\$143,000	Greeley County	\$143,000	Ottawa County	\$143,000
Anderson County	\$143,000	Greenwood County	\$143,000	Pawnee County	\$143,000
Atchison County	\$143,000	Hamilton County	\$143,000	Phillips County	\$143,000
Barber County	\$143,000	Harper County	\$143,000	Pottawatomie County	\$207,000
Barton County	\$143,000	Harvey County	\$162,000	Pratt County	\$143,000
Bourbon County	\$143,000	Haskell County	\$143,000	Rawlins County	\$143,000
Brown County	\$143,000	Hodgeman County	\$143,000	Reno County	\$143,000
Butler County	\$162,000	Jackson County	\$166,000	Republic County	\$143,000
Chase County	\$143,000	Jefferson County	\$166,000	Rice County	\$143,000
Chautauqua County	\$143,000	Jewell County	\$143,000	Riley County	\$207,000
Cherokee County	\$143,000	Kearny County	\$147,000	Rooks County	\$143,000
Cheyenne County	\$143,000	Kingman County	\$143,000	Rush County	\$143,000
Clark County	\$143,000	Kiowa County	\$143,000	Russell County	\$143,000
Clay County	\$143,000	Labette County	\$143,000	Saline County	\$147,000
Cloud County	\$143,000	Lane County	\$143,000	Scott County	\$143,000
Coffey County	\$143,000	Leavenworth County	\$238,000	Sedgwick County	\$162,000
Comanche County	\$143,000	Lincoln County	\$143,000	Seward County	\$143,000
Cowley County	\$143,000	Linn County	\$228,000	Shawnee County	\$166,000
Crawford County	\$143,000	Logan County	\$143,000	Sheridan County	\$143,000
Decatur County	\$143,000	Lyon County	\$143,000	Sherman County	\$143,000
Dickinson County	\$143,000	McPherson County	\$152,000	Smith County	\$143,000
Doniphan County	\$150,000	Marion County	\$143,000	Stafford County	\$143,000
Douglas County	\$257,000	Marshall County	\$143,000	Stanton County	\$143,000
Edwards County	\$143,000	Meade County	\$143,000	Stevens County	\$143,000
Elk County	\$143,000	Miami County	\$252,000	Sumner County	\$143,000
Ellis County	\$169,000	Mitchell County	\$143,000	Thomas County	\$143,000
Ellsworth County	\$143,000	Montgomery County	\$143,000	Trego County	\$143,000
Finney County	\$209,000	Morris County	\$143,000	Wabaunsee County	\$166,000
Ford County	\$162,000	Morton County	\$143,000	Wallace County	\$143,000
Franklin County	\$176,000	Nemaha County	\$143,000	Washington County	\$143,000
Geary County	\$143,000	Neosho County	\$143,000	Wichita County	\$143,000
Gove County	\$143,000	Ness County	\$143,000	Wilson County	\$143,000
Graham County	\$143,000	Norton County	\$143,000	Woodson County	\$143,000
Grant County	\$143,000	Osage County	\$166,000	Wyandotte County	\$228,000
Gray County	\$155,000	Osborne County	\$143,000		

U.S. DEPARTMENT OF HUD  
STATE: KANSAS

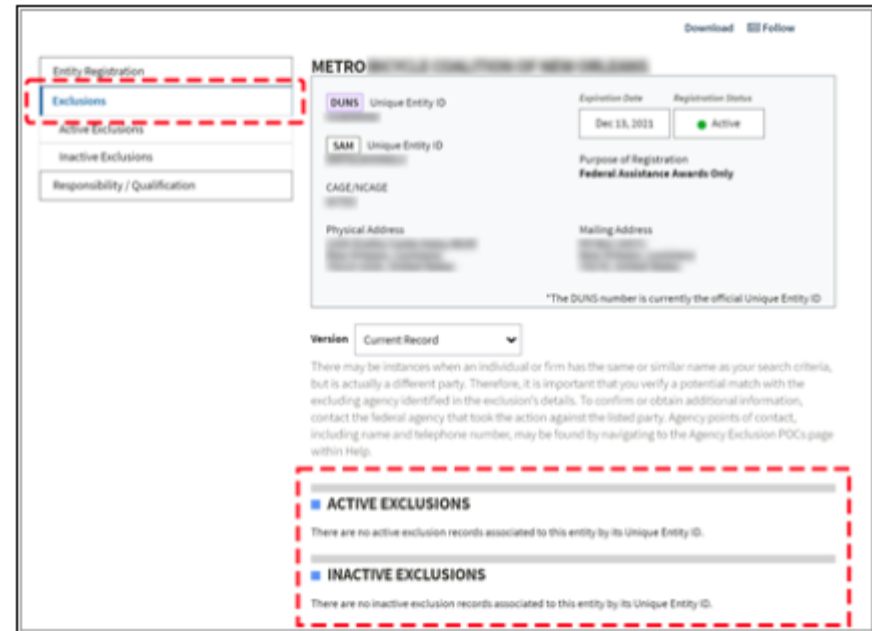
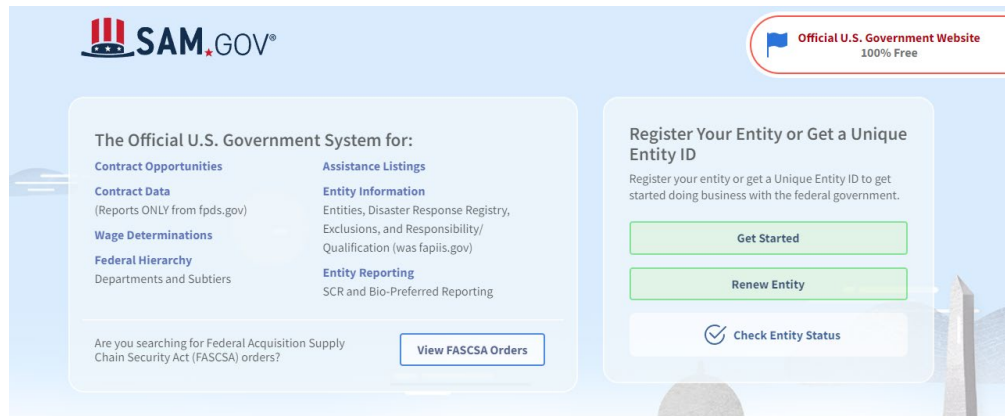
----- 2024 ADJUSTED HOME INCOME LIMITS -----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
<b>Brown County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Chase County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Chautauqua County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Cherokee County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Cheyenne County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Clark County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350
<b>Clay County, KS</b>								
30% LIMITS	17400	19850	22350	24800	26800	28800	30800	32750
VERY LOW INCOME	28950	33100	37250	41350	44700	48000	51300	54600
60% LIMITS	34740	39720	44700	49620	53640	57600	61560	65520
LOW INCOME	46350	52950	59550	66150	71450	76750	82050	87350



# New Lender Forms – Deep Dive Into Forms

1. Lender Origination Agreement (recently updated)
2. Form W-9
3. KHRC Vendor Form (ACH/EFT Preferred – No Wires)
4. **Voided Check or Letter from Bank Account**
5. **Sam.gov Unique Entity Identifier (UEI) – No Exclusions**







**First Time Home Buyer (FTHB) Program  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage – Forgivable After 10 Years  
HOME Investment Partnerships Program**

**Mortgage Lender Origination Agreement**

THIS Kansas Housing Resources Corporation LENDER ORIGINATION AGREEMENT (hereinafter "AGREEMENT") made as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the Kansas Housing Resources Corporation (hereinafter "KHRC"), a public, non-profit corporation, with offices at 611 South Kansas Ave, Suite 300, Topeka, Kansas 66603, and \_\_\_\_\_ (hereinafter "Lender"), whose address is below.

Financial Institution Name: \_\_\_\_\_  
 DBA(s) if any: \_\_\_\_\_  
 Mailing Address: \_\_\_\_\_  
 City/State/Zip+4: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 Email(s): \_\_\_\_\_  
 Website: \_\_\_\_\_  
 Tax I.D. # (FEIN): \_\_\_\_\_  
 SAM.gov UEI #: \_\_\_\_\_  
 NMLS #: \_\_\_\_\_  
 Contact Person/Persons (Loan Officers): \_\_\_\_\_  
 Service Area (List all counties): \_\_\_\_\_  
 Origination/Lender Fees Normally Charged to Homebuyer: \_\_\_\_\_

**WITNESSETH:**

WHEREAS, KHRC desires to assist low to moderate income individuals and families in the State of Kansas with the purchase of affordable single family housing units by implementing the U.S. Department of Housing and Urban Development (hereinafter "HUD")'s HOME Investment Partnerships Program and First Time Home Buyer program (hereinafter collectively "Program"), made possible in part through the applicable provisions of the "HOME" Investment Partnerships Act" (hereinafter "HOME" Program), created by the National Affordable Housing Act of 1990, as amended, and section 205 of the Housing and Community Development Act of 1992 (hereinafter "NAHA"), and the rules and

regulations of 24 CFR Parts 91 and 92 (hereinafter "HUD Regulations"), promulgated thereunder by HUD, and the applicable rules and regulations promulgated pursuant thereto by the Kansas Housing Resources Corporation which includes the Training and Operations Manual (hereinafter "Manual") and forms, and all other applicable Kansas Housing Resources Corporation Regulations, HOME, NAHA and HUD regulations (hereinafter collectively "Acts and Regulations") all of which are incorporated herein by reference;

WHEREAS, in order to encourage homeownership in the State of Kansas, KHRC as a participating jurisdiction has agreed to provide HOME funds to Lenders to make down payment assistance loans to qualified low-to-moderate income individuals and families by providing lenders with the right to originate and process KHRC Program loans, subject to the provisions more particularly set forth herein;

WHEREAS, Lender has agreed to use its best efforts to originate and process KHRC Loans to qualified low-to-moderate income individuals and families in accordance with the Acts and Regulations.

NOW THEREFORE, for and in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, KHRC and Lender agree as follows:

**ARTICLE ONE**

**Definitions**

All words and phrases in this Agreement shall have the identical meaning as defined in the Manual referred to hereinabove unless the context herein shall otherwise dictate. Notwithstanding anything in this Agreement to the contrary:

**Section 1.01. The term "affordable single family housing unit"** shall mean a single-family property lying and being situate wholly outside the 100-year flood plain, whose "as built" value, as determined by a qualified appraiser approved by the Lender, may not exceed the maximum sales price limitations as defined by the Acts and Regulations in effect upon the date of the KHRC Loan(s).

**Section 1.02. The term "KHRC Loan"** shall mean a KHRC HOME Investment Partnership Loan in an amount not to exceed \$40,000, 20 percent (20%) of the purchase price of an affordable single family housing unit if household income is less than 50% of area median income or 15 percent (15%) of the sales price if household income is more 50% but less than 80% of area median income for the State of Kansas. The housing unit may not be located in the city limits of Kansas City, Lawrence, Topeka, Wichita, or in Johnson County. The home must be purchased by qualified low-to-moderate income individuals and families who are first time homebuyers. The KHRC Loan will be evidenced by a Second Mortgage Promissory Note and secured by a Mortgage which shall be a second mortgage lien on the single-family housing unit.

**Section 1.03. The term "low-to-moderate income individuals and families"** (hereinafter "Borrower", whether one or more parties), shall mean all persons or families as are defined by the Acts and Regulations in effect on the date of the KHRC Loan(s).

**ARTICLE TWO**

**Representations**

**Section 2.01. KANSAS HOUSING RESOURCES CORPORATION**

The Kansas Housing Resources Corporation (KHRC) represents and warrants that:

(a) KHRC is a body corporate and politic of the State of Kansas (hereinafter "State"), duly organized and existing under the constitution and laws of the State. KHRC has authorized the execution and delivery of this Agreement.

(b) KHRC, as the Participating Jurisdiction for the State of Kansas under the HOME program, is implementing, through a formula grant from HUD, the KHRC Loan Program for HUD under the terms of this Agreement.

(c) KHRC may provide homeownership assistance through for-profit or nonprofit lending institutions that provide the first mortgage loan to a low-income family.

**Section 2.02. Lender**

Lender represents and warrants that:

(a) Lender is in good standing and authorized to do business in the State of Kansas and customarily provides the service in the State of Kansas of financing of mortgage loans to qualified homeowners.

(b) Lender will, during the term of this Agreement and any extension thereto, remain subject to the supervision and examination by Federal or State of Kansas authorities, as the case may be, and will not make a change in the character of its business which would materially adversely affect its performance hereunder, and will at all times during the term of this Agreement, remain in good standing and qualified to do business under all applicable Federal and State laws. All records of Lender pertaining to this Agreement, the Program, or loans made thereto, shall be open for inspection to KHRC or its agents upon reasonable notice.

(c) Lender has the power and authority to execute, deliver, and perform, and to enter into all of the transactions contemplated by this Agreement, and has duly authorized the execution, delivery, and performance of this Agreement.

(d) Lender will originate and process KHRC Loans in compliance with the Acts and Regulations, the covenants, terms, and conditions of this Agreement and the Manual, and all other applicable requirements as set forth in the Acts and Regulations. If a conflict arises, the following order of preference shall govern: (1) HOME Program Acts and Regulations; (2) this Agreement; (3) the Manual.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated herein, nor the fulfillment of, or compliance with, any of the terms and conditions of this Agreement, conflict with or will result in a breach of the instruments creating Lender or governing Lender's operations, or any of the terms, conditions, or provisions of any legal restriction(s) or any agreement(s) or instrument(s) to which Lender is now a party, or by which Lender is bound, or constitute a default under any of the foregoing.

(f) Each KHRC Loan will (i) be evidenced by a Second Mortgage Promissory Note and secured by a Second Mortgage on eligible properties located within the State of Kansas; (ii) be occupied by the Borrower as the Borrower's principal place of residence, all as more particularly provided for in the Manual and set forth in a representation made by the Borrower to Lender by Affidavit under penalty of perjury; and, (iii) be processed by Lender in compliance with each and every requirement of the Manual and the Acts and Regulations, including those requirements not herein specifically set forth.

(g) Before the Lender provides any homeownership assistance to a potential Borrower, the KHRC must verify that the Borrower is low-income and must inspect the housing for compliance with the property standards in § 92.251.

Additionally, Lender acknowledges and will abide with the following:

(a) Lender must be operating in the State of Kansas with an active mortgage company license for the State of Kansas.

(b) Lender must have an active Nationwide Multistate License System (NMLS) license.

(c) Lender must be able to offer, FHA, VA, USDA RQ or Conventional loans, and must provide evidence of approval from each entity to KHRC.

(d) If Lender is a Bank or Saving & Loan, then Lender must be FDIC insured, and provide evidence of the same, and if Lender is a credit union, then Lender must be NCUA insured, and provide evidence of the same.

(e) Lender must present evidence of one of the following:

- (1) E & O insurance-provide Certificate of Insurance, or
- (2) a Fidelity Bond-provide evidence of Fidelity Bond.

(f) Lenders must offer mortgage loans as a primary part of their business.

(g) Lender hereby certifies that its principals, employees, and affiliates, are not, and have not been, debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs. Lender agrees to comply with the requirements of 2 C.F.R. Part 180 throughout the period of this Agreement and to provide proof of registration in the System for Award Management at sam.gov to KHRC.

(h) Lender must attend a KHRC lender training session.

#### ARTICLE THREE

##### Commitments to Originate, Process and Fund Kansas Housing Resources Corporation (KHRC) Loans

###### Section 3.01. Commitment to Originate and Process KHRC Loans.

Lender agrees to originate and process KHRC Loans to Borrowers qualified as set forth in Section 1.03, above, and in compliance with the Acts and Regulations and the covenants, conditions, and agreements more particularly set forth herein and in the Manual.

###### Section 3.02. KHRC Commitment to Fund KHRC Loans.

KHRC agrees to provide Lender with funds for any KHRC Loans originated by Lender that are pre-approved in writing by KHRC.

#### ARTICLE FOUR

##### Origination and Servicing of KHRC loans

###### Section 4.01. Loan Proceeds.

All distributions of KHRC Loan proceeds made pursuant to this Agreement shall be disbursed solely by Lender.

###### Section 4.02. Title to Loan Documents.

Legal title and physical possession of the original KHRC Loan document (s) will be held by and will be in the name of KHRC at all times, and for the use and benefit of KHRC.

###### Section 4.03. Collateral.

To the extent applicable, legal title and physical possession of any Collateral which may secure payment of the KHRC Loan will be held by and in the name of KHRC at all times herein.

###### Section 4.04. Lender's Duties and Liability.

So long as Lender acts in good faith in originating, processing, and closing the KHRC Loan(s) originated in accordance with this Agreement, and complies with the covenants, terms, and conditions of this Agreement, the Acts and Regulations, and the Manual, Lender will incur no liability to KHRC unless any such Loan:

- a. is not secured by a second mortgage lien, or
- b. is secured by property partially or wholly within a 100-year flood plain; or,
- c. the Borrower is over the income limits for the KHRC Program; or,
- d. the sales price of the property exceeds the maximum sales price established by the KHRC Program; or,
- e. the KHRC Loan is made in violation of any of the other applicable laws, acts, or regulations.

If any of the above events occur, Lender agrees to fully indemnify and hold KHRC harmless and agrees to repurchase the KHRC Loan from KHRC upon disclosure and demand by KHRC of such event(s) with respect to such KHRC Loan, always provided however, Lender makes no representations and assumes no responsibility with respect to the collectability of any KHRC Loans or as to the correctness, validity, or enforcement of any provision contained in any instrument, certificate, opinion or other document delivered or to be delivered to Lender in connection with any KHRC Loan.

Lender will maintain such files, books, and records regarding each KHRC Loan as Lender would maintain for similar loans in which Lender participates, and will fully maintain such files, books and records as may be necessary to record and evidence the transactions contemplated by this Agreement and as required by KHRC.

All terms, conditions, and obligations set forth in this provision shall survive termination of the Agreement.

###### Section 4.05. Fees, Expenses.

During the term of this Agreement, Lender may not collect from Borrower, nor will Lender be required to pay KHRC any loan or servicing fees or expenses related to any KHRC Loan(s) other than as set forth in the Manual. No fees (e.g., origination fees or points) may be charged to a family for the HOME homeownership assistance provided, and KHRC must determine that the fees and other amounts charged to the family by the lender for the first mortgage financing are reasonable. Participating lenders do not pay a fee to participate in the HOME program.

###### Section 4.06. Assignment.

Neither KHRC nor Lender may assign all or any portion of their respective rights or obligations under this Agreement without the prior written consent of the other, which consent will not be unreasonably withheld, always provided however, succession to Lender's position hereunder and in the KHRC Loan by a surviving qualified financial institution upon merger, consolidation or other reorganization of Lender, shall not be deemed to constitute an assignment under this paragraph.

###### Section 4.07. Credit and Identity of Borrower/Disclosure Statement.

Both Lender and KHRC shall be satisfied with the income of Borrower as it is shown on the Credit and Identity of Borrower/Disclosure Statements, and Lender, in its sole discretion, shall be satisfied with the credit and identity of Borrower and shall have approved the title, the Note, the Loan Documents, title and hazard insurance policies and other items required hereunder or in the Manual, prior to approving and accepting any KHRC Loan hereunder. KHRC and Lender understand that this Agreement has not been registered under the Securities Act of 1933, as may have been amended from time to time, or under any state securities act and each party further understands that KHRC is acquiring such Loan(s) for its own account without issuing notice to the public.

###### Section 4.08. Reservation by KHRC of Right to Reject KHRC Loans.

Any provision in this entire Agreement to the contrary notwithstanding, KHRC reserves the right to review and reject all KHRC Loans subsequent to loan approval by Lender and the disbursement of any KHRC Loan funds by KHRC upon determination of the occurrence of any of the events itemized in Section 4.04 (a through e), above.

#### ARTICLE FIVE

##### Termination of Agreement

###### Section 5.01. Termination of Agreement.

This Agreement may be terminated by KHRC or Lender, without cause and without penalty against KHRC or Lender, or either of them, giving to the other sixty (60) days written notice of termination.

###### Section 5.02. Agreement to Pay Attorneys' Fees and Expenses.

In the event KHRC or Lender shall fail to perform any of their obligations under any of the provisions of this Agreement or the Manual, or abide by any of the Acts or Regulations incorporated herein by reference, causing KHRC or Lender to employ attorneys or incur other expenses for the enforcement of performance of any obligations(s) or agreements(s) on the part of KHRC or Lender herein or therein contained, KHRC and Lender, as the case may be, each agree that the prevailing party shall be reimbursed by the losing party for all fees, costs, and expenses, including reasonable attorney's fees, incurred in enforcing their respective rights hereunder.

#### ARTICLE SIX

##### Miscellaneous Provisions

###### Section 6.01. Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

###### Section 6.02. Further Assurances and Corrective Instruments.

To the extent permitted by law, KHRC and Lender agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such amendments hereto and such further instruments as may reasonably be required for carrying out the intention of, or facilitating the performance of, this Agreement, but only if such amendments are in accordance with the Acts and Regulations.

###### Section 6.03. Notices.

Unless otherwise specifically provided herein, all formal notices hereunder shall be in writing and mailed by registered or certified mail, postage prepaid, to the respective parties hereto, or to such other address as either party hereto may designate by written notice, from time-to-time hereafter.

###### Section 6.04. Construction.

This Agreement and the rights and obligations of Lender and KHRC hereunder shall be construed under the laws of the State of Kansas. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the State and Federal courts located in the County of Shawnee, State of Kansas. Lender and KHRC agree that this Agreement contains the entire understanding of Lender and KHRC, subject to the covenants, terms and agreements herein, and that this Agreement may not be changed, modified, amended, altered or terminated orally, except by agreement in writing, signed by the party against whom such change, modification, amendment, alteration or termination is sought. Nothing in this Agreement will be construed to constitute a partnership, joint venture or agency relationship between KHRC and Lender or is intended or shall be construed to

confer upon any person, other than the parties hereto, any right, remedy or claim under this Agreement. The descriptive headings of the paragraphs are for convenience only and are not to be used in the construction of the content of this Agreement. This Agreement may be executed in multiple counterparts each of which will be an original instrument, but all of which will constitute one agreement.

**Section 6.05. Additional Subsidies.**

It is expressly agreed that other sources of funding or subsidy may be utilized in conjunction with the KHRC program provided:

- (a) Total amount of HUD funds invested in any property shall not exceed the regulatory maximum prescribed by HUD;
- (b) No funds from any seller-financed down payment assistance program shall be allowed in conjunction with KHRC loans, including any down payment assistance purporting to pass from the seller through a not-for-profit agency;
- (c) The KHRC loan shall not be subordinated to a junior lien position, other than the first mortgage, without the express written consent of KHRC; and
- (d) Home Equity Lines of Credit (HELOC's) shall not be allowed in conjunction with the use of KHRC loans.

**Section 6.06. Privacy Policy.**

All parties acknowledge and agree that nonpublic personal information about consumers and customers, as defined in the Gramm Leach Bliley Act of 1999 and implementing regulations, will be maintained in a confidential manner, and shall be used and disclosed to third parties only to carry out the purposes contemplated in this Agreement and as permitted or required by law. All parties agree to establish and maintain appropriate policies and procedures to insure the confidentiality of Lender's customers' and consumers' nonpublic personal information, including appropriate administrative, technical, and physical safeguards and procedures: (1) to protect against any anticipated threats or hazards to the security and integrity of such records; (2) to protect against any unauthorized access to or use of such records or information which could result in substantial harm or inconvenience to a customer, and (3) to provide timely notification to the other parties if or when customer information is accessed in an unauthorized manner. This provision shall survive termination of the Agreement.

Ryan Vincent, Executive Director  
Kansas Housing Resources Corporation

By: \_\_\_\_\_

Dated by the Corporation this \_\_\_\_\_

\_\_\_\_\_ (Typed Signer Name, Title)

\_\_\_\_\_ (Typed Financial Institution Name)

By: \_\_\_\_\_ Dated \_\_\_\_\_

Revision 3/4/24

## Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type.  
 See Specific Instructions on page 3.

<b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<b>2</b> Business name/disregarded entity name, if different from above <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ <div style="border: 1px solid black; width: 100px; height: 15px;"></div> <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is <b>not</b> disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other (see instructions) ▶ <div style="border: 1px solid black; width: 100px; height: 15px;"></div>	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) <div style="border: 1px solid black; width: 100px; height: 15px;"></div>  Exemption from FATCA reporting code (if any) <div style="border: 1px solid black; width: 100px; height: 15px;"></div>  <small>(Applies to accounts maintained outside the U.S.)</small>
<b>5</b> Address (number, street, and apt. or suite no.) See instructions. <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	Requester's name and address (optional) <div style="border: 1px solid black; padding: 5px;"> <b>Kansas Housing Resources Corporation</b>  <b>611 S. Kansas Avenue, Suite 300</b>  <b>Topeka, KS 66603</b> </div>
<b>6</b> City, state, and ZIP code <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	
<b>7</b> List account number(s) here (optional) <div style="border: 1px solid black; height: 20px; width: 100%;"></div>	

### Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

<b>Social security number</b>
<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> </div>
or
<b>Employer identification number</b>
<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> <div style="border: 1px solid black; width: 30px; height: 20px;"></div> </div>

### Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and



# KANSAS HOUSING

## Vendor Information

New Vendor

Change of Address

Change of Banking Information

Name			
FEIN/SS#		Unique Entity ID**	
Address			
City		State	Zip
Telephone		FAX	
E-Mail for payment correspondence			

\*\* - Unique Entity ID is formerly known as DUNS # - Please provide Unique Entity ID from Sam.gov.

## Requested Method of Payment:

Check

Credit card

ACH/ EFT \*\*\* (Preferred Method). Please complete ACH/EFT Payments section below and attach a voided check or bank letter.

### FOR ACH/EFT PAYMENTS ONLY:

Account Type:	<input type="radio"/> Checking	<input type="radio"/> Savings	<input type="radio"/> General Ledger	<input type="radio"/> Loan
Bank Name				
Branch (If applicable)				
City		State		Zip
Transit/ABA #			Account #	

If the vendor selects ACH/EFT for their method of payment, the vendor authorizes Kansas Housing Resources Corporation (KHRC) to deposit payments into the checking or savings account at the financial institution named above. KHRC is authorized to initiate a correcting debit (withdrawal) if a credit is posted in error. This authority is to remain in full force and effect until KHRC has received written notification of its termination in such time and in such manner as to afford KHRC and the financial institution named a reasonable opportunity to act on it.

\*\*\*In order to strengthen internal controls, ensure prompt payment of funds and eliminate the risk of checks being lost in the mailing process, we will administer payments through ACH whenever possible.

[Attach Voided Check Here](#)

SAVE

### KHRC Internal Use:

Program/Purchasing Approval	_____	_____	SAM.gov Finance Verification:
	Date	Initials	<input type="checkbox"/> SAM.gov verified (documentation attached)
Finance Approval	_____	_____	<input type="checkbox"/> SAM.gov N/A (credit card vendor)
	Date	Initials	

# *Lender Home Buyer Application Forms – Deep Dive*

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1. Inspection Request and Package Cover Form
2. Application Form
3. Inspection Disclaimer Form
  - Inspectable Items List/Report Template
4. Sellers Inspection Guidelines Form
5. FHA Commitment Letter, if applicable
6. Certification of Zero Income for Adult
7. Certification of Zero Income for Children
8. Certification of Non-Filing Status Affidavit





**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage - Forgivable After 10 Years  
HOME Investment Partnerships Program

**Inspection Request Form & Package Cover Form**

Date Application Emailed or Faxed \_\_\_\_\_ Date of Reinspection \_\_\_\_\_

# of Pages:	From
To: Marilyn Stanley	Lender:
Dept: KHRC – FTHB Program	Phone:
<a href="mailto:FTHB@kshousingcorp.org">FTHB@kshousingcorp.org</a>	Email:
Fax: 785-232-8073 (email preferred)	Fax:

\_\_\_\_\_  
Name of Homebuyer(s) (last, first, middle initial)

\_\_\_\_\_  
Street Address of Property to be Purchased

\_\_\_\_\_  
City County Zip

\_\_\_\_\_  
Contact Person for Scheduling Inspection Email Phone

**FOR STATE AGENCY/INSPECTOR USE ONLY**

Date sent to Inspector \_\_\_\_\_ Inspection Agency \_\_\_\_\_

Email \_\_\_\_\_ File Number \_\_\_\_\_

Date Contact Person Contacted \_\_\_\_\_

Date Inspection Scheduled \_\_\_\_\_

Inspector \_\_\_\_\_ Inspection - Pass \_\_\_\_\_ Fail \_\_\_\_\_

**Kansas Housing Resources Corporation (KHRC)**

611 S Kansas Ave, Suite 300

Topeka, KS 66603

[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)

785-217-2044

<https://kshousingcorp.org/first-time-homebuyer>







**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage - Forgivable After 10 Years  
HOME Investment Partnerships Program

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**Inspection Disclaimer**

The Kansas Housing Resources Corporation (KHRC) HOME First Time Homebuyers Program conducts an inspection of subject properties. This inspection is solely intended for the purpose of complying with the U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program requirements.

**The inspection is not intended to be a substitute for mechanical, electrical, plumbing, and structural inspections by qualified inspectors in these fields. KHRC strongly encourages homebuyers to hire independent inspectors to conduct these important inspections.**

By my/our signature below, I/We understand that it is recommended that an independent inspector be hired to verify the prospective home's mechanical, electrical, plumbing, termite damage, and structural soundness.

I/We understand that the Kansas Housing Resources Corporation is not liable for such defects, identified or unidentified, in the property that I am purchasing with the assistance of the HOME First Time Homebuyer Program.

Blue ink or e-signature:

Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

**Kansas Housing Resources Corporation (KHRC)**

611 S Kansas Ave, Suite 300

Topeka, KS 66603

[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)

785-217-2044

<https://kshousingcorp.org/first-time-homebuyer>

**Kansas Housing Resources Corporation (KHRC) - First Time Homebuyer (FTHB) Program  
Uniform Physical Condition Standards (UPCS) Inspectable Items & Results Report**

<b>Homebuyer(s):</b>	
<b>Property Address:</b>	
<b>Location, Violation and Remedy Summary (if applicable):</b>	Complete Upon Reinspection (if applicable)

***Introduction***

Existing housing that is acquired for down payment and closing cost assistance must be decent, safe, sanitary, and in good repair. At minimum, the standards must provide that the housing meets all applicable State and local housing quality standards and code requirements and the housing does not contain the specific deficiencies proscribed by HUD based on the applicable inspectable items and inspected areas in HUD-prescribed physical inspection procedures (Uniform Physical Condition Standards) issued pursuant to 24 CFR 5.705. The participating jurisdiction must inspect the housing and document this compliance based upon an inspection that is conducted no earlier than 90 days before the commitment of HOME assistance. If the housing does not meet these standards, the housing must be rehabilitated to meet the standards of this paragraph (c)(3) or it cannot be acquired with HOME funds.

***Disclaimer***

The State of Kansas HOME First Time Homebuyer Program conducts a UPCS inspection on subject properties. FTHB's inspection is not intended to be a substitute for mechanical, electrical, plumbing and structural inspections by qualified inspectors in those fields.

***Visual Paint Assessment***

The HUD regulation defines deteriorated paint as: "Any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate. Substrate means the material directly beneath the painted surface out of which the components are constructed, including wood, drywall, plaster, concrete, brick or metal. HUD has identified size thresholds for how the repairs must be made, these thresholds are known as de minimis levels. It is important to note that de minimis levels control how a repair must be made, not whether the repair is made. As always, if deteriorated paint is identified, it must be repaired. If more than ten percent (10%) of the total surface area of an interior or exterior type of component with a small surface area is deteriorated, the de minimis level has been exceeded. Examples would be window sills, baseboards, and trim. The de minimis level is 20 square feet for exterior surfaces. This means a total of 20 square feet on all the exterior surfaces, this includes outbuildings, fences, and play equipment attached to the land and belonging to the owner, twenty square feet is a square about 4 feet 6 inches on each side. The de minimis level is two square feet in any one interior room. This means a total of 2 square feet of deteriorated paint on the floors, walls, and ceiling in the room, two square feet is a square about 17 inches on each side. If all of the deteriorated paint on all of the building components is larger than the square, safe work practices and clearance must be performed. Lead Paint Visualization Training available at <https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>.

***Visual Paint Assessment***

	<b>Complete</b>	<b>Comments</b>
Passed Visual Paint Assessment - No deteriorated paint found		
Failed Visual Paint Assessment, deteriorated paint found, but below the De Minimus level. Work can be completed by the home owner using safe work practices.		
Failed Visual Paint Assessment, deteriorated paint found, above the De Minimus level. Work must be completed by a trained and certified lead paint professional. Since the First Time Homebuyer Program is an acquisition program, Subpart X of 24 CFR 35, 1000 lead paint regulations apply. Whole unit clearance is required.		







**First Time Home Buyer (FTHB) Program**  
**Down Payment (DPA) & Closing Cost Assistance**  
**Soft Second Mortgage – Forgivable After 10 Years**  
**HOME Investment Partnerships Program**

**Seller's Inspection Guidelines**

To be given to seller at application.

Potential Buyer(s) \_\_\_\_\_

Property Address \_\_\_\_\_

City \_\_\_\_\_, Kansas, Zip Code \_\_\_\_\_

The dwelling unit and the equipment provided in it must provide decent, safe and sanitary housing in accordance with the Housing Quality Standards as defined in 24CFR, CH. VIII (4-1-90 Edition), Part 882. A copy is available upon written request.

The **Minimum** conditions to be inspected, per HUD Form #52580-A are listed below. Additional requirements may be stipulated by inspector. A Lead-Based Paint Visual Assessment will also be performed.

Visit the following web site for guidance on the paint visual assessment:

<https://apps.hud.gov/offices/lead/training/visualassessment/h00101.htm>

- All exterior walking surfaces must be sound and free from hazards. Walking surfaces elevated more than thirty (30) inches above the adjacent surface must be protected by a guard rail or handrail at stairs. Rails shall conform to local code requirements as to construction.
- Building walls, foundations and roof must be sound, free from hazard and weather tight.
- There can be no evidence of peeling or flaking paint on exterior or interior painted surfaces, including interior windowsills.
- The building drainage system, gutters and downspouts must be in operating condition.
- The building site must be free of debris and free from hazards.
- All windows and doors in the unit must be in operating condition, sound, free from hazard and weather tight. Windows accessible from the ground must be lockable. All exterior doors must be lockable and have a storm door. All windows required by code or 24CFR must have screens.
- The heating system for the unit must be in good operating condition and capable of providing adequate heat to all living spaces. Gas systems must be properly vented.
- The hot water heating system for the unit must be in good operating condition and capable of providing adequate hot water to kitchen and bath spaces. Gas systems must be properly vented. Pressure relief valves and 3/4" overflow pipe 3 to 6 inches from the floor are required on hot water heaters.
- The plumbing system for the unit must be in good operating condition and capable of providing adequate water to kitchen and bath spaces and removing wastewater to a public or private disposal system. Seller may be required to provide proof of acceptability of local sewage systems and water supply systems.

- The electrical system for the unit must be in good operating condition, adequately sized to provide adequate service and protected by proper connections, coverings, and grounding.
- If a stove or refrigerator is included in the sale of the property, the appliances must be present at the time of the inspection and must be in good operating condition. Kitchen areas must provide food storage and preparation areas.
- Bathroom spaces must have an enclosed toilet space, a bathing space and an operable window or a powered ventilation system.
- The building must be free from infestation.
- The building must be free from hazardous materials as defined by Kansas and Federal Standards. A list of such laws is available upon written request.
- An operable smoke detector must be provided on each occupied level plus the basement area of the unit. Battery operated detectors must have active batteries.
- At the time of the inspection for these standards, the unit must be ready for occupancy with all utility systems, appliances, and smoke detectors operable. Only one compliance inspection will be made.
- Inspections for are non-intrusive, visual inspections only. The KHRC is not, by nature of the inspection process, providing any safety or code compliance assurances to buyer or seller or confirmation of building materials, quality or integrity of construction or confirmation of any warranty issues, express or implied. It is recommended that the buyer obtain inspections from authorities or licensed contractors if such assurances are suggested by the condition or age of the property or equipment being provided by the seller.**  
**Further, the inspection is NOT a warranty to the borrower(s), the seller(s) or any other person(s).**
- Any other conditions that would constitute decent, safe and sanitary housing.
- The unit has not been occupied by a tenant (for an agreed upon amount or without charge, regardless of a written agreement) other than the Purchaser during the three (3) month period preceding the date of the purchase contract.

By signing below, the seller indicates that he has received and understood the conditions required and outlined by these guidelines. Further, by signing below, the seller or seller's agent indicates that the residence meets or will meet all of the standard requirements stated above prior to closing.  
 The seller has 30 days to make any necessary repairs, at their expense. The seller may be charged for any re-inspection of the home if any of the above items fail the second inspection.

Blue Ink or e-signature

Seller: \_\_\_\_\_

Date: \_\_\_\_\_

Seller: \_\_\_\_\_

Date: \_\_\_\_\_



**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage - Forgivable After 10 Years  
HOME Investment Partnerships Program

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**FHA DPA Commitment Form**  
For Use only with FHA First Mortgage Loan Commitments

The Kansas Housing Resources Corporation hereby agrees to provide its own funds for the down payment assistance (DPA) loan as stated below in connection with the associated first mortgage and has a legally enforceable obligation to provide those DPA funds. Legal opinion follows this form.

**Lenders must place this form, the DPA note, and the DPA mortgage on the right side of the endorsement binder with Asset Verification documentation needed to close.**

Commitment Date \_\_\_\_\_

Estimated Closing Date \_\_\_\_\_

KHRC Loan Number \_\_\_\_\_

Lender Name \_\_\_\_\_

DPA Program: HOME Investment Partnerships Program

DPA Loan Amount \_\_\_\_\_

Borrower Name \_\_\_\_\_

Co-Borrower Name \_\_\_\_\_

Property Address \_\_\_\_\_

City \_\_\_\_\_

Zip \_\_\_\_\_

FHA Case Number \_\_\_\_\_

A handwritten signature in blue ink that reads "Marilyn Stanley". The signature is written in a cursive style and is positioned above a horizontal line.

Marilyn Stanley  
Single Family Program Manager  
Kansas Housing Resources Corporation  
611 S. Kansas Ave, Suite 300  
Topeka, KS 66603  
EIN 71-0950729

**Kansas Housing Resources Corporation (KHRC)**  
611 S Kansas Ave, Suite 300  
Topeka, KS 66603  
[FTHB@kshousingcorp.org](mailto:FTHB@kshousingcorp.org)  
785-217-2044

<https://kshousingcorp.org/first-time-homebuyer>





**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage – Forgivable After 10 Years  
HOME Investment Partnerships Program

---

**Certification of Zero Income for Adult**  
(To be signed by adult household member only)

Household Member Name: \_\_\_\_\_

I certify the following:

1. I am currently unemployed and am not receiving income (earned or unearned).
2. I do NOT receive income from any of the following sources:
  - a. Wages from employment (including commissions, tips, bonuses, fees, etc.);
  - b. Income from the operation of a business;
  - c. Rental income from real or personal property;
  - d. Unemployment or disability payments;
  - e. Public assistance payments;
  - f. Periodic allowances such as alimony or child support;
  - g. Social Security payments, annuities, insurance policies, retirement funds, pension, or death benefits;
  - h. Veteran's Benefits;
  - i. Supplemental Security Income;
  - j. Contracted income (Uber, LYFT, Door Dash, Grub Hub, etc.);
  - k. Regular payments (employment and non-employment) received through payment services (Venmo, Cash App, etc.);
  - l. Any other source not named above.

Under penalty of perjury, I certify the information presented above is true and accurate. I understand that providing false representations herein may constitute an act of fraud. I acknowledge the information provided is being used for the specific purpose of determining my household's eligibility to receive assistance through the FTHB HOME program. I will cooperate fully with the lender or KHRC, as applicable, to provide or obtain any necessary documents to confirm the information I have provided.

There is no imminent change expected in my income during the next 12 months.

**Blue Ink or e-signature:**

\_\_\_\_\_  
Household Member Signature

\_\_\_\_\_  
Date



**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage – Forgivable After 10 Years  
HOME Investment Partnerships Program

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**Certification of Zero Income for Children**  
(To be signed by custodial parent or legal guardian)

I, \_\_\_\_\_ hereby certify that I do not receive income from any of the following sources:

1. Child support (whether ordered or not ordered by the court);
2. Social Security payments;
3. Disability payments;
4. Public Assistance payments;
5. Any other source not named above;

For the following child(ren):

_____	_____
_____	_____
_____	_____

There is no imminent change expected in my income during the next 12 months.

Under penalty of perjury, I certify that the information in this certification is true and accurate to the best of my knowledge. The undersigned further understands that providing false representations herein constitutes an act of fraud.

**Blue Ink or e-signature:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



# *Lender After Reservation Forms – Deep Dive*

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## Before Closing

1. HUD Housing Counseling and Education Certificates of Completion
2. Affidavit of Home Buyer – Ten Year Period
3. Second Mortgage Forgiveness Notice 5 Years if under \$15,000
4. Second Mortgage Forgiveness Notice 10 Years if over \$15,000
5. Lead Based Paint Certification
6. Affidavit of Home Seller
7. Closing Disclosure
8. Authorization for Drawdown of Funds
9. **File must be complete to draw funds on a Friday to arrive by EFT the next Friday**



## After Closing

1. Second Mortgage Promissory Note – ORIGINAL “WET” Signature
2. Second Mortgage – ORIGINAL “WET” Signature – **Notarized & Recorded**
3. Copy of signed Closing Disclosure
4. Copy of Signed First Mortgage Promissory Note



## HUD Housing Counseling and Education

The HOME program regulations require that all homebuyers assisted with HOME funds receive U.S. Department of Housing and Urban Development (HUD) housing counseling and education services. This required housing counseling must be provided by HUD certified housing counselors working for an agency approved to participate in HUD's Housing Counseling program.

High-quality homeownership education and housing counseling can provide the borrower with the additional information and resources to make informed decisions that support long-term homeownership sustainability.

**The First Time Home Buyer (FTHB) program requires certificates of completion and receipt of payment for each or both services to document completion.**

**Pre-Purchase/Home Buyer Counseling** is one-on-one assistance that addresses the entire homebuyer process including repairing credit, locating cash for a down payment, recognizing predatory lending practices, understanding fair lending and fair housing requirements, the decision to purchase a home, the selection and purchase of a home, and issues arising during or affecting the period of homeownership. All housing counseling sessions require a financial and housing affordability analysis (personal budget) and a written action plan.

**Homeownership Education** is defined as formal classes, with established curriculum and instructional goals, provided in a group or classroom setting, or other formats approved by HUD, covering the home buying process; how to maintain a home; budgeting; fair housing; identifying and reporting predatory lending practices; rights for persons with disabilities; and the importance of good credit. The education may be delivered in various formats (in-person, Internet, telephone, or a hybrid format).

### **Housing Counseling Fees**

Participating agencies may charge reasonable and customary fees for housing education and counseling services, as long as the cost does not create a financial hardship for the client. Agencies must inform clients of the fee structure in advance of providing services. If any agency chooses to charge fees, the agency must provide counseling without charge to persons who cannot afford the fees.





**First Time Home Buyer (FTHB) Program**  
**Down Payment (DPA) & Closing Cost Assistance**  
**Soft Second Mortgage – Forgivable After 10 Years**  
**HOME Investment Partnerships Program**

**Affidavit of Home Buyer**  
**Ten Year Period**

STATE OF KANSAS )  
COUNTY OF ) SS.  
CITY OF )

THE UNDERSIGNED (HEREINAFTER REFERRED TO AS THE "MORTGAGOR", WHETHER ONE OR MORE PARTIES), HAVING FIRST BEEN DULY SWORN UPON OATH, DOES HEREBY DEPOSE AND STATE AS FOLLOWS:

MORTGAGOR UNDERSTANDS THAT FALSIFICATION OF THIS AFFIDAVIT IN ANY WAY MAY RESULT IN ALL AMOUNTS BORROWED FROM KANSAS HOUSING RESOURCES CORPORATION THROUGH THE HOME PROGRAM ADMINISTERED BY THEM, BECOMING IMMEDIATELY DUE AND PAYABLE. MORTGAGOR IS AWARE THAT ALL FACTS RECITED IN THIS AFFIDAVIT WILL BE INDEPENDENTLY VERIFIED AND THAT INTENTIONAL FALSIFICATION OF THIS AFFIDAVIT MAY SUBJECT THE UNDERSIGNED TO CRIMINAL PROSECUTION.

FURTHER THAT:

- Mortgagor is purchasing a residence (the "Residence") located at:

Street: \_\_\_\_\_

City and County of: \_\_\_\_\_

State of: Kansas

From (Name of Seller(s)):

\_\_\_\_\_

(hereinafter the "Seller", whether one or more parties)

- The First Mortgage Lender ("the Lender") is: \_\_\_\_\_

- Mortgagor understands that Kansas Housing Resources Corporation (KHRC) is assisting in the financing of the purchase of the above Residence with a second mortgage loan (the "KHRC HOME Loan"), made available by Federal Funds (said Federal Funds hereinafter collectively referred to as the "HOME Funds"), provided through the provisions of the National Affordable Housing Act of 1990, HOME Investment Partnerships Program, and pursuant to the federal and KHRC rules and regulations promulgated thereunder herein said act, program, rules and regulations collectively referred to as the ("HOME Program"), which HOME Program is being administered by the Kansas Housing Resources Corporation. As a Mortgagor, I shall receive benefits from this financing such as down payment assistance and savings in mortgage loan interest costs. As a result, I shall be subject to specific requirements for a period of 10 years following the date of the KHRC HOME Loan, all as more particularly set forth in a HOME Second Mortgage (the "Second Mortgage") Mortgagor is required to sign in consideration for receiving such KHRC HOME Loan.

- Such Residence is a one-family Residence at the execution of the Second Mortgage securing the note evidencing the KHRC HOME Loan.
- Mortgagor intends to occupy such Residence as Mortgagor's principal residence within 60 days after the financing described in paragraph 3 is provided.
- Mortgagor will occupy the Residence as Mortgagor's principal residence so long as the KHRC Home Loan providing the financing is outstanding.
- All of the land being purchased with the Residence, if any is being purchased, or upon which the Residence is located, reasonably maintains the basic livability of the Residence and does not and will not provide, other than incidentally, a source of income to Mortgagor.
- Mortgagor will not use the Residence primarily in a trade or business or use more than 15% of the total area thereof in a trade or business and will not deduct any portion of the cost of the Residence as a home business expense on Mortgagor's state or federal income tax return(s).
- Mortgagor will not rent the Residence or any part of the Residence, or use the Residence as an investment property or as a recreational or "second" home. Should the Mortgagor enter into an agreement to rent or lease the assisted Property, the Mortgagor shall declare all sums of funds secured by the Second Mortgage to be immediately due and payable.
- The Residence is located within the State of Kansas not within the city limits of Kansas City, Topeka, Lawrence, or Wichita, or Johnson County.
- Mortgagor acknowledges and understands KHRC's policy regarding refinancing and subordination, if applicable, of the Residence.
- Mortgagor understands that the following recapture provisions apply:

Federal Recapture (hereinafter "Recapture") provisions require that KHRC recoups all or a portion of the HOME assistance to the homebuyers if the housing subsidized does not continue to be the principal residence of the family for the duration of the period of affordability. The period of affordability is based upon the total amount of HOME funds subject to Recapture described in 24 CFR 92.254 (a)(5)(ii)(A)(5). For KHRC, this period is ten (10) years for homebuyers assisted by the HOME Program. The HOME investment that is subject to Recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit.

If Mortgagor sells the property during the 10-year period of affordability, KHRC shall calculate the Recapture amount using the *Reduction method*. Under this method, the terms of forgiveness shall be as follows:

Principal amounts of less than fifteen thousand dollars (\$15,000) shall be reduced by a pro rata monthly reduction of one-half (1/2) of the principal balance over a period of sixty (60) months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, provided all rules and regulations associated with the Program are complied with.

Principal amounts of fifteen thousand dollars (\$15,000) or greater shall be reduced on a pro rata monthly reduction for one-half (1/2) of the principal balance over a period of one hundred twenty (120) months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, provided that all rules and regulations associated with the Program are complied with.

However, should a property's appraised value be below the amount required for full repayment, or the property has been on the market for over 6 months without a contract, the *Shared Net Proceeds* method may be used. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

If the property goes into foreclosure or Mortgagor deeds the property in lieu of foreclosure, KHRC shall calculate the Recapture amount using the *Shared Net Proceeds method*. Under this method, if there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, KHRC will only Recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

{PARAGRAPH 12, FOLLOWING, IS NOT APPLICABLE IF THE UNDERSIGNED IS OTHERWISE A QUALIFIED PURCHASER WITHIN THE MEANING OF 24 CFR 92.2, OR UNDER KHRC PUBLISHED RULES AND REGULATIONS PERTAINING THERETO.}

- Mortgagor has not had a present ownership interest in a principal Residence (which includes a unit in a condominium or cooperative building, and factory-made housing, such as a manufactured house, mobile home or house trailer, that is permanently affixed to real property) at any time during the three-year period prior to the date hereof, other than the Residence with respect to which such financing is being provided.

Present ownership interest means:

- a fee simple interest;
- a joint tenancy, a tenancy in common, or tenancy by the entirety;
- the interest of a tenant-shareholder in a cooperative;
- a life estate;
- a land contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred until some time later); and
- an interest held in trust for me (whether or not created by me) that could constitute a present ownership interest if held directly by Mortgagor.

The term present ownership interest excludes:

- a remainder interest;
  - a mere expectancy to inherit interest in a principal residence;
  - a lease with or without an option to purchase;
  - the interest that a purchaser of a Residence acquires on the execution of a purchase contract; and
- Neither Mortgagor, nor any party related to the mortgagor, has entered into any agreement with the seller of the Residence, or any developer, contractor, or any other person pursuant to which Mortgagor has agreed to pay consideration, either in cash or in kind, in excess of the purchase price for the Residence or pursuant to which any portion of the Residence has been left unfinished or any fixtures or other architectural appointments have been omitted or removed from the Residence in order to reduce the purchase price.

15. Mortgagor has not been a party to a mortgage, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing (whether or not paid off) on the Residence at any time prior to the execution the Second Mortgage other than the First Mortgage Loan to Lender as shown in Mortgagor's application for a KHRC HOME Loan.
16. Mortgagor will not use any portion of the proceeds of this KHRC HOME Loan to acquire or replace an existing mortgage or deed of trust under which Mortgagor may be obligated.
17. The purchase price of the Residence and any improvements purchased in connection therewith, including any attached items such as carpeting, curtain rods and light fixtures, exclusive of any settlement or financing costs or any amount paid for property which is not real property or a fixture, is \$ \_\_\_\_\_. Mortgagor is not purchasing any unattached items from the Seller in connection with the purchase of the Residence, except as stated in Exhibit A attached hereto.
18. Apart from any normal real estate agents' commission and the First Mortgage Loan referred to in paragraph 13, above, no money is being paid, no promissory note is being delivered, nor anything else of value is being exchanged for or transferred to the Seller or any other person by the Mortgagor or, to the Mortgagor's knowledge, by any other person in connection with the purchase of the Residence except as indicated in the escrow and settlement documents or in the Seller's Affidavit or Lender's Certificate.
19. Mortgagor's federal income tax return(s) provided in connection with the acquisition of the Second Mortgage are complete, true and correct. Mortgagor has not been lawfully entitled to claim any deductions for federal income tax purposes for taxes or interest on indebtedness with respect to real property constituting Mortgagor's principal Residence for any portion of the three-year period prior to the date of execution hereof.
20. Mortgagor's Family Income is \$ \_\_\_\_\_, which is not in excess of the Maximum Family Income for a household of \_\_\_\_\_ person(s).
21. I HAVE READ THE NOTE AND THE SECOND MORTGAGE AND UNDERSTAND THAT:
  - (A) THE LOAN IS BEING FUNDED BY KANSAS HOUSING RESOURCES CORPORATION (KHRC), FROM FEDERAL FUNDS PROVIDED PURSUANT TO THE NATIONAL AFFORDABLE HOUSING ACT OF 1990 THROUGH THE HOME PROGRAM CREATED THEREUNDER AND ADMINISTERED BY KHRC. THE TERMS OF THE LOAN ARE AVAILABLE ONLY TO PERSONS WITH A FAMILY INCOME NOT IN EXCESS OF KHRC'S, HUD APPROVED, HOME LOAN PROGRAM GUIDELINES AND MORTGAGOR'S INTEREST IN THE PREMISES DESCRIBED IN THE SECOND MORTGAGE MAY BE ADVERSELY AFFECTED IF THIS AFFIDAVIT AND OTHER AFFIDAVITS AND CERTIFICATES GIVEN IN CONNECTION WITH THE MAKING OF THE KHRC HOME LOAN ARE UNTRUE.
  - (B) A LEASE OR RENTAL OF THE RESIDENCE TO ANOTHER MAY RESULT IN LEGAL PROCEEDINGS TO ENFORCE THE REQUIREMENTS OF THE HOME SECOND MORTGAGE; AND,
  - (C) ANY TRANSFER OF TITLE TO OR POSSESSION OF THE RESIDENCE OR ANY PORTION THEREOF (EXCEPT AS SET FORTH IN PARAGRAPH 19(B), AFORESAID) WITHOUT THE PRIOR WRITTEN APPROVAL OF KHRC, MAY RESULT IN LEGAL PROCEEDINGS TO ENFORCE THE REQUIREMENTS OF THE HOME SECOND MORTGAGE; AND,
  - (D) ANY ASSUMPTION OF THE SECOND MORTGAGE WITHOUT PRIOR WRITTEN APPROVAL FROM KHRC MAY RESULT IN FORECLOSURE AND LOSS OF POSSESSION OF THE RESIDENCE.
  - (E) ANY UNTRUE OR INCORRECT STATEMENT IN THE AFFIDAVIT MAY RESULT IN FORECLOSURE AND LOSS OF POSSESSION OF THE RESIDENCE.

- (F) A SALE OF THE PROPERTY OR A REFINANCING OF THE FIRST AND SECOND MORTGAGES WITH ANOTHER LENDER WITHIN 10 YEAR TERM OF THE SECOND MORTGAGE DOES NOT TERMINATE THE ORIGINAL 10 YEAR TERM.
- (G) RECAPTURE PROVISIONS APPLY AS DISCUSSED IN 12. ABOVE.
22. Mortgagor hereby authorizes KHRC to conduct such investigation as they deem necessary to ascertain the truth and correctness of the statements made in this affidavit, and Mortgagor has been informed and understands that perjury is punishable by imprisonment or a fine or both.

Mortgagor hereby certifies and declares, under penalty of perjury, that all of the foregoing statements are, to the best of Mortgagor's knowledge and belief, true, correct and complete.

USE BLUE INK:

\_\_\_\_\_  
Mortgagor

\_\_\_\_\_  
~~Mortgagor~~

Subscribed and sworn to me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Marilyn Stanley, Single Family Program Manager  
Kansas Housing Resources Corporation

Subscribed and sworn to me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public



### Second Mortgage Forgiveness by Year

keep for your records

Kansas Housing Resources Corporation (KHRC) is assisting in the financing of the purchase of your property with a second mortgage loan. Should you sell your home prior to the end of the affordability period, you will owe a portion of the funds back to KHRC. Below is an approximation of how much you may owe at the beginning of each year of your ten year affordability period:

The amount you are receiving is: \$ 14,999.00

	1/2 Soft Second Amount	1/2 Interest Free Mortgage Amount	TOTAL OWED TO KHRC
	\$ 7,499.50	\$ 7,499.50	
Year 1	\$ 7,499.50	\$ 7,499.50	\$ 14,999.00
Year 2	\$ 5,999.60	\$ 7,499.50	\$ 13,499.10
Year 3	\$ 4,499.70	\$ 7,499.50	\$ 11,999.20
Year 4	\$ 2,999.80	\$ 7,499.50	\$ 10,499.30
Year 5	\$ 1,499.90	\$ 7,499.50	\$ 8,999.40
Year 6	\$ -	\$ 7,499.50	\$ 7,499.50
Year 7	\$ -	\$ 7,499.50	\$ 7,499.50
Year 8	\$ -	\$ 7,499.50	\$ 7,499.50
Year 9	\$ -	\$ 7,499.50	\$ 7,499.50
Year 10	\$ -	\$ 7,499.50	\$ 7,499.50
Year 11	\$ -	\$ -	\$ -

By signing, you are confirming that you have received this information.

Use blue ink or e-signature



### Second Mortgage Forgiveness by Year

Please sign and Return

Kansas Housing Resources Corporation (KHRC) is assisting in the financing of the purchase of your property with a second mortgage loan. Should you sell your home prior to the end of the affordability period, you will owe a portion of the funds back to KHRC. Below is an approximation of how much you may owe at the beginning of each year of your ten year affordability period:

The amount you are receiving is: \$ 20,000.00

	1/2 Soft Second Amount	1/2 Interest Free Mortgage Amount	TOTAL OWED TO KHRC
	\$ 10,000.00	\$ 10,000.00	
Year 1	\$ 10,000.00	\$ 10,000.00	\$ 20,000.00
Year 2	\$ 9,000.00	\$ 10,000.00	\$ 19,000.00
Year 3	\$ 8,000.00	\$ 10,000.00	\$ 18,000.00
Year 4	\$ 7,000.00	\$ 10,000.00	\$ 17,000.00
Year 5	\$ 6,000.00	\$ 10,000.00	\$ 16,000.00
Year 6	\$ 5,000.00	\$ 10,000.00	\$ 15,000.00
Year 7	\$ 4,000.00	\$ 10,000.00	\$ 14,000.00
Year 8	\$ 3,000.00	\$ 10,000.00	\$ 13,000.00
Year 9	\$ 2,000.00	\$ 10,000.00	\$ 12,000.00
Year 10	\$ 1,000.00	\$ 10,000.00	\$ 11,000.00
Year 11	\$ -	\$ -	\$ -

By signing, you are confirming that you have received this information.

Use blue ink or e-signature





### Disclosure of Information on Lead-Based Paint & Lead-Based Paint Hazards

#### Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

#### Seller's Disclosure (initial)

- (a) Presence of lead-based paint and/or lead-based paint hazards (check one below):
- Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
- \_\_\_\_\_
- Seller has no knowledge of lead-based paint hazards and/or lead based paint hazards in the housing.
- (b) Records and reports available to the seller (check one below):
- Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).
- \_\_\_\_\_
- Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

#### Purchaser's Acknowledgment (initial)

- (c) Purchaser has received copies of all information listed above.
- (d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.
- (e) Purchaser has (check one below):
- Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or
- Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

#### Agents Acknowledgment (initial)

- (f) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

#### Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

_____ Seller	_____ Date	_____ Seller	_____ Date
_____ Agent	_____ Date	_____ Agent	_____ Date
_____ Purchaser	_____ Date	_____ Purchaser	_____ Date



AFFIDAVIT OF HOME SELLER

STATE OF KANSAS  
COUNTY OF  
CITY OF

U L U L U

THE UNDERSIGNED (HEREINAFTER REFERRED TO AS THE "SELLER", WHETHER ONE OR MORE PARTIES), HAVING FIRST BEEN DULY SWORN UPON OATH, DOES HEREBY DEPOSE AND STATE AS FOLLOWS:

SELLER UNDERSTANDS THE FALSIFICATION OF THIS AFFIDAVIT IN ANY WAY MAY RESULT IN ALL AMOUNTS BORROWED FROM KANSAS HOUSING RESOURCES CORPORATION (KHRC) THROUGH THE HOME PROGRAM ADMINISTERED BY THEM, BECOMING IMMEDIATELY DUE AND PAYABLE. SELLER IS AWARE THAT ALL FACTS RECITED IN THIS AFFIDAVIT WILL BE INDEPENDENTLY VERIFIED AND THAT INTENTIONAL FALSIFICATION OF THIS AFFIDAVIT MAY SUBJECT THE UNDERSIGNED TO CRIMINAL PROSECUTION.

FURTHER THAT:

- Seller is selling a residence (the "Residence") located at:  
Street  
City and County of  
 State of: Kansas  
 To (Name of Purchaser (s)):  
(hereinafter the "Purchaser", whether one or more parties)
- The First Mortgage Lender (the "Lender") is:
- Seller understands that KHRC is assisting in the financing of the purchase of the above Residence with a soft second mortgage loan (the KHRC HOME Loan), made available by Federal Funds, (hereinafter referred to as the "HOME Funds"), provided through the provisions of the National Affordable Housing Act of 1990, HOME Investment Partnerships Program, and pursuant to the federal and KHRC rules and regulations promulgated thereunder (herein said act, program, rules and regulations collectively referred to as the "HOME Program"), which HOME Program is being administered for the State of Kansas by KHRC. As a Seller, the undersigned shall receive certain benefits from this financing, in consideration for which, the undersigned is signing and delivering to Lender and KHRC this affidavit.
- Such Residence is a one-family Residence at the time of the execution of this Affidavit, and has not been custom built for the purchaser.
- Seller understands and has been informed that the appraised value assigned to the Residence is \$ \_\_\_\_\_. Seller also certifies and declares that it is understood that the selling price may be below this fair market value.
- CROSS OUT THE TWO STATEMENTS THAT DO NOT APPLY TO YOUR PROPERTY AND INITIAL NEXT TO THE CORRECT STATEMENT IN THE MARGIN:

Initial Below



- Such Residence has not been rented to or occupied by a tenant at any time during the three (3) month period preceding the date the purchase contract.
- Such Residence has been occupied by the Purchaser during the three (3) months immediately preceding the date of the purchase contract and to no other tenant other than the Purchaser during said three (3) month period.
- Such Residence has been occupied by a tenant (for an agreed upon amount or without charge, regardless of a written agreement) other than the Purchaser during the three (3) month period preceding the date of the purchase contract.

Seller hereby certifies and declares, under penalty of perjury, that all of the foregoing statements are, to the best of Seller's knowledge and belief, true, ~~correct~~ and complete.

USE BLUE INK:

\_\_\_\_\_  
Seller \_\_\_\_\_  
Seller

Subscribed and sworn to before me this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_



**First Time Home Buyer (FTHB) Program**  
Down Payment (DPA) & Closing Cost Assistance  
Soft Second Mortgage – Forgivable After 10 Years  
HOME Investment Partnerships Program

**Authorization for Drawdown of Funds**

This form must be submitted to KHRC to confirm the actual amount of HOME funds needed to close. The amount indicated cannot exceed the amount originally reserved, but it may be less. This must be received by KHRC AT LEAST 10 working days prior to closing.

List all normal fees charged by lender which have been waived for match purposes:

\_\_\_\_\_

Today's Date: \_\_\_\_\_

Homebuyer(s): \_\_\_\_\_

KHRC Confirmation/Loan #: \_\_\_\_\_

HOME Funds Requested: \$ \_\_\_\_\_

Closing Date: \_\_\_\_\_ Occupancy Date: \_\_\_\_\_

Lender: \_\_\_\_\_  
Institution Name Complete Mailing Address

Has your lending institution completed forms to request Electronic Transfer? YES NO

I certify the amount listed above is the confirmed amount of HOME funds requested for closing for this homebuyer. All of the amount will be used for the downpayment/closing costs.

\_\_\_\_\_  
Loan Officer's Printed Name

\_\_\_\_\_  
Loan Officer Signature

FOR STATE USE ONLY

Approved By: \_\_\_\_\_ Date: \_\_\_\_\_

Project #: \_\_\_\_\_

HOME Funding: \_\_\_\_\_ Match: \_\_\_\_\_ Program Income: \_\_\_\_\_



Second Mortgage Promissory Note  
Kansas Housing Resources Corporation  
FTHB HOME Investment Partnerships Program

\$ \_\_\_\_\_ Date: \_\_\_\_\_, 20\_\_\_\_  
Loan No. \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned (hereinafter "Borrower") promises to pay to the order of the Kansas Housing Resource Corporation (hereinafter "Note Holder" or "KHRC"), with offices at 611 S. Kansas Avenue, Suite 300 Topeka, Kansas 66603, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) with interest on such amount of Principal as may be advanced from time to time, computed at the rate of Zero Percent (0%) per annum (hereinafter "Loan Rate") for so long as the Principal, or any part thereto, shall remain outstanding (hereinafter "Loan Term"), from and after this date as hereinafter provided.

**1. PAYMENTS**

Borrower acknowledges that Note Holder is assisting Borrower in financing the purchase of Borrower's residence from funds made available to KHRC under the Home Investment Partnerships Program, (hereinafter the "HOME Program"), as described in Title II, the Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), 24 C.F.R. Part 92, and pursuant to rules and regulations promulgated there under and requirements of KHRC.

Federal Recapture (hereinafter "Recapture") provisions require that KHRC recoups all or a portion of the HOME assistance to the homebuyers if the housing subsidized does not continue to be the principal residence of the family for the duration of the period of affordability. The period of affordability is based upon the total amount of HOME funds subject to Recapture described in 24 CFR 92.254 (a)(5)(ii)(A)(5). For Note Holder, this period is ten (10) years for homebuyers assisted by the HOME Program. The HOME investment that is subject to Recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit.

Principal and accrued interest, if any, shall be due and payable upon the happening of the following grounds for Recapture:

- a. **Sale.** If Borrower sells the property during the 10 year period of affordability, Note Holder shall calculate the Recapture amount using the *Reduction method*. Under this method, the terms of forgiveness shall be as follows:

Principal amounts of less than fifteen thousand dollars (\$15,000) shall be reduced by a pro rata monthly reduction of one-half (1/2) of the principal balance over a period of sixty (60) months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, *provided* all rules and regulations associated with the Program are complied with.

Principal amounts of fifteen thousand dollars (\$15,000) or greater shall be reduced on a pro rata monthly reduction for one-half (1/2) of the principal balance over a period of one hundred twenty (120) months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, *provided* that all rules and regulations associated with the Program are complied with.

However, should a property's appraised value be below the amount required for full repayment, or the property has been on the market for over 6 months without a contract, the *Shared Net Proceeds* method may be used. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

- b. **Foreclosure.** If the property goes into foreclosure or Borrower deeds the property in lieu of foreclosure, Note Holder shall calculate the Recapture amount using the *Shared Net Proceeds method*. Under this method, if there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, Note Holder will only Recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

- c. **Out of Compliance.** If the Borrower is out of compliance with the program by: (1) converting the property to rental use, (2) refinancing the property without written approval by Note Holder, (3) failing to use the property as the Note Holder's principal residence for the duration of the affordability period; or (4) failing to comply with any other regulation or requirement of HUD or the Note Holder, the entire original subsidy amount shall be immediately due and owing Note Holder without any forgiveness.

If all of the terms and conditions of the Second Mortgage (hereinafter "Mortgage") and this Note have been truly fulfilled at the end of ten (10) years from the date of this Note, the loan evidenced by this Note will be forgiven, and the Note cancelled by KHRC.

Principal and interest, if any shall be due, shall be payable at 611 S. Kansas Avenue, Suite 300 Topeka, Kansas 66603 or such other place as the Note Holder may designate in the manner described below.

If Note Holder exercises its acceleration option as described under the Mortgage, Note Holder shall give Borrower notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is mailed, as provided in Paragraph 4 in this Note, within which Borrower must pay all sums due under this Note and secured by the Mortgage. If Borrower fails to pay these sums prior to the expiration of this period, Borrower may invoke any remedies permitted by the Mortgage without further notice or demand on the Borrower.

**2. NOTE SECURED BY SECOND MORTGAGE**

The indebtedness evidenced by this Note is secured by a Second Mortgage, dated \_\_\_\_\_, 2\_\_\_\_ and reference is made to the Mortgage for rights as to acceleration of the indebtedness evidenced by this Note.

**3. BORROWER'S FAILURE TO PAY AS REQUIRED**

In addition to the option to accelerate set forth above, if any payment under this Note is not paid when due and remains unpaid after a date specified by a notice to Borrower, the Note Holder may proceed with any remedy available at law or in equity, including foreclosure. The date specified shall not be less than thirty (30) days from the date such notice is mailed. If suit is brought to collect this Note, the Note Holder shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Presentment, notice of dishonor, and protest are hereby waived by all makers, sureties, guarantors and endorsers hereof.

**4. GIVING OF NOTICES**

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the Property Address stated below, or to such other address as Borrower may designate by notice to the Note Holder. Any notice to the Note Holder shall be given by mailing such notice by certified mail, return receipt requested, to the Note Holder at the address stated in this Note, or at such other address as may have been designated by notice to Borrower.

**5. RESPONSIBILITIES OF PERSONS UNDER THIS NOTE**

This Note shall be the joint and several obligations of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their successors and assigns.

Borrower \_\_\_\_\_ Borrower \_\_\_\_\_

Property Address \_\_\_\_\_

I (WE) ACKNOWLEDGE RECEIPT OF ONE COPY OF THE SECOND MORTGAGE PROMISSORY NOTE AT THE TIME OF ITS EXECUTION

Borrower \_\_\_\_\_ Borrower \_\_\_\_\_

USE BLUE INK



|  
  
**Second Mortgage**  
Kansas Housing Resources Corporation  
FTHB HOME Investment Program

This Second Mortgage (hereinafter referred to as "Second Mortgage") secures the payment of an indebtedness in the sum of \$ \_\_\_\_\_.

THIS SECOND MORTGAGE is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_ (hereinafter referred to as "Mortgagor"), and the Kansas Housing Resources Corporation (hereinafter referred to as "Mortgagee"), a corporation organized and existing under the laws of Kansas, whose address is, 611 S. Kansas Avenue, Suite 300, Topeka, Kansas 66603.

MORTGAGOR, in consideration of the indebtedness herein recited and the Second Mortgage Promissory Note (hereinafter referred to as "Note"), subject to other rights of any prior lien holder under a prior Mortgage or mortgage, for the purpose of securing the prompt repayment by Mortgagor of said indebtedness and all other sums payable hereunder and under said Note, and also for the purpose of securing the performance of and compliance with all of the terms, covenants, conditions, and warranties herein contained and contained in the Note, the Mortgagor does hereby Mortgage unto the Mortgagee, its successors and assigns the following described property located in the County of \_\_\_\_\_ State of Kansas:

(Insert Legal)

which has the address of \_\_\_\_\_ (herein "Property Address");

TOGETHER with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter attached to the property covered by this Mortgage, and all the foregoing, together with said property are herein referred to as the "Property".

TO SECURE to Mortgagee the payment of the indebtedness evidenced by Mortgagor's Note dated \_\_\_\_\_, 20\_\_\_\_, in the principal sum of \_\_\_\_\_ and No 100 Dollars, with no interest thereon, and the payments of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Second Mortgage, and the performance of the covenants and agreements of Mortgagor herein contained.

Mortgagor covenants that Mortgagor is lawfully seized of the estate hereby conveyed, that the Property is subject to a first Mortgage or mortgage and that Mortgagor will warrant and defend generally the title to the Property against all claims and demands, subject to any declarations, easements or restrictions listed on a schedule of exceptions to coverage in any title insurance policy insuring Mortgagee's interest in the Property.

Mortgagor and Mortgagee covenant and agree as follows:

1. **Payment of Principal and Interest.** Mortgagor shall promptly pay when due the principal of and interest on indebtedness evidenced by the Note, prepayment and late charges as provided in the Note.

2. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Mortgagee under the Note and Paragraph 1 hereof shall be applied by Mortgagee first in payment of interest payable on the Note, then to the principal of the Note.

3. **Charges; Liens.** Mortgagor shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property which may attain a priority over this Mortgage in accordance with the first mortgage. Mortgagor shall promptly furnish to Mortgagee receipts evidencing such payments upon request. Except for the first Mortgage or mortgage on the Property, Mortgagor shall promptly discharge any lien which has priority over this Mortgage, provided, that Mortgagor shall not be required to discharge any such lien so long as Mortgagor shall agree in writing to the payment of the obligation secured by such lien in a manner acceptable to Mortgagee, or shall in good faith contest such lien by, or defend enforcement of such lien in, legal proceedings which operate to prevent the enforcement of the lien or forfeiture of the Property or any part thereof.

4. **Hazard Insurance.** Mortgagor shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, wind, and such other hazards as Mortgagee may require and in such amounts and for such periods as Mortgagee may require; provided, that Mortgagee shall not require that the amount of such coverage exceed that amount of coverage required to pay the sums secured by this Mortgage. The insurance carrier providing the insurance shall be chosen by Mortgagor subject to approval by Mortgagee; provided that such approval shall not be unreasonably withheld. All insurance policies and renewals thereof shall be in a form acceptable to Mortgagee and shall include a standard mortgage clause in favor of and in a form acceptable to Mortgagee. Mortgagee shall have the right to hold the policies and renewals thereof, and Mortgagor shall promptly furnish to Mortgagee all renewal notices and all receipts of paid premiums upon request.

In the event of loss, Mortgagor shall give prompt notice to the insurance carrier and Mortgagee. Mortgagee may make proof of loss if not made promptly by Mortgagor. Unless Mortgagee and Mortgagor otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided such restoration or repair is economically feasible and the security of this Mortgage is not thereby impaired. If such restoration or repair is not economically feasible or if the security of this Mortgage would be impaired, the insurance proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. If the Property is abandoned by Mortgagor, or if Mortgagor fails to respond to Mortgagee within thirty (30) days from the date notice is mailed by Mortgagee to Mortgagor that the insurance carrier offers to settle a claim for insurance benefits, Mortgagee is authorized to collect and apply the insurance proceeds at Mortgagee's option either to restoration or repair of the Property or to the sums secured by this Mortgage.

5. **Preservation and Maintenance of Property.** Mortgagor shall keep the Property in good repair and shall not commit waste or permit impairment or deterioration of the Property.

6. **Protection of Mortgagee's Security.** If Mortgagor fails to perform the covenants and agreements contained in this Mortgage, or if any action or proceeding is commenced which materially affects Mortgagee's interest in Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Mortgagee at Mortgagee's option, upon notice to Mortgagor and any prior lien holder, may make such appearances, disburse such sums and take such action as is necessary to protect Mortgagee's interest (including, but not limited to, disbursements of reasonable attorney's fees and entry upon the Property to make repairs). If the

Property is abandoned by the Mortgagor, Mortgagee may enter upon the Property to secure the premises to protect Mortgagee's interest in the Property.

Any amounts disbursed by Mortgagee pursuant to this Paragraph 6, with interest thereon, shall become additional indebtedness of Mortgagor secured by this Mortgage. Unless Mortgagor and Mortgagee agree to other terms of payment, such amounts shall be payable upon notice from Mortgagee to Mortgagor requesting payment thereof, and shall bear interest from the date of disbursement at the rate payable from time to time on outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this Paragraph 6 shall require Mortgagee to incur any expense or take any action hereunder.

7. **Inspection.** Mortgagee may make or cause to be made reasonable entries upon and inspections of the Property, provided that Mortgagee shall give Mortgagor notice prior to any such inspection specifying reasonable cause therefore related to Mortgagee's interest in the Property.

8. **Condemnation.** Subject to the rights of any prior lien holder under a prior mortgage or Mortgage on the Property, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Mortgage, with the excess, if any, paid to Mortgagor. In the event of a partial taking of the Property, unless Mortgagor and Mortgagee otherwise agree in writing, there shall be applied to the sums secured by this Mortgage such proportion of the proceeds as is equal to that proportion which the amount of the sums secured by this Mortgage immediately prior to the date of taking bears to the fair market value of the Property immediately prior to the date of taking, with the balance of the proceeds paid to Mortgagor.

If the Property is abandoned by Mortgagor, or if, after notice by Mortgagee to Mortgagor that the condemnor offers to make an award or settle a claim for damages, Mortgagor fails to respond to Mortgagee within thirty (30) days after the date such notice is mailed, Mortgagee is authorized to collect and apply the proceeds, at Mortgagee's option, either to restoration or repair of the Property or to the sums secured by this Mortgage.

9. **Mortgagor Not Released.** Extension of the time for payment or modification of amortization of the sums secured by this Mortgage granted by Mortgagee to any successor in interest of Mortgagor shall not operate to release, in any manner, the liability of the original Mortgagor and Mortgagor's successors in interest. Mortgagee shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Mortgage by reason of any demand made by the original Mortgagor and Mortgagor's successors in interest.

10. **Forbearance by Mortgagee Not a Waiver.** Any forbearance by Mortgagee in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage.

11. **Remedies Cumulative.** All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

12. **Successors and Assigns Bound; Joint and Several Liability; Captions.** The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors

and assigns of Mortgagee and Mortgagor, subject to the provisions of Paragraph 16 hereof. All covenants and agreements of Mortgagor shall be joint and several. The captions and headings of the paragraphs of this Mortgage are for convenience only and are not to be used to interpret or define the provisions hereof.

13. **Notice.** Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor provided for in this Mortgage shall be given by mailing such notice by certified mail addressed to Mortgagor at the Property Address or at such other address as Mortgagor may designate by notice to Mortgagee as provided herein, and (b) any notice to Mortgagee shall be given by certified mail, return receipt requested, to Mortgagee's address stated herein or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Mortgagee when given in the manner designated herein.

14. **Governing Law; Severability.** This Mortgage shall be governed by the laws of the State of Kansas. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and the Note are declared to be severable.

15. **Mortgagor's Copy.** Mortgagor shall be furnished a conformed copy of the Note and of this Mortgage at the time of execution or after recording hereof.

16. **Transfer of the Property or a Beneficial Interest in Mortgagor.** Excluding a transfer to a prior lien holder under a prior mortgage or Mortgage, if all or any part of the Property or any interest in it is sold, foreclosed, or transferred (or if a beneficial interest in Mortgagor is sold or transferred and Mortgagor is not a natural person) without Mortgagee's prior written consent, Mortgagee may, at its option, require immediate payment in full of all sums secured by this Mortgage. However, this option shall not be exercised by Mortgagee if exercise is prohibited by federal law as of the date of this Security Instrument.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor and the senior lien holder prior written notice of acceleration. The notice shall provide a period of not less than thirty (30) days from the date the notice is delivered or mailed within which Mortgagor must pay all sums secured by this Mortgage. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke any remedies permitted by this Mortgage without further notice or demand on Mortgagor.

Notwithstanding Mortgagee's right to invoke any remedies hereunder, Mortgagee agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the senior lien holder at least sixty (60) days prior written notice and the opportunity to cure any default hereunder.

17. **Acceleration; Remedies.** Except as provided in Paragraph 16 hereof, upon Mortgagor's breach of any covenant or agreement of Mortgagor in this Mortgage, including the covenants to pay when due any sums secured by this Mortgage, Mortgagee prior to acceleration shall mail notice to Mortgagor and to any prior lien holder as provided in Paragraph 13 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, not less than 30 days from the date the notice is mailed to Mortgagor, by which such breach must be cured; and (4) that failure to cure such breach on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Mortgagor 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 Mortgagor to acceleration and sale. If the breach is not cured on or before the date specified in the notice, Mortgagee at Mortgagee's option may declare all of the sums secured by this Mortgage to be immediately due and payable without demand, and may invoke the power of sale and any other remedies permitted by applicable law. Mortgagee shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided herein, including, but not limited to, reasonable attorney's fees.

The Mortgagee's right to convey the property hereunder shall be subject and subordinate to the rights of any prior lien holder under a prior mortgage or Mortgage on the Property. A default under this Mortgage shall constitute a default under the First Mortgage and Second Mortgage, entitling the senior lien holder with the right to exercise all rights and remedies under the First Mortgage and Second Mortgage.

If the Mortgagor omits or misrepresents a material fact in an application for the loan evidenced by this Mortgage or any documents executed in connection with the loan, then Mortgagee may exercise any remedies available herein and permitted by law, including the acceleration of all payments due on the Note.

18. **Mortgagor's Right to Reinstate.** Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier to occur of (i) the fifth day before sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) entry of a judgment enforcing this Mortgage if: (a) Mortgagor pays Mortgagee all sums which would be then due under this Mortgage and the Note had no acceleration occurred; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided in Paragraph 17 hereof, including, but not limited to, reasonable attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. **Release.** Upon payment of all sums secured by this Mortgage or the end of the ten year compliance period described in Section 20, Mortgagee shall release this Mortgage. Mortgagor shall be responsible for the cost of recording said release.

20. **HOME Investment Partnership Program:** Mortgagee is assisting in the financing of the purchase of the Property with a loan from funds made available under the Home Investment Partnerships Program, (hereinafter referred to as the "HOME Program"), as described in Title II, the Cranston-Gonzalez National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), and 24 CFR Part 92, and pursuant to the rules and regulation promulgated thereunder and the requirements of the Mortgagee which administers the HOME Program. The loan is made without a charge for interest on the outstanding principal balance of said loan and is subject to principal reductions as provided in the Note and in Section 21.

21. **Recapture.** Federal Recapture provisions require that Mortgagee recoups all or a portion of the HOME assistance to the homebuyers if the housing subsidized does not continue to be the principal residence of the family for the duration of the period of affordability. The period of affordability is based upon the total amount of HOME funds subject to recapture described in 24 CFR 92.254 (a)(5)(ii)(A)(5). For Mortgagee, this period is ten (10) years for homebuyers assisted by the HOME Program. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit.

In accordance with HUD regulations, Mortgagee shall calculate the amount of HOME assistance subject to recapture based on the following grounds for recapture:

a. **Sale.** If Borrower sells the property during the 10 year period of affordability, Note Holder shall calculate the Recapture amount using the *Reduction method*. Under this method, the terms of forgiveness shall be as follows:

Principal amounts of less than fifteen thousand dollars (\$15,000) shall be reduced by a pro rata monthly reduction of one-half (1/2) of the principal balance over a period of sixty (60)

months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, *provided* all rules and regulations associated with the Program are complied with.

Principal amounts of fifteen thousand dollars (\$15,000) or greater shall be reduced on a pro rata monthly reduction for one-half (1/2) of the principal balance over a period of one hundred twenty (120) months and the remaining one-half (1/2) of principal shall be forgiven after one hundred twenty (120) months, *provided* that all rules and regulations associated with the Program are complied with.

However, should a property's appraised value be below the amount required for full repayment, or the property has been on the market for over 6 months without a contract, the *Shared Net Proceeds* method may be used. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

b. **Foreclosure.** If the property goes into foreclosure or Borrower deeds the property in lieu of foreclosure, Note Holder shall calculate the Recapture amount using the *Shared Net Proceeds method*. Under this method, if there are no net proceeds or the net proceeds are insufficient to repay the HOME investment due, Note Holder will only Recapture the net proceeds, if any. The net proceeds are the sales price minus superior loan repayment (other than HOME funds) and any closing costs. The net proceeds may be divided proportionally as set forth in the following mathematical formulas:

HOME Investment / (HOME Investment + Homeowner investment) = HOME Percentage

Homeowner Investment / (HOME Investment + Homeowner investment) = Homeowner Percentage

c. **Out of Compliance.** If the Mortgagor is out of compliance with the program by: (1) converting the property to rental use; (2) refinancing the property without written approval by Mortgagee; (3) failing to use the property as the Mortgagee's principal residence for the duration of the affordability period; or (4) failing to comply with any other regulation or requirement of HUD or the Mortgagee, the entire original subsidy amount shall be immediately due and owing Mortgagee without any forgiveness.

22. **Subordination.** Mortgagor and Mortgagee acknowledge and agree that the Note and this Mortgage is subject and subordinate in all respects to the lien, terms, covenants and conditions of the First Mortgage on the Property, including all sums advanced for the purpose of (i) protecting or further securing the lien of the First Mortgage, curing defaults by the Mortgagor under the First Mortgage or for any other purpose expressly permitted by the First Mortgage or (ii) constructing, renovating, preparing, or equipping the Property. The terms and provisions of the First Mortgage are paramount and controlling, and they supersede any other terms and provision hereof in conflict



therewith. In the event of a foreclosure of the First Mortgage, any provision herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Mortgagor's ability to sell the Property shall have no effect on subsequent owners or purchasers of the Property. Any person, including his or her successors or assigns (other than the Mortgagor or a related entity of the Mortgagor), receiving title to the Property through a foreclosure of the First Mortgage shall receive title to the Property free and clear from such restrictions.

This shall not be construed to indicate that Mortgagee must subordinate its interest in the property to any subsequent First Mortgage that shall come into being should the Buyer determine to refinance the property. Certain restrictions have been placed on the property through the covenants detailed in Section 20, and these covenants shall remain binding unless specifically waived in writing by Mortgagee.

IN WITNESS WHEREOF, Mortgagor has executed this Mortgage the day and year first above written.

USE BLUE INK

\_\_\_\_\_  
(Print or type Mortgagor's Name Here)

\_\_\_\_\_  
(Print or type Mortgagor's Name Here)

STATE OF KANSAS            )  
  } 35  
COUNTY OF \_\_\_\_\_

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me personally appeared \_\_\_\_\_ and \_\_\_\_\_ to be known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same for the purposes therein stated.

WITNESS, 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 in and for said County and State

\_\_\_\_\_  
\_\_\_\_\_  
(Print or type Notary's Name Here)

# Connect with Us!

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Marilyn Stanley, Single Family Program Manager

[mstanley@kshousingcorp.org](mailto:mstanley@kshousingcorp.org)

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