



First Time Homebuyer (FTHB) Program
Homeownership Assistance
Soft Second Mortgage - Forgivable After 10 Years
HOME Investment Partnerships Program

**Affidavit of Homebuyer
Ten Year Period
*HOME Written Agreement***

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:

1. 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)

2. The First Mortgage Lender ("the Lender") is: _____
3. 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.

4. Such Residence is a one-family Residence at the execution of the Second Mortgage securing the note evidencing the KHRC HOME Loan.
5. Mortgagor intends to occupy such Residence as Mortgagor's principal residence within 60 days after the financing described in paragraph 3 is provided.
6. Mortgagor will occupy the Residence as Mortgagor's principal residence so long as the KHRC Home Loan providing the financing is outstanding.
7. 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.
8. 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).
9. 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 Mortgagee shall declare all sums of funds secured by the Second Mortgage to be immediately due and payable.
10. The Residence is located within the State of Kansas not within the city limits of Kansas City, Topeka, Lawrence, or Wichita, or Johnson County.
11. Mortgagor acknowledges and understands KHRC's policy regarding refinancing and subordination, if applicable, of the Residence.
12. 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.}

13. 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:

- (i) a fee simple interest;
- (ii) a joint tenancy, a tenancy in common, or tenancy by the entirety;
- (iii) the interest of a tenant-shareholder in a cooperative;
- (iv) a life estate;
- (v) 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
- (vi) 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:

- (i) a remainder interest;
- (ii) a mere expectancy to inherit interest in a principal residence;
- (iii) a lease with or without an option to purchase;
- (iv) the interest that a purchaser of a Residence acquires on the execution of a purchase contract; and

14. 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