

PHFA MORTGAGOR'S AFFIDAVIT OF ELIGIBILITY AND ACKNOWLEDGMENT OF PROGRAM REQUIREMENTS

To be completed and signed by the borrower(s) at application and reaffirmed at closing (or conversion in the case of C/P loans). Seller's Affidavit to be completed and signed by the seller(s) at or before closing.

INSTRUCTIONS

The Pennsylvania Housing Finance Agency (PHFA or the Agency) uses the funds from tax exempt bonds to finance Mortgage Loans. This affidavit is made by the Borrower(s) for the purpose of satisfying the requirements of the Federal Mortgage Subsidy Bond Tax Act of 1980 and Section 143 of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto by the U.S. Department of the Treasury. Please read this form carefully to be sure the information is correct and complete before signing. All questions must be answered and all blanks completed. Some parts of this form may not be applicable to your loan. If this is the case, write "N/A" on the appropriate line. Completion of your loan application and this document does not entitle nor ensure that you will be granted a mortgage loan under a PHFA Homeownership Program.

The undersigned Borrower(s) [print name(s)]: _____ do hereby depose and state that he/she/they and the property being purchased meet the following program requirements:

RESIDENCE/PROPERTY REQUIREMENTS

- The residence must be a single family residence located in Pennsylvania to be occupied by the owner as a primary residence (not as a second or vacation home) within 60 days of the loan closing and for as long as the mortgage loan is outstanding (unless the home is sold and PHFA approves an assumption of the mortgage).
- Except for half of a duplex, rental of any portion of the property is not allowed as long as the mortgage loan is outstanding and no more than 15% of the total area of the home can be used in a trade or business.
- All of the land upon which the home is located is reasonably necessary to maintain the basic livability of the home and will not provide, other than incidentally, a source of income. Buyer(s) has no intention of subdividing such land or otherwise selling it apart from the home. The lot size does not exceed four (4) acres unless the septic and/or zoning considerations require additional acreage. Maximum lot size will not exceed ten (10) acres.
- If it is an arms-length transaction (Borrower not receiving favorable treatment because of his/her relationship to the seller), the purchase price shall not exceed the applicable Maximum Purchase Price limit established by the Federal Government for the area in which the home is located. If it is a non-arm's length transaction (e.g. father to son or employer to employee), the appraised value, NOT the purchase price, of the property is used to determine Maximum Purchase Price eligibility and the appraised value cannot exceed the Maximum Purchase Price limit.
- Current federal tax law may require a payment to the federal government of a "recapture tax" due upon the sale, transfer or other disposition of your home. For additional information, refer to PHFA Form 4, the Recapture Tax Notice. You may also consult your tax advisor or local IRS office for further information. **PHFA agrees to reimburse you if you ever have to pay a recapture tax in connection with the sale of your home.**

FIRST-TIME HOMEBUYER REQUIREMENT *(This section does not apply if you are purchasing a home in a Target Area under the Keystone Home Loan Program)*

Neither the applicant(s) nor anyone who intends to occupy the home within 12 months from closing has had an ownership interest in any principal residence during the three years immediately prior to the closing of the mortgage loan for which application has been made (or, if applying under the HOMEstead Program, any residence other than a property owned in connection with a business that is the primary source of income). **Note:** A "ownership interest" means all forms of ownership including a joint tenancy, a tenancy in common, a tenancy by the entirety, a community property interest, the interest of a tenant-shareholder in a cooperative, a life estate, or a purchase contract in excess of 2 years duration during which time you have the right to possession of the property although legal title to the property is not to be transferred until sometime later. A "present ownership interest" does not include a lease (with or without a purchase option), a purchase contract without the right to possession or of less than 2 years duration, a remainder interest, an ownership interest in a manufactured home that is not permanently fixed to real property, or an ownership interest in a home that is not a principal residence (e.g. a vacation home, time share or rental property).

ACKNOWLEDGMENT OF ASSET LIMITATION (if applicable)

I/We fully understand that if I/we apply for the Keystone Advantage Assistance program or if we apply for any PHFA down payment closing cost assistance, I/We will not be permitted to retain more than \$5,000 in liquid assets after the closing. This does not include retirement funds such as 401(k) accounts, pension funds, or IRA's. I/We certify that all my/our assets have been disclosed at the time the mortgage application is made.

I am purchasing a home in a Non-Target area under the Keystone Home Loan Program or HOMEstead loan and the following is a list of all residences in which I/we have lived either separately or together during the FULL three year period immediately prior to the closing of the mortgage loan and the names and addresses of the owners thereof (attach a separate sheet if necessary):

BORROWER: _____

<u>Address of Residence</u>	<u>From - To Month/Year</u>	<u>Names, address and relationship to Owner</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

CO-BORROWER/OCCUPANT: _____

<u>Address of Residence</u>	<u>From - To Month/Year</u>	<u>Names, address and relationship to Owner</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

INCOME LIMIT

The gross annual household income from all sources of all persons over the age of 18 (except for dependant full-time undergraduate student) intending or expected to reside in the home within 12 months from closing = \$_____.

Do any adult household members receive child support? Yes No

If yes, it must be included in the annual income figure listed above, along with all other sources of income including those listed in the paragraph below.

The gross annual household income listed above may not exceed the income limit established by the federal government for the county in which the home is located, under the applicable PHFA home loan program. **ALL SOURCES OF INCOME MUST BE DISCLOSED, INCLUDING ANY KNOWN INCREASES IN INCOME TO OCCUR WITHIN THE NEXT YEAR. THIS INCLUDES, BUT IS NOT LIMITED TO: GROSS BASE PAY, OVERTIME, PART-TIME INCOME, BONUSES, DIVIDENDS, DISABILITY INCOME, INTEREST, PENSION, NET RENTAL INCOME, ALIMONY, CHILD SUPPORT, PUBLIC ASSISTANCE, SELF-EMPLOYMENT INCOME, SOCIAL SECURITY, UNEMPLOYMENT COMPENSATION, TRUST INCOME, WORKERS' COMPENSATION, ETC. DO NOT SIMPLY LIST THE PREVIOUS CALENDAR YEAR INCOME.**

I/we certify that the number of individuals, including children, expected to live in my/our household during the next 12 months is _____. If the above number includes an unborn child, attach a copy of the "Certification of Pregnancy" Addendum to this Affidavit, completed and signed by a physician. (An unborn child may not be used to increase the applicable income limit under the HOMEstead Program.)

The Lender will make final income calculations based upon the receipt of income verifications. Any changes to the income after application must be disclosed at or prior to closing. **If your total annual gross income is above the applicable income limit either at the time of loan application, lender verification, or loan closing, you will not be eligible for a mortgage loan under this program.**

PURCHASE PRICE LIMIT

The Total Acquisition Cost may not exceed the PHFA Maximum Purchase Price limit under the applicable home loan program for the county in which the home being purchased is located. The Total Acquisition Cost includes the amount paid, in cash or in kind, by the Borrower or any other person to or for the benefit of the Seller (or a related party) for the land and Residence (excluding any personal property which is not a fixture), as well as the additional cost for fixtures. If the residence is incomplete or unfinished or is to be rehabilitated, include the additional costs of completing or rehabilitating the residence not to be paid to the Seller. The cost of land owned by Borrower less than two years prior to commencement of construction of the residence thereon must also be included. Use the purchase price of said land, unless it was obtained from a family member, in which case use the "estimated site value" from the current appraisal.

The sales price and the total acquisition cost need not be the same amount. The acquisition cost of a residence does not include (1) usual and reasonable settlement and financing costs or (2) the value of services performed by the Borrower or members of his family (which include the Borrower's parents, brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants) in completing or rehabilitating the residence (i.e. "sweat equity"). Settlement and financing costs that exceed the usual and reasonable costs which otherwise would be paid must be included in the

acquisition cost. The acquisition cost does not include the cost of land owned by the Borrower for two years or more prior to the date on which construction of the residence begins. PHFA has information available concerning what constitutes a fixture or personal property under state law. The acquisition cost of the land and residence to be acquired by the Buyer from the Seller is computed as follows:

- (a) Amount paid, in cash or in kind, by the Borrower or any other person to or for the benefit of the Seller (or a related party) for the land and Residence (excluding any personal property which is not a fixture) \$ _____
- (b) Amount paid for fixtures (if not included in (a) above) \$ _____
- (c) Cost of land owned by Buyer less than 2 years prior to commencement of construction of Residence thereon \$ _____
- (d) Additional costs of completing or rehabilitating the Residence not to be paid to the Seller \$ _____
- (e) TOTAL ACQUISITION COST \$ _____

NEW MORTGAGE REQUIREMENT

No part of the proceeds of the Mortgage Loan will be used directly or indirectly to repay an existing loan made in connection with the Residence, except construction loans, bridge loans or similar temporary initial financing having a term of 24 months or less.

BORROWER'S AUTHORIZATION

The undersigned Borrowers hereby authorize the Pennsylvania Housing Finance Agency and its agents or designees to verify past and present employment, earning records, bank accounts, stock holdings, and any other asset balances that are needed to process the mortgage loan application. The Borrowers also authorize the obtaining of consumer credit reports and the verification of other credit information, including past and present mortgage and landlord references, and further grant permission to PHFA and its agents or designees to verify the statements made herein.

CERTIFICATION/VERIFICATION

I/we understand that, if I/we have made any material misstatements in the representations contained in any part of this document, or omitted to state any of the information requested, the following may occur:

1. I/we could be imprisoned for up to 30 years pursuant to Section 1014 of Title 18 of the United States Code.
2. The Office of the Attorney General of the Commonwealth may be contacted for investigation regarding perjury, misrepresentation and false swearing.
3. The outstanding principal balance of the loan will be immediately due and payable together with accrued interest and foreclosure costs, legal fees and applicable expenses. All application fees and other costs and/or charges paid in connection with the application will be nonrefundable.

Signature of Borrower

Date

Signature of Co-Borrower

Date

LENDER CERTIFICATION

I have explained the contents of this Affidavit to each of the Borrowers whose names appear above, and I have no reason to believe that those individuals made any misstatements or omissions in the warranties and representations required to be made herein.

Signature of Representative

Date

Printed Name of Lender/Broker Representative

Name of Originating Lender/Broker Company

MORTGAGOR’S REAFFIRMATION AT LOAN CLOSING

If any information of representations contained in the Mortgagor’s Affidavit have changed since the affidavit was completed, the information must be corrected or, a new affidavit must be completed as of the date of closing (or conversion if a C/P loan).

BORROWER NAME(S): _____
ADDRESS OF HOME
BEING PURCHASED: _____
ORIGINATING LENDER: _____

I/we as Purchasers of the residence indicated herein have reviewed all of the information, representations and warranties contained in the original Affidavit of Eligibility and Acknowledgement of Program Requirements and I/we do hereby reaffirm all information, representations and warranties made therein.

I/we understand that, if I/we have made any material misstatements in the representations contained in said document, or omitted to state any of the information requested, the following may occur:

1. I/we could be imprisoned for up to 30 years pursuant to Section 1014 of Title 18 of the United States Code.
2. The Office of the Attorney General of the Commonwealth may be contacted for investigation regarding perjury, misrepresentation and false swearing.
3. The outstanding principal balance of the loan will be immediately due and payable together with accrued interest and foreclosure costs, legal fees and applicable expenses. All application fees and other costs and/or charges paid in connection with the application will be nonrefundable.

_____	_____
Signature of Borrower	Date
_____	_____
Signature of Co-Borrower	Date

Commonwealth of Pennsylvania :
: SS
County of _____ :

On this ____ day of _____, 20__, before me personally appeared _____, mortgagor(s) known to me or successfully proven to be the persons who have signed their names above, who being duly sworn did depose and say the each signed their name to the above Affidavit for the purposes therein contained and that the information contained therein is true and correct to the best of their knowledge, information and belief.

Notary Public

ADDENDA TO PHFA MORTGAGOR'S AFFIDAVIT

If applicable, complete section A, B, or C at the time of application.

ADDENDUM A: FHA "NOTICE TO BUYERS"

(To be used in connection with all FHA-Insured Loans)

Dear Homebuyer:

Your home purchase is being financed with a mortgage made available with the assistance of the Pennsylvania Housing Finance Agency ("PHFA"). This mortgage is made at an interest rate below what is usually being charged. Because of this, your mortgage provides that you cannot sell your home to a person ineligible for assistance from PHFA, unless you pay your loan in full. If you sell your home to a party who intends to assume your mortgage and that party is ineligible for a PHFA mortgage, PHFA may demand immediate full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the lender or PHFA may foreclose your mortgage and repossess the property. If the lender or PHFA takes your home through a foreclosure of the mortgage, because of these reasons, HUD will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, PHFA may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD if PHFA files an insurance claim against HUD because of the foreclosure. HUD may then bring an action against you to collect the judgment.

I/we hereby acknowledge and understand the above restrictions as they pertain to the HUD/FHA-insured loan I/we are applying for and I/we consent to the existence of the due on sale clause.

Signature of Borrower and Date

Signature of Co-Borrower and Date

ADDENDUM B: VA NOTICE

(To be used in connection with all VA-Guaranteed Loans)

Dear Veteran:

Your home purchase is being financed with the assistance of the Pennsylvania Housing Finance Agency ("PHFA"). This mortgage is made at an interest rate below what is usually being charged. If you sell, lease or transfer the property without paying off the PHFA mortgage and without the prior written consent of PHFA to a party ineligible for PHFA's assistance, PHFA may invalidate any such actions and demand immediate and full repayment of the loan. This could result in foreclosure or repossession of the property. If such foreclosure takes place, the VA will not be able to help you. In addition, the VA may have to pay a claim to PHFA for any loss incurred on your loan. You may then be obligated to the VA for any claim paid to PHFA by the VA.

BY: _____
Signature of Officer of Originating Lender/Broker and Date

Name of Originating Lender/Broker

I hereby acknowledge and understand the above restrictions as they pertain to my VA-Guaranteed Mortgage Loan and consent to the existence of the due-on-sale clause. This addendum is a part of the Mortgagor's Affidavit of Eligibility.

BY: _____
Signature of Veteran Borrower and Date

Signature of Co-Borrower and Date

ADDENDUM C: CERTIFICATION OF PREGNANCY

(To be completed and executed by the pregnant borrower's physician when the birth of a child will change the household size which will result in an increase in the applicable Income Limit)

I _____, do hereby certify that I am a physician and have
(Physician)
tested/examined _____, and have determined that she is pregnant. It is estimated
(Name)
that the child will be born on _____.
(Date)

I certify that the above information is true and correct.

Date

Signature of Physician

Field of Medicine

ADDENDA TO PHFA MORTGAGOR'S AFFIDAVIT

If applicable, complete section A, B, C or D at the time of application.

ADDENDUM D: FIRST TIME HOMEBUYER EXCEPTION FOR VETERANS

(To be signed by veterans who are not first-time home buyers under the Keystone Home Loan Program.)

I understand that my home purchase is being financed with a mortgage made available by the assistance of the Pennsylvania Housing Finance Agency ("PHFA") using the proceeds from Qualified Mortgage Revenue Bonds.

By signing below, I certify that:

- I am a veteran defined as a person who served in active duty of the United States Armed Forces or Reserves and who was discharged or released under conditions other than dishonorable. A copy of my/our discharge papers have been provided as verification.
- I have not previously obtained a mortgage through the Pennsylvania Housing Finance Agency.

Signature of Veteran

Date