



Home First Program

Loan Agreement and Certification

This LOAN AGREEMENT and CERTIFICATION is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Instrument (the "Mortgage") of near or even date given by the undersigned ("Borrower(s)") to secure Borrower's Note (the "Note") to:

("Lender")

and covering the Property located at:

("Property Address")

The Borrower(s) have applied to New Hampshire Housing Finance Authority (New Hampshire Housing) for a loan to be financed with tax-exempt funds (the "Loan"). The Borrower(s) acknowledge and agree that the Mortgage conforms to New Hampshire Housing's Home First Loan Program requirements and the requirements of the Internal Revenue Code of 1986 (the "Code") including the rules and regulations promulgated thereunder (the "Requirements").

The Borrower(s) acknowledge that current federal tax law may require a payment to the federal government of a "recapture" amount upon the sale, transfer or other disposition of your residence. The Borrower(s) may be required to pay a recapture tax equal to a portion of the loan amount if the Property is sold or transferred within the first nine years of the Loan. The recapture tax may not exceed, in any event the lesser of, 50% of the gain realized on sale, transfer or other disposition or 6.25% of the original amount borrowed. Borrower(s) may not have to pay all of the recapture amount if their income at the time of sale, transfer or other disposition is less than a prescribed amount, or if the sale, transfer or disposition arises as a result of the Borrower's death.

The Borrower's precise recapture tax liability may be difficult to determine in advance as several factors used to determine the liability are only known upon the sale of the Property including the gain on the sale, income, and family size. Moreover, the U.S. Congress may at any time amend the federal tax laws resulting in changes to the recapture tax liability. Borrower's should consult their tax adviser or local IRS office for further information.

The Borrower(s) have read the Recapture Disclosure Statement and Borrower Attestation.

The Borrower(s) have not had a present ownership interest in a principal residence, at any time during the three-year period immediately prior to the closing of the Loan. (This requirement does not apply if the residence is in a "Targeted Area" or received a Qualified Veteran Exception.)

Borrower(s) acknowledges and agrees that the Property shall be the permanent principal residence of the Borrower(s) throughout the term of the Loan. *This statement does not apply to a non-occupant co-borrower.*

In recognition of the foregoing, and as a condition to making the Loan, the Borrower(s)

covenants and agrees that the Lender, or New Hampshire Housing (or its designee) as the assignee of the Lender, may declare all sums secured by the Mortgage to be immediately due and payable upon the occurrence of any of the following:

- a) All or any part of the Property or an interest therein is sold or transferred by Borrower(s) without the prior written consent of New Hampshire Housing or its designee, excluding (a) the creation of a lien or encumbrance subordinate to the Mortgage, (b) the creation of a purchase money security interest for household appliances, (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant, or (d) a transfer made pursuant to court order in an action for dissolution of marriage or partition of real property.
- b) The Borrower(s) does not occupy the Property as the Borrower's principal residence within sixty (60) days after the date hereof or fails to occupy the Property continuously thereafter as Borrower's principal residence throughout the term of the Mortgage. *This statement does not apply to a non-occupant co-borrower.*
- c) The Borrower(s) fails to supply any information or documents to the Lender or New Hampshire Housing (or its designee) after written request, to verify whether or not the Mortgage complies with the Requirements and such other conditions of New Hampshire Housing's Home First Program under which the Property is being financed.

The Borrower(s) acknowledges that the Lender and the New Hampshire Housing have relied upon the information, statements and representations contained in the loan application, the Borrower Recapture Disclosure Statement and Borrower Attestation and other documents submitted in support of the loan application, in the processing, financing and granting of the Mortgage and in determining that the Requirements will be met. The Borrower(s) represents that the information, statements and representations contained within the loan application, the Borrower Recapture Disclosure Statement and Borrower Attestation and other documents are true and complete as of the date hereof and that there have been no material adverse changes to the representations therein. The loan application, the Borrower Recapture Disclosure Statement and Borrower Attestation and all other documents submitted in support of the loan application are incorporated herein and made a part hereof. Any misstatement or omission of a material fact in such documents will constitute a default under the Mortgage, and the Note which it secures, and may result in the Lender or New Hampshire Housing (or its designee) declaring all sums secured by the Mortgage to be immediately due and payable. The Borrower(s) agrees to hold the Lender and New Hampshire Housing (or its designee) harmless from any loss, cost or damages, actions or claims arising out of or related to a misstatement or omission of a material fact in the above-described documents.

Certification and Authorization

Borrower(s) hereby certifies that (a) the Property is not being purchased for the purposes of subdivision or real estate development but only for the purposes of a primary residence for Borrower(s); (b) Borrower(s) acknowledges and understands that Borrower(s) is receiving funds from New Hampshire Housing and that such funds are not to be used for the purpose of land development, speculation or similar purposes; and (c) Borrower(s) understands, acknowledges and agrees that no portion of the Property may be subdivided, sold, or transferred without the prior written consent of New Hampshire Housing which may be granted or withheld in its sole discretion.

Borrower(s) authorizes New Hampshire Housing to conduct its internal audit whereby New Hampshire Housing may obtain verification of information from any source used in the loan

application given to New Hampshire Housing and agrees to cooperate fully with New Hampshire Housing should clarification or documentation be needed to complete this reverification, including, but not limited to, obtaining tax information from the Internal Revenue Service and reappraisal of the Property.

The term Borrower(s) used herein shall include any reference to Mortgagor, Grantor, Debtor, or any party so described and defined in the mortgage loan documents. The term Lender used herein shall include any reference to Mortgagee, Grantee, Creditor, or any party so described in the mortgage loan documents.

By signing below, Borrower(s) accepts and agrees to the terms and provisions stated herein.

Signature Date

Name (Printed) Occupant Non-Occupant

STATE OF _____
COUNTY OF _____

On this _____ day of _____, _____ personally appeared the above signed, known to me or satisfactorily proven to be the person whose names are subscribed to the foregoing instrument and acknowledged that they executed the same for the purposes therein contained.

Before me,

Justice of the Peace / Notary Public
My commission expires _____