



RECAPTURE NOTIFICATION AND BORROWER(S) AFFIDAVIT
Home First and Home First Plus Programs

PART I - BORROWER(S) AFFIDAVIT

The undersigned Borrower(s) as applicants for a home mortgage originated pursuant to the New Hampshire Housing Finance Authority's Home First or Home First Plus Program (the Program), being duly sworn, do hereby represent and warrant as follows:

1. The Residence for which I am requesting a mortgage loan is located at:
(Street Address) _____
(City/Town) _____, New Hampshire.
2. (I/We) will occupy the residence as (my/our) principal place of residence within sixty (60) days after the closing of the home mortgage, or, in the case of a loan made to finance the construction of a residence, within sixty (60) days after the completion of the construction, and thereafter to maintain the property as (my/our) principal residence until the home mortgage is paid and the note securing the same is discharged. In the case of a two-, three- or four-unit residence, (I/we) will occupy as (my/our) principal place of residence at least one of the units. *This does not apply to non-occupant co-borrowers.*
3. Except in the case of the rental of units in a two-, three- or four-unit residence, (I/we) will not use more than 15% of the residence in a trade or business which qualifies (me/us) to deduct any portion of the cost of the residence as home business expense on (my/our) Federal or State income tax returns(s).
4. All the land being purchased with the residence reasonably maintains the basic livability of the residence and does not provide a source of income to (me/us) and (I/we) have no intention of subdividing such land or otherwise selling it apart from the residence.
5. (I/We) have not had a present ownership interest* in a principal residence, including a Manufactured Home permanently fixed to real property, at any time during the three-year period immediately prior to the closing of the mortgage. (This requirement does not apply if the residence is in a "Targeted Area" as determined by New Hampshire Housing.) *This does not apply to non-occupant co-borrowers.*

*The term "present ownership interest" includes not only outright ownership but also any of the following interests if held either directly by you or in trust for you; 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 contract pursuant to which you have possession and the benefits and burdens of ownership although legal title is not transferred until sometime later. A "principal residence" does not include a vacation residence or time-sharing residence which is not used as a permanent residence.

6. (I/We) will not use any part of the loan proceeds to acquire or replace an existing mortgage except for construction period financing or other temporary initial financing.
7. (I/We) have not purchased the residence for purposes of resale and will not allow the mortgage on the residence to be assumed or sell the residence subject to the mortgage.
8. (My/Our) current income does not exceed the Program limits.

PART II - ACQUISITION COST OF THE RESIDENCE

(I/We) certify that the cost of acquiring this property has been fully disclosed to the lender and is within the Acquisition Cost limits established by the Program for this residence. (I/We) certify there are no other side agreements pertaining to this transaction.

Acquisition Cost Worksheet

- | | | |
|----|--|-----------------|
| 1. | Amount to be paid, in cash or in kind, by the Borrower(s) to or for the benefit of the seller(s) for the land and/or dwelling, including amounts needed to discharge any "permissible temporary financing" but excluding "usual and reasonable settlement and financing costs and the amount paid to seller for fixtures and not part of the cost of land and dwelling." (See Notes (1), (2) and (3) below). | \$ _____ |
| 2. | Amount paid for residence if purchased separately and not included in (Part II-1) above or if land subject to ground rent (See Note (1) below). | + _____ |
| 3. | If the dwelling is "incomplete or unfinished," additional costs of completing the dwelling not included in (Part II-1) above (See Note (5) below). | + _____ |
| 4. | Total Acquisition Cost | \$ _____ |

Notes:

- (1) The Acquisition Cost excludes the cost of any personal property sold with the residence which is separately identified in the contract, valued at its fair market value and not financed by the Mortgage Loan.
- (2) "Permissible Temporary Financing" means a construction period loan or a bridge loan or similar temporary financing with a term of 24 months or less which is given to acquire a residence subject to obtaining permanent financing.
- (3) "Usual and Reasonable Settlement and Financing Costs" includes titling and transfer costs, title insurance, survey fees and other similar costs, credit reference fees, legal fees, appraisal expenses, points which are paid by the Borrower(s), or other cost of financing the residence.
- (4) The Acquisition Cost of a residence does not include the cost of land which has been owned by the Borrower(s) for at least two years before the date on which the construction of the residence begins. If the residence is purchased subject to ground rent (leasehold estate) the capitalized value of ground rent must be included in Line (Part II-2).
- (5) The Acquisition Cost of a residence does not include the imputed value of services performed by the Borrower(s) or members of his/her family (their families) (which include only the Borrower(s)'brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants) in completing the residence.

PART III - INCOME ELIGIBILITY

The information requested below must be provided to determine your eligibility under the Program income limits. The limits are used solely to determine your eligibility under the Program’s income limit provision and will not be used for mortgage loan underwriting purposes.

Calculation of Gross Annual Income:

Number of Persons in Home:_____

- 1. Borrower’s Monthly Gross Income (See Notes (1) and (2) below). \$ _____
- 2. Co-Borrower’s Monthly Gross Income (if any). _____
- 3. Co-Borrower’s (non-occupant) or Other Person’s Monthly Gross Income (See Note (3) below). _____
- 4. Subtotal of 1, 2 and 3 above. _____
- 5. Multiply Part 4 above by 12. _____
- 6. Total Borrower’s Gross Annual Income. \$ _____

For purposes of compliance under the Program income limits, all income from any person(s) residing in the residence who signs (i) the Note and/or (ii) any person who signs the Mortgage and has an ownership interest in the home (is on the Deed) must be included (attach a separate schedule to report any income for person(s) described in clauses (i) and (ii) of this sentence).

Notes:

- (1) Borrower and Co-Borrower do not include persons who co-sign a Mortgage Loan, provided such persons are not acquiring an ownership interest in the property securing the Mortgage Loan. However, the income of a cosigner who will live in the residence to be financed by the Mortgage Loan must be included in Part III-1 above.
- (2) Gross monthly income is the sum of monthly gross pay and any additional income from any source, both taxable income and non-taxable income, including but not limited to earnings, overtime, part-time employment, bonuses, dividends, interest annuities, pensions, VA compensation, gross income from rental property, commissions, deferred income, welfare payments, social security benefits, disability payments, alimony, support payments, public assistance, sick pay, unemployment compensation, and income received from trusts, business activities and investments.
- (3) The wage income of any other person living in home who is not a Borrower and/or secondarily liable on the Mortgage and is not acquiring an ownership interest in the property securing the Mortgage loan is not to be included in the determination of Gross Annual Income. The wage income of any other person, not living in the home, who is a Borrower and/or secondarily liable on the Mortgage or is acquiring an ownership interest in the property securing the Mortgage loan must be included.

I/We acknowledge my/our total gross annual income is within the New Hampshire Housing’s Home First Program limits.

PART IV - RECAPTURE NOTIFICATION

You have applied to New Hampshire Housing Finance Authority for a loan to be financed with tax-exempt funds. You are hereby notified 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. You may be required to pay a recapture tax equal to a portion of the loan amount if

you sell or otherwise transfer your residence to someone else within the first nine years of your Mortgage Loan. The recapture tax may not exceed, in any event, 50% of the gain realized on sale, transfer or other disposition. You may not have to pay part of all of the recapture amount if your 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 your death. There is no way to predict your exact tax liability since it is based on when you sell or transfer your residence, your gain from the disposition, income and family size at the time of disposition. Moreover, because the U.S. Congress may at any time enact legislation amending the current federal tax law, the requirement (if any) affecting your Mortgage Loan at the time of closing may be different from that described above. Consult your tax adviser or local IRS office for further information.

PART V - CERTIFICATION

(I/We) have read the Recapture Notification as set forth in Part IV hereof and understand that (I/We) may be required to pay a recapture tax to the United States Treasury as a result of receiving (my/our) Mortgage Loan from the proceeds of a tax-exempt bond.

(I/We) understand that, if (I/We) have made any material misstatements in the foregoing representations, covenants or warranties or omitted to state any of the information requested, the following may occur:

(I/We) will be fined not more than \$1,000,000 or imprisoned not more than thirty (30) years, or both, pursuant to Section 1014 of Title 18 of the United States Code.

The outstanding principal balance of the loan will be immediately due and payable together with accrued interest and foreclosing costs (if foreclosure is necessary because payment in full is not made immediately).

Signature Date

Name (Printed) Occupant Non-Occupant

Signature Date

Name (Printed) Occupant Non-Occupant

Signature Date

Name (Printed) Occupant Non-Occupant

Signature Date

Name (Printed) Occupant Non-Occupant