



Secondary Financing Required Documentation

May 15, 2013

To Whom It May Concern:

Internal Revenue Code Section 115 Status

Pursuant to Mortgagee Letter (ML) 2012-24, the U. S. Department of Housing and Urban Development (HUD) announced that it deems entities that have I.R.C. Section 115 status to be “instrumentalities of government” for the purpose of providing secondary housing financing under single family FHA programs. Entities providing proof of Section 115 status need not meet the “instrumentality of government” test otherwise required and need not be included on HUD’s Nonprofit Organization Roster in order to operate a secondary financing program. ML 2012-24 permits proof of Section 115 status to be demonstrated by a written statement from the organization’s General Counsel.

Please consider this notice that Kentucky Housing Corporation does, in fact, qualify as an “instrumentality of government” under Section 115 of the I.R.C. for purposes of providing secondary financing for single family loans.

Commitment Letter

Mortgagee Letter (ML) 2013-14 from the U.S. Department of Housing and Urban Development (HUD) set forth the documentation mortgagees must provide to demonstrate eligibility for FHA mortgage insurance of loans when a State government directly provides the borrower’s required Minimum Cash Investment and provided guidance for extensions of secondary financing.

Pursuant to the requirements of that ML, this letter documents that Kentucky Housing Corporation’s (KHC) Commitment Letter creates a legally enforceable obligation for KHC to provide the loan funds towards the borrower’s Minimum Cash Investment. The KHC Commitment Letter meets all of the requirements for acceptable documentation as set forth in ML 2013-14 and evidences that a legally enforceable obligation was incurred a or before closing.

Sincerely,

Lisa A. Beran
General Counsel

