

MCC: NO.: _____

Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601

MORTGAGOR CERTIFICATION OF ELIGIBILITY

THIS CERTIFICATION MUST BE COMPLETED AND SIGNED BY ALL PERSONS (COLLECTIVELY, THE "MORTGAGOR") OBTAINING A MORTGAGE CREDIT CERTIFICATE ("MCC") ISSUED BY THE KENTUCKY HOUSING CORPORATION ("KHC") PURSUANT TO ITS 2014 MCC PROGRAM (THE "PROGRAM"). IF ANY STATEMENT MADE BY THE MORTGAGOR IN THIS CERTIFICATION IS FALSE, KHC MAY DECLARE THE MORTGAGOR INELIGIBLE FOR THE PROGRAM AND MAY REVOKE THE MORTGAGOR'S MCC, IN ITS SOLE DISCRETION.

NEITHER THIS CERTIFICATION NOR ANY OTHER DOCUMENT FURNISHED TO KHC BY THE MORTGAGOR OR ON BEHALF OF THE MORTGAGOR CONTAINS ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMITTS TO STATE A MATERIAL FACT. THE INFORMATION GIVEN BY THE MORTGAGOR IS SUBJECT TO VERIFICATION BY KHC AND APPLICABLE FEDERAL AGENCIES.

The undersigned Mortgagor, being all of the parties acquiring a present ownership interest in the Eligible Residence described below, is applying to KHC under its Program for an MCC in conjunction with a mortgage loan (the "Mortgage Loan") which the Mortgagor is obtaining from a lender of the Mortgagor's choice to finance such acquisition, and does hereby certify as follows:

A. PRINCIPAL RESIDENCE AND LOCATION

1. The residence to be financed with the proceeds of the Mortgage Loan (the "Eligible Residence") consists of only one housing unit and is located at the following address:

Street Address: _____

City and County: _____

The Eligible Residence is: _____

The Eligible Residence is located in a _____ Area

2. The Mortgagor intends to occupy the Eligible Residence as the Mortgagor's principal residence within 60 days after the closing of the Mortgage Loan and thereafter to maintain the Eligible Residence as the Mortgagor's principal residence.
3. The Mortgagor does not intend to use the Eligible Residence in any trade or business or to deduct any portion of the costs of the Eligible Residence as a home business expense on the Mortgagor's federal income tax return. The Mortgagor may not vacate or lease the Eligible Residence without the prior written approval of KHC. IF THE MORTGAGOR CEASES TO OCCUPY THE RESIDENCE AS THE PRINCIPAL RESIDENCE, OR IF THE MORTGAGOR REFINANCES THE LOAN RELATING TO THE MCC, THE MORTGAGOR WILL SO NOTIFY KHC AND THE LENDER.

B. ELIGIBILITY AND COST OF THE ELIGIBLE RESIDENCE

4. All of the land upon which the Eligible Residence is located is necessary to reasonably maintain the basic livability for the Eligible Residence and does not provide, other than incidentally, a source of income to the Mortgagor and the Eligible Residence is not located on leased land.
5. The Mortgagor does not intend to subdivide or otherwise sell any of the land on which the Eligible Residence is located except as a part of a future sale of the Eligible Residence.
6. The purchase price of the Eligible Residence as shown in the Purchase Contract represents the cost of acquiring the Eligible Residence as a completed residence.
7. The Mortgagor has not and will not make any other payment for the Eligible Residence to the Seller, any developer, any contractor or any other person for any reason whatsoever, including payments for the following:
 - a. completion of the construction of the Eligible Residence so that occupancy is permitted;
 - b. installation or replacement of fixtures or some other architectural appointment for the Eligible Residence which has been omitted or removed; or
 - c. obtaining services relating to the improvement of the Eligible Residence.
8. There are no other persons expected to acquire an ownership interest in the Eligible Residence in connection with the Mortgagor's purchase thereof.
9. The Mortgagor understands and agrees that the Mortgagor may seek financing from any lender (except as described in the next sentence) and that the Mortgagor in no way is prohibited from seeking financing from any potential lender, so long as the lender executes and complies with the terms of the Lender Participation Agreement. No person related to the Mortgagor (as defined in applicable federal or state laws and regulations) has, or is expected to have, an interest as lender in the Loan being incurred for the Eligible Residence.

C. FIRST-TIME HOMEBUYER

10. If the Eligible Residence is located in a non-Targeted Area, the Mortgagor has 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 Mortgage Loan, as evidenced by the Mortgagor's completed Uniform Residential Loan Application (Form 1003) and the credit report provided to KHC by the Mortgagor or the Mortgagor's lender. Mortgagor acknowledges and understands that if KHC, in its sole opinion, is unable to confirm from either the Form 1003 or the credit report that the Mortgagor did not have the ownership interest described in the previous sentence, the Mortgagor agrees to provide KHC with other documentation, such as federal income tax returns, rent verifications, or other reports acceptable to KHC, to evidence that the Mortgagor did not have such ownership interest.

D. GROSS ANNUAL HOUSEHOLD INCOME

11. The Mortgagor's "Gross Annual Household Income" does not exceed the applicable limit for the area in which the Eligible Residence is located. The Mortgagor does not expect Gross Annual Household Income to increase prior to the closing of the Mortgage Loan.

E. REFINANCING

12. No part of the proceeds of the Mortgage Loan will be used to acquire, replace or discharge, in whole or in part, any existing mortgage loan of the Mortgagor on the Eligible Residence other than a construction loan with respect to the Eligible Residence or an interim or bridge loan that has a term of less than 24 months with respect to the purchase of such Eligible Residence.

F. ASSUMPTION

13. The Mortgage Loan and the related MCC may not be assumed by another person unless and until KHC determines, in its sole discretion, that requirements of the Internal Revenue Code and KHC's guidelines, which are then in effect, are met at the time of the assumption.

G. RECAPTURE TAX

14. Because the Mortgagor is receiving an MCC in conjunction with the Mortgage Loan, the Mortgagor will receive the benefit of a federal tax credit for a portion of the interest paid on the Mortgage Loan as provided for in the MCC. If the Mortgagor sells or otherwise disposes of the Eligible Residence during the next nine years, this benefit or some portion of it may be subject to recapture tax.
15. The recapture is accomplished by an increase in the Mortgagor's federal income tax for the year in which the Mortgagor sells the Eligible Residence. The recapture only applies, however, if the Mortgagor sells the Eligible Residence for a gain and if the Mortgagor's income increases above specified levels.
16. The Mortgagor understands and acknowledges that in connection with the issuance of the MCC the Mortgagor shall receive a Notice to Mortgagor of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home which explains the calculation of the recapture tax, if any, which may apply on the sale of the Eligible Residence or other disposition.

The Mortgagor acknowledges and understands that each of the above statements and information contained within this Certification is material to obtaining an MCC, and the Mortgagor discloses under penalty of perjury, which is a felony offense, that the above statements, insofar as they relate to the Mortgagor, are true and correct.

Mortgagor Signature

Date

Mortgagor Signature

Date

Check Box if Non-Purchasing Spouse