

KENTUCKY HOUSING CORPORATION
HOUSING FINANCE PROGRAM
MORTGAGOR CERTIFICATION OF ELIGIBILITY

THIS CERTIFICATION MUST BE COMPLETED AND SIGNED BY ALL PERSONS OBTAINING A MORTGAGE LOAN. IF ANY STATEMENT MADE BY YOU IN THIS CERTIFICATION IS FALSE, THE MORTGAGE LOAN MADE TO YOU WILL NOT BE ELIGIBLE FOR THE KENTUCKY HOUSING CORPORATION ("KHC") HOUSING FINANCE PROGRAM AND MAY RESULT IN THE ACCELERATION OF THE MORTGAGE LOAN BY KHC, IN ITS SOLE DISCRETION.

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

The undersigned ("Mortgagor," whether singular or plural), being all the parties having or acquiring a present ownership interest in the subject property hereby certifies:

A. PRINCIPAL RESIDENCE AND LOCATION

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

Street Address: _____

City and County: _____

The Single-Family Dwelling is:

2. Mortgagor intends to occupy the Single-Family Dwelling as Mortgagor's principal residence within 60 days after the closing of the Mortgage Loan and thereafter to maintain the Single-Family Dwelling as Mortgagor's principal residence.
3. Mortgagor does not intend to use the Single-Family Dwelling in any trade or business or to deduct any portion of the costs of the Single-Family Dwelling as a home business expense on Mortgagor's federal income tax return. Mortgagor may not vacate or lease the Single-Family Dwelling without the prior written approval of KHC.
4. If the Single-Family Dwelling had a HQS inspection due to the utilization of HOME funds, this in no way constitutes or takes the place of a home inspection.

B. ELIGIBILITY AND COST OF THE SINGLE-FAMILY DWELLING

5. All of the land upon which the Single-Family Dwelling is located is necessary to reasonably maintain the basic livability for the Single-Family Dwelling and does not provide, other than incidentally, a source of income to the Mortgagor and the Single-Family Dwelling is not located on leased land.
6. Mortgagor does not intend to subdivide or otherwise sell any of the land on which the Single-Family Dwelling is located except as a part of a future sale of the Single-Family Dwelling.
7. The acquisition cost of the Single-Family Dwelling as shown in the Purchase Contract represents the cost of acquiring the Single-Family Dwelling as a completed residence.
8. Mortgagor has not and will not make any other payment for the Single-Family Dwelling to the Seller, a developer, a contractor, or any other person for any reason whatsoever, including payments for the following:
 - a. completion of the construction of the Single-Family Dwelling so that occupancy is permitted;
 - b. installation or replacement of fixtures or some other architectural appointment for the Single-Family Dwelling which has been omitted or removed; or
 - c. obtaining services relating to the improvement of the Single-Family Dwelling.
9. There are no other persons expected to acquire an ownership interest in the Single-Family Dwelling in connection with Mortgagor's purchase of it.
10. If the Single-Family Dwelling is located in a non-targeted area, 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's 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.

C. REFINANCING

11. 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 of the Mortgagor on the Single-Family Dwelling other than a construction loan with respect to the Single-Family Dwelling or an interim or bridge loan that has a term of less than 24 months with respect to the purchase of such Single-Family Dwelling.

D. NOTICE TO BORROWERS RE: ACCELERATION CLAUSE

12. Your home purchase is being financed with funds made available with the assistance of Kentucky Housing Corporation (**KHC**). This loan is made at an interest rate below what is usually being charged in the general market. Because of this, your mortgage provides that you cannot sell your home to a person ineligible for assistance from **KHC**, unless you pay your loan in full. If you sell your home to a party ineligible for **KHC**'s assistance, **KHC** will demand immediate full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property if the loan is not paid in full upon the transfer of title to the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan or if you fail to make payments when due on your loan, the lender may foreclose your mortgage and repossess the property. If the lender takes your home through a foreclosure of the mortgage because of these reasons, Federal Housing Administration of the U.S. Department of Housing and Urban Development ("FHA") the Veterans Administration ("VA"), the Rural Housing Services ("RHS") or the Primary Mortgage Insurer ("**PMI**") will not be able to help you.
13. If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, **KHC** 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 FHA, VA, RHS or **PMI** as applicable, if **KHC** files an insurance claim against FHA, VA, RHS or **PMI**, as applicable, because of the foreclosure. FHA, VA, RHS or **PMI**, as applicable, may then bring an action against you to collect the judgment. The Mortgage Loan 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.

E. RECAPTURE TAX

14. Mortgagor acknowledges that the Mortgage Loan is being made from the proceeds of a tax-exempt mortgage revenue bond, and Mortgagor is receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. Consequently, this benefit or some portion of it may be subject to recapture tax if the Mortgagor sells or otherwise disposes of the Single-Family Dwelling during the next nine years.
15. The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.
16. If you are subject to recapture tax upon the disposition of your home, **KHC** will reimburse you for recapture tax reported and paid to the Internal Revenue Service. Your **KHC** mortgage must have closed on or after July 1, 2023, and be outstanding at the time of disposition. Other terms and conditions are discussed in **KHC** Form "Federal Recapture Tax Reimbursement Policy Disclosure/Application".

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. Within the next 90 days, you will be given additional information that will be needed to calculate the recapture tax.

Mortgagor has carefully read and hereby acknowledges Mortgagor's understanding of the foregoing Certification.

Mortgagor Signature

Date

Mortgagor Signature

Date

Check Box if Non-Purchasing Spouse