

**SINGLE-FAMILY DEED OF TRUST RIDER – FHA, VA & USDA**  
**House Key Opportunity First Mortgage**  
**Washington State Housing Finance Commission**

This Rider, made this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_, is attached and incorporated into and shall be deemed to amend and supplement the Deed of Trust of the same date (the “Deed of Trust”) given by the undersigned (“Grantor”) to secure its Note of the same date (the “Note”) to

\_\_\_\_\_, as Trustee, for the benefit of \_\_\_\_\_ (the “Beneficiary”, which includes any successors or assigns thereof). The Property encumbered by the Deed of Trust shall be called the “Property.” The Provisions of this Rider shall control any conflicting provisions in the Deed of Trust.

The following provisions are hereby incorporated into the Deed of Trust:

**1. Acceleration.** As long as this Deed of Trust is held by the Washington State Housing Finance Commission (the “Commission”) or its trustee, or secures or “backs” a Government National Mortgage Association (“GNMA”) mortgage pass-through certificate, the Lender may, at Lender’s option, declare all sums secured by the Mortgage to be immediately due and payable if Borrower omits or misrepresents a fact in an application for the Deed of Trust, including, without limitation, anything contained in the Mortgagor’s Affidavit executed by the Borrower in conjunction with this Deed of Trust. As an alternate remedy, Beneficiary may increase the interest rate provided for in the Note in an amount not to exceed that permitted by applicable law. For purposes this alternate remedy only, “Beneficiary” shall not include the Commission or its trustee.

The following paragraph is added concerning transfer of property and assumption procedures:

**2. Transfer of Property: Assumption.** If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender’s prior written consent, excluding

- (a) the creation of a lien or encumbrance subordinate to this Deed of Trust,
- (b) the creation of a purchase money security interest for household appliances, or
- (c) a transfer by devise, descent or by operation of law upon the death of a joint tenant, Lender may, at Lender’s option, declare all sums secured by this Deed of Trust to be immediately due and payable. Lender shall waive such option to accelerate if:

- (A) the person to whom the Property is to be sold or transferred (the “Transferee”)
  - (1) has at the time of such transfer an Annual Family Income (as defined below) not in excess of the then current Maximum Annual Family Income as established by the Commission for persons and families in the statistical area in which the Property is located;
  - (2) intends to use the Property as his or her principal residence within sixty (60) days of the date the Deed of Trust is assumed and intends to maintain the residence as his or her principal residence as long as he or she is liable under the Note; and
  - (3) has not, at any time during the three-year period ending on the date the Deed of Trust is assumed, had a present ownership interest in a principal residence (except in the case of a residence in a Targeted Area as hereinafter defined) unless Borrower at time this Deed of Trust was executed was not required to be a first-time homebuyer pursuant to Section 143 of the Internal Revenue Code of 1986, and the regulations thereunder (“Section 143”);
- (B) the credit of the Transferee is satisfactory to the Lender;
- (C) the entire unpaid principal amount of the Mortgage Loan will continue to be insured by a mortgage insurer acceptable to the Commission;
- (D) the assumption by the Transferee has been approved by the Commission;
- (E) on the date of transfer the Purchase Price (as defined below) of the Property does not exceed the Maximum Purchase Price established by the Commission from time to time (for the same type of residence in the statistical area in which the Property is located) in accordance with Section 143;
- (F) the Transferee executes a written agreement with the Lender assuming the obligations under the Note and this Deed of Trust; and
- (G) the Transferee executes such affidavits and documents as are necessary to assure the Lender that the requirements of this paragraph are satisfied.

For purposes of the preceding paragraph, the following words and phrases have the following meanings:

- (a) “Annual Family Income” means gross monthly income multiplied by 12. Gross monthly income is the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, social security benefits, unemployment compensation, income from trusts and income received from business investments. Information with respect to gross monthly income may be obtained from available loan

documents executed during the 4-month period ending on the date of closing of the mortgage, provided that any gross monthly income not included on the loan documents must be taken into account.

- (b) "Purchase Price" means the cost of acquiring a residence from the seller as a completed residential unit, including (i) all amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the purchaser) to the seller (or a related party or for the benefit of the seller) as consideration for the residence; (ii) if a residence is incomplete, the reasonable cost of completing the residence whether or not the cost of completing construction is to be financed with proceeds of the mortgage loan secured by this Deed of Trust; and (iii) where a residence is purchased subject to a ground rent, the capitalized value of the ground rent; but excluding (i) the usual and reasonable settlement or financing costs, e.g., titling and transfer costs, title insurance, survey fees or other similar costs and credit reference fees, legal fees, appraisal expenses, "points" that are paid by the buyer or other costs of financing the residence; (ii) the value of services performed by the Borrower or members of the Borrower's family in completing the residence; and (iii) the cost of land which has been owned by the Borrower for at least two years prior to the date on which construction of the residence begins.
- (c) "Targeted Area" means the areas within the State of Washington listed as Qualified Census Tracts, that is, areas in which at least 70% of the population makes 80% or less of the areas' median family income or areas designated as "Chronically distressed."

**3. Tax Covenants.** The Borrower covenants to execute an affidavit in order to comply with Section 143. The Borrower covenants herein and in such Affidavit that:

- (a) the residence is located in the State of Washington;
- (b) at the time of execution of this Deed of Trust, Borrower has Annual Family Income not in excess of the then current Maximum Annual Family Income as established by the Commission from time to time;
- (c) Borrower will occupy such residence as his or her principal residence with sixty (60) days of execution of this Mortgage, will not use the residence in a trade or business, as an investment property or as a recreational home, and intends to use the residence as his or her principal residence as long as Borrower is liable under the Note;
- (d) Borrower had no present ownership interest in a principal residence (other than the Property) during the three-year period ending on the date of execution of this Deed of Trust (unless the residence is in a Targeted Area or Borrower was otherwise not required to be a first-time homeowner pursuant to Section 143);
- (e) the Purchase Price of the property does not exceed the appropriate Maximum Purchase Price established by the Commission from time to time;
- (f) Borrower had no permanent mortgage loan on the Property at any time prior to executing this Deed of Trust; and
- (g) the Borrower understands that if there is a continuous period of at least one year during which the residence is not the principal residence of at least one of the Borrowers, then no deduction is allowed in computing taxable income for interest that accrues with respect to this Deed of Trust on or after the date such one-year period began.

The Borrower covenants to take no action which would:

- (a) cause the foregoing representations which evidence compliance with Section 143 to be untrue or
- (b) in any way adversely affect the eligibility of this Deed of Trust and the Note for purchase by the Commission under Section 143.

**4. Failure to Purchase.** The Borrower further agrees that should this Deed of Trust and the Note secured hereby not be eligible for purchase by the Commission within seventy-five (75) days of the date hereof (written statement of the trustee or servicer for the Commission dated subsequent to such seventy-five (75) day period declining to purchase said Note and this Deed of Trust being deemed conclusive proof of such ineligibility) the mortgagee or holder of said Note may, at its option declare all sums secured hereby immediately due and payable.

SIGNATURE OF BORROWER \_\_\_\_\_ DATE: \_\_\_\_\_

SIGNATURE OF BORROWER \_\_\_\_\_ DATE: \_\_\_\_\_