

MORTGAGE CREDIT CERTIFICATE PROGRAM
Washington State Housing Finance Commission

MORTGAGOR AFFIDAVIT

(To be signed at time of loan application)

For the benefit of the Washington State Housing Finance Commission (“Commission”) and _____ (“Lender”), and with respect to the Mortgage Credit Certificate (“MCC”) that I/we have applied for from the Commission, the undersigned,

_____ (*Primary Mortgagor*)
 _____ (*Co-Mortgagor, if applicable*)
 _____ (*Co-Mortgagor, if applicable*)
 _____ (*Co-Mortgagor, if applicable*)

hereby state(s) under oath that:

1. I/we am/are a purchaser of the Single-Family Residence (the “Residence”) located at:

Check the appropriate box:

- I/we am/are not purchasing the Residence with another individual, or I am purchasing the Residence with my spouse and we will be filing joint federal income tax returns and request one MCC to be issued for 100% of the Certified Indebtedness Amount.
- I/we am/are purchasing the Residence with one or more other persons (other than my spouse with whom I am filing a joint federal income tax return). We request that the respective Certified Indebtedness Amounts of our MCC be allocated as follows:

Name	Amount	% of Loan
_____	\$ _____	_____ %
_____	\$ _____	_____ %
_____	\$ _____	_____ %
_____	\$ _____	_____ %

The tax credit that will be available to me/us will be calculated on the basis of the MCC Rate and interest payments made on the portion of the Loan as reflected in the “Certified Indebtedness Amount” of my/our MCC.

- 2. I/we have received or have applied for a loan with respect to the acquisition of the Residence (the “Loan”) and in connection therewith, I/we am applying to the Commission for an MCC which may enable me/us to credit a portion of the interest on the Loan against my/our federal income taxes.
- 3. My/our total annual household income (as calculated in accordance with Section 3 of the House Key State Bond Program Manual) is \$ _____. I/we do not expect my/our total annual household income to increase prior to the time I/we close my/our Loan. My/our total annual household income accurately reflects the information therein with respect to all mortgagors and all individuals 18 years or older who are expected to live in the Residence being financed. These mortgagors and individuals have executed this certificate below.

4. Number of family members and other persons who will occupy the Residence: _____

For purposes of determining family size, the following persons may be considered:

- (a) the undersigned;
- (b) persons residing in the Residence and related by blood, marriage or law;
- (c) “dependent” (and claimed as such for federal income tax purposes) children and adults who are residing in the Residence. Under certain circumstances, family members who are “dependent” students attending school away from home may be considered to reside in the Residence if such Residence is their “principal” Residence. Whether or not a Residence is the “principal” Residence of a student will be determined on a case-by-case basis to the extent evidence is submitted to the Commission documenting the relevant facts; and
- (d) all other persons intending to permanently reside in the Residence.

5. I/we either occupy the Residence as my/our principal residence, or I/we will do so within 60 days of the date of issuance of disbursement of funds under the Loan. I/we will notify the Commission if the Residence ceases to be my/our principal residence or the Loan is paid or otherwise satisfied.

6. No part of the Loan proceeds is or will be used to acquire or replace an existing mortgage, and I/we did not have a mortgage (whether or not paid off) on the Residence at any time prior to the execution of the Loan (except that I/we may have a construction period loan, a bridge loan or temporary initial financing of 24 months or less with respect to the Residence and may use the proceeds of the Loan to repay such financing).

7. The acquisition cost of the Residence is the total of the following three components:

(a) All amounts paid, either in cash or in kind, by me/us (or a related party or for the benefit of me/us) to the seller (or a related party or for the benefit of the seller) as consideration for the Residence: \$ _____

(b) If the 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 Loan: \$ _____

(c) Where the Residence is purchased subject to a ground rent, the capitalized value (using a discount rate equal to _____ %) of the ground rent: \$ _____

TOTAL of items a, b, and c: \$ _____

The acquisition cost of a Residence does not include:

(a) Usual and reasonable settlement and financing costs. “Settlement costs” include titling and transfer costs, title insurance, survey fees and other similar costs, and “financing costs” include credit reference fees, legal fees, appraisal expenses, points which are paid by me/us, or other costs of financing the Residence. Such amounts must not exceed the usual and reasonable costs which otherwise would be paid;

(b) The imputed value of services performed by me/us or members of my/our family (which include only my/our brothers or sisters (whether by whole or half blood), spouses, ancestors and lineal descendants) in constructing or completing the Residence; or

(c) The cost of land which has been owned by me/us for at least two years before the date on which the construction of the structure comprising the Residence begins.

8. I/we understand that for purposes of the following, examples of interests which constitute “Present Ownership” interests are as follows: (i) a fee simple interest, (ii) a joint tenancy; a tenancy in common, or tenancy by the entirety; (iii) the interest of a tenant-shareholder in a cooperative; (iv) a life estate; (v) a land contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although a

legal title is not transferred until some later time); and (vi) an interest held in trust for me/us (whether or not created by me/us) that would constitute a present ownership interest if held directly by me/us.

Also for the purposes of the following, I/we understand that examples of interests which DO NOT constitute "Present Ownership" interests are as follows: (i) a remainder interest, (ii) a lease with or without an option to purchase; (iii) a mere expectancy to inherit an interest in a principal residence; (iv) the interest that a purchaser of a residence acquires on the execution of a purchase contract; and (v) an interest in other than a principal residence during the previous three years.

Check the appropriate box:

- Other than allowed as a consequence of financing in effect as set forth in Section 6 above, at no time during the three-year period prior to the closing of this Mortgage Loan have I/we had any present ownership interest in my principal residence. During the three-year period prior to the closing of this Mortgage Loan I/we have lived as a tenant, lived with members of my/our immediate family, or under some other arrangement without having a "Present Ownership" interest in the principal residence in which I/we lived.
- During the three-year period prior to the closing of this Mortgage Loan, I have had a "Present Ownership" interest in my principal residence.

9. The Residence that I am/we are purchasing (check appropriate box):

- is located in a Targeted Area, OR
- relates to a Qualified Rehabilitation Loan or a Qualified Home Improvement Loan, OR
- is not located in a Targeted Area, but I/we have not had a Present Ownership interest in a principal residence at any time during the three-year period prior to the date on which I am/we are executing the Loan with respect to the Residence. To the best of my/our knowledge, the same is true with respect to each other person (if any) purchasing and mortgaging the Residence with me/us.

If the Residence being purchased with the Loan IS NOT located in the Targeted Area (as indicated above), I am/we are required and have attached hereto copies of my signed Federal Income Tax Returns for the three previous years, or as otherwise required, unless I/we did not and was/were not required to file such a return in accordance with Section 6012 of the Internal Revenue Code. Full disclosure and documentation of such has also been provided to the Lender if applicable.

The years for which I was/we were not required to file Federal Income Tax Returns are as follows:

I was/ we were not required to file returns (if applicable) because:

- 10. I/we do not reasonably expect to use more than 15 percent of the total area of the Residence in a trade or business (including the provision of child care services). The land on which the Residence is located will not, other than incidentally, provide a source of income to me/us.
- 11. I/we understand that I/we may seek financing from any Lender of my/our choosing provided the Lender I/we have selected has signed the Participant Agreement required by the Commission.
- 12. I understand that the MCC is provided through the use of qualified mortgage credit certificates pursuant to the federal Internal Revenue Code. As a Mortgagor, I may receive benefits from this MCC such as a tax credit that may reduce my federal income tax liability. As a result, pursuant to Section 143(m) of the Code, I may, at the time of resale of a Residence financed by a Mortgage Loan, be subject to a special "recapture tax" for federal income tax purposes. I understand that I should consult a tax advisor at the time of resale of the residence to determine the amount, if any, of such "recapture tax." I hereby acknowledge receipt of the

“Application of Recapture Provision Notice of Potential Recapture Tax on Sale of Home” and the “Closing Recapture Provision Notice of Potential Recapture Tax on Sale of Home” from the Lender.

13. I/we certify that no portion of the financing of the acquisition of the Residence was, is or will be provided from the proceeds of a qualified mortgage bond or a qualified veteran’s mortgage bond. No person related to me/us (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 Residence.
14. I/we are aware that the Mortgage Credit Certificate cannot be assumed.
15. I/we have been advised that the value of the Mortgage Credit Certificate varies according to individual tax liability.
16. I/we understand that the Mortgage Credit Certificate application fee is non-refundable.
17. I/we understand and agree that the Commission will not inspect the property for defects and will not underwrite the loan from a credit standpoint.
18. The Lender has explained to me/us the contents and purposes of this document and that I/we could be subject to prosecution if I/we do not accurately and truthfully complete this document.
19. I/we understand and agree that the Commission does not and has not undertaken any responsibility for the conduct of or statements made by the Lender or its agents, including but not limited to the accuracy of the Loan documents, disclosures or any aspect of the Loan transaction with applicable law or regulations. Accordingly and with respect to claims or defenses which arise from or relate to the Loan documents, disclosures or transaction in any manner whatsoever, I/we hereby agree to bring any such claim and raise any such defense solely against the Lender and not against the Commission, and I/we hereby waive any right to bring or raise any such claim or defense against the Commission. This Agreement and waiver apply to claims and defenses I/we may have now or in the future.
20. I/we acknowledge that a material misstatement negligently made in this Affidavit or in any other statement made by me/us in connection with an application for an MCC will constitute a federal violation punishable by a fine of \$1,000; and a material misstatement fraudulently made in this Affidavit or in any other statement made by me/us in connection with an application for an MCC will constitute a federal violation punishable by a fine of \$10,000, revocation of the MCC and any other criminal penalty imposed by law. In addition, any material misstatement or false statement which affects my/our eligibility for an MCC will result in denial of my/our application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued. I/We further acknowledge that if any information or certification I/we provide contains a material misstatement which is due to fraud then any MCC issued will automatically become null and void without any need for further action on the part of the Commission.

SIGNED:

Primary Mortgagor

Co-Mortgagor #1

Social Security # _____
Date

Social Security # _____
Date

Co-Mortgagor #2

Co-Mortgagor #3

Social Security # _____
Date

Social Security # _____
Date

