

Borrower Name: _____

Co-Borrower Name: _____

**MAINE STATE HOUSING AUTHORITY
HOME MORTGAGE PROGRAM
APPLICANT CERTIFICATION
(to be completed & signed at application)**

The Maine State Housing Authority (MaineHousing) uses funds from tax exempt bonds to finance Mortgage Loans. This executed disclosure is intended to satisfy the requirements of Section 143 of the Internal Revenue Code of 1986, as amended. In the case of Applicants, Co-Applicants and Non-Applicant title holders; statements made throughout this Certification in the singular include the plural. The undersigned certifies that:

RESIDENCE/PROPERTY REQUIREMENTS

1. The Residence for which a Mortgage Loan is being requested is located within the State of Maine at the following address: _____
(Street Address, City/Town)
2. I intend to occupy the Residence as my principal residence, i.e., not as a vacation or second home, no later than sixty (60) days after the date of closing of the Mortgage Loan.
3. The Residence contains four or less dwelling units. I do not intend to lease, sell, assign or transfer any interest of the property to another (except for rental of units in two to four unit properties); subdivide the property in any way even if allowed by local law; or move the Residence.
4. Except for the rental of units in two-to-four unit residences, I will use no more than 15% of the total area of the Residence for commercial use.
5. The land on which the home is located, and which will be financed by the Mortgage Loan: is no more than is needed to maintain the basic livability of the Residence; consists of no more than 1 acre for a New Home or a Mobile Home on a new site, or no more than 3 acres for any other existing Residence, except where necessary to comply with local zoning law. Acreage may exceed these limits as long as the value of the land is no more than 30% of the total appraised value.
6. I certify that the cost of acquiring this property has been fully disclosed to the lender and is within the Acquisition Cost limits established by MaineHousing for this Residence. I certify there are no other side agreements pertaining to this transaction.

ADVANTAGE- MAINEHOUSING'S DOWN PAYMENT ASSISTANCE PROGRAM

7. If I intend to receive Advantage, MaineHousing's down payment and closing cost assistance, I understand that all persons signing the note must complete a 10-hour hoMEworks approved homebuyer education class prior to loan closing, and I will be required to make at least a 1% contribution to the loan transaction.

FIRST-TIME HOMEBUYER REQUIREMENT (This section does not apply if I am an eligible non first- time homebuyer).

8. During the past three (3) years, I have not had an ownership interest in my principal residence. An ownership interest means all forms of ownership including a fee simple interest, a joint tenancy, a tenancy in common, or tenancy by the entirety. The definition also includes an interest of a tenant-shareholder in a cooperative, a life estate, a bond-for-deed or installment sale contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time), (or an interest in a mobile home on owned land) a permanently attached mobile home, or an interest held in trust for me that would constitute an ownership interest if held directly by me.
9. I may have had one of the following ownership interests and I would still qualify as a First-Time Homebuyer: A lease with or without an option to purchase, a mere expectancy to inherit an interest in a principal residence, the interest

that a purchaser of a residence acquires upon the execution of a purchase contract, an interest in other than a principal residence during the previous three (3) years; or an interest in an unattached mobile home on leased land (including mobile home parks and private leased land).

ELIGIBLE NON FIRST-TIME HOMEBUYERS

10. Qualified active duty, veterans and retired military that have owned their primary residence within the past three (3) years, (and have not previously used the veteran’s exception) or Applicants purchasing primary residences located in Target Areas are considered eligible Non First-Time Homebuyers.

HOUSEHOLD SIZE AND INCOME LIMIT

- 11. The total number of persons intending to occupy this home as their principal residence within the next twelve months, including children, is _____(household size).
- 12. The gross annual household income may not exceed the income limit established by the federal government for the county or MSA in which the Residence is located. All sources of income must be disclosed, including any known increases in income expected to occur within sixty (60) days of Closing. All sources of income must be disclosed, including but not limited to: gross base pay, overtime, part-time income, bonuses, dividends, interest income, disability, social security, unemployment, pension, rental income, alimony, child support, self-employment or public assistance. .
- 13. I acknowledge that I must furnish the lender copies of filed Federal Income Tax Returns including all amendments signed by me for the three previous years or verification provided by the IRS as may be required. If I was not required to file a Federal Income Tax return during the past three years, the year(s) is/are _____and the reason(s) is/are _____.
- 14. If any of the returns show deductions for housing expenses (mortgage interest or property taxes), the year(s) is/ are _____and the reason(s) is/are _____.

NEW MORTGAGE REQUIREMENT

15. No part of the proceeds of the Mortgage Loan will be used directly or indirectly to repay an existing loan made in connection with the Residence, except construction loans, bridge loans or similar temporary initial financing having a term of 24 months or less.

RECAPTURE TAX AND THE RECAPTURE TAX REIMBURSEMENT PROGRAM

16. This Mortgage Loan is being financed with the proceeds of tax-exempt bonds. Because of this, I acknowledge that I am subject to certain restrictions regarding my home. The Internal Revenue Code states that I may be affected by a federal tax known as Recapture. Recapture only applies if I sell my home within 9 years at a gain, and if my income increases above specified levels. The recapture tax will require some homeowners who dispose of their homes within nine years of loan closing to pay a portion of the profit they receive from the sale to the federal government. The maximum amount payable would be either 6.25 percent of my original mortgage amount or 50 percent of the profit resulting from the sale of my home, whichever is less. Several factors may affect my potential tax liability, including:

Length of Ownership. If I sell within one year, my maximum liability is 1.25 percent of the original mortgage amount. Each year thereafter the liability increases 1.25 percent until it reaches 6.25 percent in the fifth year. Starting in the sixth year, the liability decreases 1.25 percent per year until it is eliminated completely after nine years.

Income/Family Size. My tax liability may be reduced or eliminated if my income does not exceed limits set by the federal government. These limits are based on a formula which takes into account my family size at the time of the sale.

My Mortgage Loan will also be subject to an Internal Revenue Code restriction if I fail or cease to occupy the home as my principal residence. This restriction provides that the deduction for home mortgage interest on my Federal Income

Tax Return will be disallowed if I stop using my home as my principal residence for a continuous period of at least one year. This provision applies regardless of whether I am subject to the recapture tax referred to above.

17. **Recapture Reimbursement:** If my Mortgage Loan closed **after January 1, 2013** and the Loan remains outstanding at the time of disposition of the Residence, MaineHousing will reimburse me for any recapture tax that I pay to the IRS. To be reimbursed, I must submit the MaineHousing Request for Recapture Tax Reimbursement form, a copy of my tax return including IRS Form 8828, proof the federal taxes were paid and a copy of the Closing Disclosure pertaining to the disposition of the property to the Maine State Housing Authority.

I understand that I am responsible for calculating, filing and paying any recapture tax that may be due the IRS. I am also responsible for initiating and fully complying with Maine State Housing Authority's Request for Recapture Tax Reimbursement procedures when seeking reimbursement.

18. MaineHousing uses a permission-based (opt-in) approach in the collection and use of consumer information including email addresses. By providing your email address in the space provided, you are consenting to receive email and/or direct marketing messages from MaineHousing and/or our affiliates, including informational newsletters and housing research surveys.

Applicant's email address:
Co-Applicant's email address:

I understand that MaineHousing, the Lender, any mortgage insurer or guarantor or any of their representatives may wish to investigate or to verify the matters set forth in this disclosure or in other documents provided in connection with the application for the Mortgage Loan, and I hereby permit such investigation or verification.

I CERTIFY I HAVE READ AND UNDERSTAND THIS CERTIFICATION.

Date: _____ Applicant: _____
Printed Name: _____

Date: _____ Co-Applicant/
Non-Applicant Title Holder: _____
Printed Name: _____

LENDER CERTIFICATION

Based on the information provided at application, the applicant(s) appear eligible to apply for MaineHousing at this time. If the Applicant will use the Advantage Option, MaineHousing's down payment assistance program, I have advised them of the requirement to complete a 10-hour hoMEworks approved homebuyer education class prior to loan closing.

Date: _____ Lender representative: _____
Printed Name: _____