

FirstHome Programs

Affidavit of Purchaser and Recapture Notice

The home I am (we are) purchasing (the "Residence") is being financed with funds made available through the Iowa Finance Authority ("IFA"). IFA is relying upon this affidavit in determining that this transaction satisfies applicable federal requirements.

- 1) "First-time" Homebuyer Requirement - Check the applicable statement:
 - a. I (we) have not had an ownership interest in real property which I (we) have occupied as a primary residence in the last three full years. Examples of an ownership interest include the following: (a) a fee simple interest (b) a joint tenancy, a tenancy in common, a tenancy by the entirety, or a community property interest (c) the interest of a tenant-shareholder in a cooperative (d) a life estate (e) a land contract or contract for deed (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) (f) an interest held in trust for the mortgagor (whether or not created by the mortgagor) that would constitute a present ownership interest if held directly by the mortgagor (g) a lease with an option to purchase for a nominal sum and (h) an interest in a mobile home that is permanently affixed to the land.
 - b. I am (we are) exempt from "first-time homebuyer requirement" due to an other than dishonorable discharge from the United States military service and have not previously received financing under the FirstHome Program or similar program for financing the acquisition of a residence with funds made available through tax-exempt financing. I (we) have attached to this Affidavit a numbered Certificate of Service or Discharge from Active Duty, DD Form 214, or equivalent.
 - c. The residence we are purchasing is a home located in a federally Targeted Area.
- 2) The federal tax returns are true, correct and complete copies of the return filed for the applicable year. I (we) have signed IRS form 4506 authorizing IFA and/or lender to verify pertinent tax information. Alternatively, if I was (we were) not required to file a federal income tax return for any or all of the previous tax years, I (we) have attached to this Affidavit an explanation detailing the reasons why such filing was not required. _____ (Borrower/Co-Borrower Initials, if applicable)
- 3) My (our) current gross annual family income is below the applicable program income limit in effect on the date of this affidavit attached hereto. Family income is the total income for any person who is both liable on the note and living in the residence.
- 4) The acquisition cost of the Residence is not greater than the applicable sale price limits in effect on the date of this affidavit attached hereto, which includes the cost of the land and any improvements purchased in connection therewith, any attached items such as floor covering, curtain rods and light fixtures, and any services and additions furnished by third parties required to complete the Residence. All non-attached fixtures and other items of moveable personal property, which have been included in the contract price of the Residence, have been deducted in computing the acquisition cost.
 - a. If the Residence has been built or is to be built on land owned by the purchaser less than two years prior to the date on which construction of the Residence begins, the acquisition cost includes the cost of the land.
- 5) The Residence I am (we are) purchasing is a single-family residence, located in the state of Iowa, which I (we) intend to use as my (our) primary residence within 60 days after loan closing, and not more than 15% of the Residence will be used in any trade or business. I (we) have been informed that the Rider to the mortgage restricts me (us) from using the property as a rental unit or allowing the mortgage to be assumed by an ineligible party. The land to be purchased as part of the Residence is included with and appurtenant to the improvements purchased as part of the Residence. The quantity of land is not in excess of that necessary to maintain the basic livability of the residence, is not excessive when compared with lot sizes of residences in the area, and will not provide, other than incidentally, a source of income.

- 6) I (we) understand that in accordance with Section 150(b)(1) of the Internal Revenue Code of 1986 as amended (“the Code”) if there is a continuous period of at least one (1) year during which the Residence is not the principal residence of at least one of the Mortgagors, then no deduction shall be allowed under the Code for interest with respect to the loan which accrues on or after such period began and before the date the Residence is again the principal residence of at least one of the mortgagors.
- 7) I (we) understand that the lender and Servicer will determine my eligibility to receive my loan and that IFA will not be involved in the credit underwriting process. I further understand that IFA does not and will not certify that the property is free of defects or make any representations as to its condition.
- 8) I (we) understand that IFA is relying upon the information and certifications herein and in the other documentation and certifications provided by me (us) to the lender in connection with the mortgage loan for the Residence. I recognize and understand that a material misstatement negligently or falsely made in this affidavit may constitute a default under the mortgage note, and that in the event of such a default or any other default under the mortgage note, IFA, the mortgage lender or the servicer may exercise any remedy under the mortgage note, including, but not limited to, accelerating the loan, at which time I (we) must immediately repay the loan; and that such false statement may constitute fraud punishable in accordance with the laws of the United States and the State of Iowa. It is a federal offense punishable by a maximum of a \$5,000 fine, two years imprisonment, or both, to knowingly make a false statement in this affidavit (Title 18 United States Code, Section 1014).

Notice of Potential Recapture

Because you are receiving a mortgage loan from the proceeds of a tax-exempt bond, you are receiving the benefit of a lower interest rate than is customarily charged on other mortgage loans. If you sell or otherwise dispose of your home during the next nine years, this benefit may be “recaptured.”

The Internal Revenue Service (the “IRS”) recaptures this benefit by increasing your federal income tax for the year in which you sell your home (the “Recapture Tax”). You must pay the Recapture Tax, however, only if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the IRS 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 from the Iowa Finance Authority (IFA) to assist in calculating the Recapture Tax.

If you are required to pay any Recapture Tax upon the sale or disposition of your home and you submit a reimbursement request by July 15th following the year in which you sold your home, IFA will reimburse you for the actual amount of any recapture tax you pay. Instructions for reimbursement request are located on IFA’s website (www.iowaFinance.com).

Notice to Buyers as to Assumption of Mortgage

Your home purchase is being financed with a mortgage made available with the assistance of the Iowa Finance Authority (IFA). This mortgage is made at an interest rate below what may usually be charged. As part of IFA’s Program, you cannot sell your home to a party ineligible under IFA’s guidelines for this Program unless you pay your loan in full.

If you sell your home to a party ineligible under the IFA’s guidelines for this Program and allow the buyer to make your payments for you (assume your loan), the Lender (which includes any successor or assignee of the lender which makes the loan) may refuse to allow the sale and demand that you immediately repay the loan. This could result in foreclosure or repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the 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, FHA, VA, RD or Fannie Mae/Freddie Mac (government agencies) will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Lender 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). If your mortgage is an FHA, VA, RD or Fannie Mae/Freddie Mac mortgage, such judgment will be

taken over by said government agency if the Lender files a claim because of the foreclosure. Such government agency may then bring an action against you to collect the judgment.

You may avoid such actions by paying your loan in full when you sell your home or for an FHA or VA mortgage by obtaining the written consent of the Servicer prior to such sale and loan assumption if the person purchasing your home meets the necessary qualifications established by IFA. In general those requirements for assumption of the loan are:

- i. the purchaser intends to occupy the residence as a principal residence within 60 days after the assumption;
- ii. the purchaser had no present ownership interest in a principal residence at any time during the three- year period prior to the date on which the mortgage is assumed, unless the home is in a Targeted Area or the purchaser is an exempt Veteran (defined in the Affidavit of Purchaser, MRB 01 document);
- iii. the purchase price of the residence paid by the purchaser does not exceed the applicable limits set by the IFA; and
- iv. the purchaser has an income which does not exceed the then current applicable limits set by the IFA.

The Purchaser declares, swears, and affirms under penalty of perjury that the representations or warranties in this Affidavit and Recapture Notice are true and correct. I (we) certify under penalty of perjury and pursuant to the laws of the United States of America and the State of Iowa that the preceding is true and correct.

Property Address: House, Street, Unit, City, State, Zip

Signature

Date

Printed Name

Signature

Date

Printed Name

HOMES FOR IOWANS PROGRAM LIMITS

Purchase Price Limit (Homes for Iowans = No Targeted Areas)	\$381,000
Income Limit (Statewide, All Household Sizes) (CONV limited to ≤ 80% AMI per county)	\$139,580

FIRSTHOME PROGRAM PURCHASE PRICE LIMITS

Purchase Price Limit (Statewide except <i>Targeted Areas</i>)	\$311,000
Purchase Price Limit Targeted Areas	\$381,000

FIRSTHOME PROGRAM INCOME LIMITS With the exception of Targeted Areas

COUNTY	HOUSEHOLD SIZE 1-2	HOUSEHOLD SIZE 3+	COUNTY	HOUSEHOLD SIZE 1-2	HOUSEHOLD SIZE 3+
Benton	\$83,400	\$95,910	Madison	\$91,300	\$104,995
Bremer	\$88,700	\$102,005	Mills	\$87,800	\$100,970
Carroll	\$82,000	\$94,300	Plymouth	\$82,200	\$94,530
Cedar	\$85,200	\$97,980	Polk	\$91,300	\$104,995
Dallas	\$91,300	\$104,995	Pottawattamie	\$87,800	\$100,970
Guthrie	\$91,300	\$104,995	Sioux	\$82,100	\$94,415
Harrison	\$87,800	\$100,970	Story	\$89,900	\$103,385
Johnson	\$99,700	\$114,655	Warren	\$91,300	\$104,995
Linn	\$89,400	\$102,810	Winnesheik	\$80,800	\$92,920
ALL OTHER COUNTIES	\$79,500	\$91,425			

FIRSTHOME PROGRAM TARGETED AREA INCOME LIMITS

CITY & COUNTY	CENSUS TRACT	HOUSEHOLD SIZE 1-2	HOUSEHOLD SIZE 3+
Black Hawk (Waterloo)	1, 2, 3, 17.01	\$95,400	\$111,300
Decatur (Leon)	9603	\$95,400	\$111,300
Des Moines (Burlington)	4	\$95,400	\$111,300
Dubuque (Dubuque)	1, 5	\$95,400	\$111,300
Jackson (Maquoketa)	9506	\$95,400	\$111,300
Johnson (Iowa City)	21	\$119,640	\$139,580
Lee (Keokuk)	4908, 4910	\$95,400	\$111,300
Linn (Cedar Rapids)	19, 22, 27	\$107,280	\$125,160
Marshall (Marshalltown)	9505	\$95,400	\$111,300
Polk (Des Moines)	12, 26, 39.01, 48, 52	\$109,560	\$127,820
Pottawattamie (Council Bluffs)	309	\$105,360	\$122,920
Scott (Davenport)	106, 107, 108, 109, 114	\$95,400	\$111,300
Story (Ames)	5	\$107,880	\$125,860
Wapello (Ottumwa)	9605	\$95,400	\$111,300
Webster (Fort Dodge)	7	\$95,400	\$111,300
Woodbury (Sioux City)	12, 13	\$95,400	\$111,300

Targeted Areas are census tract areas in which 70 percent of the families who live there earn an income that is 80 percent or less than the statewide median income. Borrowers in Targeted Areas benefit from higher income and purchase price limits than Non-Targeted Areas in the same county and need not be first-time home buyers to use the FirstHome program.