MHDC Missouri Housing Development Commission

LENDER TRAINING:
Program Forms 101

EQUAL HOUSING OPPORTUNITY

MHDC.com

MHDC FORMS

- 500 SERIES = FIRST PLACE
- 700 SERIES = NEXT STEP

ALL MHDC FORMS CAN BE SIGNED ELECTRONICALLY UNLESS REQUIRING A NOTARY (E-Notarization is also acceptable)

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First Place MRB | Next Step TBA

FORMS TO BE SIGNED PRIOR TO CLOSE:

- **Borrower's Application Affidavit - Form 515 First Place / Form 715 Next Step.**
- **This document must be signed prior to close for all loans.**
- **For First Place, Form 516 is required if a spouse is not going to be on the loan but will be living in the home, to certify they meet the First Time Homebuyer criteria.**

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Borrower's Application Affidavit

Acknowledgment of Availability of Down Payment Assistance (DPA) & Non-DPA Funds

1. Submission of an application provides no guarantee of approval of the loan reservation for either the DPA or Non-DPA program.
2. The interest rate is not guaranteed until the loan reservation has been accepted.
3. Approved borrowers must comply with all programmatic and loan requirements as established by the Missouri Housing Development Commission (MHDC), its Master Servicer or other relevant parties such as FHA, VA, USDA-RD or Fannie Mae/Freddie Mac.
4. A loan application is **NOT** a loan commitment. Loan Reservations and loan funds will be issued on a first-come, first-served basis.

MHDC Program Requirements

Loan financing, with or without down payment assistance, facilitated by MHDC is made available to qualified first-time homebuyers through the sale of tax-exempt mortgage revenue bonds (MRB) issued by MHDC. All qualified borrowers must be able to certify that the following statements are or will be true.

1. The borrower(s) shall occupy the home as a principal residence within 60 days after closing.
2. The residence is a single-family (one-unit) residence or a single family, two-unit residence in which the borrower(s) will occupy as a principal residence.
3. The residence will not be rented, used as an investment property, or used for recreation (i.e. a "second" home), while the MHDC issued loan remains in effect.
4. No more than 15% of the total area will be used for business or trade. The borrower(s) will not deduct any portion of the cost of the residence as a home business expense on state or federal income tax returns.
5. Neither the total cost to acquire the residence nor the original mortgage loan amount will exceed the established Maximum Purchase Price limits in effect at the time of purchase.
6. The total household income will not exceed the established Maximum Income Limits in effect at the time of purchase at any time prior to closing.

   Total Household Income includes all income from all sources for all borrower(s), spouses, or any other family member who will both occupy the home as their principal residence and will be secondarily liable for the mortgage. (Including but not limited to: gross pay, overtime, interest, dividends, alimony, child support, social security retirement, pension, welfare, etc.)

7. The borrower(s) will occupy the home as a principal residence as long as the MHDC issued loan remains in effect, unless;
   a. The borrower(s) has an FHA, VA or USDA Rural Development loan and the loan is assumed by a qualified purchaser; and
   b. The borrower(s) sells the residence at a price that is not greater than the Maximum Purchase Price Limit established by MHDC at the time of resale for an "existing residence" and the total household income of the buyer of the home is not greater than the Maximum Income established by MHDC at the time of the resale; and
   c. The qualified buyer meets all required credit qualifications.

   Conventional loans are not assumable under any circumstances, and the loan must be repaid in full upon the sale of the property.

8. With the exception of qualified veteran(s) or borrowers who are purchasing in a targeted area, the borrower(s), spouses, or any other family member who will occupy the home as their principal residence and will be secondarily liable for the mortgage, have not had ownership interest in a principal residence, or taken a home mortgage interest deduction or real estate tax deduction on their federal income tax returns in the past three (3) years.

Potential Tax Implications of 4% Second Mortgage Loan (DPA loans only)

Down Payment Assistance funds will be issued in the form of a second, non-amortizing, forgivable loan in an amount equal to 4% of the total first mortgage amount to be applied to eligible closing costs and/or down payment.

The second mortgage will diminish by 1/60 beginning in month 61 (year 5) each month, until month 120 (year 10) when the full principal of the second mortgage loan has been forgiven. The loan balance forgiven during *each calendar year* is considered income under federal tax law and all federal income taxes and reporting apply. The loan servicer will the borrower with an IRS Form 1099 reflecting an amount equal to the forgiven portion of second mortgage loan.

Please contact a tax advisor for questions regarding the tax treatment of the second mortgage loan.

The second mortgage loan is 100% forgivable after 10 years unless:

a. The borrower(s) cease to occupy the property described in the Second Mortgage Loan; or
b. The borrower(s) prepay in full or refinance the first mortgage DPA amount; or
c. The borrower(s) sell, transfer or otherwise dispose of the property described in the second mortgage
d. loan, including through foreclosure or transfer in lieu of foreclosure or condemnation proceeding or
e. The borrower(s) are in violation of any terms of the first mortgage or the second mortgage loan.

If any of the above events occur during the first 60 months (5 years) following loan closing, the entire original balance of the second mortgage loan will become immediately payable. If any of the above events occur during months 61-120 following the loan closing, the remaining balance of the second mortgage loan on any date of calculation shall be equal to:

$$\frac{\text{Original principal amount of } 2^{nd} \text{ mortgage X 120- months Elapsed}}{60}$$

Applicant Acknowledgment

I have read and understand Part I, II and III above.

Date	John Harris Smith Jr.
Date	Mary L Smith II

FIRST PLACE DOCUMENTS PACKAGE

- Form 520 Lender's Certification
- Form 525 Seller's Affidavit
- Form 535 Mortgagor's Affidavit
- Form 555 Notice of Potential Recapture Tax
- Form 560 Notice to Mortgagors
- Form 570 Addendum to Note
- Form 580 Tax-Exempt Financing Rider
- Form 590 Income Worksheet

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FORM 520
LENDER'S CERTIFICATE

- **Complete ALL empty data fields on Page 1.**
- **Sign and Date Page 2.**

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Lender's Certificate

Lender Name: Bank of America

Contact for Approval & Condition Notices:

Email: Phone #:

MHDC Reservation #: 123456 **Reservation Date:** 1/1/2026

Borrower's Name: John Harris Smith Jr. SSN#:

Sex: **Male** ☐ **Female** ☐ **Ethnicity:** **Marital Status:** **Age:** 45

Occupation Type: ☐ Contract Labor ☐ Disabled ☐ Educator ☐ EMT/Paramedic

☐ Law Enforcement ☐ Firefighter ☐ Medical Professional ☐ Professional Fields

☐ Self-Employed ☐ Service Industry ☐ Retired ☐ Other ☐ Unemployed

Co-Borrower's Name: Mary L Smith II Co- SSN#:

Sex: **Male** ☐ **Female** ☐ **Ethnicity:** **Marital Status:** **Age:** 42

Occupation Type: ☐ Contract Labor ☐ Disabled ☐ Educator ☐ EMT/Paramedic

☐ Law Enforcement ☐ Firefighter ☐ Medical Professional ☐ Professional Fields

☐ Self-Employed ☐ Service Industry ☐ Retired ☐ Other ☐ Unemployed

Property Address: 456 Main St 2

City: Seattle , MO **Zip Code:** 98101 - **County:** King

☐ Non-Targeted ☐ Targeted Year Built:

☐ Existing ☐ New Bedroom #:

☐ One Unit ☐ Two Unit SQ FT:

Total Household Size: 4 Adults Children

Household size should include all persons who will live, or are expected to live, in the home as a primary residence.

Application Date: **Loan Officer:** **NMLS#:**

Contract Date: **Contract Sales Price:** $ $440,000.00 **Appraised Value:** $ $400,000.00

Closing Date: **Loan Type:** ☐ FHA ☐ VA ☐ RD ☐ CONV

Interest Rate: 6.99 % **Loan Amount:** $ $418,000.00 **4% Cash Assistance:** $ $17,600.00

Buyer's Realtor: **License #:**

Realty Agency:

Co-Signor Name (if applicable):

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I, the undersigned authorized officer of the Lender named below (the "Lender") do hereby certify, represent and warrant to Missouri Housing Development Commission (the "Commission") and UMB Bank (the "Trustee") as Trustee, that:

1. The location of the property financed with the Home Mortgage (the "Residence") is entirely within the boundaries of the State of Missouri.

2. A qualified employee or agent of the Lender, as agent for the Commission, by personal inspection verified that the property consists of no more than two-family dwelling, the construction of which is sufficiently complete that occupancy is permitted under local law.

3. A qualified employee of the Lender, as agent for the Commission, has confirmed that the Mortgagor(s) understand the meaning and significance of the introductory paragraph of the Mortgagor's Affidavit attached hereto as Form #535. The affidavit was signed on the date of execution of the Mortgage.

4. Attached hereto as Exhibit B are copies of the sales contract and all escrow and settlement papers relating to the property and the Mortgage Loan. The contract price set forth above (a) includes the land (unless the land has been owned by the Mortgagor for at least two years prior to the date on which construction of the residence began), dwelling and all fixtures and (b) is within the limit required by the Agreement.

5. The settlement costs (title and transfer costs, title insurance, or similar costs) and financing costs (credit reference fees, legal fees, appraisal expenses, the application fee, points which are paid by the buyer or other costs of financing the residence) associated with the purchase of the property, paid by or on behalf of the Mortgagor do not exceed the usual and reasonable costs in the area which would be paid by a buyer where financing is not provided through tax-exempt bonds. No fees other than those set forth in the escrow and settlement papers were paid or collected.

6. A qualified employee or agent of the Lender independently investigated the representations contained in the Mortgagor's Affidavit and the Seller's Affidavit, and has no reason to believe that they are not true and correct.

7. A qualified employee of the Lender, as agent for the Commission, has reviewed the credit reports with respect to the Mortgagor from all three national credit bureaus and verified that no credit report includes any indication that the Mortgagor incurred indebtedness to finance a principal residence during the three-year period prior to the execution of the Mortgage, unless the Mortgagor is a Qualified Veteran or the principal residence is located in a targeted area qualified census tract.

8. In the event that the Lender has been unable to satisfy itself as to the truth of the statements made by the Mortgagor in paragraph 16 of the Mortgagor's Affidavit from other documentation mentioned therein and herein, a qualified employee of the Lender has examined the tax, assessment or deed records of (a) county and (b) the Mortgagor's last county of residence if different from the above, for the purpose of determining whether any property owned by the Mortgagor in either of said counties during the three-year period prior to execution of the Mortgage was used as the principal residence of the mortgagor. If such examinations revealed any such ownership, attached hereto as Exhibit D is evidence such as rent receipts or property tax records demonstrating that such property was (i) rented out by the Mortgagor or (ii) unimproved.

9. A qualified employee or agent of the Lender, as agent for the Commission, verified that the total projected twelve-month household income is not in excess of the applicable maximum income limit and the amount of income used for credit underwriting is not more than the projected income for MHDC purposes.

10. [Complete if developer of residence is other than the Seller.] The name and address of the developer of the residence is: .

This is to certify that the above Lender's Certification complies with all applicable representations, warranties and covenants specified in the Origination, Servicing and Administration Agreement (Revised June, 2021), as amended and supplemented from time to time, by and among the Lender, the Missouri Housing Development Commission and the Trustee.

Dated: Lender: Bank of America

By (authorized signature): _____

Typed Name and Title:

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FORM 525
SELLER'S AFFIDAVIT

- This is the only MHDC Form to be completed by the seller(s).
- Companion Form to the Warranty Deed; ensure Grantors, Titles, and Signatures match exactly.
- This is form does require notarization.

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Seller's Affidavit

(name of sellers), being duly sworn, deposes and says:

1. I am selling a residence located at:
   Street: 456 Main St, 2
   City of: Seattle
   County of: King
   State of: WA Zip Code: 98101
   to (name of buyers): John Harris Smith Jr. Mary L Smith II

2. Financing for the acquisition of such residence is being provided by Bank of America (the "Lender") from proceeds of qualified mortgage bonds issued by the Missouri Housing Development Commission (the "Commission").

3 Such residence is a one-family residence and, if the residence is a newly constructed residence which has never been occupied by anyone prior to the purchaser thereof, the construction of the residence is complete or will be complete at execution of the Mortgage. If the residence I am selling is a single-family two-unit property, I certify that such residence was first occupied more than five years before the execution of the mortgage.

4. All of the land being sold with the residence reasonably maintains the basic livability of the residence and to the best of my knowledge does not and will not provide other than incidentally a source of income to the purchaser.

5. The purchase price for the residence, including the land (unless the purchaser owned the land for at least two years prior to the date on which construction of the residence began, in which case the cost of the land may be excluded) and any improvements purchased in connection therewith, including any attached items such as carpeting, curtain rods and light fixtures, exclusive of any settlement or financing costs or any amount paid for property which is not real property or a fixture, is $440,000.00. The purchaser of the residence is not purchasing any unattached items from me in connection with the purchase of the residence, except as stated below:

   List each item of unattached personal property and the purchase price therefore:

Item:	Purchase Price:	Item:	Purchase Price:
	$		
	$		
	$		
	$		
	$		
	$		
	$		
	$		

   The purchase price for the unattached personal property described above does not exceed the fair market value of such items.

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6. Apart from any normal real estate agents' commissions, no money is being paid, no promissory note being delivered, nor anything else of value (including without limitation personal property) being exchanged for or transferred, to the seller or, to the best of the seller's knowledge, any other person by the purchasers or by any other person in connection with the purchase of the property except as indicated in the escrow and settlement documents.

7. I have not entered into any agreement with the purchaser of the residence (or a party related to the purchaser or any party for the purchaser's benefit) pursuant to which the purchaser has agreed to pay consideration, in cash or in kind, in excess of the purchase price of the residence or pursuant to which any portion of the residence has been left unfinished or other architectural appointments have been omitted or removed from the residence in order to reduce the purchase price.

8. **Check one:**
   ☐ The property has been previously occupied.
   ☐ The property is new; it has never been occupied.
   ☐ The property was foreclosed on.

9. I hereby authorize the Missouri Housing Development Commission and the Lender (or either of them) to conduct such investigation as they (or any of them) deem necessary to ascertain the truth and correctness of the statements made in this affidavit, and I hereby agree to provide such information as the Missouri Housing Development Commission and the Lender (or either of them) shall reasonably request for such purpose.

10. I have no reason to believe that any certification contained in this affidavit is false, and I have been informed that perjury is punishable by imprisonment for a period of years or a fine or both.

I hereby certify and declare, under penalty of perjury, that all of the foregoing statements are, to the best of my knowledge and belief, true, correct and complete.

_____ _____

Seller Name Seller Name

Printed Name and Title, if seller is an entity Printed Name and Title, if seller is an entity

STATE OF _____)
) SS
COUNTY OF _____)

Sworn to before me this _____ day of _____, 20_____.

My Commission expires: _____

_____
Notary Public

Missouri Housing Development Commission
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FORM 535
MORTGAGOR'S AFFIDAVIT

- Certifies accuracy of loan application, income reported, and occupancy of the purchased property.
- Verifies address, buyers name, sellers name, lender, sales price, etc.
- This form is signed by the borrower(s) at the time of closing.

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Mortgagor's Affidavit

John Harris Smith Jr. Mary L Smith II , being duly sworn, deposes and says:

1. I am purchasing a residence located at:
   Street: 456 Main St , 2
   City of: Seattle County of: King
   State of: WA Zip Code: 98101
   From (Name of Seller(s)):

2. I understand that moneys for the purchase of such residence are being provided by Bank of America, (the "Lender"), from proceeds of qualified mortgage bonds issued by the Missouri Housing Development Commission (the "Commission"). As a Mortgagor, I may receive benefits from this financing such as a savings in mortgage loan interest costs. As a result, pursuant to Section 143(m) of the Internal Revenue Code of 1986, as amended (the "Code"), I may, at the time of resale by me of the residence financed by the mortgage, be subject to a special "recapture tax" for federal income tax purposes.

3. Such residence is a one-family residence or a newly constructed one-family residence the construction of which is complete or will be complete at execution of the Mortgage, or both units of a two-family residence.

4. I intend to occupy such residence as my principal residence within 60 days after the financing described in paragraph 2 is provided. If a two-family residence, I intend to occupy one unit as my principal residence within 60 days.

5. I will occupy the residence as my principal residence so long as the mortgage loan providing the financing is outstanding unless assumed by a purchaser approved by the Commission. If I have a conventional loan, my loan may not be assumed and I will occupy the residence so loan as my mortgage loan remains outstanding.

6. All of the land being purchased with the residence, if any is being purchased, or on which the residence is located, reasonably maintains the basic livability of the residence and does not and will not provide, other than incidentally, a source of income to me. The land being purchased will not be used for agricultural production, and is consistent with other homes in the neighborhood.

7. I will not use the residence primarily in a trade or business nor use more than 15% of the total area thereof in a trade or business and will not deduct any portion of the cost of the residence as a home business expense on my state or federal income tax return(s).

8. I will not rent the residence or use the residence as an investment property or as a recreational or "second" home, except in such cases where both units of a two-family residence are being purchased.

9. The residence is located within the State of Missouri.

10. **Check one:** ☐ The residence is located in a Targeted Area.

    ☐ The residence is not located in a Targeted Area. Neither I nor any other mortgagor with respect to the financing of such residence have had a present ownership interest in a principal residence (which includes a unit in a condominium or cooperative building, and factory-made housing, such as a manufactured house, mobile home or house trailer, that is permanently affixed to real property) at any time during the three year period prior to the date hereof, other than the residence with respect to which such financing is being provided, unless I am a "Qualified Veteran". A "Qualified Veteran" is any veteran who served on active duty, was not dishonorably discharged, and has not previously obtained a mortgage loan financed by tax-exempt mortgage revenue bond proceeds under the qualified Veterans exception.

    Present ownership interest means: (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 until sometime later); and (vi) an interest held in trust for me (whether or not created by me) that would constitute a present ownership interest if held directly by myself.

    Present ownership interest excludes: (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 (3) years.

11. I have not (nor has a related party or any party for my benefit) entered into any agreement with the seller of the residence, any developer, contractor, or any other person pursuant to which I have agreed to pay consideration, either in cash or in kind, in excess of the purchase price of such residence (other than rentals in an amount not to exceed the fair rental value of the residence as determined by the Commission, pursuant to a temporary rental agreement with the seller pending purchase by the Trustee on behalf of the Commission of the mortgage loan) or pursuant to which any portion of the residence has been left unfinished or any fixtures or other architectural appointments have been omitted or removed from the residence in order to reduce the purchase price.

12. I have not been a party to a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow, or any other form of owner-financing (whether or not paid off) on the residence at any time prior to the execution of the mortgage.

13. I will not use any portion of the proceeds of the mortgage loan to acquire or replace an existing mortgage or deed of trust under which I am obligated.

14. The purchase price for the residence as a completed residence, including the land (unless the land has been owned by the undersigned for at least two years prior to the date on which construction of the residence has begun, in which case the cost of the land may be excluded) and any improvements purchased in connection therewith, including any attached items such as carpeting, curtain rods and light fixtures, exclusive of any settlement or financing costs or any amount paid for property which is not real property or a fixture, is $440,000.00. I am not purchasing any unattached items from the seller in connection with the purchase of the residence, except as stated below.

List each item of unattached personal property and the purchase price therefore:

Item:	Purchase Price:
	$
	$
	$
	$
	$
	$

The purchase price for the unattached personal property described above does not exceed the fair market value of such items.

15. Apart from any normal real estate agents' commission, no money is being paid, no promissory note being delivered, nor anything else of value being exchanged for or transferred to the seller or any other person by the undersigned or, to the undersigned's knowledge, by any other person in connection with the purchase of the property except as indicated in the escrow and settlement documents or in the Seller's Affidavit or Lender's Certificate.

16. I have not been lawfully entitled to claim any deductions for federal income tax purposes for taxes or interest on indebtedness with respect to real property constituting my principal residence for any portion of the three-year period prior to the date of execution hereof.

17. **Check one:** ☐ The property has been previously occupied.

☐ The property is new; it has never been occupied. Although the residence I am purchasing is a "new residence" (i.e., a residence which has not been previously occupied), I understand that my mortgage is assumable only if (1) I have an FHA, VA or Rural Development loan; (2) the buyer of my home meets any qualifying conditions required by HUD; and (3) I sell the residence at a price which is not greater than the "maximum purchase price limit" established by the Commission at the time of resale for an "existing residence" (i.e., a residence which has been previously occupied). I understand that neither the total cost to acquire the residence nor the original mortgage loan amount may exceed the established Maximum Purchase Price limits in effect at the time of purchase.

18. The total household income will not exceed the established Maximum Income Limits, in effect at the time of purchase, at any time prior to closing.

Total Household Income includes all income from all sources for all borrower(s), spouses, or any other family member who will occupy the home as their principal residence and will be secondarily liable for the mortgage. (Including but not limited to: gross pay, overtime, interest, dividends, alimony, child support, social security retirement, pension, welfare, etc.)

My/Our total household income does not exceed the Maximum Family Income for a household of 4 person(s), which includes the following persons intending to occupy the property as their principal residence: (Please list all persons expecting to reside in the property as their principal residence)

Name of all occupants	Relationship
John Harris Smith Jr.	Borrower
Mary L Smith II	Co-Borrower

Note: Do not include persons who co-sign a mortgage loan, provided such persons are not acquiring a present ownership interest in the property securing the mortgage loan.

19. I/We have occupied the following residences within the previous three-year period:
*Borrower, Co-Borrower, or Spouse of borrower/co-borrower

Property Address	B/C/S*	Time Period	Rent/Own

20. I have read the note and the mortgage, including the amendment thereto, and understand that:
   A. the loan is being provided under a program financed with the proceeds of bonds issued by the Commission, the terms of the loan are available only if interest on the bonds is exempt from federal income tax, and that the federal tax-exempt status of the interest on the bonds may be adversely affected if the statements made in this affidavit and other affidavits and certificates given in connection with the making of the loan are untrue,
   B. any transfer of title to or possession of such residence or any portion thereof may result in the entire unpaid balance of the mortgage loan becoming immediately due and payable,
   C. any assumption of the mortgage which secures the mortgage loan may result in the entire unpaid balance of the mortgage loan becoming immediately due and payable, and
   D. any untrue or incorrect statement in this affidavit may result in the entire unpaid balance of such mortgage loan becoming immediately due and payable.

21. I hereby authorize the Commission and the Lender (or either of them) to conduct such investigation as they (or any of them) deem necessary to ascertain the truth and correctness of the statements made in this affidavit, and I hereby agree to provide such information as the Commission and the Lender (or either of them) shall reasonably request for such purpose.

22. I have no reason to believe that any certification contained in this affidavit is false and I have been informed and understand that perjury is punishable by imprisonment for a period of years or a fine or both.

I hereby certify and declare, under penalty of perjury, that all of the foregoing statements are, to the best of my knowledge and belief, true, correct and complete.

_____ _____
John Harris Smith Jr. Mary L Smith II

STATE OF _____)
) SS
COUNTY OF _____)

Sworn to before me this _____ day of _____, 20_____.

My Commission expires: _____

_____
Notary Public

FORM 555
NOTICE OF POTENTIAL RECAPTURE TAX

- Outlines in what instances recapture tax cam be triggered and how recapture tax is calculated.
- Should be retained by borrower for their records.

Missouri Housing Development Commission
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Notice to Mortgagor of Potential Recapture Tax

Loan Financing, with or without down payment assistance, facilitated by the Missouri Housing Development Commission (MHDC) through the First Place Program is made available to qualified first-time homebuyers through the sale of tax-exempt mortgage revenue bonds (MRB) issued by MHDC in compliance with applicable United States Internal Revenue Code. If you sell or otherwise dispose of your home over the next nine years a recapture tax may apply.

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.

Recapture Tax

A. Introduction

1. **General.** When you sell your home you may be required to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

2. **Exceptions.** In the following situations, no recapture tax is due and you do not need to do the calculations:
   (a) You dispose of your home later than nine years after you close your mortgage loan;
   (b) Your home is disposed of as a result of your death;
   (c) You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under section 1041 of the Internal Revenue Code; or
   (d) You dispose of your home at a loss.

B. Maximum Recapture Tax. The Maximum Recapture Tax that you may be required to pay in addition to your federal income tax is $26,125.00. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

C. Actual Recapture Tax. The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your recapture amount determined by multiplying the following three numbers:

(i) The Maximum Recapture Tax, as described in paragraph B above,
(ii) The Holding Period Percentage, as listed in Column 1 in the Table below, and
(iii) The Income Percentage, as described in paragraph D below.

D. Income Percentage. You calculate the income percentage as follows:

(i) Subtract the applicable adjusted qualifying income in the taxable year in which you sell your home, as listed in Column 2 in the Table, from your modified adjusted gross income in the taxable year in which you sell your home.

Your modified adjusted gross income means your adjusted gross income shown on your federal income tax return for the taxable year in which you sell your home, with the following two adjustments: (a) your adjusted gross income must be increased by the

amount of any interest that you receive or accrue in the taxable year from tax-exempt bonds that is excluded from your gross income (under section 103 of the Internal Revenue Code); and (b) your adjusted gross income must be decreased by the amount of any gain included in your gross income by reason of the sale of your home.

(ii) If the amount calculated in (i) above is zero or less, you owe no recapture tax and do not need to make any more calculations. If it is $5,000 or more, your income percentage is 100%. If it is greater than zero but less than $5,000, it must be divided by $5,000. This fraction, expressed as a percentage, represents your income percentage. For example, if the fraction is $1,000/$5,000, your income percentage is 20%.

E. Limitations and Special Rules on Recapture Tax.

1. If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.
2. If your home is destroyed by fire, storm, flood, or other casualty, there generally is no recapture tax if, within two years, you purchase additional property for use as your principal residence on the site of the home financed with your original subsidized mortgage loan.
3. In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the subsidized mortgage loan, the actual recapture tax is determined separately for them based on their interests in the home.
4. If you repay your loan in full during the nine-year recapture period and you sell your home during this period, your holding period percentage may be reduced under the special rule in section 143(m)(4)(C)(ii) of the Internal Revenue Code.
5. Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See section 143(m) of the Internal Revenue Code generally.

1. Mortgagor Name: John Harris Smith Jr.
   a. SSN#: 100-10-1000
2. Co-Mortgagor Name: Mary L Smith II
   a. SSN#: 200-20-2000
3. Loan Closing Date:
4. Residence Address: 456 Main St 2 Seattle , WA 98101
5. Principal Amount of Mortgage: $ $418,000.00
   a. Maximum Recapture Amount: $26,125.00

Retain a copy of this notice with your loan closing documentation.

See the table below for the property county's Adjusted Qualifying Income Limits: King

For Non-Targeted Properties

Effective May 1, 2026

Date That You Sell Your Home (Closing being the date of your loan)	Holding Period %	Columbia MSA: Counties: *Boone* — Adjusted Qualifying Income, Number of Family Members Living in Your Home at Time of Sale		Jefferson City MSA: Counties: *Cole*, *Osage* — Adjusted Qualifying Income, Number of Family Members Living in Your Home at Time of Sale		Kansas City MSA: Counties: *Caldwell*, *Cass*, *Clay*, *Clinton*, *Jackson*, *Lafayette*, *Platte*, *Ray* — Adjusted Qualifying Income, Number of Family Members Living in Your Home at Time of Sale		St. Louis MSA: Counties: *Franklin*, *Jefferson*, *Lincoln*, *St. Charles*, *St. Louis City*, *St. Louis County*, *Warren* — Adjusted Qualifying Income, Number of Family Members Living in Your Home at Time of Sale		Missouri, all other areas: *All other counties not located within the Columbia, Jefferson City, Kansas City, or St. Louis MSAs as noted to the left* — Adjusted Qualifying Income, Number of Family Members Living in Your Home at Time of Sale	
		2 or Less	3 or More	2 or Less	3 or More	2 or Less	3 or More	2 or Less	3 or More	2 or Less	3 or More
Before the first anniversary of closing	20%	116,300	133,745	105,500	121,325	113,400	130,410	113,500	130,525	97,100	111,665
On or after the first anniversary of closing, but before the second anniversary of closing	40%	122,115	140,432	110,775	127,391	119,070	136,931	119,175	137,051	101,955	117,248
On or after the second anniversary of closing, but before the third anniversary of closing	60%	128,221	147,454	116,314	133,761	125,024	143,777	125,134	143,904	107,053	123,111
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	134,632	154,827	122,129	140,449	131,275	150,966	131,390	151,099	112,405	129,266
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	141,363	162,568	128,236	147,471	137,838	158,514	137,960	158,654	118,026	135,730
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	148,432	170,696	134,648	154,845	144,730	166,440	144,858	166,587	123,927	142,516
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	155,853	179,231	141,380	162,587	151,967	174,762	152,101	174,916	130,123	149,642
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	163,646	188,193	148,449	170,716	159,565	183,500	159,706	183,662	136,629	157,124
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	171,828	197,602	155,872	179,252	167,543	192,675	167,691	192,845	143,461	164,980

The undersigned Mortgagor(s) hereby acknowledge receipt of this Notice:

Borrower:_____ Date:_____ Co-Borrower:_____ Date:_____

Form 555 - Non-Targeted

FORM 560
NOTICE TO MORTGAGORS

- Used only with FHA, VA, RD loans.
- Explains restrictions on re-sale of property, renting property, etc. as they pertain to Government insured loans.
- Not recorded with Deed of Trust.

Missouri Housing Development Commission
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Notice to Mortgagors

(For FHA, VA, and Rural Development Loans)

Financing for your home purchase is being facilitated by the Missouri Housing Development Commission (the "Commission"). This financing option prohibits you from selling your home to a person who does not meet the Commission program eligibility requirements without penalty, including full repayment of the loan.

If you have applied for an FHA, VA or Rural Development loan and you sell your home to an ineligible party, the lender may demand immediate full repayment of the loan, which could result in foreclosure and repossession of the property. In addition, if you utilize the property as a rental, commit or have committed fraud, or intentionally misrepresented yourself when applying for the loan, the lender may initiate a foreclosure and repossess the property. Violation of the aforementioned requirements resulting in foreclosure cannot be mitigated through an outside party such as HUD.

In the event of foreclosure, the lender may obtain a deficiency judgment (a court ruling requiring you to pay any balance still owed following the foreclosure sale). Additional collection action may also be taken by HUD.

A mortgage loan is assumable if (1) the borrower has an FHA, VA or Rural Development loan; (2) the buyer meets any qualifying conditions required by HUD; and (3) the residence is sold at a price which is not greater than the "maximum purchase price limit" established by the Commission at the time of resale for an "existing residence" (i.e., a residence which has been previously occupied).

SECTION 150(b)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, PROHIBITS THE DEDUCTION OF INTEREST ON YOUR MORTGAGE BY YOU FOR FEDERAL INCOME TAX PURPOSES IF THERE IS A CONTINUOUS PERIOD OF ONE YEAR OR MORE IN WHICH YOUR HOME IS NOT THE PRINCIPAL RESIDENCE OF AT LEAST ONE OF THE MORTGAGORS WHO RECEIVED THE MORTGAGE FINANCED WITH THE ASSISTANCE OF THE COMMISSION. IN THAT EVENT, NO DEDUCTION WILL BE ALLOWED FOR INTEREST ON YOUR MORTGAGE WHICH ACCRUES ON OR AFTER THE DATE SUCH PERIOD BEGAN.

_____	_____
Date	John Harris Smith Jr.
_____	_____
Date	Mary L Smith II

Missouri Housing Development Commission
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FORM 570
ADDENDUM TO NOTE

- Provide to MHDC in conjunction with the executed first mortgage note.
- Explains the consequences of transferring property to buyer that does not meet the guidelines of the First Place program.
- Does NOT go to Master Servicer.

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Addendum to Note

The following Addendum is made the _____ day of _____, 20 _____, and is incorporated into and shall be deemed to amend and supplement the Note, dated of even date herewith, given by the undersigned (herein "Mortgagor").

The Lender may declare all sums secured by this mortgage to be immediately due and payable if:

(a) all or part of the property is sold or otherwise transferred (other than by devise, descent or operation of law) without the Lender's prior written consent by Mortgagor to a purchaser or other transferee:

- (i) who cannot reasonably be expected to occupy the property as a principal residence within a reasonable time after the sale or transfer, all as provided in Sections 143© and 143(I)(2) of the Internal Revenue Code; or
- (ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Sections 143(d) and 143(I)(2) of the Internal Revenue Code; or
- (iii) at an acquisition cost which is greater than 90 percent of the average area purchase price, all as provided in Sections 143(e) and 143(I)(2) of the Internal Revenue Code;
- (iv) who has Family Income in excess of the Maximum Family Income established by the Missouri Housing Development Commission under its applicable regulations or program guidelines in effect on the date of the sale or transfer; or

(b) Mortgagor fails to occupy the property described in the mortgage; or

(c) Mortgagor omits or misrepresents a material fact in an application for this mortgage or any documents executed in connection with mortgage.

References are to the Internal Revenue Code of 1986, as amended, in effect on the date of execution of the mortgage, and are deemed to include the implementing regulations.

IN WITNESS WHEREOF, Mortgagor has executed this Addendum.

_____
John Harris Smith Jr.

_____
Mary L Smith II

_____ - co-signer, if applicable

FORM 580
TAX-EXEMPT FINANCING RIDER

- This document explains that there is tax-exempt financing involved in the mortgage.
- This document is signed at closing and recorded with the Deed of Trust.
- Even a Non-Borrowing Spouse must sign this form along with the Deed of Trust.

Missouri Housing Development Commission
MHDC

Tax-Exempt Financing Rider

(Must be attached to the First Deed of Trust)

THIS TAX-EXEMPT FINANCING RIDER is made this _____ day of _____, 20 _____, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed ("Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Note ("Note") to Bank of America ("Lender") of the same date and covering the Property described in the Security Instrument and located at:

Street: 456 Main St 2
City: Seattle
County: King State: WA Zip Code: 98101

In addition to the covenants and agreements made in the Security Instrument, borrower and lender further covenant and agree as follows:

Lender, or such of its successors or assigns may by separate instrument assume responsibility for assuring compliance by the Borrower with the provisions of this Tax-Exempt Financing Rider, may require immediate payment in full of all sums secured by this Security Instrument if:

(a) All or part of the Property is sold or otherwise transferred (other than by devise, descent or operation of law) by Borrower to a purchaser or other transferee:
  (i) Who cannot reasonably be expected to occupy the Property as a principal residence within a reasonable time after the sale or transfer, all as provided in Sections 143(c) and (I)(2) of the Internal Revenue Code; or
  (ii) Who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Sections 143(d) and (I)(2) of the Internal Revenue Code (except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143(d)(I)); or
  (iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143(e) and (I)(2) of the Internal Revenue Code; or
  (iv) Who has a gross family income in excess of applicable median family income as provided in Sections 143(f) and (I)(2) of the Internal Revenue Code; or

(b) Borrower fails to occupy the Property described in the Security Instrument without prior written consent of Lender or its successors or assigns described at the beginning of this Tax-Exempt Financing Rider; or

(c) Borrower omits or misrepresents a fact that is material with respect to the provisions of Section 143 of the Internal Revenue Code in an application for the loan secured by this Security Instrument.

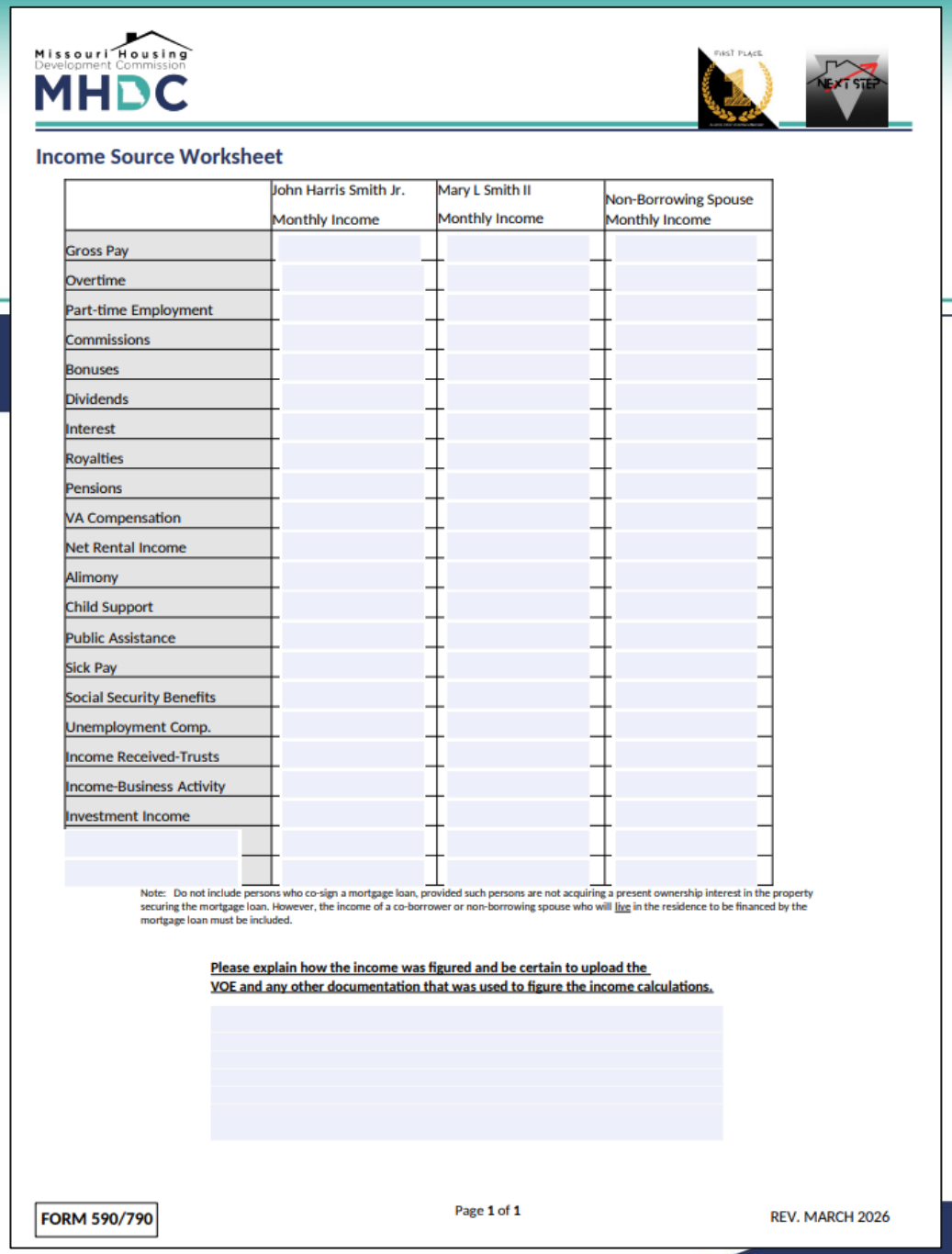
References are to the 1986 Internal Revenue Code in effect on the date of execution of the Security Instrument and are deemed to include the implementing regulations.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions in this Tax- Exempt Financing Rider.

_____
John Harris Smith Jr.

_____
Mary L Smith II

_____
Non-Borrowing Spouse (*if appliable*):



Missouri Housing Development Commission
MHDC

Income Source Worksheet

	John Harris Smith Jr. Monthly Income	Mary L Smith II Monthly Income	Non-Borrowing Spouse Monthly Income
Gross Pay			
Overtime			
Part-time Employment			
Commissions			
Bonuses			
Dividends			
Interest			
Royalties			
Pensions			
VA Compensation			
Net Rental Income			
Alimony			
Child Support			
Public Assistance			
Sick Pay			
Social Security Benefits			
Unemployment Comp.			
Income Received-Trusts			
Income-Business Activity			
Investment Income			

Note: Do not include persons who co-sign a mortgage loan, provided such persons are not acquiring a present ownership interest in the property securing the mortgage loan. However, the income of a co-borrower or non-borrowing spouse who will live in the residence to be financed by the mortgage loan must be included.

Please explain how the income was figured and be certain to upload the VOE and any other documentation that was used to figure the income calculations.

FORM 590/790

Page 1 of 1

REV. MARCH 2026

Form 590:
Income Source Worksheet

Used to reports all income sources used in MHDC income calculation.

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NEXT STEP FORMS

- Fewer forms to complete

- Form 715 Borrower's Affidavit – Completed at loan application
- Form 520 Lender's Certification
- Form 590 Income Worksheet

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AD HOC FORMS

- Forms only applicable in certain scenarios:
  - Form 516 Certification of Non-Ownership Interest
  - Form 522/722 Certification of Zero Income
  - Form 523/723 Certification of Zero Income for Children
  - Form 530 Certification of Cost
  - Form 550/750 Waiver of Marital Rights Affidavit
  - Form 575/775 Co-Signer Affidavit
  - Form 593/793 and 594/794* FHA DPA Gift Letter and Commitment Form

Missouri Housing Development Commission
MHDC

CONCLUSION

- All MHDC Program Forms can be found in MHDC's reservation portal.
- Ad Hoc Forms are available in the Documents tab of each individual application file.
- All MHDC forms can be signed electronically but live notarization will require wet signatures on forms requiring a notary.

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