

MCC-003 APPLICATION AND AFFIDAVIT

The undersigned Applicant(s) hereby state(s) under oath that:

1. I (We), _____,
am (are) the purchaser and mortgagor of the Residence which is a new existing property located at the following address:
_____, which is located within the Eligible Loan Area.
2. I (We) will occupy such Residence as my Principal Residence within 60 days of Closing.
3. No part of the mortgage 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 said Residence at any time prior to the execution of the mortgage (except in the case of a construction period loan or temporary initial financing of 24 months or less with respect to the Residence and may use the proceeds of the mortgage to repay such financing).
4. The Purchase Price of the Residence, excluding personal property but including fixtures, is \$_____ or less and does not exceed the applicable Purchase Price limit. The Purchase Price means the cost of acquiring the Residence excluding usual and customary settlement or closing costs. If the Applicant agrees to pay a cost usually paid by the Seller, that amount must be included in the above figure representing the Purchase Price.
5. The residence is is not in a Targeted Area. The Applicant or Co-Applicant is is not a Qualified Veteran.

A "Qualified Veteran" means a person who is a "veteran" (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds or a loan which utilized a mortgage credit certificate program using the veteran's exception to the 3-year requirement set forth in Section 143(d)(2)(D) of the Code. The Qualified Veteran must provide true and correct copies of their discharge or release papers, which demonstrate that such discharge or release was other than dishonorable. If the Applicant or Co-Applicant is a Qualified Veteran, then such person must intend to occupy the residence as his or her principal residence. Federal income tax returns are not required if Residence is located in a Targeted Area or if Applicant is a Qualified Veteran.

If the residence is not in a Targeted Area or if the Applicant or Co-Applicant is not a Qualified Veteran, 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 executing the mortgage on said Residence, and to the best of my knowledge, the same is true with respect to each other person (if any) purchasing and mortgaging said Residence with me. I (We) have provided true and correct copies of the federal income tax returns filed by me or any Co-Applicant for the previous three years. If me or any of my Co-Applicants were not required to file federal income tax returns for the previous three years, I (we) have provided a signed statement listing the years that I or my Co-Applicants were not required to file.

I (We) understand that for the purposes of the foregoing examples of interests which constitute present ownership interests (and thus would result in me not meeting such requirements) are the following: (a) a fee simple interest; (b) a joint tenancy, tenancy in common, or tenancy by the entirety; (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 Applicant (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Applicant; and (g) an interest in a mobile home that is required to be taxed as real property under California law.

6. I (We) will not permit any person to assume my (our) obligations under the mortgage, and related mortgage note unless such person is approved by the Program Administrator in accordance with the requirements of the Issuer's Program.
7. I (We) do not expect to use the Residence or any part thereof in a trade or business. The land appurtenant to the Residence is only that amount of land which reasonably maintains the basic livability of the Residence and will not provide a source of income to the Applicant.
8. I (We) understand that INCOME means the current annualized family income at the time of Closing, as determined in accordance with the IRS Code. (Income means the gross monthly income of all mortgagors living in the property and liable on the Deed of Trust/Mortgage, multiplied by twelve.)

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Gross monthly income includes the sum of current monthly gross pay AND any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, business activities or investments. In determining gross monthly income, the income of all mortgagors living on the property and liable on the Deed of Trust must be taken into account. The income of a spouse who will live in the Residence must be included and he/she must meet all other bond requirements and sign all affidavits.

Under no circumstances will the income used for bond compliance (Income) be less than that uses by the Lender when qualifying Applicants for repayment of their mortgage loan (i.e. income used to calculate qualifying ratios).

The information contained in the following table is true and correct, and accurately sets forth all information relevant to make a determination of my family's Income as of the date hereof and the continuation of which is probable based on foreseeable economic circumstances, and to the best of my knowledge and belief.

COMPUTATION OF TOTAL INCOME

Income	Applicant	Co- Applicant or Spouse	Other Co-Applicants	Total of 3 Columns to the Right
Total Monthly Income (must include any and all types of Income earned as stated above)	\$ _____	\$ _____	\$ _____	\$ _____
				X 12
Total Income Annual*				\$ _____

**This total cannot exceed the maximum Income limits established by the Program.*

9. The number of persons constituting my household who will reside in the Residence is _____.
10. **INITIAL NOTICE TO MORTGAGOR OF POTENTIAL RECAPTURE TAX** - Notice is hereby given that you may be subject to a special "Recapture Tax" for federal income tax purposes, which would be imposed at the time you sell the residence for which you obtained an MCC ("Residence"), if you sell the Residence within the first nine years. This potential tax, which is not imposed unless and until you sell your home, is based on the concept that through the MCC, the federal government has enabled you to take a tax credit on a portion of the interest you pay on your home mortgage. The amount of the potential tax increases for the first five years that you own the home and declines thereafter. No tax is imposed if you hold (do not sell) your home for a total of nine or more years. In the event you sell your home within the first nine years, a number of factors determine the amount of tax, if any, imposed at the time of the sale of the home. These include: (1) the original principal amount of the home mortgage, (2) the number of complete years that pass before you sell the home, (3) the median family income for your area at the time you bought the home, and (4) your modified, or adjusted, gross annual income at the time you sell the home. If you sell the Residence during the first nine years after closing, but your income does not increase more than 5% per year during that period, you will likely not incur recapture liability. In addition, if there is no net gain on the sale of the home, no recapture liability arises. Finally, in no case will the recapture liability exceed 50% of your gain from the sale of the Residence. When preparing your post-sale tax return, you should consult a tax professional regarding your calculation.

I (We) understand, acknowledge, and agree that in the event I (we) sell the Residence within nine years from the date that the mortgage loan is originated, the IRS may levy a tax on me upon such disposition up to a maximum of 50% of the amount of gain realized upon the disposition, depending upon my (our) income level, the amount of the mortgage loan, and the number of years I (we) hold the Residence may impact such tax. I (We) further acknowledge that I (we) have received and read the Recapture Tax Notice that describes the potential interest recapture in detail and that was provided to me by the Lender that is providing the financing for my purchase of the Residence.
11. I (We) have not made application to and been rejected by another Lender for an MCC under the Program for a loan similar in type and amount, and I (we) have not been the recipient of an MCC under the Program.
12. I (We) have not been required to seek financing for the purchase of the Residence through any particular Lender.
13. I (We) understand in the event that the Residence is sold at any time and I (we) desire to have my MCC transferred pursuant to the transfer provisions of the Program that the person assuming my loan must qualify as an Applicant and that the Purchase Price may not exceed the maximum Purchase Price then applicable to Existing Housing.

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14. The above information is being submitted for the purposes of establishing eligibility for the Issuer's Program. Because the Lender has explained the Program to me, I (we) am (are) familiar with and understand the provisions of the Program. I (We) agree to submit such other evidence of income as may be reasonably required by the Lender including, but not limited to, pay stubs and copies of federal income tax returns. The statements and information set forth herein are made under penalty of perjury. I (We) understand that perjury is a felony offense punishable by fine or imprisonment or both.

Date: _____

Printed Name of Applicant

Signature of Applicant

Printed Name of Applicant

Signature of Applicant

CERTIFICATION OF THE LENDER

Based upon reasonable investigation, the Lender has no reason to believe that either the Applicant or the Seller of the Residence has made any negligent or fraudulent material misstatements in connection with the Applicants application for an MCC, and submits the completed information above as accurate and true to the best of the Lenders knowledge. I certify that I have reviewed this MCC Application and Affidavit for accuracy and completeness. I also certify that the financing attached to this MCC does not use any of the prohibited financing such as mortgages funded with a qualified mortgage bond or a qualified veteran's mortgage bond.

Date: _____

Company Name

Signature of Lender Representative

Address

Printed Name of Lender Representative

City, State, Zip

Title of Lender Representative