

Exhibit D
Mortgage Revenue Bond Program
Borrower's Affidavit and Notice of Potential Recapture Tax

The undersigned, hereby states under oath that:

Borrower(s)	Social Security Number
_____	_____
_____	_____
_____	_____

1. My Social Security Number is listed above, I am a purchaser, and mortgagor of the Single Family Residence located at

Property Address	_____		
City	_____	State	_____
Parish	_____	Zip Code	_____

and legally described as follows:

2. The residence is being purchased from

Seller(s) _____

(the "Seller") pursuant to an agreement dated _____,
which represents the complete and total agreement between the Seller and me with respect to the sale of the residence. I intend to occupy such residence as my principal residence and 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 (4) or less units, all of which will be owned by me, and if more than one (1) unit, the structure was first occupied as a residence at least five years prior to the date of this Affidavit. If the residence was funded under the HOME / Mortgage Revenue Bond Program, the residence contains only one (1) unit.
4. Except for the rental of the second, third or fourth units in a two to four unit residence described in Paragraph 3, I will use no more than 15% of the total area of the residence for commercial use; provided that I may lease my residence for a period of one year or less; and provided further that I will not fail to occupy my residence for a continuous period of more than one year if, by doing so, an interest deduction on the Mortgage Loan under the 1986 Internal Revenue Code would not be allowable. Commercial use means:
 - (a) Use on a regular basis for (i) storage of inventory for use in a trade or business for which the residence is the sole fixed location, or (ii) providing day care services, or
 - (b) Exclusive use on a regular basis as the principal place of business for any other trade or business.
5. I do not intend to:
 - (a) Rent the unit I occupy as my principal residence to any other person(s).
 - (b) Sell, assign, or transfer the property at any time within the foreseeable future to any other person (except for rental of units in a two-unit property described in Section 3) or subdivide the property in any way even if allowed by local law; or
 - (c) Move the residence.
6. The land on which the home is located, and which will be financed by the Mortgage Loan.
 - (a) Is no more than is needed to maintain the basic livability of the residence.
 - (b) Will not provide me with more than an incidental source of income.
7. Except with respect to a Qualified Rehabilitation Loan, no part of the mortgage loan proceeds is or will be used to acquire or replace an existing mortgage, and I did not have a mortgage (whether or not paid off) on said residence, including the land appurtenant to said residence, at any time prior to the execution of the mortgage (except that I may have 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).
8. The Acquisition Cost (calculated in accordance with the Acquisition Cost Worksheet attached hereto as **Exhibit D1** of the residence is _____ or less.

I understand that for the purpose of the foregoing the Acquisition Cost of the residence is the costs of acquiring the residence from the seller as a completed residential unit. The Acquisition Cost includes:

- (a) All amounts paid, either in cash or in kind, by the purchaser (or a related party or for the benefit of the purchaser) to the seller (or a related party or for the benefit of the seller) as consideration for the residence.
- (b) If a 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 mortgage loan.

- (c) (Delete if not applicable.) Where a residence is purchased subject to a ground rent, the capitalized value of the ground rent, using a discount rate equal to the yield on the Bonds, which may be obtained from the Louisiana Housing Corporation ("Corporation").

The Acquisition Cost does not include:

- (a) The usual and reasonable settlement or financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees, or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, "points" which are paid by the purchaser (but not the seller, even though borne by the purchaser through a higher purchase price) or other costs of financing the residence.
 - (b) The value of services performed by any purchaser's family in completing the residence. For purposes of the preceding sentence, the family of an individual includes only the individual's brothers and sisters (whether by whole or half blood), spouse, ancestors, and lineal descendants.
 - (c) The costs of land which has been owned by any purchaser for at least two years prior to the date on which construction of the residence begins.
9. I have had no ownership interest in any residence within the prior three (3) years. Otherwise, the residence ___ is, ___ is not, located in a targeted area. I ___ have not, ___ have, had a present ownership interest in a principal residence of mine 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 understand that for the purposes of the foregoing, examples of interests which constitute present ownership interest (and thus would result in me not meeting such requirements) are the following: (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 the mortgagor (whether or not created by the mortgagor) that would constitute a present ownership interest if held directly by the mortgagor.

Examples of interests which do not constitute present ownership interests (and thus would not result in me failing to meet the requirements) are the following: (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.

10. I will not permit any person to assume my obligations under the Mortgage (and related Mortgage Note) unless such person purchasing my home meets the necessary qualifications established by Corporation and is approved by the Corporation. In general, those requirements are that:

- (a) the purchaser intends to occupy the residence as a principal residence within 60 days after the assumption;
- (b) 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 Single Family Residence is located in a Targeted Area or the Corporation specifically waives this requirement);

- (c) the purchase price of the residence paid by the purchaser does not exceed the applicable limits set by Corporation for previously occupied residences in accordance with federal guidelines; and
- (d) the purchaser has a Family Income which does not exceed the applicable limits set by Corporation in accordance with federal guidelines.

11. I have furnished to lender copies of my signed Federal Income Tax Returns for the three previous years (for non-targeted area residences) or the most recent tax return (for targeted area residences); for the years, I did not and was not required to file such a return in accordance with Section 6012 of the Internal Revenue Code.

<u>YEAR</u>	<u>REASON</u>
_____	_____
_____	_____
_____	_____

12. I understand that in certain circumstances the outstanding principal amount of my Mortgage Loan, and any prepayment penalty with respect thereto, may be forgiven and cancelled, and, of so, the amount so forgiven may be treated as income to me at that time for federal income tax purposes.

13. I hereby certify that my Annualized Monthly Income of _____ was computed in accordance with Section 143 of the 1986 Internal Revenue Code and on the Mortgage Income Eligibility Worksheet attached as **Exhibit D2** and that my Family Income not exceed the Applicable Median Family Income of _____ Parish (where the residence is located) of _____.

14. I hereby certify that _____ individual(s) (including myself) constitute(s) the total number of individuals in my family living in the Single Family Residence.

15. If the Mortgage Loan was funded under the HOME / Mortgage Revenue Bond Program and if the residence was built prior to 1978, I have been given a 10-day period to conduct a risk assessment or inspection for the presence of lead based paint or lead hazards before I executed the purchase contract.

Notice to Eligible Borrower Regarding Potential Recapture Tax

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 and understand that there is a potential repayment of a portion of the interest saving that I may receive. Pursuant to Section 143(m) of the Internal Revenue Code of 1986, if you sell, exchange, or otherwise dispose of your home (Disposition) during the next nine (9) years a portion of this benefit may be recaptured by the Internal Revenue Service. Federal tax laws may require payment by you to the federal government of a “recapture tax” of up to 6.25% of the loan amount or not to exceed 50% of the gain realized on the sale or transfer. Therefore, I acknowledge and understand that I may owe recapture tax to the Internal Revenue Service if ALL three (3) of the following occur:

1. I sell the residence prior to the ninth (9th) anniversary date of the closing date, AND
2. I make a profit on the sale of the residence, AND
3. My household income for the year in which the sale occurs exceeds the federal threshold income limits.

The federal threshold income limit is the Federal Recapture Tax Income Limit at the time of the property purchase closing date compounded 5% per year that the borrower has remained in the residence.

You may wish to consult with a tax advisor or the local office of the Internal Revenue Service at the time of disposition of your home to determine the amount, if any, of the recapture tax. There is no way to predict the amount of "recapture tax" borrowers may be required to pay. Also, the Corporation will not calculate the amount of "recapture tax" you may owe upon disposition of your home. You may request a copy of the current federal income limits in advance from your participating lender or by contacting the Louisiana Housing Corporation.

NOTICE TO MORTGAGOR OF MAXIMUM RECAPTURE TAX AND OF METHOD TO COMPUTE RECAPTURE TAX ON SALE OF HOME

A. INTRODUCTION.

1. General. When you sell your home you may have 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 as an addition to your federal income tax is _____ [insert the actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan]. 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.
2. Your recapture amount determined by multiplying the following three numbers:

- i. _____ [insert the actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan] (the Maximum Recapture Tax, as described in paragraph B above),
- ii. The Holding Period Percentage, as listed in Column I 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:

1. 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 received 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.

2. 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. Section 143(m) of the Internal Revenue Code generally.

TABLE

Adjusted Qualifying Income
Number of Family Members Living in
Your Home at the Time of Sale

<u>Date that you sell your home</u>	<u>Holding Period Percentage</u>	<u>Adjusted Qualifying Income</u>	
		<u>2 or Less</u>	<u>3 or More</u>
Before the first anniversary of closing (see note below)	20%	_____	_____
On or after the first anniversary of closing, but before the second anniversary of closing	40%	_____	_____
On or after the second anniversary of closing, but before the third anniversary of closing	60%	_____	_____
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	_____	_____
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	_____	_____
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	_____	_____
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	_____	_____
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	_____	_____
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	_____	_____

NOTE: Closing means the closing date for your loan.

(EXECUTION AT TIME OF LOAN APPLICATION)

Date: _____
Borrower
(Please Type Name): _____

Date: _____
Borrower
(Please Type Name): _____

Date: _____
Borrower
(Please Type Name): _____

(EXECUTION AT TIME OF LOAN CLOSING)

THUS DONE AND SIGNED on the _____ day of _____, 20____ before me, the undersigned Notary Public, in the Parish of _____, Louisiana and in the presence of the undersigned competent witnesses who have hereunto signed their names together with said appearers and me, Notary, after due reading of the whole.

BORROWERS:

Date: _____
Borrower
(Please Type Name): _____

Date: _____
Borrower
(Please Type Name): _____

Date: _____
Borrower
(Please Type Name): _____

Notary Public
In and for the parish and state aforesaid

Please Type Name

Please Type Bar Roll Number