

Projects, the length of the affordability period is based on the amount of HOME funds invested in the property. Affordability Period for Homebuyer Projects:

HOME Funds Provided	Affordability Period
<\$15,000	5 years
\$15,000 - \$40,000	10 years
>\$40,000	15 years

For Rental Projects, the length of the affordability period is based on the amount of HOME funds invested in the property, as well as on the nature of the activity funded.

Activity	Average Per-Unit HOME	Minimum Affordability Period
Rehabilitation or Acquisition of Existing Housing	<\$15,000	5 years
	\$15,000 - \$40,000	10 years 15 years
	>\$40,000	
Refinance of Rehabilitation Project	Any dollar amount	15 years
New Construction or Acquisition of New Housing	Any dollar amount	20 years

In the case of foreclosure on the property during the period of affordability, MFA will pursue a judgment against the borrower, via a cross-claim. This demonstrates that MFA has made every effort to recover the HOME funds on behalf of HUD. After the period of affordability, MFA files a disclaimer to the property.

In the case of a bankruptcy during the period of affordability, MFA files an answer and proof of claim on the property thus establishing MFA's interest in the property. After the period of affordability, a disclaimer is filed.

Recapture and/or repayment guidelines vary by activity:

Down Payment Assistance Program (Recapture): Notes and Mortgages are executed by the borrower for these loans. The Affordability Period will begin to run when the activity is completed in IDIS. If the Property is sold, refinanced or transferred during the Affordability Period and the Net Proceeds, as defined below, from the sale, refinance or other transfer are equal to or greater than the total amount of Borrower's Investment (down payment or equity), plus the balance due on the Loan, then Borrower will pay to Lender the entire balance due on the Loan including any accrued and unpaid interest. However, if the Property is sold, refinanced or transferred during the Affordability Period, and if

the Net Proceeds from the sale, refinance or other transfer of the Property are less than the total amount of Borrower's Investment, plus the balance due on the Loan, Borrower and Lender will share the Net Proceeds of such sale, refinance or other transfer, and will divide such proceeds pursuant to the following mathematical formula:

$$\frac{\text{Balance due on the Loan}}{\text{Balance due on the Loan} + \text{Borrower Investment}} \times \text{Net Proceeds} = \text{HOME (Loan) amount recaptured by MFA}$$

$$\frac{\text{Borrower Investment}}{\text{Balance due on the Loan} + \text{Borrower Investment}} \times \text{Net Proceeds} = \text{amount to Borrower}$$

For the purposes of this Mortgage, the term "Net Proceeds" means the sales price of the Property, less the amount necessary to repay any superior loans secured by the Property, with the exception of the Loan secured by this Mortgage and less any closing costs associated with such sale, refinance or other transfer.

Rental New Construction and Rehabilitation: These loans are due in full during the period of affordability or upon the sale or transfer.

## HOME Match