Colorado Housing and Finance Authority
CHFA Form 401, Initial Applicant Affidavit
Document Completion Instructions

This instruction page is for informational purposes only for the CHFA Participating Lender and should NOT be sent with the form to the borrower.

As a reminder, obtaining this form in the CHFA HomeConnection site will auto-populate certain fields. These forms should NOT be downloaded into the Participating Lenders' document preparation system. Documents should always be obtained through the CHFA HomeConnection site, CHFA website, or a CHFA approved document preparation system that has already worked with CHFA to provide CHFA forms.

- Eligibility of Borrower(s), Section 1– All borrowers names to appear in this section.
- Eligibility of Borrower(s), Section 2 – Names of all occupants, including borrowers, who will be living in the property at least 50% of the time, and their relationship to the borrower(s).
- Eligibility of Borrower(s), Section 4 – For FirstStep loans, borrowers will initial this section. If the loan is **NOT** a FirstStep loan, then this section is to remain blank.
- Eligibility of Borrower(s), Section 5 – For FirstGeneration loans, borrowers need to mark the appropriate box and initial this section. If the loan is **NOT** a FirstGeneration loan, then this section is to remain blank.
- Eligibility of Borrower(s), Section 6 A.2. – If the borrower(s) were **NOT** required to file tax returns, they will check the box in the section and initial. If they WERE required to file tax returns, they will leave this section blank.
- Residence and Location – This is the address of the subject property the borrowers are purchasing. The address cannot be "TBD" (To Be Determined). Borrowers are required to initial this section, which affirms they understand they must occupy the property as their primary residence within 60 days of closing.
- Use of Loan Proceeds and Cost of Residence section – costs table
    1. Purchase price amount – input the purchase price amount from the Purchase Contract.
    2. Less Personal Property value – see list of personal property items that would require an assigned value, if they are included in the Purchase Contract. The value should be based on what the borrower could expect to sell the item(s) for in a garage sale and must be greater than $0.01. Subtract this amount from the total line in the table.
    3. Add in the capitalized ground rents, if home is located in a land lease community.
    4. Add in the greater of the cost or fair market value of land, if applicable.
    5. Add in the reasonable cost of completing the residence, if applicable.
    6. Total – this is the total of all lines, line 2 will be a subtraction while all other lines are an addition. This will **NOT** affect the purchase price or loan amount.
- Signature page – borrowers can electronically sign this form. Borrower's names should be typed under the signature lines.

THIS PAGE IS FOR INFORMATIONAL PURPOSES ONLY, DO NOT SEND TO BORROWER.

Colorado Housing and Finance Authority
www.chfainfo.com

Initial Applicant Affidavit

This affidavit (the "Affidavit") is an essential part of an application to a private mortgage lending institution (the "Lender") for a mortgage loan (the "Mortgage Loan") for the purchase of a single family residence. If the application is approved, the Mortgage Loan will be originated by the Lender and sold to Colorado Housing and Finance Authority ("CHFA") under a specific program funded with the proceeds of tax-exempt mortgage revenue bonds (the "Program").

This Affidavit is intended to serve two purposes: (i) to help establish that the Mortgage Loan will be eligible for sale to CHFA under the Program, in conformity with State and Federal requirements, and (ii) to make certain that the Borrower understands the nature and extent of the limitations and restrictions that are a part of the terms of the Mortgage Loan.

The Borrower should read this Affidavit carefully to be sure the information is true and complete. If the Borrower is uncertain as to the meaning of any questions, the Borrower should ask an authorized representative of the Lender for an explanation. The Borrower must complete all questions and sign this Affidavit prior to Program Compliance Submission to CHFA. If any question is not applicable, answer "N/A."

The Borrowers, as an essential part of the application for the Mortgage Loan, hereby swear or affirm:

A. Eligibility of Borrower(s)

1. The residence will be purchased, and the following persons will hold title (collectively, the "Borrowers" and each a "Borrower"):

   Names of Borrower(s):

References to "I" "me" "us" "my" and/or "our" hereunder refer to each, any and all person(s) listed as Borrower(s) above.

2. To determine the household size, list each of the Borrowers and all other persons who will live or who intend to live in the residence and their relationship to Borrowers.

Names of Occupants	Relationship to Borrower(s)

3. My Gross Annual Income does not exceed the Program limits.

A. Gross Annual Income is equal to the current total gross annual income for all a) Borrowers and co-borrower(s)) and b) any spouse or civil union partner of any Borrower who will reside in the residence and c) any other individual who is expected to both live in the residence and to be secondarily liable on the Mortgage Loan (collectively, the "Liable Members").

B. Gross Annual Income includes the current total gross income from all sources before taxes or withholdings of all of the Liable Members (defined above) calculated in the manner required by Internal Revenue Code (the "Code") Section 143(f)(2), taking into account the definition of family income set forth in the regulations under Section 8 of the U.S. Housing Act of 1937.

4. **FOR CHFA FirstStep℠ and CHFA FirstStep Plus℠ ONLY:** I certify that I am a first time homebuyer [not applicable for residences in a targeted area or any residence being financed for a veteran (as defined in section 101 of title 38 of the U.S. Code), if such veteran has not previously utilized this exception for and received financing using Program funds or other tax-exempt mortgage revenue bond funds].

Borrower Initials: _____ Borrower Initials: _____
Borrower Initials: _____ Borrower Initials: _____

Note: For purposes of this Paragraph A.4 and A.5, a "first time homebuyer" is a Borrower who has had no present ownership interest in a principal residence at any time during the three (3) year period ending on the date the Mortgage Loan will be executed. A "present ownership interest" includes all forms of ownership except:

A. The interest to be acquired by me in the residence with respect to which the financing is being provided by the Mortgage Loan;

B. A remainder interest;

C. A lease with or without an option to purchase;

D. A mere expectancy to inherit an interest in a principal residence;

E. An interest that a purchaser of a residence acquired by executing a purchase contract;

F. An interest in other than a principal residence during the previous three (3) years, including a residence that is not occupied as a principal residence, e.g., a vacation home or rental property;

G. An interest in factory-built made housing (i.e., mobile home) that is not permanently affixed to real property.

5. **FOR CHFA FirstGeneration℠ and CHFA FirstGeneration Plus℠ ONLY:** I certify that Borrower (all Borrowers) applying for the Mortgage Loan meet one of the following requirements:

☐ Borrower(s) is a (are) first-time homebuyer(s) that has (have) never owned a home and whose parents or legal guardians have never owned a home during the Borrower's lifetime.

OR

☐ Borrower(s) was (were) in foster care at some point during their childhood and has (have) never owned a home.

Borrower Initials: _____ Borrower Initials: _____
Borrower Initials: _____ Borrower Initials: _____

6. I certify that:

A. 1. True and correct signed copy of my/our Individual Federal Income Tax Return(s), as filed with the Internal Revenue Service, for the most recent year preceding the date of this Affidavit, has been provided to the Lender for inclusion in CHFA's loan review file; **OR**

A.2. Important: Check the box and initial **only if** you were not required to file.

☐ I was **not** required under applicable law to file an Individual Federal Income Tax Return for such year.

Borrower Initials: _____ **Borrower Initials: _____**
Borrower Initials: _____ **Borrower Initials: _____**

AND

B. True and correct signed copy of my/our Form 1003 (Uniform Residential Loan Application) and true and correct copy of my credit report has been provided to the Lender for inclusion in CHFA's loan review file, evidencing my/our eligibility under Paragraph A.4. or A.5. above.

B. Residence and Location

The residence is located within the State of Colorado (i.e., the jurisdiction of CHFA). The residence is, or is to be, located at the following address: _____ Unit Number _____
City _____ State _____ Zip Code _____

I certify and represent that I intend to and will occupy the residence as my/our principal residence, and not as a second home or vacation home, within 60 days after the closing of the Mortgage Loan. **I further certify and represent that the residence will not be rented or leased to any person during the term of the Mortgage Loan without the prior written consent of CHFA and I acknowledge that CHFA may be unable to grant its consent under applicable law.**

Borrower Initials: _____ **Borrower Initials: _____**
Borrower Initials: _____ **Borrower Initials: _____**

I certify and represent that (a) no more than 15 percent of the total finished enclosed area of the residence is intended to be used primarily in any trade or business activity that would qualify for Federal Income Tax purposes for a home business expense deduction, (b) if the land on which the residence is located and any outbuilding located on such land is intended to be used in any trade or business activity that would qualify for Federal Income Tax purposes for a home business expense deduction, then such use is merely incidental to the use of the property as my/our residence, and (c) the residence will not be used as an investment property or a recreational home.

If the residence is newly constructed, I certify and represent that none of the Borrowers and no other household resident: (a) is presently occupying the residence or (b) will occupy the residence prior to accepting the Lender's written commitment letter for the Mortgage Loan.

C. Use of Loan Proceeds and Cost of Residence

1. I certify and represent that no proceeds of the Mortgage Loan will be used to:

A. Purchase any land in excess of an amount reasonably required to maintain the basic livability of the residence; or

B. Pay any settlement or financing costs relating to the Mortgage Loan (other than FHA mortgage insurance premiums to the extent approved by CHFA) or the cost of any personal property (other than fixtures) to be used in connection with the residence; or

C. Repay, directly or indirectly, any existing loan on the residence other than a construction or bridge loan having a term of 24 months or less.

2. I certify and represent that the sales price set forth in the contract and any addendum signed by me with the present owner(s) of the residence (collectively, the "Seller") represents the entire costs of the residence to be paid by me (or any person acting on my/our behalf) to or for the benefit of the Seller. A true and correct copy of the sales contract was provided to the Lender for inclusion in CHFA's loan review file.

3. I certify and represent that the values listed in the sales contract for items of personal property (other than fixtures) to be purchased by me from the Seller in connection with the sale of the residence are true and correct.

4. I certify and represent that the residence is suitable for occupancy by only one family, is complete and suitable for occupancy under local law and of sufficient size for all the household residents without additions or improvements, and includes all necessary property and fixtures (i.e., kitchen equipment, bathing facilities, and heat).

5. I understand that the Purchase Price (defined below) of the residence may not exceed limits published by CHFA. These limits may vary according to the location and occupancy of the residence. I have been advised of and understand the required manner of calculating the "Purchase Price" of the residence in accordance with Paragraph C.6.

6. I certify and represent the purchase costs of the residence as follows:

1) Purchase Price Amount (Exclude usual and reasonable settlement and financing costs.)	$
2) **Less** Personal Property (other than fixtures) included in the Sales Contract (List garage sale value of personal property, which might include items such as a washer/dryer, window curtains, furniture, hot tub, or some other appliances or equipment that are not deemed fixtures.)	$
3) **Plus** Capitalized Ground Rents If the residence is located on land subject to the payment of ground rent, the amount of ground rent is $_____, payable _____ (monthly, quarterly, semi-annually, or annually). Ask the Lender for the correct capitalized amount to be inserted.	$
4) **Plus** the greater of cost or fair market value of land included as part of the residence and owned less than two years and purchased other than from the Seller	$
5) **Plus** the reasonable costs of completing the residence if it is so incomplete it cannot be occupied under local law	$
Total (Does not change the Purchase Price or Loan Amount.)	$

D. Miscellaneous

1. I have been advised and understand that the making of any misrepresentation or misstatement in this Affidavit or any other document executed in connection with the Mortgage Loan will constitute an **event of default** under the Mortgage Loan.

2. I have been advised and understand that, except in circumstances when CHFA may consent to an assumption in accordance with its rules and regulations without jeopardizing the tax-exempt status of its bonds, the **mortgage loan will become due in full upon the sale of the residence**. The execution by me (or any Borrower individually) of a land contract, contract for deed, wrap-around, or other similar agreement that transfers the benefits and burdens of ownership and/or the occupancy of the

residence (or any Borrower's rights) is a sale of the residence for this purpose and will cause the entire amount of the **mortgage loan to become due**.

3. **Electronic Signatures.** The electronic signature of each Borrower included in this Affidavit, in any form, is intended to authenticate this writing, bind it hereto, and to otherwise have the same force and effect as a manual signature. Delivery of a copy of this Affidavit bearing an original or electronic signature by electronic mail in portable document format (.pdf) form, or by any other electronic means intended to preserve the original form of the document, will have the same effect as physical delivery of the paper document bearing an original or electronic signature.

4. **I have been advised and understand I may be subject to Recapture Tax under the Code. The Recapture Tax may be applicable if the residence is sold or transferred within nine (9) years of the date from which the Mortgage Loan is closed, if my/our income has increased to more than an amount prescribed by the Code, and if the residence is disposed of with a net gain on sale. Additional information can be found on the CHFA website, www.chfainfo.com.**

THIS AFFIDAVIT MUST BE SIGNED BY THE BORROWERS PRIOR TO SUBMISSION TO CHFA FOR PROGRAM COMPLIANCE REVIEW.

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature: _____ Date: _____

Signature: _____ Date: _____