

**I M P O R T A N T**

Mortgages made under the FHA's HOPE for Homeowners Program have some special restrictions. If you refinance your home through this program:

1. You must share with FHA a portion of any equity newly created by your new HOPE for Homeowners mortgage, as described below.
2. You cannot take out a second mortgage, home equity loan, or home equity line of credit for the first five years you have your new loan, except under certain circumstances for emergency repairs.
3. You will pay an upfront mortgage insurance premium of 2% and a 0.75% annual mortgage insurance premium on the current principal balance of your new mortgage. The annual premium will be included in your monthly payments.
4. To apply for a mortgage under the HOPE for Homeowners Program, you must certify that the Borrower Certification statements below are true. There are serious penalties if you provide false information.

**Equity Sharing Requirements.** I/we agree to share the initial equity created at the beginning of this mortgage with FHA. Initial equity is the difference between the appraised value of the home at the time of the new HOPE for Homeowners mortgage (or the amount owed on my/our existing mortgage, if that is less), and the initial balance on my/our HOPE for Homeowners mortgage.

If I/we sell or refinance my/our home, I/we agree to share the newly created equity with FHA according to the following schedule:

<b>If I/we sell or refinance:</b>	<b>FHA will receive:</b>
During year 1	100% of initial created equity
During year 2	90% of initial created equity
During year 3	80% of initial created equity
During year 4	70% of initial created equity
During year 5	60% of initial created equity
After year 5	50% of initial created equity

**Understanding Shared Equity.** As an example, say you have no equity in your home. You have one mortgage for \$200,000 and the appraisal report just said your home is worth \$200,000. If your new HOPE for Homeowners mortgage is for \$180,000, the amount of newly created equity is \$20,000. This newly created equity is what you must share with FHA when you later decide to move or refinance.

Continuing the example, if you decide to move three years after receiving your new HOPE for Homeowners mortgage, at closing, FHA will receive \$16,000 (80%), and you will be entitled to the remaining \$4,000. Remember, this is equity that you did not have prior to receiving your new HOPE for Homeowners mortgage.

**Borrower Certification.** I/we certify that I/we have read the above restrictions. If I/we are offered and accept a mortgage under FHA's HOPE for Homeowners Program, I/we understand that I/we will be agreeing to be bound by these restrictions on the new mortgage for as long as we hold that mortgage.

Furthermore, I/we certify:

- I/we have not intentionally defaulted on my/our mortgage or any other substantial debt (any amount greater than \$100,000) in the last 5 years. An intentional default is defined as a default that occurred when a borrower had readily available funds at the time a mortgage payment or other debt was due, such that the borrower could have paid the mortgage or other debt without undue hardship.

- I/we have not been convicted of fraud under federal or state law in the past 10 years. I/we agree that FHA may perform routine background checks, including automated searches of federal, state, and county databases, to confirm that I/we have not been convicted of fraud.
- I/we have not knowingly, or willfully and with actual knowledge, furnished material false information for the purpose of obtaining my/our new HOPE for Homeowners mortgage.
- If I/we make any willful false statement in this certification or any other documentation I/we provide for Program eligibility, I/we may be punished with fines or imprisonment of up to 5 years, or both, under section 1001 of title 18, United States Code, and I/we also may be subject to civil and/or administrative penalties and sanctions.

I/we understand that if I/we misrepresent or falsify anything in this statement or any other documentation I/we provide for Program eligibility, and I/we refinance through this program, I/we will be liable to repay the Federal Housing Administration any direct financial benefit I/we gain from the reduction of debt on my/our existing mortgage(s).

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Signature

Date

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Signature

Date

The originating lender is not responsible for verifying certifications made by the Borrower(s) in this document.

The information collection requirements contained in this document have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and are pending an OMB control number. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.