



Mortgage Finance Division
Single Family Office
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Housing Opportunities Commission
Montgomery County Housing Assistance Fund Program (McHAF)
Disclosure of Information

July 27, 2020

The Loan is provided by the Housing Opportunities Commission (the "HOC") under the terms of HOC's Montgomery County Housing Assistance Fund Program (the "McHAF"). The purpose of this disclosure is to provide you with information regarding the requirements and restrictions for this program before you close on this loan and your HOC first trust mortgage. Your initials and signature are required to acknowledge your receipt and understanding of same.

- 1. The Housing Opportunities Commission is the lender of the Montgomery County Housing Assistance Fund Loan.
2. The Montgomery County Housing Assistance Program Loan may be used to cover points, down payment, closing costs, escrows, or other prepaid expenses for the acquisition of the single family residence to be occupied by Borrower(s), and whose address is identified below. No cash out - excess funds will be used as a principal curtailment to the first mortgage loan.
3. All adult occupants are first time homebuyers using the HOC First Trust Mortgage Program.
4. HOC is offering the McHAF loan to assist with down payment and closing cost assistance loan in the form of a zero percent deferred loan. The maximum McHAF loan will be 40% of the total qualifying household income with a maximum total of \$25,000, subject to availability of funds.
5. Interest Rate: Zero percent (0%) per annum.
6. Terms: Secured Ten (10) year deferred loan effective from the settlement date. No interest shall accrue on the loan and no monthly installments shall be due. Pro rata due upon sale of the property during first 10 years. The Loan shall be forgiven on the Maturity Date (Ten(10) years from settlement date of first mortgage), unless;
7. The Montgomery County Housing Assistance Fund Program Loan shall become immediately due and payable upon the occurrence of any of the following events: (i) the sale or transfer of the Property prior to Maturity Date [ten(10) years], (ii) HOC determines that the loan proceeds were not utilized for closing cost expenses, (iii) termination of the use of the Property as the primary residence of the Borrower, (iv) foreclosure of any lien, mortgage or deed of trust secured against the Property or transfer in lieu of foreclosure. There is no prepayment penalty.
8. May be subordinated with a refinance only, certain conditions may apply. McHAF loan is not assumable.
9. Repayment Calculation: The borrower shall pay the loan multiplied by the product of 120 months minus the number of complete months since the date of settlement divided by 120 months, as shown below.
• McHAF loan amount X [120 - number of months since settlement] / 120 = Repayment Due
10. The HOC participating lender will reserve the funds with HOC or its assignee based on estimate of closing expenses and your available assets. The reservation is not a loan approval. It is a "hold" on the amount of money for you until a loan application is received and approved by HOC.
11. Homeowner counseling certificate prior to receiving the Montgomery County Housing Assistance Fund Loan is required for at least one borrower.
12. Asset test may be required.
13. Your hazard insurance policy or condominium insurance certificate must include HOC as second mortgagee or third mortgagee if County's Revolving Closing Cost Assistance -"5 for 5" funds or other permissible closing cost and/or downpayment assistance are used in conjunction with this loan.
14. Customary transaction fees will apply. Servicer's Fee: 1% of the McHAF loan amount.
15. HOC or its assignee will service this loan.

Property Address:

Borrower Signature / Date

Borrower Signature / Date

LENDER: 1) Borrower(s) Sign At Application. Give Copy To Borrower.
2) Copy To HOC With Pre-Closing Compliance Package for Secondary Financing.