

**ARKANSAS DEVELOPMENT FINANCE AUTHORITY**  
**StartSmart Program**

**EXHIBIT C**  
**Notice To Borrower(s)**

**THIS NOTICE IS FOR FHA AND RURAL DEVELOPMENT HOMEBUYERS**

Your home purchase is being financed with a Mortgage Loan made available with the assistance of the Arkansas Development Finance Authority. This Mortgage Loan is made at an interest rate below what is usually being charged. Because of this, your Mortgage provides that you cannot sell your home to a person ineligible for the assistance from the Authority, unless you pay your loan in full. If you sell your home to a party ineligible for the Authority's assistance, the Authority may demand immediate full repayment of the Mortgage Loan. This could result in foreclosure of your Mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the Mortgage Loan, the Mortgage Lender may foreclosure your Mortgage and repossess the property. If the Mortgage Lender takes your home through foreclosure of the Mortgage because of these reasons, HUD/Rural Development will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount you owe on the Mortgage Loan, the Authority may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the Mortgage Loan after the foreclosure sale). Such judgment will be taken over by HUD/Rural Development if the Authority files an insurance claim against HUD/Rural Development because of the foreclosure. HUD/Rural Development may then bring an action against you to collect the judgment.

Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

Co-Borrower: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS DOCUMENT MUST BE EXECUTED BY BORROWER(S)**  
**AT TIME OF LOAN APPLICATION**