

MORTGAGE CREDIT CERTIFICATE Lender Guide



Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301
(850) 488-4197

www.floridahousing.org

Mission Statement

To help our fellow Floridians obtain safe, decent affordable housing that might otherwise be unavailable to them.

Revised 1/2015

TABLE OF CONTENTS

1. Introduction	3
2. Definitions.....	5
3. Eligibility Requirements	
3.1 Borrower Requirements.....	7
3.2 Property Requirements.....	10
3.3 Financing Requirements.....	12
4. Participating Lenders	14
4.1 Lender Qualifications	
4.2 Lender Responsibilities	
4.3 MCC Fees	
4.4 Record Retention and IRS Reporting	
5. MCC Processing Steps	
5.1 General	15
5.2 Loan Origination.....	15
5.3 Loan Submission Package	17
6. Program Forms	18

Section 1

INTRODUCTION

The purpose of this Program Guide is to describe the Mortgage Credit Certificate (MCC) Program as established by Florida Housing Finance Corporation (Florida Housing) and to set forth the roles of Florida Housing and the Participating Lenders and the requirements applicable to the Lenders, the Borrowers and the Sellers. This Program Manual also contains a description of the Program processing procedures and Program administration. Loan processing documents are included for reference. Florida Housing may revise the MCC Program, this Program guide and the related Program forms from time to time in its sole and absolute discretion without any notice thereof.

Mortgage Credit Certificates (MCC) were authorized by Congress in the 1984 Tax Reform Act. Under the MCC Program, Florida Housing will issue MCCs to eligible borrowers who obtain mortgage loans from Participating Lenders, who have executed a Lender Participation Agreement (the Agreement) with Florida Housing, in connection with their purchase of a new or existing home.

An MCC is a nonrefundable federal income tax credit. The MCC reduces an eligible borrower's federal income taxes and, in effect, creates additional income for the borrower to use in making mortgage payments. Florida Housing offers an MCC with a 50% tax credit amount. Homeowners with the credit are allowed to use 50% of the annual mortgage interest (up to a maximum of \$2,000) as a direct federal tax credit, resulting in a dollar-for-dollar reduction of their annual federal income tax liability. The remainder of the homeowners' annual mortgage interest will continue to qualify as an itemized tax deduction for federal income tax purposes. Please note that the maximum credit allowed in any year is the lesser of 50% of the annual mortgage interest or \$2,000.

For example, a borrower with a loan amount of \$100,000 at an interest rate of 4% for 30 years pays approximately \$4,000 of interest in the first year of the mortgage loan. With a 50% MCC, this borrower

receives a direct federal income tax credit of \$2,000 (50% x \$4,000), and the borrower treats the remaining \$2,000 of mortgage interest paid as an itemized tax deduction. Under another example, a borrower with a loan amount of \$100,000 at an interest rate of 5% for 30 years pays approximately \$5,000 of interest in the first year of the mortgage loan. With a 50% MCC, this borrower receives a direct federal income tax credit of \$2,000 (which is the lesser of 50% x \$5,000 (\$2,500) and \$2,000). The borrower treats the remaining \$3,000 of mortgage interest paid as an itemized tax deduction.

The annual benefit to the borrower will be the lesser of the credit amount or the amount of federal taxes owed after all other credits and deductions have been taken. The benefit cannot exceed the Borrower's federal income tax liability for the year. However, if the Borrower is unable to use all of the maximum available MCC tax credit in any year, the unused portion of the tax credit can be carried forward three tax years or until used, whichever comes first. Please note that any amount of the credit in excess of \$2,000 may not be carried forward. A Borrower may want to consider adjusting his or her federal income tax withholding (by filing an amended IRS Form W-4) to spread the benefit of the MCC tax credit over the entire year.

The MCC will provide the borrower with a federal tax credit for the life of the mortgage loan as long as the borrower occupies the property as his principal residence. Should the borrower cease to occupy the property as his primary principal residence, or should the borrower refinance the mortgage loan related to the MCC, the MCC is revoked.

An MCC cannot be issued to a borrower who is assuming an existing mortgage that was not previously assisted with an MCC. An MCC cannot be used with any tax-exempt Mortgage Revenue Bond (MRB) Program.

Florida Housing will not underwrite the mortgage loans made by Lenders. Rather, all underwriting and execution of required State and federal certifications or affidavits will be performed by Participating Lenders in the Program. Florida Housing will review executed certifications and affidavits from participating Lenders in order to determine qualification and eligibility of each Applicant for an MCC. Participating Lenders will process the underlying mortgage loans using standard procedures, with adjustments to those procedures as needed in order to satisfy the Program requirements.

Twenty percent (20%) of the total MCC authority will be reserved by Florida Housing for residences located in Targeted Areas for at least one year after the date Florida Housing begins to accept applications for MCCs under the Program.

The Program will run through December 31, 2016 or until such time as all allocation has been expended.

Florida Housing office hours are between 8:00 a.m. and 5:00 p.m., Monday through Friday; the telephone number is (850) 488-4197 and the FAX number is (850) 414-5479. The Florida Housing mailing address for

**Florida Housing Finance Corporation
Mortgage Credit Certificate (MCC) Program
227 North Bronough Street, Ste. 5000
Tallahassee, Florida 32301**

Participating lenders must use our online reservation System to maintain their pipeline. It can be accessed through our website at www.floridahousing.org/MCC

MCC PROGRAM STAFF

Charles Jones, Compliance Manager

Charles.Jones@floridahousing.org
(850) 488 – 4197, extension 1197

File Submission, Reservation System Inquiries, Compliance Resolution, General Inquiries, New Lender Submissions

Michelle Nix, Compliance Specialist

Michelle.Nix@floridahousing.org
(850) 488 – 4197, extension

File Submission, New User sign up, General Inquiries

MCC Inquiries

MCCProgram@floridahousing.org

General Inquiries

Section 2

DEFINITIONS

Acquisition Cost - The cost of acquiring residential property as a completed residential unit, including: all amounts paid, either in cash or in kind, by the mortgagor or a related party for the benefit of the mortgagor to the seller(s); or related parties for the benefit of the seller(s) as consideration for the residential property.

The following costs are excluded: (1) those settlement costs and financing costs that are usual and reasonable and that would be paid by the mortgagor where financing is not provided through a qualified mortgage bond issue; (2) the value of any services performed by the mortgagor and family members in completing a dwelling unit on the residential property; and (3) the cost of any land that was owned by the mortgagor for at least two years prior to the construction of a dwelling unit on the residential property. Refer to Section 3 for the acquisition cost limits.

Affidavit – A document filed in connection with the MCC Program that is made under oath and subject to the penalties of perjury. The affidavits include the Seller Closing Affidavit and the Borrower / Co-Borrower Closing Affidavit.

Co-borrower – An individual who executes the loan documents, who is named on the mortgage loan and whose income and credit are used to qualify for the mortgage loan. Co-borrowers must: (1) meet the annual income limits in Section 3; (2) establish Florida residency within 60 days of closing; and (3) have not had an ownership interest in a principal residence during the three-year period ending on the date the Warranty Deed is executed, unless the residence purchased is in a Targeted Area or meets the Veteran's exemption.

Co-signer – A non-occupant who is co-signing the promissory note for a particular mortgage loan. For Florida Housing purposes, the Co-signer cannot take title to the property; however, they must execute the Note, but not the Warranty Deed.

Corporation – Florida Housing Finance Corporation (Florida Housing).

Eligible Borrower – An individual or family that: (1) *meets the annual income limits in Section 3;* (2) *establishes Florida residency within 60 days of*

closing; and (3) has not had an ownership interest in a principal residence during the three-year period ending on the date the Warranty Deed is executed, unless the residence purchased is in a Targeted Area or meets the Veteran's exemption.

Eligible Property – A residence that is located in Florida and is eligible for insurance under FHA, VA, USDA-RD and Conventional guidelines. In addition, eligible properties must meet Florida Housing's program compliance guidelines. For more specific criteria refer to Section 3.2.

FHA – The Federal Housing Administration of the United States Department of Housing and Urban Development (HUD).

Homebuyer Counseling - Florida Housing requires homebuyer education counseling for all borrowers, including co-borrowers & spouses. Homebuyer education counselors must be approved by HUD. A list of approved agencies is available on Florida Housing's website. Online homebuyer education is also acceptable if provided by a HUD approved counseling agency or online through mortgage insurance companies

Household Income - Includes the combined gross annual income of borrower(s) and any person or persons who intend to occupy the home as a principal residence. The income of all household members who are 18 years of age or older (except full-time dependent students) must be included in the total annual income calculation, whether or not they will execute the promissory note.

HUD – The United States Department of Housing and Urban Development.

IRC – Internal Revenue Code of 1986, as amended.

IRS – Internal Revenue Service.

Manufactured Home (Mobile Home) - A manufactured building designed to be used as a single family dwelling unit which has been constructed and labeled indicating compliance with the HUD administered National Manufactured Housing Construction and Safety Standards Act of 1974.

Manufactured housing (i.e. double-wide) may be financed under the Program provided that it: (1) is eligible for mortgage insurance and a 30 year amortization; (2) contains at least 400 square feet of living space; (3) has a minimum width of at least 102 inches; and (4) fixed to a permanent foundation.

Marital Interest – An interest one had only because he/she was married to a person that owned a property. An occupant who has only a marital interest, as opposed to an ownership interest (as defined in this section), is eligible for the MCC Program.

Modular Home - A manufactured building designed to be used as a single-family dwelling unit which has been constructed and labeled indicating compliance with the Florida Building Code (FBC), and must be installed on permanent foundations that are designed and built specifically for that home by a contractor licensed by the Florida Department of Business and Professional Regulation (DBPR).

Mortgagor – The borrower(s) in a mortgage transaction.

New Construction – A dwelling unit that is new and/ or never occupied.

Non-Borrowing/Co-Occupant - Any person(s) age 18 years of age or older who will occupy the property and who will not be liable on the mortgage (i.e., will not execute the mortgage loan documents).

Ownership – Ownership interest means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. Ownership interest includes a fee simple ownership interest; a joint ownership interest by joint tenancy, tenancy in common or tenancy by the entirety; an ownership interest in trust; a life estate interest; or purchase by contract for deed (or similar transaction). However, an ownership interest in a timeshare is not a prior homeownership interest. A marital interest does not constitute Ownership.

Participating Lender – Any person, institution or entity that provides financing for the purchase of a Residence and that has entered into a Lender Participation Agreement with Florida Housing. See Section 4 for lender qualifications.

Permanently Fixed - The towing hitch or running gear, including the wheels and axles, has been removed from the mobile home and the home

has been attached to a permanent foundation (including basement, crawl space and slab types of foundations).

Principal Residence – Housing that the eligible borrower will occupy as a primary residence. The home should not have more than 15% of the square footage used in a trade or business, and will not be purchased as investment property.

Recapture Tax – The potential repayment of a portion of the interest savings that the borrower receives through the MCC. This federal tax, if applicable, is payable to the IRS through the federal income tax returns.

State - The State of Florida.

Targeted Area - A census tract in which 70% or more of the households have an income which is 80% or less of the statewide median family income. Borrowers purchasing homes in these areas are not subject to the prior home ownership restriction.

Targeted areas are available through the U.S. Census Bureau's website at <http://factfinder2.census.gov>.

United States Department of Agriculture/Rural Development (USDA) – The USDA home loan guaranty provides loans in rural areas to finance homes and building sites.

Veterans Administration (VA) – The Servicemen's Readjustment Act of 1944 authorized this agency to administer a variety of benefit programs designed to facilitate the adjustment of returning veterans to civilian life. The VA home loan guaranty program is designed to encourage lenders to offer long-term, low down payment mortgages to eligible veterans by guaranteeing the lender against some or all loss caused in default by the borrower.

Veterans Exception – A veteran is defined as “a person who served in the active military, naval or air service, and who were discharged or released from under conditions other than dishonorable.” Veterans need not be first time homebuyers.

Section 3

ELIGIBILITY GUIDELINES

Lenders must review the borrower and property requirements of this Section to ensure the eligibility of mortgagors for an MCC.

3.1 Borrower Requirements

1. Borrower must possess an ownership interest in and occupy the residence as a principal residence within sixty (60) days after loan closing. The borrower must notify the lender and Florida Housing if he/she ceases to occupy the property as the primary residence. At that time, the MCC will be revoked and the borrower will no longer be permitted to claim the federal tax credit.
2. Borrower must not have owned a principal residence located within or outside the State during the three-year¹ period ending on the date the Warranty Deed is executed. A mobile or manufactured home (new or existing) whether or not on a permanent foundation meets this definition of principal residence.

There are two exceptions to the three year non-ownership requirement.

- a. The residence purchased is in a Targeted Area.
 - b. The borrowers are veterans² who purchase a home using the proceeds under a one-time exception allowance.
3. Borrower must meet household income limits for the program, and lenders must calculate income by using the procedures of this section.

a. Income Limits

Household income is defined as the gross annual income of the mortgagor(s) (those signing the Warranty Deed) and any other person who is expected to live in the residence being financed; including income received by any household member who is 18 years of age or older (except a full-time dependent student), even if they will not be secondarily liable on the mortgage.

The income limits are provided on the following page for each county. This list can also be found on our website at www.floridahousing.org/MCC

b. Income Calculation for Compliance Underwriting

*Compliance Income*³

Income calculations for Program Household (Compliance) Income are different than the calculation of income for credit underwriting purposes (i.e., FHA, VA, USDA-RD, Conventional).

The MCC Program requires that the income of all persons residing in the household (related or unrelated) 18 years of age or older must be included in the calculation of the Household income

Section 3.1 notes

¹ Even though a household may be exempt from the three year non-ownership requirement, the MCC income and acquisition cost limits still apply.

² A veteran is defined as a person who served in active duty of the United States Armed Forces or Reserves and who was discharged or released under conditions other than dishonorable.

³ The pay stub should clearly indicate all sources of income (i.e., shift differential, overtime, etc.) and verify total YTD earned income. If employer does not issue pay stubs it may be necessary to obtain verification of employment (VOE) from borrower's employer.

Borrower Income Limits by County

NON-TARGETED HOUSEHOLD		TARGETED HOUSEHOLD		NON-TARGETED HOUSEHOLD		TARGETED HOUSEHOLD	
COUNTY	1-2 PERSON	3+ PERSON	1-2 PERSON	3+ PERSON	COUNTY	1-2 PERSON	3+ PERSON
Alachua	\$65,625	\$75,469	\$69,960	\$81,620	Lee	\$66,025	\$75,929
Baker	\$70,920	\$82,740	\$70,920	\$82,740	Leon	\$65,065	\$74,825
Bay	\$65,725	\$75,584	\$69,360	\$80,920	Levy	\$57,600	\$67,200
Bradford	\$62,280	\$72,660	\$62,280	\$72,660	Liberty	\$64,320	\$75,040
Brevard	\$64,985	\$74,733	\$73,800	\$86,100	Madison	\$57,720	\$67,340
Broward	\$82,800	\$96,377	\$82,800	\$96,900	Manatee	\$69,339	\$79,740
Calhoun	\$57,600	\$67,200	\$67,680	\$78,960	Marion	\$57,600	\$67,200
Charlotte	\$65,545	\$75,376	\$67,320	\$78,540	Martin	\$68,280	\$79,660
Citrus	\$57,600	\$67,200	\$67,680	\$78,960	Miami-Dade	\$81,600	\$95,200
Clay	\$74,094	\$85,208	\$76,800	\$89,600	Monroe	\$104,040	\$121,380
Collier	\$83,040	\$96,880	\$83,040	\$96,880	Nassau	\$74,094	\$85,208
Columbia	\$57,600	\$67,200	\$67,680	\$78,960	Okaloosa	\$78,000	\$91,000
De Soto	\$57,600	\$67,200	\$67,680	\$78,960	Okeechobee	\$59,760	\$69,720
Dixie	\$59,760	\$69,720	\$67,320	\$78,540	Orange	\$66,668	\$76,668
Duval	\$74,094	\$85,208	\$76,800	\$89,600	Osceola	\$66,668	\$76,668
Escambia	\$65,745	\$75,607	\$69,240	\$80,780	Palm Beach	\$82,440	\$96,180
Flagler	\$65,225	\$75,009	\$72,360	\$84,420	Pasco	\$65,925	\$75,814
Franklin	\$61,680	\$71,960	\$67,320	\$67,320	Pinellas	\$65,925	\$75,814
Gadsden	\$65,065	\$74,825	\$73,320	\$85,540	Polk	\$62,160	\$72,520
Gilchrist	\$65,625	\$75,469	\$69,960	\$81,620	Putnam	\$57,600	\$67,200
Glades	\$57,600	\$67,200	\$67,680	\$78,960	Santa Rosa	\$65,745	\$75,607
Gulf	\$60,720	\$70,840	\$67,320	\$78,540	Sarasota	\$69,339	\$79,740
Hamilton	\$58,440	\$68,180	\$67,320	\$78,540	Seminole	\$66,668	\$76,668
Hardee	\$57,600	\$67,200	\$67,680	\$78,960	St. Johns	\$74,094	\$85,208
Hendry	\$57,600	\$67,200	\$67,680	\$78,960	St. Lucie	\$68,280	\$79,660
Hernando	\$65,925	\$75,814	\$68,160	\$79,520	Sumter	\$65,565	\$75,399
Highlands	\$57,600	\$67,200	\$67,680	\$78,960	Suwannee	\$57,600	\$67,200
Hillsborough	\$65,925	\$75,814	\$68,160	\$79,520	Taylor	\$60,000	\$70,000
Holmes	\$57,600	\$67,200	\$67,680	\$78,960	Union	\$66,005	\$75,906
Indian River	\$65,985	\$75,883	\$67,800	\$79,100	Volusia	\$65,985	\$75,883
Jackson	\$61,800	\$72,100	\$67,680	\$78,960	Wakulla	\$66,800	\$76,820
Jefferson	\$65,065	\$74,825	\$73,320	\$85,540	Walton	\$70,680	\$82,460
Lafayette	\$65,280	\$76,160	\$67,680	\$78,960	Washington	\$59,640	\$69,580
Lake	\$66,668	\$76,668	\$70,200	\$81,900			

for Program purposes. Unlike income that is averaged for credit underwriting, the Program is concerned with actual CURRENT income from all sources. Lenders should consider reviewing the income for the last 4-6 weeks to determine gross income as well as compare this income on the previous tax returns for consistency. Lenders should not be averaging income. Gross monthly income is the

sum of current monthly gross pay plus any additional income from all sources, continuation of which is probable based on foreseeable economic circumstances. Once a Lender has determined total gross monthly income for everyone over the age of 18 that will be residing in the property, the lender will then multiply this figure by 12 to determine “combined total household income” for Program purposes.

Other Income

The lender should also ask the borrower for specific other income. Examples are:

- alimony annuities
- auto allowance bonuses
- child support commission
- disability or death benefits
- dividends
- education benefits used for subsistence interest
- income received from business activities or investments income received from trusts
- inheritances (if received on a continuous basis)
- insurance policies (if received on a continuous basis)
- net rental income
- overtime
- pensions
- public assistance
- recurring monetary contributions regularly received from persons not living in the unit
- royalties
- shift differential sick pay
- social security benefits
- special pay and allowances of a member of the armed forces (excluding hazardous duty pay)
- tips
- Veterans Administration (VA) compensation workers compensation

Excluded Income

The following types of income can be excluded in determining a borrower's income eligibility:

- amounts of educational scholarships paid directly to the student or to the educational institution
- amounts paid by the Government to a veteran for use in meeting the costs of tuition, fees, books and equipment
- amounts that are specifically for reimbursement of business and/or educational expenses
- one-time sign-on bonus
- lump sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains, and settlement for personal or property losses
- payments received for the care of foster children
- sporadic or irregular gifts
- amounts that are specifically for or in reimbursement of the cost of medical expenses
- severance pay

Florida Housing will verify the “Combined Total Household Income” reported from information obtained from the Income Calculation Worksheet, Underwriter’s Certification, Borrower / Co-Borrower’s Closing Affidavit which is executed the date of closing the mortgage loan, and other applicable certificates, documents such as the federal tax returns. All income should be included in Household Income for Program purposes regardless of whether or not it is used for credit qualifying income. Household income will include the income of all non-borrower co-occupants who will reside

Section 3 • ELIGIBILITY REQUIREMENTS

in the property. Income limits for the Program cannot be exceeded by any amount. The Borrower / Co-Borrower Closing Affidavit, executed by the borrower(s) and certified by the lender (underwriter), must include the “Combined Total Household Income”.

c. Cosigners

Co-signers are NOT permitted in Florida Housing’s MCC Program.

d. Non-Occupying Co-Borrowers

Non-occupying co-borrowers are NOT permitted in Florida Housing’s MCC Program.

e. Homebuyer Education Counseling

Eligible Borrower(s) must attend a 6-8 hour, face-to-face homebuyer education class. A list of approved counselors is available on Florida Housing’s website. A certificate of completion must be provided in the loan file. Florida Housing will honor certificates for up to one year after completion date. Florida Housing will accept a certificate of completion from an online homebuyer education course, if provided through a HUD approved counseling agency. Florida Housing will also accept homebuyer education counseling provided by online entities through mortgage insurance companies.

3.2 Property Requirements

The acquisition cost of a home financed through the MCC Program cannot exceed the established limits for Florida properties. The acquisition cost is the cost of acquiring residential property as a completed residential unit. Please review our complete definition of “acquisition cost” in Section 2. The limits are subject to change and can be found on our website at www.floridahousing.org/MCC.

1. The residence must be located in Florida and must be eligible for insurance or guarantee under the FHA, VA, USDA-RD, Fannie Mae or Freddie Mac.
2. The Lender reviews a copy of the appraisal for compliance underwriting.
Property Types Allowed
 - Single Family Detached Homes
 - Condominiums/PUDs approved by Fannie Mae or Freddie Mac, or insurer (FHA, VA, USDA)
 - Townhomes
 - Any manufactured home eligible for FHA, VA, USDA-RD or Conventional guidelines under a land-home transaction; 30 year amortization; fixed to a permanent foundation.

3. No more than fifteen percent (15%) of the total area of the principal residence can be used for any trade or business on an exclusive and regular basis or used on a regular basis for providing day care.
4. Property acquisition costs may not exceed Florida Housing’s limits, which are based on the sale price.

Purchase price limits are provided on the following page for each county. This list can also be found on our website at www.floridahousing.org/MCC

5. The mortgages are also subject to the FHA 203(b) maximum mortgage limits or published Agency acquisition limits, whichever are lower.

Purchase Price Limits by County

COUNTY	MAXIMUM SALES PRICE FOR A NON-TARGETED AREA	MAXIMUM SALES PRICE FOR A TARGETED AREA
Alachua	\$265,158	\$324,082
Baker	\$298,125	\$364,375
Bay	\$265,158	\$324,082
Bradford	\$265,158	\$324,082
Brevard	\$265,158	\$324,082
Broward	\$337,500	\$412,500
Calhoun	\$265,158	\$324,082
Charlotte	\$265,158	\$324,082
Citrus	\$265,158	\$324,082
Clay	\$298,125	\$364,375
Collier	\$438,750	\$536,250
Columbia	\$265,158	\$324,082
De Soto	\$265,158	\$324,082
Dixie	\$265,158	\$324,082
Duval	\$298,125	\$364,375
Escambia	\$265,158	\$324,082
Flagler	\$265,158	\$324,082
Franklin	\$265,158	\$324,082
Gadsden	\$265,158	\$324,082
Gilchrist	\$265,158	\$324,082
Glades	\$265,158	\$324,082
Gulf	\$265,158	\$324,082
Hamilton	\$265,158	\$324,082
Hardee	\$265,158	\$324,082
Hendry	\$265,158	\$324,082
Hernando	\$265,158	\$324,082
Highlands	\$265,158	\$324,082
Hillsborough	\$265,158	\$324,082
Holmes	\$265,158	\$324,082
Indian River	\$265,158	\$324,082
Jackson	\$265,158	\$324,082
Jefferson	\$265,158	\$324,082
Lafayette	\$265,158	\$324,082
Lake	\$268,875	\$328,625

COUNTY	MAXIMUM SALES PRICE FOR A NON-TARGETED AREA	MAXIMUM SALES PRICE FOR A TARGETED AREA
Lee	\$265,158	\$324,082
Leon	\$265,158	\$324,082
Levy	\$265,158	\$324,082
Liberty	\$265,158	\$324,082
Madison	\$265,158	\$324,082
Manatee	\$279,000	\$341,000
Marion	\$265,158	\$324,082
Martin	\$309,375	\$378,125
Miami-Dade	\$337,500	\$412,500
Monroe	\$517,500	\$632,500
Nassau	\$298,125	\$364,375
Okaloosa	\$318,375	\$389,125
Okeechobee	\$265,158	\$324,082
Orange	\$268,875	\$328,625
Osceola	\$268,875	\$328,625
Palm Beach	\$337,500	\$412,500
Pasco	\$265,158	\$324,082
Pinellas	\$265,158	\$324,082
Polk	\$265,158	\$324,082
Putnam	\$265,158	\$324,082
Santa Rosa	\$265,158	\$324,082
Sarasota	\$279,000	\$341,000
Seminole	\$268,875	\$328,625
Saint Johns	\$298,125	\$367,375
Saint Lucie	\$309,375	\$378,125
Sumter	\$265,158	\$324,082
Suwannee	\$265,158	\$324,082
Taylor	\$265,158	\$324,082
Union	\$265,158	\$324,082
Volusia	\$265,158	\$324,082
Wakulla	\$265,158	\$324,082
Walton	\$318,375	\$389,125
Washington	\$265,158	\$324,082

3.3 Financing Requirements

1. MCC Tax Credit Amount

Florida Housing offers a 50% tax credit amount. The annual benefit to the Mortgagor will be the lesser of the credit amount or the amount of federal taxes owed after all other credits and deductions have been taken. Because the MCC is a nonrefundable tax credit, the benefit cannot exceed the Mortgagor's federal income tax liability for the year. The Mortgagor can claim the tax credit for the life of the loan as long as the borrower occupies the property as his principal residence or refinances and obtains a re-issued Mortgage Credit Certificate. Should borrower cease to occupy the property as their principal residence, or should the Mortgagor refinance the mortgage loan relating to the MCC, the MCC is automatically revoked and the Mortgagor can no longer claim the tax credit.

2. Underwriting Standards

For loans involving MCCs, underwriting standards may be modified to recognize the benefit of the MCC. The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans involving MCCs. Please refer to Agency (i.e., FHA, VA, USDA-RD, Fannie Mae and Freddie Mac.) underwriting guidelines or your lending institution's underwriter for additional guidance.

However, all first mortgage loans must have fixed interest rates; no adjustable rate mortgages are permitted.

3. New Mortgage Requirement

An MCC may be issued only in connection with the purchase of a new or existing residence. An MCC cannot be issued in connection with an assumption or refinancing of an existing mortgage.

4. Prohibited Mortgages

An MCC cannot be used in connection with a qualified mortgage revenue bond (e.g. Florida Housing's First Time Homebuyer Program), USDA 502 Direct loans or other tax-exempt financed mortgages.

5. Subordinate Financing

An MCC can only be a component of the first mortgage financing.

Example:

1st Mortgage = \$100,000

2nd Mortgage = \$10,000

MCC benefit is based on the 1st mortgage loan amount (\$100,000) only. The benefit does not apply to subordinate liens (i.e. 2nd mortgages or \$10,000 in this example).

6. No Assumption of MCC

If a loan assisted with an MCC is to be assumed by a new borrower, the MCC may not be assumed by the new borrower, and Florida Housing will not issue an MCC to such new borrower.

7. Targeted Area Set-Aside

Florida will set aside 20% of the Program allocation of MCC authority for residences located in a Targeted Area. This amount will be set aside for one year from the date Florida Housing first accepts applications for MCCs under the Program.

The list of targeted areas and census tract numbers are provided on the following page for each county.

Census Tract Numbers in Targeted Areas

Alachua	0002, 0006, 0009.01, 0009.02, 0015.02, 0019.02
Bay	0018
Brevard	0607, 0626
Broward	0303.01, 0304.02, 0414, 0415, 0416, 0417, 0603.03, 0805, 1005
Collier	0112.04, 0112.05
Duval	0004, 0010, 0013, 0015, 0016, 0017, 0018, 0026, 0029.01, 0115
Escambia	0004, 0015, 0017, 0018, 0020
Hillsborough	0007, 0018, 0030, 0032, 0034, 0036, 0039, 0040, 0043, 0108.07, 0108.08, 0129
Lee	0003.02, 0005.02, 0006
Leon	0005, 0006, 0010.01, 0011.01, 0012, 0014, 0020.01, 0020.02
Marion	0017, 0018
Miami-Dade	0004.08, 0005.03, 0007.03, 0008.03, 0009.03, 0010.04, 0014.01, 0014.02, 0015.01, 0015.02, 0017.02, 0018.01, 0018.03, 0019.01, 0019.03, 0019.04, 0020.01, 0020.03, 0020.04, 0024.01, 0024.02, 0025, 0026, 0028, 0030.01, 0030.03, 0030.04, 0031, 0034, 0036.01, 0036.02, 0037.01, 0037.02, 0039.07, 0044.02, 0049.01, 0052.01, 0052.02, 0053.01, 0053.02, 0054.02, 0057.03, 0066.02, 0093.10, 0102.06, 0106.02, 0108, 0109, 0110.01, 0113
Orange	0104, 0105, 0106, 0114, 0117.02, 0119.01, 0145.02
Palm Beach	001404, 001909, 002200, 002400, 002600, 006801, 008201, 008202, 008301
Pinellas	0205, 0207, 0209, 0210, 0212, 0213, 0216
Polk	0101, 0102, 0110, 0112.01, 0120.04, 0133, 0137.01
St. Lucie	0001, 0002, 0003
Seminole	0205
Volusia	0815, 0819, 0820, 0821

Section 4

PARTICIPATING LENDERS

4.1 Lender Qualifications

The Program is available to all lenders who:

1. Have executed a Florida Housing MCC Program Participation Agreement and paid Florida Housing a onetime \$1000.00 participation fee and
2. Satisfy the requirements set forth in such Participation Agreement.

4.2 Lender Responsibilities

Florida Housing offers a 20-day reservation or “lock-in” period. The mortgage loan must be underwriter certified by the expiration date of the 20-day reservation or “lock-in”. The lender must submit the closing package to Florida Housing within 40 days of the reservations creation. Any reservation in the system beyond 40 days of creation are subject to cancellation. Once an MCC is cancelled from the reservation system, any qualifying credit provided will also be cancelled

4.3 MCC Fees

Florida Housing charges a MCC issuance fee of \$500.00. Any party can pay the fee in the mortgage loan transaction, and it must be disclosed on the GFE and HUD-1. Florida Housing must be paid by a lender check from an account of the lender or by check from the title company or closing attorney with the closing package.

4.4 Record Retention and IRS Reporting

1. The lender must retain for six years, for IRS purposes:
 - a. Name, address, and social security number of the MCC holder.
 - b. Name, address, and tax ID # of the issuer (Florida Housing).
 - c. Loan date, certified indebtedness amount, and credit rate.
2. The lender must file a report to IRS each calendar year using IRS Form 8329. The report must be filed only once for each mortgage supported by an MCC.

Florida Housing will assist the lender in preparing IRS Form 8329 by furnishing a report of all MCCs closed during the calendar year giving the necessary information. This report is based on all closing packages, which Florida Housing has received and issued an MCC.

Florida Housing will issue all end of year reports to participating lenders based on all issued MCCs no later than January 15 of each calendar year.

Section 5

MCC PROCESSING STEPS

5.1 General

Florida Housing will issue MCCs for eligible mortgages that are originated by approved participating lenders. MCC eligibility includes compliance with federal and State requirements. Eligible borrowers apply for the Program with participating lenders by completing a standard mortgage application. The Florida Housing compliance review is conducted after the Lender has approved, closed the mortgage loan and the borrower(s) has executed all necessary closing documentation. If the loan meets the applicable MCC compliance guidelines, the lender's underwriter issues an approval. Since Florida Housing is not part of the decision making process on credit, no formal notice of rejection of an MCC is required under the Equal Credit Opportunity Act (ECOA) but may be required otherwise.

5.2 Loan Origination

Florida Housing requires anyone who will have an ownership interest in the property (who will appear on title documentation) to sign Florida Housing's MCC documents. Florida Housing does not allow a Power of Attorney to be used for affidavits. However, a recorded Power of Attorney may be used at closing for the first mortgage documents.

Florida Housing recognizes that there are procedural variations among lenders; consequently, the procedures outlined here only suggest the sequence of events.

1. Loan Officer determines if a borrower is eligible for the MCC Program based on preliminary information for income, acquisition cost and prior home ownership.
2. If the borrower is eligible, the Loan Officer takes a formal application. The Loan Officer obtains standard loan information, as well as federal tax returns or IRS Income Tax Transcripts for the previous three years (except for cases in Targeted Areas or Veteran's exemption, and provides to the borrower an MCC Program **Notice to Buyer** as well as a **Recapture Brochure**.
3. After the application has been taken, the Loan Officer will access the online reservation system through Florida Housing's website, www.floridahousing.org/MCC and provide the requested borrower and subject property information within 20 days of closing.

Florida Housing maintains a current cumulative total of reserved MCCs and is limited by law to a specific amount of mortgage credits. It is very important that lenders advise Florida Housing of reservation cancellations on borrowers when loans are withdrawn.

4. Loan Officer verifies that borrower's income, acquisition cost, and prior home ownership requirements are met and reserves loan in the online reservation system. Loan Officer then submits loan to Underwriting for review and certification.
5. Underwriter certifies the following upon review of applicable documentation, as indicated below:
 - a. The borrower has not owned a residence in which he/she has lived in during the preceding three-year period. This is not required for the purchase of a home in a Targeted Area or if borrower(s) satisfy the Veteran's exemption. Underwriter determines non-ownership interest upon review of the last 3 years' tax returns. Tax returns should **NOT** reflect mortgage interest or credits that would be provided as a benefit of homeownership.

- b. The acquisition cost does not exceed the Purchase Price Limits. Underwriter determines eligibility upon review of real estate sales contract and MCC Program Purchase Limits.
- c. The borrower's gross annual income does not exceed permitted Income Limits. Underwriter determines eligibility upon review of applicable income documentation such as paystubs, tax returns, VOs and the Income Calculation Worksheet completed by Loan Officer at loan application.
- d. Acknowledgment that any material misstatement or fraudulent statement is made under penalty of perjury.

Underwriter submits loan file to closing upon certification.

- 6. Closer prints all applicable MCC documentation (**Borrower & Co-Borrower Closing Affidavit and Seller Closing Affidavit**) and submits with loan closing package to title company/closing attorney for completion/execution by borrower(s).
- 7. Seller completes the **Seller Closing Affidavit**. Borrower(s) complete the **Borrower & Co-Borrower Closing Affidavit**. Title company/closing attorney returns completed documents to Lender. Please note that Florida Housing will NOT accept power of attorneys (POAs) or the Borrower, Co-Borrower or Seller. However, active duty military personnel will be reviewed on a case by case basis.
- 8. Post Closer submits closed loan file to Florida Housing for compliance review with all applicable MCC Program documentation.
- 9. Upon review and approval of eligible loan file and all applicable MCC documentation, Florida Housing will issue the MCC to borrower(s) and provide Lender with a copy of the mortgage credit certificate. Florida Housing will also issue borrower(s) with a **Notice of Recapture**.
- 10. Ineligible loan files will result in non-issuance of mortgage credit certificate. Florida Housing will notify lender via email of loan files that are ineligible for issuance of MCC.
- 11. Florida Housing will return any loan files that are not eligible for issuance of MCC based on the following:
 - a. Household Income exceeds MCC Program income limits.
 - b. Acquisition price exceed MCC Program purchase limits.
 - c. Borrower/Co-Borrower and/or spouse are not first time homebuyers.
 - d. Missing documentation from loan file necessary to determine eligibility.
 - e. Issuance fee not included in loan file.

5.3 Loan Submission Package

1. Once the loan is closed, the lender forwards the loan file in a legal size file folder with all necessary documentation below to Florida Housing. Documents must be **acco-bound** to the file folder in the order specified below.

LEFT side of the folder should contain the following:

- HUD-1
- Final 1003
- Fully executed sales contract
- Copy of Warranty Deed
- Appraisal
- \$500 Issuance Fee
- Homebuyer Education Certificate

RIGHT side of folder should contain the following:

- Compliance Checklist
- Mortgagor Affidavit (Original signed)
- Seller Closing Affidavit (Original signed)
- Underwriter Certification (Original signed)
- Notice to Buyer (Original signed)
- 3 years' tax returns and all schedules, all pages, (or tax transcripts) for Borrower/Co-Borrower and spouse even if spouse is not on the loan.
- Copy of divorce decree, if applicable

2. Florida Housing will review the submission package for completeness and will determine whether all necessary affidavits are properly executed. Florida Housing will be allowed 20 days from receipt of compliance package submission in which to issue an MCC for the borrower or request additional information from the lender to satisfy compliance requirements.
3. Additional documentation must be received in a reasonable amount of time, within approximately [2 weeks) in order to issue an approval or declination of the MCC.
4. If the submission package is acceptable, the lender is notified via email of the loan approval.

Section 6

PROGRAM FORMS & DOCUMENTS

- ▶ Notice to Buyer (issued at application by loan officer)
- ▶ Recapture Brochure (provided to Borrower(s) at application by loan officer)
- ▶ Mortgagor Affidavit (closer submits to title company/closing attorney for Borrower/Co-Borrower(s) signature at time of closing)
- ▶ Seller Affidavit (closer submits to title company/closing attorney for Seller's signature at time of closing)
- ▶ Income Calculation Worksheet (loan officer tool only, not required for compliance review)
- ▶ Tax Credit Worksheet (loan officer tool only, not required for compliance review)
- ▶ Compliance Checklist (completed by post closer for loan file submission to Florida Housing)

**FLORIDA HOUSING FINANCE CORPORATION
MORTGAGE CREDIT CERTIFICATE PROGRAM
NOTICE TO BORROWER & CO-BORROWER
OF POTENTIAL RECAPTURE OF FEDERAL SUBSIDY**

Borrower Name

Co-Borrower Name

I (we) are applying for a Mortgage Credit Certificate (MCC) from Florida Housing Finance Corporation and understand that there is a potential repayment of a portion of the interest saving that I (we) may receive. Therefore, I (we) acknowledge and understand that I (we) may owe recapture tax to the Internal Revenue Service if **ALL** three of the following occur:

1. I (we) sell my (our) residence prior to the ninth anniversary date of the closing date AND
2. I (we) make a profit on the sale of my (our) residence AND
3. I (our) household income for the year in which the sale occurs exceeds the federal threshold income limits.

A Notice to Mortgagors of Potential Recapture of Federal Subsidy will be provided in connection with the issuance of the MCC and Florida Housing Finance Corporation will forward the federal threshold income limits and other recapture information within 90 days after issuance. Both forms pertain to the "recapture" provisions imposed by the Internal Revenue Code of 1986, as amended. I (we) understand that I (we) will be required to file a federal tax form (Form 8828) along with my (our) federal income tax returns for the year in which the residence is sold. The maximum recapture tax payable, *if any*, is the lesser of 6.25% of the loan amount, or 50% of the gain on the sale.

Eligibility criteria can be obtained from your participating lender or by contacting Florida Housing Finance Corporation at (850) 488-4197.

Signature of Borrower

Date

Signature of Co-Borrower

Date

PLEASE BE ADVISED THAT POWER OF ATTORNEY IS NOT PERMITTED.

SAMPLE

Est. Jan. 2015

Some Florida Housing Finance Corporation mortgage loan programs are funded by tax exempt mortgage revenue bonds. If you use these programs or receive a credit against your federal income taxes through a Mortgage Credit Certificate, you could be subject to the Federal Recapture Tax if and when you sell your home.

The Recapture Tax is part of the federal tax code. It is collected by the Internal Revenue Service and not paid to Florida Housing. This federal income tax is due for the year in which the home is sold.

When the tax applies

The potential for paying a recapture tax applies only when you sell your home. You pay it when you file your tax returns for the year in which you sell your home and pay off your mortgage loan with Florida Housing.

The Recapture Tax is not activated when you refinance the property; however, refinancing does not cancel the Recapture Tax provision.

All of the following conditions must be in effect to activate the Recapture Tax:

- The home is sold, or disposed of in some other way, within nine years of the original mortgage loan closing date.
- You have a net gain on the sale of the property.
- Your annual adjusted gross income exceeds the federal threshold limit as prescribed by the federal tax code. The maximum federal threshold limit increases 5% per year for the first nine years after the mortgage loan closing date.

You are more likely to pay a Recapture Tax if you are:

- employed in a high growth income potential position.
- close to the maximum income limit at the time of mortgage loan closing.
- not reporting all your income.
- in a high inflation environment.

Section 6 • PROGRAM FORMS &

Special rules may apply in certain circumstances including divorce, destruction of the property, or if you give away the property.

Exceptions

You will not owe a Recapture Tax if:

- you transfer the home to your spouse or to your former spouse due to a divorce, where no gain is included in your income.
- the home is destroyed by a casualty and you repair or replace it on its original site within two years after the end of the tax year when the destruction happened.
- the home is disposed of as a result of your death

Payment information

The tax is limited to the lesser of one of the following:

- 50% of the net gain on the sale of the property
- 6.25% of the original mortgage loan amount, known as the Federally Subsidized Amount (FSA)

Typically, if you are subject to the Recapture Tax, only a percentage of the FSA is owed. For each year the home is owned, the corresponding percentage of the FSA changes. For example, if you sold your home in the third year, you could potentially owe tax on 60% of the FSA. Whether you owe a Recapture Tax or not, you must complete IRS form 8828 and file it with your federal tax return for the year the home is sold. This form instructs how to calculate the correct amount due, if any, to the IRS.

Information you will need in the future

After you close your loan, you will receive a detailed letter from Florida Housing's Compliance group. This letter should be kept with your other mortgage documents. It contains extremely important information that you will need to determine if you must pay recapture tax.

The letter contains information that you'll need in order to complete Form 8828 such as

- The loan amount (the highest principal amount of the loan)
- Closing Date,
- Name of the Issuer of the Bonds,
- Name of the original lender that made the loan, and
- Chart that details data necessary to complete Form 8828.

SAMPLE

**FLORIDA HOUSING FINANCE CORPORATION
MORTGAGE CREDIT CERTIFICATE PROGRAM**

There are important legal consequences to this Affidavit. Read carefully before signing.
MORTGAGOR AFFIDAVIT

LENDER LOAN # _____

The undersigned, as part of my (our) application to the Florida Housing Finance Corporation (the "Corporation") for a Mortgage Credit Certificate in connection with my (our) acquisition of a single-family residence (the Residence) that will become my (our) permanent, primary residence from a Participating Lender (the Lender) of my (our) choice, certify the following information to be true and correct:

BORROWER INFORMATION

LAST NAME _____ FIRST _____ MIDDLE _____

SOCIAL SECURITY # _____

CO-BORROWER/SPOUSE INFORMATION

LAST NAME _____ FIRST _____ MIDDLE _____

SOCIAL SECURITY # _____

PROPERTY INFORMATION

ADDRESS _____

CITY _____ COUNTY _____ ZIP _____, FLORIDA.

CHECK AS APPLICABLE: _____ New Construction _____ Existing _____ Non-Targeted Area _____ Targeted

Copies of Federal Income Tax Returns filed with the IRS for the past three (3) years for all borrowers and spouses (if applicable) over the age of 18 have been submitted to the Lender or the reasons for exemption from filing are stated as follows: _____

Total Persons in Household _____

Household Income includes the anticipated gross income from all sources of all persons in the household 18 years of age or over.

	Borrower	Co-Borrower / Spouse	Other Occupants
Gross Annual Income	\$ _____	\$ _____	\$ _____

COMBINED TOTAL HOUSEHOLD

INCOME (Add All Amounts Above) \$ _____ **TOTAL ACQUISITION COST** \$ _____

TOTAL ACQUISITION COST of the property includes all amounts paid previously or in the future, in cash or in kind by the Borrower(s) or any other person(s) to or for the benefit of the seller(s); points paid by the seller(s) excluding "usual and reasonable settlement and financing costs," additional amounts paid for fixtures under state law (i.e, light fixtures, window treatments, floor carpeting; capitalized value using discount rate established by the Issuer of ground rent, (leasehold estate); additional amounts to be paid if dwelling is incomplete or unfinished for which a written estimate of completion cost is attached; additional amounts for land purchased separately and not owned by the mortgagor(s) for at least two (2) years prior to the commencement of construction of the residence; and other amounts including any agreements, whether oral or written, property taxes in excess of the mortgagor(s) pro-rata share and settlement and financing costs in excess of the usual and reasonable costs, hook-up, tap-in, site improvements, architectural and builder fees, permits, subcontracted items, construction loan interest and commissions. Apart from any normal real estate agents' commissions, no money is being paid, no promissory note is being delivered, nor is anything else of value (including, without limitation, personal property) being exchanged for or transferred to the seller of the residence or any other persons by me, or to my knowledge, by any other person in connection with the purchase of the property except as indicated in the escrow and settlement documents. I have not entered into any agreement with the seller of the residence, the developer, the contractor or any other person pursuant to which any portion of the residence has been left unfinished or any fixtures or other necessary architectural appointments have been omitted or removed from the residence in order to reduce the

BORROWER/CO-BORROWER CLOSING AFFIDAVIT - PAGE 1 OF 3

COPIES: ONE TO BORROWER, LENDER. ORIGINAL TO BE SUBMITTED WITH COMPLIANCE FILE TO FLORIDA HOUSING.

acquisition cost. I am not buying any unattached items of personal property from the seller in connection with the residence except as itemized with the amount of their purchase price that does not exceed their fair market value and attached hereto and incorporated into this Affidavit.

AND THAT (a) the residence will be occupied as my (our) principal residence within a reasonable time not to exceed 60 days of loan closing, the residence will not be used as investment property, vacation, or recreational home, or in conjunction with business activities (as evidenced by the use of more than fifteen percent (15%) of the total floor space in a trade or business except for the rental of one to three of the units in a two-to-four family residence; and I (we) have been duly notified that if the residence ceases to be my (our) principal residence that the MCC will be automatically revoked and I (we) will no longer be entitled to claim the credit and further; I (we) will immediately notify the Corporation in writing if the residence ceases to be my (our) principal, permanent residence; **(b)** this is not a refinancing of an existing, previously occupied residence for which this mortgage loan is being requested will not replace my (our) existing mortgage or land contract or a newly constructed residence has not and was not occupied prior to loan commitment and the proceeds of the mortgage loan will not be used to replace my (our) existing mortgage, unless such loan is a construction, bridge or temporary initial financing of 24 months or less; **(c)** for homes in non-targeted areas, all borrowers and spouses (if applicable) have submitted the most recent 3 years federal income tax returns or reasons exempted by law to do so, and individually or together have not had an ownership interest in a principal residence within 3 years of loan closing (*principal residence includes single family detached, condominium, shares in housing cooperative, occupancy in an owned multi-family housing unit, factory made housing affixed to real property; ownership includes full or partial ownership interest, fee simple, joint ownership interest by joint tenancy, tenancy in common or tenancy in entirety, in interest of a tenant-stockholder in a cooperative, a land contract under which possession and the burdens and benefits of ownership are transferred, even if legal title is until some later date, ownership interest in trust or life estate interest*); **(d)** no portion of the financing of the residence will be provided from the proceeds of any tax-exempt Mortgage Revenue Bond or other tax-exempt obligations; **(e)** I (we) do not have an application in process nor have I (we) received a commitment for a mortgage loan under any other single family mortgage revenue bond program; **(f)** no person related to me (us) has or is expected to have an interest as a creditor in the mortgage loan; **(g)** I (we) must meet all federally and locally mandated requirements to qualify for the mortgage loan; **(h)** the Mortgage Credit Certificate is not limited to indebtedness incurred from a particular lender; **(i)** I (we) have been advised by the Lender to consult a tax accountant or to calculate federal tax consequences as a result of participation in the MCC Program including, but not limited to, my (our) sale of the residence, and not to rely solely on any statements made by the Lender or the Corporation; and **(j)** the MCC may not be transferred or reissued. I have been advised that use of the MCC will reduce my mortgage interest deduction for federal tax purposes and that the MCC does not offer any state income tax credit. I understand that the maximum annual value of the credit is \$2,000 or the applicable tax credit amount, whichever is less. **I (we) acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining my (our) eligibility for a MCC. Any fraudulent statement will result in (i) the revocation of my (our) MCC and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. Any material misstatement due to negligence on my (our) part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. Furthermore, any material misstatement due to negligence or misstatement due to fraud that is discovered upon issuance of MCC will result in the immediate revocation of MCC, deeming the MCC null and void, without any further action by Florida Housing Finance Corporation.**

SIGNATURE OF BORROWER

SIGNATURE OF CO-BORROWER / SPOUSE

DATE

DATE

STATE OF _____

COUNTY OF _____

I certify that _____ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the _____ day of _____, 20____.

(Apply Notary Seal)

Signature of Notary Public

Commission Expiration Date

**BORROWER/CO-BORROWER CLOSING AFFIDAVIT - PAGE 2 OF 3
COPIES: ONE TO BORROWER, LENDER. ORIGINAL TO BE SUBMITTED WITH COMPLIANCE FILE TO FLORIDA HOUSING.
REVISED 1/1/2015**

**FLORIDA HOUSING FINANCE CORPORATION
MORTGAGE CREDIT CERTIFICATE PROGRAM
SELLER CLOSING AFFIDAVIT**

I (we) the undersigned, as a participant in the sales transaction for a Florida Housing Finance Corporation Mortgage Credit Certificate (MCC) being submitted by _____ (Borrower(s)), which may be issued by the Florida Housing Finance Corporation (Florida Housing) in connection with the Borrower's purchase from the undersigned of a single-family residence, certify the following:

1. I (we) are the Seller of the residence located at the address stated below.
2. I (we) certify that the residence has _____ has NOT _____ been previously occupied and the residence being purchased is a single-family residence located in the State of Florida at the address below:

Address _____
City _____ County _____ Zip _____

3. The total acquisition cost of the land and the completed residence includes:
 - (a) The contract price of the residence which is \$ _____, which was established in an arms'-length transaction between unrelated parties (or, in the case of a related buyer and seller, reflects the appraised value of the residence). If new construction, the contract price should include the construction cost, excluding the value of the Borrower's and the Borrower's family labor, plus the value of the land. The appraised value of the land should be used if the land has been received by the Borrower(s) as a gift. If the land has been owned by the Borrower for more than two years before construction begins, the cost of the land is not included. If the land has been owned less than two years, include the actual cost of the land.
 - (b) Other amounts paid to me by the Borrower(s) and not in the contract price (such as money for extra work, allowance overages, or reimbursement of any seller-paid contribution or credit not included in the contract price) or paid to a person related to me or for the benefit of me, by the Borrower(s) or a person related to or acting on behalf of the Borrower(s), which is \$ _____.
 - (c) A reasonable cost estimate of completing or repairing the residence must be included in the acquisition cost, whether or not the construction is completed. A reasonable cost estimate of completing the residence at closing, included such construction items as labor, materials, commissions, builder's fees, hook-up and tap-on fees, permits, architectural fees, site improvements, work credit, subcontracted items, construction loan interest, etc. The total cost estimate to complete or repair the residence is \$ _____.
 - (d) I (we) certify that the total cost of acquiring the residence as a completed residential unit is \$ _____ (a + b + c). No side deal or agreement, either verbal or written, is presently contemplated for the completion of the residence or an addition to the residence, unless the estimated cost of the completion and/or addition is included in the acquisition cost.
3. I (we) understand that this affidavit will be relied on for determining the Borrower(s) eligibility for a MCC.
4. I (we) certify that the price of the residence with respect to which the Certificate was issued is no higher than it would be without the use of the use of the Mortgage Credit Certificate through Florida Housing Finance Corporation.

I (we) acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining The Borrower's eligibility for a MCC. Any fraudulent statement will result in (i) the revocation of the Borrower's MCC and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. Any material misstatement due to negligence on my

Revised 1/1/2015

FLORIDA HOUSING FINANCE CORPORATION
Mortgage Credit Certificate Program
INCOME CALCULATION WORKSHEET

Borrower _____ **Co-Borrower** _____

Property Information

Street _____
 City _____ Zip _____

Lender Information

Lending Institution Name _____ Loan Number _____
 Loan Officer Name _____ Date _____
 Loan Officer Email _____ Loan Officer Phone Number _____

The MCC Program requires that the income of all persons residing in the household (related or unrelated) 18 years of age or older must be included in the calculation of the Household income for Program purposes. Unlike income that is averaged for credit underwriting, the Program is concerned with actual CURRENT income from all sources. You should be reviewing the income for the last 4-6 weeks to determine gross income and comparing this income on the previous tax returns for consistency. You should not be averaging income. Gross monthly income is the sum of current monthly gross pay plus any additional income from all sources, continuation of which is probable based on foreseeable economic circumstances. Once you have determined total gross monthly income for everyone over the age of 18 that will be residing in the property, you will then multiply this figure by 12 to determine "combined total household (HH) income" for Program purposes.

Annual Gross Income	Borrower	Co-Borrower	Other Household Members
Annual Base Income			
Self-Employed			
Overtime			
Bonus			
Commission			
Part-Time			
Interest			
Dividend			
Child Support/Alimony			
Social Security			
Other			
TOTAL INCOME			
COMBINED TOTAL HH INCOME			

Please refer to the Lender Guide for more information regarding allowable income sources as well as guidance on how to calculate income for compliance with the MCC Program.

 Loan Officer Signature

 Date

FLORIDA HOUSING FINANCE CORPORATION
Mortgage Credit Certificate Program
TAX CREDIT WORKSHEET

Complete the section below to determine if borrower(s) would benefit from the 50% tax credit.

Mortgage loan amount _____

Interest rate _____

First year's interest (*amortize loan for one year*) _____

Mortgage credit _____ **50%**

Tax credit = 50% of first year's interest (capped at \$2,000 annually) _____

The monthly benefit = tax credit divided by 12 months _____

Example:

<i>Mortgage loan amount</i>	\$100,000
<i>Interest rate</i>	4.00%
<i>First year's interest</i>	\$4,000
<i>Mortgage credit rate</i>	50%
<i>Tax credit (\$100,000 X 50%)</i>	\$2,000
<i>Estimated monthly benefit (\$2,000 X 50%)</i>	\$166

Loan Officer Tool only * Document is not required for submission to Florida Housing with Compliance File.

FLORIDA HOUSING FINANCE CORPORATION
Mortgage Credit Certificate Program COMPLIANCE
FILE CHECKLIST

BORROWER NAME _____

LOAN NUMBER _____

LENDER _____

DATE _____

LEFT side of loan file:

- HUD-1
- Final 1003
- Fully executed sales contract
- Copy of Warranty Deed
- \$500 Issuance Fee
- Homebuyers Education Certificate
- Appraisal

RIGHT side of loan file:

- Compliance checklist
- Mortgagor Affidavit
- Underwriter Certification (Original signed)
- Seller Affidavit
- Notice to Buyer
- 3 years' tax returns for Borrower
- 3 years' tax returns for Co-Borrower / Spouse
- Copy of divorce decree, if applicable