



LENDER GUIDELINE  
for

Florida Housing Finance  
Corporation's

2018

Mortgage Credit Certificate  
(MCC) Program

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## INTRODUCTION TO FLORIDA HOUSING FINANCE CORPORATION'S MORTGAGE CREDIT CERTIFICATE PROGRAM

**Florida Housing Finance Corporation (FL Housing)** (EIN 59-3451366) offers a Mortgage Credit Certificate (MCC) Program to eligible first time buyers through our network of Participating Lenders throughout all counties in the State of Florida.

Mortgage Credit Certificates were authorized by Congress in the 1984 Tax Reform Act. An MCC is a non-refundable 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 towards his/her monthly mortgage payments.

Florida Housing offers an MCC with up to a 30% tax credit amount, depending on the loan amount. Homeowners with the credit are allowed to use up to 30% 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 the applied credit rate of the annual mortgage interest or \$2,000, except for MCCs using the 20% credit rate, or less, where there is no maximum credit amount.**

For example, a borrower with a loan amount of \$190,000 at an interest rate of 5% for 30 years pays approximately \$9,500 of interest in the first year of the mortgage loan. With a 20% MCC, this borrower receives a direct federal income tax credit of \$1,900 (20% x \$9,500) and the borrower treats the remaining \$7,600 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 30% MCC, this borrower receives a direct federal income tax credit of \$1,500. The borrower treats the remaining \$3,500 of mortgage interest paid as an itemized tax deduction.

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 unless the borrower refinances through Florida Housing Finance Corporation's Reissue Program through one of Florida Housing's approved Participating Lenders. (See page 21 of this Lender Guideline for more information.)

An MCC cannot be issued to a borrower who is assuming an existing mortgage that was not previously assisted with an MCC and an MCC **CANNOT** be used with any

tax-exempt Mortgage Revenue Bond (MRB) Program. An MCC **CANNOT** be issued with Florida Housing's FL First or Military Heroes First Mortgage Programs.

Under the MCC Program, Florida Housing will only issue MCCs to eligible borrowers who obtain mortgage loans from Participating Lenders who have executed an Lender Participation Agreement (the Agreement) with Florida Housing. Florida Housing will only issue MCCs to eligible borrower(s) who purchase a new or existing home through one of our approved Participating Lenders.

Please note that only Loan Officers/Originators who **reside** in the State of Florida are permitted to originate in Florida Housing's MCC Program.

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, 2020 or until such time as all allocation has been expended.

## WHERE TO GET ANSWERS TO YOUR QUESTIONS

**Florida Housing’s office hours are between 8:00 am and 5:00 pm, Monday – Friday.**  
Please direct any questions or concerns to the appropriate party listed below.

Question	Direct Questions to:	Contact Information
How to become an approved Lender	MCC Compliance Team	<a href="mailto:Charles.White@floridahousing.org">Charles.White@floridahousing.org</a> <a href="mailto:Charles.jones.@floridahousing.org">Charles.jones.@floridahousing.org</a> <a href="mailto:natalyne.zanders@floridahousing.org">natalyne.zanders@floridahousing.org</a>
How individual staff members of an approved Participating Lender can sign up to participate in the MCC Program	MCC Compliance Team	Go to this link below for Lender Training: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
Where to attend training for MCC Program	MCC Compliance Team	Go to this link below for Lender Training: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
Where to attend training for the online reservation system	MCC Compliance Team	Go to this link below for System Training: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
How to reserve a loan	MCC Compliance Team	Go to this link below to access the Lender Portal: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
How to modify a loan	MCC Compliance Team	Go to this link below for System Training: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
How to pull Program documents from the online reservation system	MCC Compliance Team	Go to this link below for System Training: <a href="http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit">http://www.floridahousing.org/lenders-loan-officers/florida-housing-mortgage-credit</a>
Questions regarding income for the MCC Program	MCC Compliance Team	Refer to the “Determining Income” Section of this Lender Guideline or email questions to <a href="mailto:mccprogram@floridahousing.org">mccprogram@floridahousing.org</a>

Credit underwriting questions	Participating Lenders should refer to their internal Underwriting Department or Manager	FL Housing does not re-underwrite loans. Credit underwriting questions should NOT be directed to FL Housing.
Questions regarding the shipping of closed compliance loan files	MCC Compliance Team	<a href="mailto:mccprogram@floridahousing.org">mccprogram@floridahousing.org</a>
Questions regarding exceptions	MCC Compliance Team	<a href="mailto:mccprogram@floridahousing.org">mccprogram@floridahousing.org</a>

### MCC PROGRAM STAFF

Questions regarding file submission, reservation system inquiries, website concerns, compliance resolution, general inquiries, and new lender submissions can be submitted to our MCC Staff Members below:

Contact	Email	Phone	Extension
Charles Jones	<a href="mailto:Charles.Jones@floridahousing.org">Charles.Jones@floridahousing.org</a>	850-488-4197	1197
Michelle Nix	<a href="mailto:Michelle.Nix@floridahousing.org">Michelle.Nix@floridahousing.org</a>	850-488-4197	1274

## DEFINITIONS

**Acquisition Cost** means 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 of 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; (s) the values of any services performed by the mortgagor and family members in completing a dwelling unit on the residential property; and (3) the cost 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.

**Agency** means FHA (Federal Housing Administration of the United States Department of Housing and Urban Development), VA (Veteran's Affairs) or USDA/RD (Rural Development Service of the United States Department of Agriculture).

**Affidavit** means a document filed in connection with the Mortgage Credit Certificate 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.

**Certified Indebtedness Amount** means, for the purposes of this MCC Program, the Mortgage Loan Amount as defined in this Lender Guideline.

**Co-borrower** means 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 satisfy MCC Program annual income limits set forth in this Lender Guideline; (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 Federally Designated Targeted Area or meets the Veteran's Exemption.

**Co-signer** means a non-occupant who is co-signing the promissory note for a particular mortgage loan. Co-signers, however, are strictly **prohibited** in Florida Housing Finance Corporation's Mortgage Credit Certificate Program.

**Current Gross Annual Income** means gross monthly income multiplied by twelve (12). Gross monthly income is the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, dividends, interest royalties, pensions, Veterans Administration (VA) compensation, net rental income, etc.; and other income (such as alimony, child support, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments.) ***Please refer to the Determining Income Section of this Lender Guideline for more information.***



**Eligible Borrower** means an individual or family that: (1) meets the annual income limits set forth in this Lender Guideline; (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 is in a Federally Designated Targeted Area or meets the Veteran's Exemption.

**Eligible Property** means 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 Mortgage Credit Certificate Program requirements as set forth in this Lender Guideline.

**Federally Designated Targeted Area** means those areas within the State identified as Qualified Census Tracts and Areas of Chronic Economic Distress (if any) which are set forth in this Lender Guideline. 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>.

**FHA/VA/USDA-RD Loans** means Mortgage Loans which are FHA insured, U.S. Department of Veterans Affairs (VA) Guaranteed, or U.S. Department of Agriculture Rural Development (USDA-RD) Guaranteed.

**First Time Homebuyer** means, except for borrowers purchasing in Federally Designated Targeted Areas and for certain veterans eligible for the Veteran's Exception, the borrower and spouse of a borrower, if applicable, must have had no present Ownership Interest in a principal residence at any time during the three-year period prior to the date on which the Mortgage Loan is executed.

**GSE** means the Government Sponsored Enterprises which includes Fannie Mae and Freddie Mac.

**Homebuyer Counseling** means First-Time Homebuyers, unless qualifying under a Veteran's Exception or those who are exempt by purchasing a home in a Federally Designated Targeted Area as specified in this Lender Guideline, must complete a Program-approved pre-purchase homebuyer education course. We will accept face-to-face homebuyer education if provided by a HUD approved counseling agency, a unit of local government that provides pre-purchase homebuyer education in Florida, or a counseling agency designated by a unit of local government to provide homebuyer education on their behalf. Refer to [www.hud.gov](http://www.hud.gov) for a list of approved education providers by county. Online HBE is permitted if provided by a HUD approved agency, a unit of local government that provides pre-purchase homebuyer education in Florida, a mortgage insurance provider, or an Agency or GSE sponsored course.

**Household Income** means 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 – please see Determining Income section of this Lender Guideline) must be included in the total annual income calculation, whether or not they will execute the promissory note. If married, the gross annual income of the spouse must also be included even if the spouse is not going to occupy the property or execute the promissory note.

**HUD** means the United States Department of Housing and Urban Development.

**Income Limit** means the federally adjusted income limits for a household, adjusted for household size and county, which are set forth in this Lender Guideline.

**Lender or Participating Lender** means a home mortgage lending institution approved by Florida Housing for the Program.

**IRC** means Internal Revenue Code of 1986, as amended.

**IRS** means Internal Revenue Service.

**Manufactured Home (Mobile Home)** means 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** means an interest one had because he/she is or was married to a person that owns or owned a property.

**Modular Home** means 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** means the borrower(s) in a mortgage transaction.

**Mortgage** means the written instrument creating a lien on real property to provide security for the payment of a Mortgage Loan.

**Mortgage Broker** means a third party intermediary working with a borrower and a lender while qualifying the borrower for a mortgage. Florida Housing prohibits Mortgage Brokers from participating in its Mortgage Credit Certificate Program.

**Mortgage Loan** means a qualified loan originated by a Participating Lender under the Program with respect to real property, which is evidenced by a Mortgage Note and secured by a Mortgage that creates a first or second lien.

**Mortgage Loan Amount** means a principal amount a borrower has financed and obligated to pay a lender as mutually agreed upon based on specific rate and terms.

**Mortgage Note** means the promissory note evidencing the obligation to repay a Mortgage Loan.

**New Construction** means a dwelling unit that is new and/or never occupied.

**Non-Borrowing Co-Occupant** means any person age 18 years of age or older who will occupy the property and who will not be liable on the Mortgage.

**Ownership Interest** means a person(s) who has owned and occupied a primary residence and appear on the deed to such property. Ownership interest being 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.

**Participating Lender** means any person, institution or entity that provides financing for the purchase of a Principal Residence and that entered into a Lender Participation Agreement with Florida Housing Finance Corporation.

**Permanently Fixed** means the towing hitch or running gear, including the wheels and axles, has been removed from the mobile home and the has been attached to a permanent foundation (including basement, crawl space and slab types of foundations).

**Principal Residence** means 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.

**Purchase Price Limit or Acquisition Limit** means the Mortgage Credit Certificate Program limits on the maximum purchase price of a home, by county, which are set forth in this Lender Guideline.

**Recapture Tax** means the potential repayment of a portion of the interest savings that the borrower receives through the Mortgage Credit Certificate. This federal tax, if applicable, is payable to the IRS through the federal income tax returns.

**Refinance** means the replacement of an existing debt obligation with another debt obligation with different terms. The terms and conditions of refinancing may vary widely by county, based on several economic factors such as, inherent risk, projected risk, borrower's credit worthiness and credit rating of a nation.

**State** means the State of Florida.

**Veterans Exemption** refers to the Congressional Act that permanently exempts qualified veterans from the Internal Revenue Code 143 requirement of being a First Time Homebuyer when utilizing loan programs that rely on mortgage revenue bond financing as its funding source.

## MORTGAGE CREDIT CERTIFICATE PROGRAM REQUIREMENTS

1) **First Time Homebuyer Requirement** - Unless satisfying one of the exceptions below, the borrower and spouse, if applicable, must not have had an Ownership Interest in a Principal Residence at any time during the three-year period prior to the date on which the Mortgage Loan is executed. Please note that a mobile home that is not deeded to the land is not considered real property and would not restrict a borrower from participation. If a borrower owned/owns a mobile home but not the land in which it sits on, then it was/is not considered real property.

### ***Veterans Exemption***

- Veterans need not be First Time Homebuyers if he or she served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.
- Borrower(s) qualifying under the Veterans Exception must certify that they meet the requirements on the Mortgagor Affidavit and provide a valid DD-214.

### ***Federally Designated Targeted Area Exception***

- Borrower(s) purchasing in a Federally Designated Targeted Area are exempt from the First Time Homebuyer Requirement. See the eligible Census Tracts below.

**2018 Federally Designated Targeted Areas**  
*(Borrowers Purchasing in Federally Designated Targeted Areas are Exempt from the First Time Homebuyer requirement.)*

<b>Alachua</b>	0002.00, 0006.00, 0008.09, 0009.01, 0009.02, 0015.16, 0015.17, 0015.20, 0019.02, 0022.19
<b>Bay</b>	0016.00
<b>Brevard</b>	0607.00, 0623.01, 0626.00, 0649.02
<b>Broward</b>	0103.04, 0204.12, 0303.01, 0304.02, 0308.01, 0414.00, 0415.00, 0416.00, 0417.00, 0503.09, 0507.02, 0603.02, 0603.03, 0603.04, 0604.03, 1002.01, 1005.01, 1005.02, 9800.00

<b>Citrus</b>	4502.01, 4506.01
<b>Collier</b>	0112.04, 0112.05, 0113.01, 0113.02
<b>DeSoto</b>	0103.02
<b>Duval</b>	0002.00, 0003.00, 0010.0, 0013.00, 0015.00, 0016.00, 0025.01, 0026.00, 0027.02, 0029.02, 0122.00, 0132.00, 0155.02, 0163.00, 0174.00
<b>Escambia</b>	0004.00, 0015.00, 0017.00, 0018.00, 0019.00, 0020.00, 0021.00, 0027.03
<b>Highlands</b>	9612.00, 9800.00
<b>Hillsborough</b>	0003.00, 0007.00, 0009.01, 0012.00, 0014.00, 0018.00, 0019.00, 0020.00, 0026.00, 0030.00, 0033.00, 0034.00, 0037.00, 0040.00, 0041.00, 0043.00, 0044.00, 0050.00, 0070.02, 0108.13, 0108.15, 0108.16, 0108.17, 0108.18, 0119.04, 0120.02, 0139.14
<b>Indian River</b>	0504.01
<b>Lake</b>	0305.03
<b>Lee</b>	0003.02, 0006.00, 0007.00, 0011.02, 0012.01, 0208.00, 0403.14
<b>Leon</b>	0003.03, 0005.00, 0010.01, 0011.01, 0014.02, 0020.03, 0020.04, 0020.05, 0021.03, 0021.04, 0025.09
<b>Manatee</b>	0001.03, 0001.05, 0001.06, 0002.02, 0003.05, 0003.09, 0007.03, 0007.05
<b>Marion</b>	0005.02, 0017.00
<b>Miami Dade</b>	0002.18, 0002.19, 0004.11, 0004.13, 0005.03, 0005.05, 0006.08, 0007.10, 0007.11, 0007.12, 0008.06, 0008.07, 0009.03, 0010.04, 0010.06, 0014.01, 0014.02, 0015.01, 0016.05, 0018.03, 0019.03, 0019.04, 0020.01, 0020.03, 0020.04, 0022.02, 0024.02, 0024.03, 0024.04, 0025.01, 0025.02, 0026.00, 0028.00, 0029.00, 0030.03, 0030.04, 0031.00, 0034.00, 0036.01, 0036.02, 0043.03, 0044.04, 0049.01, 0051.02, 0051.03, 0051.04, 0052.01, 0052.02, 0053.02, 0053.03, 0053.04, 0054.05, 0054.06, 0054.09, 0054.10, 0055.01, 0057.03, 0063.01, 0066.02, 0089.04, 0090.20, 0090.21, 0090.26, 0090.40, 0090.46, 0093.07, 0093.15, 0100.15, 0102.07, 0109.00, 0110.01, 0111.01, 0113.00, 0114.03, 0114.04, 0135.00, 9807.00
<b>Okeechobee</b>	9104.03

<b>Orange</b>	0104.00, 0105.00, 0116.00, 0117.02, 0120.00, 0124.01, 0135.03, 0145.02, 0145.03, 0150.01, 0165.10, 0169.07, 0185.00 0187.00
<b>Osceola</b>	0419.00, 0422.00, 0432.01
<b>Palm Beach</b>	0014.02, 0014.03, 0015.00, 0019.10, 0019.13, 0022.00, 0024.00, 0029.00, 0031.02, 0040.13, 0044.02, 0045.00, 0059.39, 0082.01, 0082.02, 0083.01
<b>Pasco</b>	0304.10, 0305.01, 0308.00, 0310.09, 0314.08, 0318.07, 0324.02, 0326.01, 0330.09, 0330.12
<b>Pinellas</b>	0205.00, 0208.00, 0216.00, 0245.10, 0246.02, 0247.03, 0255.05, 0262.00, 0268.18
<b>Polk</b>	0112.04, 0114.00, 0117.04, 0120.02, 0123.05, 0131.03, 0133.00, 0134.00, 0136.00, 0139.01, 0141.04, 0143.01, 0154.05, 0158.01, 0164.00
<b>Putnam</b>	9507.00
<b>Seminole</b>	0204.01, 0205.00, 0220.01
<b>St. Lucie</b>	3801.00, 3802.00, 3803.00, 3804.00
<b>Sumter</b>	9113.02
<b>Suwannee</b>	9703.01
<b>Volusia</b>	0815.00, 818.00, 0819.00, 0820.00, 0821.00, 0822.01, 0825.11

- 2) **Tax Liability Requirement** - Borrower(s) should have sufficient tax liability to benefit from the tax credit which would be claimed annually on their federal tax return or through an adjustment to their W4 withholdings. Consider future tax liability of all borrower(s) when determining the benefit of the tax credit.
- 3) **Homebuyer Education Requirement** – Borrower(s) and any party appearing on deed must attend a pre-purchase education course. See term sheet in this Lender Guideline for more information.
- 4) **Income Limit Requirement** - Borrower(s) must not exceed the maximum Income Limit requirements, adjusted for household size, for the county in which the property is being purchased. (Please see Determining Income section of this Lender Guideline for more information.) See eligible Income Limits below.
- 5) **Purchase Price Limit Requirement** - The contracted purchase price cannot exceed the Purchase Price Limits in the county in which the property is being purchased. See eligible Purchase Price Limits below.



**2018 - 2019 Income Limits  
Mortgage Credit Certificate (MCC) Program  
(Effective June 15, 2018)**

County	Non Targeted		Targeted		County	Non Targeted		Targeted	
	1-2 Persons	3+ Persons	1-2 Persons	3+ Persons		1-2 Persons	3+ Persons	1-2 Persons	3+ Persons
Alachua	\$ 71,300.00	\$ 81,995.00	\$ 85,560.00	\$ 99,820.00	Lee	\$ 63,700.00	\$ 73,255.00	\$ 76,440.00	\$ 89,180.00
Baker	\$ 74,640.00	\$ 86,266.00	\$ 75,000.00	\$ 87,500.00	Leon	\$ 68,400.00	\$ 78,660.00	\$ 82,080.00	\$ 95,760.00
Bay	\$ 63,200.00	\$ 72,680.00	\$ 75,840.00	\$ 88,480.00	Levy	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Bradford	\$ 63,026.00	\$ 72,480.00	\$ 75,000.00	\$ 87,500.00	Liberty	\$ 63,826.00	\$ 73,400.00	\$ 75,000.00	\$ 87,500.00
Brevard	\$ 64,800.00	\$ 74,520.00	\$ 77,760.00	\$ 90,720.00	Madison	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Broward	\$ 80,800.00	\$ 92,920.00	\$ 96,960.00	\$ 113,120.00	Manatee	\$ 70,300.00	\$ 80,845.00	\$ 84,360.00	\$ 98,420.00
Calhoun	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Marion	\$ 64,080.00	\$ 73,860.00	\$ 75,000.00	\$ 87,500.00
Charlotte	\$ 63,246.00	\$ 72,733.00	\$ 75,000.00	\$ 87,500.00	Martin	\$ 68,334.00	\$ 78,584.00	\$ 75,000.00	\$ 87,500.00
Citrus	\$ 62,880.00	\$ 73,360.00	\$ 75,000.00	\$ 87,500.00	Miami-Dade	\$ 78,700.00	\$ 90,505.00	\$ 94,440.00	\$ 110,180.00
Clay	\$ 73,474.00	\$ 84,495.00	\$ 83,880.00	\$ 97,860.00	Monroe	\$ 105,840.00	\$ 123,480.00	\$ 105,840.00	\$ 123,480.00
Collier	\$ 90,000.00	\$ 105,000.00	\$ 90,000.00	\$ 105,000.00	Nassau	\$ 73,474.00	\$ 84,495.00	\$ 83,880.00	\$ 97,860.00
Columbia	\$ 62,986.00	\$ 72,434.00	\$ 75,000.00	\$ 87,500.00	Okaloosa	\$ 77,239.00	\$ 88,825.00	\$ 78,840.00	\$ 91,980.00
De Soto	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Okeechobee	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Dixie	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Orange	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00
Duval	\$ 73,474.00	\$ 84,495.00	\$ 83,880.00	\$ 97,860.00	Osceola	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00
Escambia	\$ 65,200.00	\$ 74,980.00	\$ 78,240.00	\$ 91,280.00	Palm Beach	\$ 76,900.00	\$ 88,435.00	\$ 92,280.00	\$ 107,660.00
Flagler	\$ 63,126.00	\$ 72,595.00	\$ 75,000.00	\$ 87,500.00	Pasco	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00
Franklin	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Pinellas	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00
Gadsen	\$ 67,400.00	\$ 77,510.00	\$ 80,880.00	\$ 94,360.00	Polk	\$ 64,186.00	\$ 73,814.00	\$ 75,000.00	\$ 87,500.00
Gilchrist	\$ 71,300.00	\$ 81,995.00	\$ 85,560.00	\$ 99,820.00	Putnam	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Glades	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Santa Rosa	\$ 65,200.00	\$ 74,980.00	\$ 78,240.00	\$ 91,280.00
Gulf	\$ 63,120.00	\$ 73,640.00	\$ 75,000.00	\$ 87,500.00	Sarasota	\$ 70,300.00	\$ 80,845.00	\$ 84,360.00	\$ 98,420.00
Hamilton	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Seminole	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00
Hardee	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	St. Johns	\$ 73,474.00	\$ 84,495.00	\$ 83,880.00	\$ 97,860.00
Hendry	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	St. Lucie	\$ 68,334.00	\$ 78,584.00	\$ 75,000.00	\$ 87,500.00
Hernando	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00	Sumter	\$ 66,800.00	\$ 76,820.00	\$ 80,160.00	\$ 93,520.00
Highlands	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Suwanee	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Hillsborough	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00	Taylor	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Holmes	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Union	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Indian River	\$ 64,600.00	\$ 74,290.00	\$ 77,520.00	\$ 90,440.00	Volusia	\$ 63,766.00	\$ 73,331.00	\$ 75,000.00	\$ 87,500.00
Jackson	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00	Wakulla	\$ 62,500.00	\$ 71,875.00	\$ 75,000.00	\$ 87,500.00
Jefferson	\$ 67,400.00	\$ 77,510.00	\$ 80,880.00	\$ 94,360.00	Walton	\$ 72,480.00	\$ 84,560.00	\$ 75,000.00	\$ 87,500.00
Lafayette	\$ 62,640.00	\$ 73,080.00	\$ 75,000.00	\$ 87,500.00	Washington	\$ 62,520.00	\$ 72,940.00	\$ 75,000.00	\$ 87,500.00
Lake	\$ 63,900.00	\$ 73,485.00	\$ 76,680.00	\$ 89,460.00					

**2018 - 2019 Purchase Price Limits  
Mortgage Credit Certificate (MCC) Program  
(Effective June 15, 2018)**

County	Non Targeted Areas	Targeted Areas	County	Non Targeted Areas	Targeted Areas
Alachua	\$ 271,164.60	\$ 331,423.40	Lee	\$ 271,164.60	\$ 331,423.40
Baker	\$ 316,588.50	N/A	Leon	\$ 271,164.60	\$ 331,423.40
Bay	\$ 271,164.60	\$ 331,423.40	Levy	\$ 271,164.60	\$ 331,423.40
Bradford	\$ 271,164.60	\$ 331,423.40	Liberty	\$ 271,164.60	\$ 331,423.40
Brevard	\$ 271,164.60	\$ 331,423.40	Madison	\$ 271,164.60	\$ 331,423.40
Broward	\$ 317,646.90	\$ 388,235.10	Manatee	\$ 275,293.80	\$ 336,470.20
Calhoun	\$ 271,164.60	\$ 331,423.40	Marion	\$ 271,164.60	\$ 331,423.40
Charlotte	\$ 271,164.60	\$ 331,423.40	Martin	\$ 291,176.10	N/A
Citrus	\$ 271,164.60	\$ 331,423.40	Miami-Dade	\$ 317,646.90	\$ 388,235.10
Clay	\$ 316,588.50	N/A	Monroe	\$ 487,058.40	N/A
Collier	\$ 415,058.40	\$ 507,293.60	Nassau	\$ 316,588.50	N/A
Columbia	\$ 271,164.60	\$ 331,423.40	Okaloosa	\$ 327,176.10	N/A
De Soto	\$ 271,164.60	\$ 331,423.40	Okeechobee	\$ 271,164.60	\$ 331,423.40
Dixie	\$ 271,164.60	\$ 331,423.40	Orange	\$ 271,164.60	\$ 331,423.40
Duval	\$ 316,588.50	\$ 386,941.50	Osceola	\$ 271,164.60	\$ 331,423.40
Escambia	\$ 271,164.60	\$ 331,423.40	Palm Beach	\$ 317,646.90	\$ 388,235.10
Flagler	\$ 271,164.60	\$ 331,423.40	Pasco	\$ 271,164.60	\$ 331,423.40
Franklin	\$ 271,164.60	\$ 331,423.40	Pinellas	\$ 271,164.60	\$ 331,423.40
Gadsden	\$ 271,164.60	\$ 331,423.40	Polk	\$ 271,164.60	\$ 331,423.40
Gilchrist	\$ 271,164.60	\$ 331,423.40	Putnam	\$ 271,164.60	\$ 331,423.40
Glades	\$ 271,164.60	\$ 331,423.40	Santa Rosa	\$ 271,164.60	\$ 331,423.40
Gulf	\$ 271,164.60	\$ 331,423.40	Sarasota	\$ 275,293.80	N/A
Hamilton	\$ 271,164.60	\$ 331,423.40	Seminole	\$ 271,164.60	\$ 331,423.40
Hardee	\$ 271,164.60	\$ 331,423.40	St. Johns	\$ 316,588.50	N/A
Hendry	\$ 271,164.60	\$ 331,423.40	St. Lucie	\$ 291,176.10	\$ 355,881.90
Hernando	\$ 271,164.60	\$ 331,423.40	Sumter	\$ 271,164.60	\$ 331,423.40
Highlands	\$ 271,164.60	\$ 331,423.40	Suwanee	\$ 271,164.60	\$ 331,423.40
Hillsborough	\$ 271,164.60	\$ 331,423.40	Taylor	\$ 271,164.60	\$ 331,423.40
Holmes	\$ 271,164.60	\$ 331,423.40	Union	\$ 271,164.60	\$ 331,423.40
Indian River	\$ 271,164.60	\$ 331,423.40	Volusia	\$ 271,164.60	\$ 331,423.40
Jackson	\$ 271,164.60	\$ 331,423.40	Wakulla	\$ 271,164.60	\$ 331,423.40
Jefferson	\$ 271,164.60	\$ 331,423.40	Walton	\$ 327,176.10	N/A
Lafayette	\$ 271,164.60	\$ 331,423.40	Washington	\$ 271,164.60	\$ 331,423.40
Lake	\$ 271,164.60	\$ 331,423.40			



<b>Florida Housing Finance Corporation's Mortgage Credit Certificate (MCC) 2018 Program TERM SHEET</b>	
<b>Florida Housing's Tax Identification Number</b>	<ul style="list-style-type: none"> <li>• 59-3451366</li> </ul>
<b>Features and Terms of the MCC</b>	<ul style="list-style-type: none"> <li>• FL Housing offers a tax credit amount varying between 10% - 30%, depending on the loan amount.</li> <li>• 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. Because the MCC is a non-refundable tax credit, the benefit cannot exceed the borrower's federal income tax liability for the year.</li> <li>• The borrower can claim the tax credit for the life of the loan as long as the borrower occupies the property as his/her principal residence or refinances and obtains a reissued MCC. If the borrower ceases to occupy the property as his/her primary residence, or the borrower refinance the mortgage loan relating to the MCC, the MCC is automatically revoked and the borrower can no longer claim the tax credit.</li> </ul>
<b>Credit Rates</b>	<ul style="list-style-type: none"> <li>• 30% Up to \$100,000.00</li> <li>• 20% \$100,000.01 - \$200,000.00</li> <li>• 10% \$200,000.01+</li> </ul>
<b>Credit Underwriting with the MCC</b>	<ul style="list-style-type: none"> <li>• The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans in which borrowers are eligible for or receiving an MCC. However, FL Housing cannot offer guidance regarding Agency (FHA, USDA-RD, VA, Fannie Mae, Freddie Mac) underwriting criteria specific to the MCC. Lenders will need to defer to Agency guidelines or their own internal underwriting policies.</li> </ul>
<p><b>FL Housing's Mortgage Credit Certificate (MCC) Program CANNOT be used with a first mortgage funded with mortgage revenue bond (MRB) proceeds. This means the MCC CANNOT be combined with FL Housing's FL First or Military Heroes Government First Mortgage Programs.</b></p>	

<p><b>Compliance File Delivery Timeline</b></p>	<ul style="list-style-type: none"> <li>Reservation to Underwriter Certification = 20 days. <i>Reservations not certified by 20 days are subject to cancellation.</i></li> <li>Reservation to Delivery to FL Housing = 40 days. <i>Reservations certified but not delivered by 40 days are subject to cancellation.</i></li> <li>Reservation to MCC Issuance = 60 days. <i>Any reservations exceeding 60 days are subject to cancellation.</i></li> </ul> <p><b>Please note, once cancelled, the credit is no longer valid.</b></p> <p>Reservations may be considered for reinstatement if the Program in which they are reserved still has allocation available. A \$250 Reinstatement Fee may apply.</p>
<p><b>First Time Homebuyer (FTHB) Requirement</b></p>	<ul style="list-style-type: none"> <li>Borrower(s), including non-borrowing spouse, must not have had an Ownership Interest in their primary residence for the past 3 years unless purchasing in a Federally Designated Targeted Area or if they qualify under the Veteran’s Exemption.</li> <li>Lenders must obtain a valid DD-214.</li> </ul>
<p><b>Exemptions to First Time Homebuyer (FTHB) Requirement</b></p>	<ul style="list-style-type: none"> <li>Veterans or borrowers purchasing in a Federally Designated Targeted Area are exempt from the FTHB Requirement. For the MCC Program, a Veteran is defined as “a person who served in the active military, naval, or air service, and who was discharged or released therefrom under conditions other than dishonorable.”</li> </ul>
<p><b>Documentation Required to Verify FTHB Requirement</b></p>	<ul style="list-style-type: none"> <li>Last 3 years’ tax returns OR tax transcripts for all borrowers <b>AND</b> spouse. This includes non-purchasing spouse. Tax returns/transcripts should <b>NOT</b> reflect any mortgage interest or any credits claimed for homeownership. If they do, further research is required by the Participating Lender to determine FTHB eligibility.</li> </ul> <p><i>Tax returns/transcripts are not required for borrower(s) qualifying under the Veteran’s Exemption or purchasing in a Federally Designated Targeted Area.</i></p>
<p><b>Minimum Borrower Contribution</b></p>	<ul style="list-style-type: none"> <li>N/A.</li> </ul>
<p><b>Assets</b></p>	<ul style="list-style-type: none"> <li>Borrowers are not required to utilize assets for participation. Adhere to Agency guidelines.</li> </ul>

<b>FICO Score Requirements</b>	<ul style="list-style-type: none"> <li>FL Housing does not impose a minimum FICO requirement unless borrower is utilizing our HFA Preferred or HFA Preferred PLUS Conventional First Mortgage Program. If so, refer to the HFA Preferred or HFA Preferred Lender Guideline.</li> </ul>
<b>Ratios</b>	<ul style="list-style-type: none"> <li>FL Housing does not impose a maximum DTI requirement unless borrower is utilizing our HFA Preferred or HFA Preferred PLUS Conventional First Mortgage Program. If so, refer to the HFA Preferred or HFA Preferred Lender Guideline.</li> </ul>
<b>Co-signers</b>	<ul style="list-style-type: none"> <li>Not permitted.</li> </ul>
<b>Citizenship &amp; Residency Requirements</b>	<ul style="list-style-type: none"> <li>Borrower(s) must have the ability to permanently reside in the State of Florida. All loans must adhere to Agency (FHA, USDA-RD, VA, Fannie Mae, Freddie Mac) guidelines.</li> <li>Borrower(s) must intend to occupy within 60 days of executing the mortgage/closing.</li> </ul>
<b>Homebuyer Education (HBE)</b>	<p>First-Time Homebuyers, unless qualifying under a Veteran's Exception or those who are exempt by purchasing a home in a Federally Designated Targeted Area as specified in this Lender Guideline, must complete a Program-approved pre-purchase homebuyer education course. We will accept face-to-face homebuyer education if provided by a HUD approved counseling agency, a unit of local government that provides pre-purchase homebuyer education in FL, or a counseling agency designated by a unit of local government to provide homebuyer education on their behalf. Refer to <a href="http://www.hud.gov">www.hud.gov</a> for a list of approved education providers by county.</p> <p>Online HBE is permitted if provided by a HUD approved agency, a unit of local government that provides pre-purchase homebuyer education in FL, a mortgage insurance provider, or an Agency or GSE sponsored course.</p> <ul style="list-style-type: none"> <li><i>Certificates of Completion are acceptable for 2 years from date of completion.</i></li> </ul>
<b>Who Must Attend HBE</b>	<ul style="list-style-type: none"> <li>All borrower(s) and spouse, even if the spouse is not on the loan. Any party appearing on the deed.</li> </ul>

<b>Eligible First Mortgage Loan Types</b>	<ul style="list-style-type: none"> <li>• Lender’s GOVERNMENT first mortgage product (FHA, USDA-RD, VA).</li> <li>• Lender’s CONVENTIONAL first mortgage product (Fannie Mae, Freddie Mac).</li> <li>• FL Housing’s HFA Preferred or HFA Preferred PLUS Conventional First Mortgage also eligible.</li> </ul>
<b>Ineligible First Mortgage Loan Types</b>	<ul style="list-style-type: none"> <li>• FL Housing’s Government First Mortgage Programs which includes the FL First and Military Heroes.</li> <li>• USDA 502 Direct Loan.</li> <li>• Adjustable Rate Mortgage (ARM).</li> <li>• Interest Only Mortgage (I/O).</li> </ul>
<b>Loan Purpose</b>	<ul style="list-style-type: none"> <li>• Purchase and refinance transactions eligible.</li> <li>• Construction to permanent loans are NOT permitted.</li> </ul>
<b>Term</b>	<ul style="list-style-type: none"> <li>• 30-year fixed.</li> <li>• 15-year fixed.</li> </ul>
<b>LTV/CLTV</b>	<ul style="list-style-type: none"> <li>• As permitted by the Agencies.</li> </ul>
<b>Occupancy</b>	<ul style="list-style-type: none"> <li>• Owner occupied only with borrower(s) intend to occupy property as their primary residence within 60 days of closing.</li> <li>• Borrower must notify FL Housing and the Participating Lender if he/she will cease to occupy the property as his/her primary residence at which time, the MCC will be revoked and the borrower will no longer be able to claim the federal tax credit.</li> </ul>
<b>Non-Purchasing Spouse (NPS)</b>	<ul style="list-style-type: none"> <li>• A NPS appearing on the deed must be a first time homebuyer.</li> </ul>
<b>Property Type</b>	<ul style="list-style-type: none"> <li>• <b>Attached / Detached 1-Unit Dwellings</b> - Includes townhomes</li> <li>• <b>2-4 Unit Properties</b> - Borrower(s) must occupy one of the units as their primary residence. - Property must be at least 5 years old.</li> <li>• <b>Condos</b></li> <li>• <b>Manufactured Housing</b></li> </ul> <p><i>Please note that no more than 15% of the square footage of the property may be used for business purposes.</i></p>
<b>Income Limits</b>	<ul style="list-style-type: none"> <li>• Limits determined by household size and county and change annually.</li> </ul>

<p><b>Documentation Required to Verify Income Eligibility</b></p>	<ul style="list-style-type: none"> <li>• Underwriter Certification.</li> <li>• Mortgagor Affidavit.</li> <li>• <i>For income calculation guidance, please refer to “Determining Income” in this Lender Guideline. Please note that program eligibility is determined by Household Income.</i></li> </ul>
<p><b>Purchase Price Limits</b></p>	<ul style="list-style-type: none"> <li>• Limits determined by county and change annually.</li> </ul>
<p><b>Documentation Required to Verify Purchase Price Eligibility</b></p>	<ul style="list-style-type: none"> <li>• Mortgagor Affidavit</li> <li>• Underwriter Certification</li> <li>• Final Sales Contract</li> </ul>
<p><b>Recapture Tax</b></p>	<p>Borrower(s) may be subject to recapture tax upon resale if borrower(s) have a gain resulting from the sale or disposition of the property purchased under this Program within the first nine years of ownership and the initial qualifying annual Household Income increases above specified levels at the time of sale or disposition of the residence.</p>
<p><b>MCC Compliance Fee</b></p>	<ul style="list-style-type: none"> <li>• \$500 Compliance Fee payable to Florida Housing Finance Corporation.</li> </ul>
<p><b>MCC Program Documents Available through Reservation System</b></p>	<ul style="list-style-type: none"> <li>• Notice to Buyer (provided at application by loan officer).</li> <li>• Recapture Notice (informational, provided by loan officer at application with Notice to Buyer).</li> <li>• Mortgagor Affidavit (provided at closing for execution by mortgagors). <b>Anyone appearing on deed must execute the Mortgagor Affidavit AND satisfy the first time homebuyer requirement and his/her income must be included in the household income.</b></li> <li>• Notice Regarding Collection of Social Security Numbers (provided at closing for execution by all borrowers).</li> <li>• Seller Affidavit (provided at closing for execution by seller).</li> </ul> <p><i>Please note that the Seller Affidavit is not required for foreclosures or real estate owned (REO) properties.</i></p>

<b>Refinanced (Reissued) MCCs</b>	
<b>Refinanced (Reissued MCC) Mortgage Requirements</b>	<p>IRS regulations requires that the reissued MCC be a continuation of the existing MCC. FL Housing may reissue a MCC for a refinanced property provided that specific requirements are satisfied.</p> <ol style="list-style-type: none"> <li>1. The certified indebtedness amount (loan amount) set forth on the reissued MCC will be the outstanding principal balance of the prior mortgage loan, or lower, as of the date of the refinance, if the outstanding principal balance is less than the indebtedness amount (loan amount) reflected on the original MCC.</li> <li>2. The reissued MCC will only be issued to the holder of the original MCC unless a second borrower has been added to the refinanced loan and appears on the latest deed.</li> <li>3. The reissued MCC will expire on the final payment date for the prior mortgage loan.</li> <li>4. The reissued MCC credit rate will not be changed from the credit rate reflected on the original certificate.</li> <li>5. The reissued MCC will state that the credit allowable will not exceed the credit that would otherwise have been allowable to the holder under the original MCC for any taxable year.</li> <li>6. FL Housing will process one reissuance per eligible borrower.</li> </ol>
<b>Reissued MCC Program Documents Available through Reservation System</b>	<ul style="list-style-type: none"> <li>• Owner Occupancy Certificate (provided at closing to be executed by all borrowers/parties appearing on deed).</li> </ul>

## RESERVING THE FL HOUSING MCC ONLINE

**Questions regarding the reservation of all MCCs should be directed to [mccprogram@floridahousing.org](mailto:mccprogram@floridahousing.org) or 850-488-4197.**

Upon completion of the required training and registration, lenders will log into the MCC Lender Portal at [www.floridahousing.org/mcc](http://www.floridahousing.org/mcc) to make an MCC reservation.

Prior to accessing the reservation system, users will be required to confirm their business use of the portal. Access to the portal for any other reason is strictly prohibited.

Lenders will complete the online reservation form (for new purchases and refinanced loans) located in the portal and must complete all required fields. Spousal data, if applicable, must be added into the co-borrower/spouse information field, regardless if spouse is not on the loan.

Once the reservation is completed by the Loan Officer/Processor, the Underwriter will have 20 days to certify the reservation in the online system. Underwriters must review the reservation for accuracy.

Once certified by the Underwriter, the Closing Team should collect all required loan and MCC Program documents for submission to Florida Housing.

## DETERMINING INCOME

### **An Underwriting Guide for Determining Borrower and Occupant Income for Household Income**

Program qualifying income (or compliance income) is not the same as credit qualifying income.

The calculation of Program qualifying income is different than the calculation of credit qualifying income, the income that is used for credit underwriting your borrower's FHA, USDA-RD, VA, Fannie Mae, or Freddie Mac loan.

Program qualifying income considers the income of borrowers and their spouses (regardless of spouse's occupancy of the primary residence and whether or not a party to the loan) AND all household members 18 years of age or older (related or unrelated).

Unlike income that is averaged for credit underwriting, the MCC Program considers the actual **Current Gross Annual Income**. You should be reviewing the YTD income and the income shown on previous tax returns for consistency. If there are not inconsistencies in earnings, use



the below for determining the actual Current Gross Annual Income for each occupant over 18. Current gross monthly income is generally determined first then it is multiplied by 12 months to determine the total Current Gross Annual Income. Upon the determination of Current Gross Annual Income for each occupant, the Household Income can then be determined and compared to the Income Limits and household size for the county in which the borrower(s) are purchasing to determine if the borrower(s) are eligible.

**Please note that this serves as a guide only.** Underwriters and Lenders must determine the most accurate actual Current Gross Annual Income based on the pay documentation collected from borrower(s) and spouse(s) and other occupants over the age of 18. Underwriters and Lenders must exercise due diligence in determining Household Income and collect the appropriate pay documentation for each occupant over the age of 18 that supports and validates the Program qualifying income of each occupant. Please note that this documentation may vary from borrower or occupant depending on the borrower or occupant's profession, income source, work schedule or how often income is received. Just as a Lender would collect the necessary income documentation to support and validate credit qualifying income for a borrower, Lenders should collect the necessary income documentation to support and validate the Program qualifying income of the borrower(s) and/or occupant(s).

**Gross monthly income** considers the sum of monthly gross pay; any additional income from overtime, part-time employment, bonuses, income from self-employment, dividends, interest, royalties, pensions, VA compensation and net rental income, other income (such as alimony, child support, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments), and the continuation of which is probable for the next 12 months based on foreseeable economic circumstances determined at the time of application.

**Household Income** will be confirmed through the Reservation Form, Underwriter's Certification and Mortgagor Affidavit which is executed by the borrower(s) on the date of mortgage loan closing. Any income obtained from these Program documents that reflect a Household Income exceeding the income limit will result in the pending of the loan file and non-issuance of the MCC until Lender resolves the discrepancy. Lenders can resolve by providing any necessary documentation to support income eligibility or, if it is determined through the review of additional documentation submitted by the Lender that the Household Income does exceed the Income Limit, the reservation will be cancelled and the borrower will not be eligible for participation in the Program.

### **IMPORTANT! PLEASE READ!**

Alternative pay or income documentation used to support Household Income should be retained by the Lender and any alternative documentation used to validate Household Income should be acceptable to the Agencies (FHA, USDA-RD, VA, Fannie Mae, Freddie Mac). Alternative pay or income documentation includes, but may not be limited to, current pay stubs which delineate "current period", W-2's, for all borrowers and all employers, and bank



statements to verify the receipt of income. If W-2's are present in the loan file, Lenders should verify that the total of W-2's presented equals the income shown on borrower/occupant tax returns. For clarification on which documentation should be submitted to Florida Housing to confirm borrower(s) are eligible for participation in the MCC Program, please see the "Closing, Shipping and Clearing Loans for MCC Issuance" section of this Lender Guideline.

Even if not required for credit underwriting, Lenders should be seeking the two most current paystubs with year-to-date (YTD) earnings. Do not include in the compliance file. Again, Lenders should retain all necessary supporting income documentation in the event it would be required to confirm income eligibility and the income certified by underwriting staff. Although reference is made to the last 4 to 6 weeks income, underwriters should be reviewing tax returns to verify consistency and that there are no unexplained changes in Household Income.

### **Verification of Employment**

A verification of employment (VOE) may not be required if acceptable pay/income or alternative pay/income documentation can validate Household Income. If a VOE is required by the Agencies then it should be obtained for credit underwriting but it may not necessarily be considered in determining Program income if alternative documentation provides a more accurate reflection of a borrower/occupant's Current Gross Annual Income.

### **Income from a Salary or Wage**

Using the last 4 – 6 weeks' pay stubs, add together the gross pay from each pay stub supplied. Divide this total by the number of pay stubs and then multiply by the number of pay periods within a year (i.e. if paid bi-weekly multiply by 26, if bi-monthly multiply by 24, etc.).

### **Commission / Bonus Income**

If commission income was noted to have been received as YTD on the 4 – 6 weeks' of paystubs supplied, but was not actually received during the review period:

Divide the YTD commission / bonus income by the number of pay periods that have already occurred in the year to obtain the average per pay period. Multiply this average by the total number of pay periods in the year. Add this amount to the calculated income from salary or wage.

### **Self-Employed / Income from Business**

Use the quarterly tax returns and financial statements to identify the current net YTD income. Add back in any depreciation. Divide the YTD income by the number of months during which it was earned and multiply by 12. Losses from a business cannot be deducted from another source of income.

### **Verification that Overtime, Bonus or Commission Payments are Terminated**

If OT was received during the 4 – 6 weeks of pay stubs provided, or bonus or commission income was noted as paid in the YTD information, but verification has been provided in writing from valid third-party source (i.e. employer confirming termination of such income or that it is not likely to continue or change in employment status ceased these payments), you may remove these amounts received when calculating the Program income.

### **Interest / Dividends**

Use current earnings statements issued by the bank, investment broker or agent. Identify the YTD interest or dividend earnings. Divide by the number of months this YTD represents and multiply by 12.

If statements are not available, and the terms of the investment agreement are available, multiply the principal amount of the asset times the annual interest yield factor for a projected interest earnings amount.

If neither are available, use the previous year's earnings statements or tax returns to identify the total annual interest and dividend income. If the assets are still invested in the same instruments, use the previous year's figures.

### **Alimony / Child Support**

Use the monthly amount appearing in the divorce decree, separation agreement or other supporting document.

If the borrower / occupant receives more or less than the amount stipulated in the agreements, use the monthly figure that the borrower / occupant declares and that can be verified (on bank statements for example)

Multiply the verified or calculated amount from the above process times 12.

### **Full-Time Students**

When full-time students who are 18 years of age or older are dependents, a small amount of their income will be counted. Count only earned income up to a maximum of \$480 per year for full-time students, age 18 or older, who are not the head of household or spouse. If the income is less than \$480, count all of the income. If the annual income exceeds \$480, count \$480 and exclude the amount that exceeds \$480.

## **Pensions / Temporary Payments**

Use the benefits statement issued by the benefits provider (pensions, workers compensation, disability compensation, social security, AFDC, etc.) to identify the amount of the benefit, payment frequency and expected term of benefit.

Multiply the amount of the benefit times the payment frequency.

If the benefit is absolutely not payable to the recipient beyond a given date (a verifiable complete and permanent stop of benefits without extensions, exceptions, waivers or other conditions) and such date is within 12 calendar months of the anticipated closing date, then calculate the benefits expected through the end of the benefits term.

## **Boarder Income**

All income of persons over the age of 18 who are expected to principally and permanently reside in the residence being financed must be included in the calculation of Current Gross Annual Income.

## **Anticipated Rental Income from 2 – 4 Unit Properties**

Anticipated rental income from the property being purchased is not included in the calculation of income for Program purposes but may be treated as detailed in Agency guidelines.

If the borrower / occupant currently receives income from rental property, that income must be included in the calculation of income. Use the last year's tax returns to establish any rental income and remember to add back depreciation.

## **Calculation of Current Gross Annual Income**

Add together all sources of income per each borrower / occupant. Compare the calculated Current Gross Annual Income to paystubs, VOE's, the previous year's income per W2's and tax returns. You should not note significant differences that cannot be accounted for (i.e. Child Support income). In some cases, the Current Gross Annual Income will be higher than the previous year's income. Significant variances should be attributable to increases/decreases in pay or number of hours worked. If paystubs are being used as confirmation of eligibility, Lenders should note within their loan file any variances and why any variances have occurred.

## **Calculation of Household Income**

Add together the Current Gross Annual Income calculated for each borrower / occupant. Compare the Household Income calculated to the Income Limit to ensure compliance with Program requirements.

## **CLOSING, SHIPPING AND CLEARING LOANS FOR MCC ISSUANCE**

Please contact the FL Housing Compliance Team with any questions or concerns at [mccprogram@floridahousing.org](mailto:mccprogram@floridahousing.org) or 850-488-4197.

### **CLOSING**

Closers should be verifying all necessary Program documents for data consistency with first mortgage loan documents.

Program documents are available through the FL Housing reservation system. Closers should be pulling the Program documents below for forwarding to the closing agent, title agency or closing attorney.

- Mortgagor Affidavit. Original and eSignatures are permitted.
- Seller Affidavit - Requires original signature of seller unless the property is an REO or bank owned property.

Only those appearing on deed need to sign Program documents. Those appearing on deed must occupy the property as their primary residence.

Power of Attorney (POA) is acceptable by must satisfy Agency (FHA, VA, USDA, Fannie Mae, Freddie Mac) requirements. Also, your title company or settlement agent can confirm what is acceptable in the State of FL. Active duty military personnel may provide an "Alive and Well" letter.

## SHIPPING

Compliance files should include the following documents below so read clearly:

- MCC Compliance Fee of \$500. Corporate checks should be made payable to Florida Housing Finance Corporation. *Note borrower's name and property address on check.*
- COPY of signed Notice to Buyer.
- ORIGINAL Mortgagor Affidavit.
- ORIGINAL Seller Affidavit.
- COPY of Notice Regarding Collection of Social Security Number (signed by all borrowers)
- COPIES of tax returns or transcript (or a combination of either) for the last three tax years for borrower(s) and spouse, even if spouse is not on the loan.
- COPY of homebuyer education certificate.
- COPY of Underwriter Certification Form.
- COPY of fully executed real estate contract.
- COPY of signed FINAL 1003.
- COPY of signed FINAL Closing Disclosure (CD) for the first mortgage loan.
- COPY of warranty deed.
- COPY of discharge papers (DD-214) only if veteran is qualifying under the Veteran's Exemption.

ORIGINAL or eSignatures are acceptable.

Email [mccprogram@floridahousing.org](mailto:mccprogram@floridahousing.org) for more information.

Loan data between the above documents should be consistent. If not, issuance of the MCC will be delayed. Be sure you are including copies of final loan closing documents.

For Reissued MCC Only, include the following:

- MCC Reissuance Fee of \$250. Corporate checks should be made payable to Florida Housing Finance Corporation. *Note borrower's name and property address on check.*
- COPY of FINAL Closing Disclosure (CD) for the first mortgage loan.
- COPY of Mortgage Note.
- Pay Off Statement.
- ORIGINAL Owner Occupancy Affidavit.
- COPY of ORIGINAL Mortgage Credit Certificate.

Compliance files should be submitted to:

Florida Housing Finance Corporation  
c/o MCC Program  
227 N. Bronough St., Suite 5000  
Tallahassee, FL 32301

## **CLEARING LOANS FOR MCC ISSUANCE**

FL Housing will review all closed compliance loan files to determine if it satisfies all Program requirements. If the loan file has any deficiencies, FL Housing will assign an “exception” in the reservation system and contact the Lender via email to advise the loan has been pended. Forward any “cure” documentation for the compliance file to FL Housing for review and approval.

For more information on how to submit the necessary cure documentation to FL Housing or for questions regarding compliance file exceptions, please email [mccprogram@floridahousing.org](mailto:mccprogram@floridahousing.org).