



## LENDER GUIDE

Florida Housing Finance Corporation  
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[www.floridahousing.org/mcc](http://www.floridahousing.org/mcc)

*Mission Statement:*

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

Florida Housing Finance Corporation administers the Mortgage Credit Certificate Program throughout the State of Florida and provide some of the following services:

- Provides the web-based reservation system
- Updates to maintenance of the Program “Wizard” on the Florida Housing Website which is used as a pre-qualification tool, provide
- Program forms
- Lender Program and system training
- Notices and updates to Lenders
- Compliance support
- Review/approval of closed loan files for issuance of MCC
- Need help? [CLICK HERE](#)

## **PROGRAM UPDATES**

Florida Housing provides regular updates on its website in an effort to provide our lending partners the most up to date information. Please take a moment to review the links below.

Program Update	Page of Reference	Effective Date
MCC Compliance Requirements Update		October 27, 2017
MCC Reservation System Updates		June 1, 2017
<a href="#">MCC Program Purchase Price Update</a>		June 1, 2017
<a href="#">MCC Program Household Income Limits Update</a>		June 1, 2017
<a href="#">MCC Program Lender Training Updates</a>		May 22,2017
<a href="#">MCC Flyer (Print and Display)</a>		May 19, 2017



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# Section 1

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## 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 up to a 50% tax credit amount, depending on the loan amount. Homeowners with the credit are allowed to use up to 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 the applied credit rate of the annual mortgage interest or \$2,000, except for MCCs using the 20% credit rate where no maximum is set.

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 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. An MCC cannot be issued with Florida Housing's FL First or Military Heroes First Mortgage Programs.

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, 2019 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

Participating lenders must use our online reservation system to maintain their pipeline. It can be accessed through our website at [www.FloridaHousing.Org/MCC](http://www.FloridaHousing.Org/MCC)

### MCC PROGRAM STAFF

*Questions regarding File submission, reservation system inquiries, website concerns, compliance resolution, general inquiries, and new lender submission can be submitted to the 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

## Section 2

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### 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 (FloridaHousing).

**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 3.3.

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

**Homebuyer Counseling** - 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 Program Guide,

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 [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 FL, a mortgage insurance provider, or an Agency or GSE sponsored course.

**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.

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

**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.

**Refinance** - The replacement of an existing debt obligation with another debt obligation under 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** - 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

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# ELIGIBILITY GUIDELINES

### 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-year<sup>1</sup> period ending on the date the Warranty Deed is executed. A mobile home that is not deeded to the land is not considered real property and therefore, would not restrict participation.

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

- a. The residence purchased is in a Targeted Area.
  - b. The borrowers are veterans<sup>2</sup> who purchase a home using the proceeds under a one-time exception allowance.
3. Borrower *should* have sufficient tax liability in which to claim the MCC credit on their federal tax returns. Florida Housing recommends that homebuyers must reasonably expect to have tax liability to fully take advantage of the program.
  4. Borrower must meet household income limits for the program, and lenders must calculate income by using the procedures of this section.

#### 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.

5. All borrowers/parties appearing on the loan application (parties appearing on the note) are required to attend Home buyers' education regardless of who appears on the deed.

#### Section 3.1 notes

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

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

<sup>3</sup> The pay stub should clearly indicate all sources of income (i.e., shift differential, over time, 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.

## 3.2 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 or Conventional loan.

Program qualifying income considers the income of borrowers and their spouses whether or not they are 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 Goss 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 reservation until Lender resolves the discrepancy. Lenders can resolve by providing any necessary documentation to support income eligibility or, if it is determined though the review of additional documentation submitted by the Lender that the Household Income does exceed the Income Limit, the loan will be cancelled and the borrower will not be eligible for participation in the Program

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

**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, Fannie Mae, Freddie Mac, VA). 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 Mortgage Credit Certificate Program, please see the "Loan Submission" section (5.3) of this Florida Housing MCC Program Lender Guide.

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 paystub 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.

#### 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 support 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.

#### 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.

## ***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
- Investment income received from trusts
- Inheritance (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 differentials and 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
- payments under health and accident insurance and workmen's compensation), capital gains,
- 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 Current Gross Annual Income" reported from information obtained from the Underwriter's Certification and Mortgagor's Closing Affidavit which are 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 in the property. Income limits for the Program cannot be exceeded by any amount. The Mortgagor Affidavit, executed by the borrower(s) and certified by the lender (underwriter), must include the "Combined Total Household Income".

### **a. Cosigners**

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

### **b. Non-Occupying Co-Borrowers**

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

### **c. Homebuyer Education Counseling**

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 Program Guide, 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 [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 FL, a mortgage insurance provider, or an Agency or GSE sponsored course. *Certificates of Completion are acceptable for 2 years from date of completion.*

### **a. Using MCC to ease borrower debt-to-income ratio**

If the MCC is considered in easing a borrower's debt-to-income ratio, lenders should adhere to all applicable Agency (FHA, USDA-RD, VA, Fannie Mae, Freddie Mac) guidelines specific to MCCs.

**Household Income Limits by County**
**June 1, 2017**

County	Non Targeted 1-2 Persons	Non Targeted 3+ Persons	Targeted 1-2 Persons	Targeted 3+ Persons	County	Non Targeted 1-2 Persons	Non Targeted 3+ Persons	Targeted 1-2 Persons	Targeted 3+ Persons
Alachua	\$64,900	\$74,635	\$77,880	\$90,860	Lee	\$59,000	\$67,850	\$70,800	\$82,600
Baker	\$70,920	\$82,039	\$70,920	\$82,740	Leon	\$68,400	\$78,660	\$82,080	\$95,760
Bay	\$59,000	\$67,850	\$70,800	\$82,600	Levy	\$59,000	\$67,850	\$70,800	\$82,600
Bradford	\$59,000	\$67,850	\$70,800	\$82,600	Liberty	\$59,000	\$67,850	\$70,800	\$82,600
Brevard	\$61,700	\$70,955	\$74,040	\$86,380	Madison	\$59,000	\$67,850	\$70,800	\$82,600
Broward	\$76,200	\$87,630	\$91,440	\$106,680	Manatee	\$65,500	\$75,325	\$78,600	\$91,700
Calhoun	\$59,000	\$67,850	\$70,800	\$82,600	Marion	\$59,296	\$68,190	\$70,800	\$82,600
Charlotte	\$59,000	\$67,850	\$70,800	\$82,600	Martin	\$67,641	\$77,787	\$72,240	\$84,280
Citrus	\$59,000	\$67,850	\$70,800	\$82,600	Miami-Dade	\$75,500	\$86,825	\$90,600	\$105,700
Clay	\$70,278	\$80,820	\$77,280	\$90,160	Monroe	\$110,280	\$128,660	\$110,280	\$128,660
Collier	\$83,640	\$97,580	\$83,640	\$97,580	Nassau	\$70,278	\$80,820	\$77,280	\$90,160
Columbia	\$59,000	\$67,850	\$70,800	\$82,600	Okaloosa	\$72,436	\$83,301	\$81,720	\$95,340
De Soto	\$59,000	\$67,850	\$70,800	\$82,600	Okeechobee	\$59,000	\$67,850	\$70,800	\$82,600
Dixie	\$59,000	\$67,850	\$70,800	\$82,600	Orange	\$59,000	\$67,850	\$70,800	\$82,600
Duval	\$70,278	\$80,820	\$77,280	\$90,160	Osceola	\$59,000	\$67,850	\$70,800	\$82,600
Escambia	\$62,000	\$71,300	\$74,400	\$86,800	Palm Beach	\$72,545	\$83,427	\$86,280	\$100,660
Flagler	\$59,000	\$67,850	\$70,800	\$82,600	Pasco	\$59,800	\$68,770	\$71,760	\$83,720
Franklin	\$59,280	\$68,512	\$70,800	\$82,600	Pinellas	\$59,800	\$68,770	\$71,760	\$83,720
Gadsden	\$68,400	\$78,660	\$82,080	\$95,760	Polk	\$59,000	\$67,850	\$70,800	\$82,600
Gilchrist	\$64,900	\$74,635	\$77,880	\$90,860	Putnam	\$59,000	\$67,850	\$70,800	\$82,600
Glades	\$59,000	\$67,850	\$70,800	\$82,600	Santa Rosa	\$62,000	\$71,300	\$74,400	\$86,800
Gulf	\$59,000	\$68,460	\$70,800	\$82,600	Sarasota	\$65,500	\$75,325	\$78,600	\$91,700
Hamilton	\$59,000	\$67,850	\$70,800	\$82,600	Seminole	\$59,000	\$67,850	\$70,800	\$82,600
Hardee	\$59,000	\$67,850	\$70,800	\$82,600	St. Johns	\$70,278	\$80,820	\$77,280	\$90,160
Hendry	\$59,000	\$67,850	\$70,800	\$82,600	St. Lucie	\$67,641	\$77,787	\$72,240	\$84,280
Hernando	\$59,800	\$68,770	\$71,760	\$83,720	Sumter	\$60,438	\$69,503	\$72,000	\$84,000
Highlands	\$59,000	\$67,850	\$70,800	\$82,600	Suwanee	\$59,000	\$67,850	\$70,800	\$82,600
Hillsborough	\$59,800	\$68,770	\$71,760	\$83,720	Taylor	\$59,000	\$67,850	\$70,800	\$82,600
Holmes	\$59,000	\$67,850	\$70,800	\$82,600	Union	\$59,416	\$68,328	\$70,800	\$82,600
Indian River	\$59,000	\$67,850	\$70,800	\$82,600	Volusia	\$59,000	\$67,850	\$70,800	\$82,600
Jackson	\$59,280	\$68,512	\$70,800	\$82,600	Wakulla	\$63,900	\$73,485	\$76,680	\$89,460
Jefferson	\$68,400	\$78,660	\$82,080	\$95,760	Walton	\$70,560	\$82,320	\$70,800	\$82,600
Lafayette	\$59,196	\$68,075	\$70,800	\$82,600	Washington	\$59,000	\$67,850	\$70,800	\$82,600
Lake	\$59,000	\$67,850	\$70,800	\$82,600					

### 3.3 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](http://www.floridahousing.org/MCC).

3.2.1 The residence must be located in Florida and must be eligible for insurance or guarantee under the F H A , VA, USDA-RD, Fannie Mae or Freddie Mac .

3.2.2 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.

3.2.3 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.

3.2.4 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](http://www.floridahousing.org/MCC)*

3.2.5 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**

June 1, 2017

*Chart denotes maximum purchase price limits by County.*

County	Non Targeted Area	Targeted Area	County	Non Targeted Area	Targeted Area
Alachua	\$253,809	\$310,211	Lee	\$253,809	\$310,211
Baker	\$303,882	\$371,411	Leon	\$253,809	\$310,211
Bay	\$253,809	\$310,211	Levy	\$253,809	\$310,211
Bradford	\$253,809	\$310,211	Liberty	\$253,809	\$310,211
Brevard	\$253,809	\$310,211	Madison	\$253,809	\$310,211
Broward	\$317,646	\$388,235	Manatee	\$264,706	\$323,529
Calhoun	\$253,809	\$310,211	Marion	\$253,809	\$310,211
Charlotte	\$253,809	\$310,211	Martin	\$291,176	\$355,881
Citrus	\$253,809	\$310,211	Miami-Dade	\$317,646	\$388,235
Clay	\$303,882	\$371,411	Monroe	\$487,058	\$595,293
Collier	\$415,058	\$507,293	Nassau	\$303,882	\$371,411
Columbia	\$253,809	\$310,211	Okaloosa	\$314,470	\$384,353
De Soto	\$253,809	\$310,211	Okeechobee	\$253,809	\$310,211
Dixie	\$253,809	\$310,211	Orange	\$255,176	\$311,881
Duval	\$303,882	\$371,411	Osceola	\$255,176	\$311,881
Escambia	\$253,809	\$310,211	Palm Beach	\$317,646	\$388,235
Flagler	\$253,809	\$310,211	Pasco	\$253,809	\$310,211
Franklin	\$253,809	\$310,211	Pinellas	\$253,809	\$310,211
Gadsen	\$253,809	\$310,211	Polk	\$253,809	\$310,211
Gilchrist	\$253,809	\$310,211	Putnam	\$253,809	\$310,211
Glades	\$253,809	\$310,211	Santa Rosa	\$253,809	\$310,211
Gulf	\$253,809	\$310,211	Sarasota	\$264,706	\$323,529
Hamilton	\$253,809	\$310,211	Seminole	\$253,809	\$310,211
Hardee	\$253,809	\$310,211	St. Johns	\$303,882	\$371,411
Hendry	\$253,809	\$310,211	St. Lucie	\$291,176	\$355,881
Hernando	\$253,809	\$310,211	Sumter	\$264,706	\$323,529
Highlands	\$253,809	\$310,211	Suwanee	\$253,809	\$310,211
Hillsborough	\$253,809	\$310,211	Taylor	\$253,809	\$310,211
Holmes	\$253,809	\$310,211	Union	\$253,809	\$310,211
Indian River	\$253,809	\$310,211	Volusia	\$253,809	\$310,211
Jackson	\$253,809	\$310,211	Wakulla	\$253,809	\$310,211
Jefferson	\$253,809	\$310,211	Walton	\$314,470	\$384,353
Lafayette	\$253,809	\$310,211	Washington	\$253,809	\$310,211
Lake	\$255,176	\$311,881			

### 3.4 FINANCING REQUIREMENTS

#### 1. MCC Tax Credit Amount

Florida Housing offers a tax credit amount varying between 20-50% depending on the loan 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.

Loan Amount	Applicable Credit Rate
Up to \$100,000	50%
\$100,001 - \$150,000	40%
\$150,001 - \$200,000	30%
\$200,001 +	20%

#### 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. Refinanced Mortgage Requirements

The IRS regulations require that the reissued MCC be a continuation of the existing MCC. Florida Housing may reissue MCC for refinanced properties provided that specific requirements are satisfied.

#### Specific Requirements

1. The certified mortgage indebtedness set forth on the reissued MCC will be the outstanding principal balance of the prior mortgage loan as of the date of the refinance or lower, if the outstanding principle balance is less than the indebtedness amount reflected on the original MCC.

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.

3. The reissued MCC will expire on the final payment date for the prior mortgage loan.

4. The reissued MCC credit rate will not be changed from the credit rate reflected on the original certificate.

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.
6. The MCC will not be reissued later than 2 years after the date of refinance.
7. Florida Housing will process one reissuance per eligible borrower.

**4. Approved Mortgage Types**

Florida Housing's MCC is a stand alone product which may be combined with a participating lender's own fixed rate first mortgage loans. This would include the lender's FHA, VA, USDA-RD, Fannie Mae and Freddie Mac first mortgage products. Lenders may also combine the MCC with Florida Housing's HFA Preferred Conventional Loan Program loans thereby allowing the borrower to access the Program's down payment and closing cost assistance. When combining the MCC with a Florida Housing Conventional Loan, be sure to adhere to the most restrictive requirements of each Program.

**5. Prohibited Mortgage Types**

An MCC cannot be used in conjunction with a first mortgage product that is financed through the issuance of tax-exempt mortgage revenue bonds. Examples of non-qualifying mortgages are Florida Housing's Florida First and Military Heroes first mortgage loans (FHA, VA and USDA-RD). Also prohibited is the USDA 502 Direct loan product, an adjustable rate mortgage (ARM), interest only, or any other type of non-fixed rate mortgage loan.

**6. 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).

**7. 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.

**8. 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. Lenders will compare the figures on the census tract list to the census information available on page 2 of the appraisal to determine area eligibility.

## 2016 Federally Designated Targeted Areas

The Census Tracts listed in the chart below should be used in conjunction with the US Census Bureau's website in determining address status as it relates to targeted vs non-targeted areas. To determine if a residence is in a targeted area, please visit [www.census.gov](http://www.census.gov)

<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,

<b>Miami – Dade – Continued</b>	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

Borrowers purchasing in Federally Designated Targeted Areas are Exempt from the First-Time Homebuyer requirement.

## Section4

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# PARTICIPATING LENDERS

## 4.1 LenderQualifications

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The Program is available to all lenders who:

1. Have executed a Florida Housing MCC Program Participation Agreement and paid Florida Housing a onetime **\$1,000.00** participation fee
2. Satisfy the requirements set forth in such Participation Agreement;
3. Are licensed to originate residential mortgage loans in Florida;
4. Must be able to originate, process, underwriter, close and table fund the first mortgage loan;
5. Are not under supervisory control of, or subject to, enforcement proceedings by federal banking regulators with respect to any violations or alleged violations of federal banking laws or regulations.

## 4.2 LenderResponsibilities

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The Florida Housing MCC Program uses a 60-day timeline

- 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 reservation or “lock in” date.
- Any MCC in the system beyond **60** days of reservation are subject to cancellation. Once a MCC is cancelled from the reservation system, any qualifying credit provided will also be cancelled.

## 4.3 MCC Fee Structure

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Florida Housing charges a MCC Compliance Review Fee of **\$500.00**. Any party can pay the fee in the mortgage loan transaction and it must be disclosed on the closing disclosure. 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.

All reservations which have not been underwriter certified by day 21 from reservation date or any loan files that have not been cleared for MCC issuance by day 61 from reservation date will be cancelled by Florida Housing. Effective with all reservations made on or after **October 1, 2015**, lenders will be charged a **\$250.00** Reinstatement Fee by Florida Housing. This Reinstatement Fee must be paid by the lender and cannot be charged to the borrower or noted on the closing disclosure as a borrower cost.

Effective October 1, 2015, Florida Housing charges a **\$250.00** Reissuance Fee for all refinanced MCC reservations. The Reissuance Fee must be included in the completed reissuance package submitted by the Lender must submit to Florida Housing within 40 days of the new reservation date.

#### 4.4 Record Retention and IRS Reporting

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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 for all MCCs issued within that year. 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. This report will be made available on the homepage of our lender portal by January 10<sup>th</sup> of each year.

## Section 5

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# MCC PROCESSING STEPS

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## 5.1 General

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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 MCC Origination and Reservation

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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. A recorded Power of Attorney may be used at closing for the first mortgage documents. All POAs must satisfy agency guidelines as well as any applicable state requirements.

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 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](http://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 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.
  - b. 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. 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 then submits loan file to closing upon certification.

6. Closer prints all applicable MCC documentation (**Notice to Buyer, Borrower & Mortgagor Affidavit, Notice Regarding Collection of Social Security Numbers, and Seller Closing**



**Affidavit**) and submits with loan closing package to title company/closing attorney for completion/execution by borrower(s).

7. Seller executes the **Seller Closing Affidavit**. Borrower(s) execute the **Mortgagor Affidavit and Notice Regarding Collection of Social Security Numbers**. Title company/closing attorney returns completed documents to Lender.
  - a. Please note Florida Housing will accept power of attorneys (POAs) if they satisfy State requirements & requirements of the Agency. (FHA, USDA, VA, Fannie Mae, Freddie Mac
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 decline issuance on 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 MCC 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	Right Side of the folder should contain the following
Copy of the Warranty Deed	Mortgagor Affidavit (Original Required)
Closing Disclosure	Seller Closing Affidavit (Original Required)
Final 1003	FHFC MCC Underwriter Certification
Fully Executed Sales Contract	Notice to Buyer (Original Required)
Appraisal notating Census Tract	Notice Regarding Collection of Social Security Numbers (Original Required)
Homebuyer Education Certificate	Complete 3 year's tax documents for Borrower
\$500 Compliance Review Fee	Complete 3 year's tax documents for Co Borrower/ Spouse if applicable

*Please note: A copy of the divorce decree should be included in the file, if applicable*

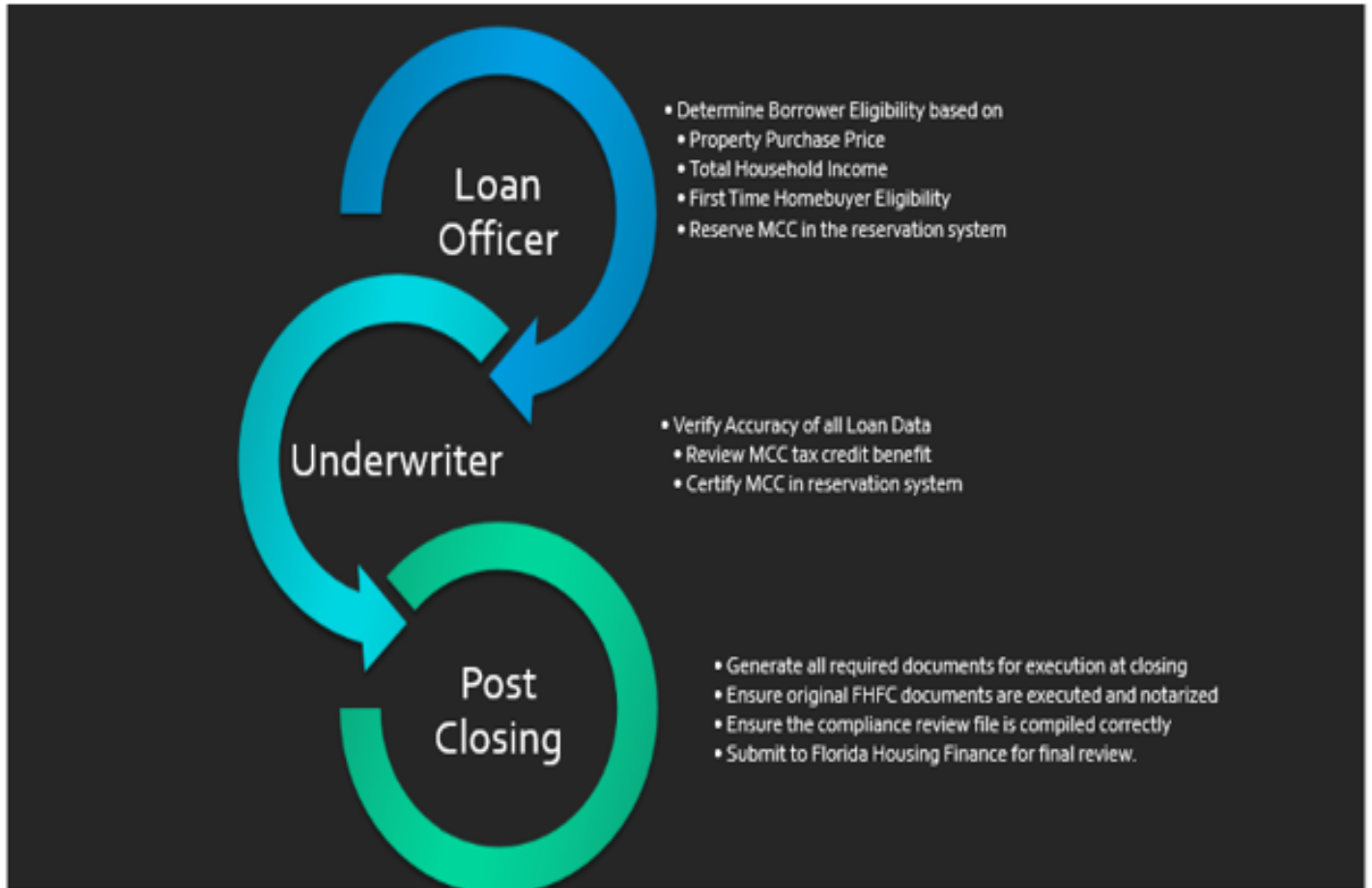
2. For **re-financed loans**, the lender forwards the loan file in an Acco-Bound Folder with all required documentation noted below to Florida Housing for review.

Left side of the folder should contain the following	Right side of the folder should contain the following
Closing Disclosure	MCC Refinance Checklist
Executed Note	Owner Occupancy Affidavit (Original Required)
Pay off Statement	Original FHFC issued Mortgage Credit Certificate
\$250 Complince Review Fee	

3. 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.
4. Additional documentation must be received within 10 days of review notice in order to resolve any noted compliance deficiencies.
5. If the submission package is acceptable, the lender is notified via email of the certificate issuance.

## MCC PROCESS SNAPSHOT

# MCC WORK FLOW PROCESS



## The Mortgage Credit Certificate (MCC) Program

Product Matrix: 2017

**Features:** Eligible first time homebuyers who receive the Mortgage Credit Certificate (MCC) can claim an annual tax credit of up to 50% of the mortgage interest they've paid for the applicable tax year up to \$2,000, depending on the loan amount.

Loan Amount	Applicable Credit Rate
Up to \$100,000	50%
\$100,001 - \$150,000	40%
\$150,001 - \$200,000	30%
\$200,001 +	20%

**Tax Benefit:** The tax credit does not expire as long as borrower occupies the primary residence and is paying mortgage interest. Borrowers receive a dollar for dollar credit with appropriate federal tax liability.

**Restriction with Bond First Mortgage Programs:**

The Mortgage Credit Certificate cannot be offered in conjunction with a bond first mortgage loan and cannot be offered with Florida Housing's FL First Government Loan Program. It can be paired with Florida Housing's FL HFA Preferred/Preferred Plus Conventional Loan Program and any other programs not funded via mortgage revenue bonds.

**First Time Homebuyer Requirement:**

Borrower(s) must not have had an ownership interest in their primary residence for the past 3 years unless purchasing in a targeted area or they qualify under the Veteran's Exception.

**Co- Signers:** Co- signers are not permitted in Florida Housing's MCC Program.

**Homebuyer Education:** First Time Homebuyers, unless qualifying under a Veterans Exception or those who are exempt by purchasing a home in a Federally Designated Targeted Area as specified in the Lender Guide must complete a Program-approved pre-purchase homebuyer education if provided by a HUD approved counseling agency 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 FL, a mortgage insurance provider, or an Agency or GSE sponsored course.

*Certificates of Completion are acceptable for 2 years from date of completion.*

**Who Must Attend HBE:** All borrowers appearing on the warranty deed are required to attend HBE regardless of who is listed on the loan.

**Loan Type:** Conventional or Government allowed (Fannie Mae, Freddie Mac, FHA, USDA-RD, and VA.) Refer to Program Guideline for more information.

**MCC Type:** MCCs are available for new home purchases and refinances of existing Florida Housing Mortgage Credit Certificates. Construction to permanent loans are not permitted.

**Term:** 30 year fixed only.

**Issuance Fee:** \$500 fee payable to Florida Housing Finance Corporation. Fee must be disclosed on loan estimate (LE).

**Occupancy:** Owner occupied only with borrower intent to occupy property within 60 days of closing.

**Property Type:** Attached/ detached dwellings, Duplex, Condominium, Planned Unit Development (PUD), Manufactured Housing and 1-4 units eligible but borrower(s) must occupy one of the units as their primary residence.

**Income Limits:** Limits determined by county. Please refer to the Program Guidelines for Income Limits. Limits are subject to change.

**Purchase Price Limits:** Limits determined by county. Please refer to the Program Guidelines for Purchase Price Limits. Limits are subject to change.

**Warranty Deed:** Parties appearing on the warranty deed must

- Occupy property as primary residence &
- Qualify as a First Time Home Buyer &
- Income Qualify.

**Tax Returns:** Borrower and spouses past three years' tax returns must be collected even if spouse is not on the loan. Tax returns serve as confirmation of non-ownership. Tax returns or transcripts should not reflect mortgage interest or any credits claimed for homeownership. The only exemption to this requirement is if property is located in a targeted area or borrower satisfied the Veterans Exemptions.

**MCC Program Documents:** *(Available through online reservation system.)*

- **Notice to Buyer** (provided at application by loan officer.)
- **Recapture Notice** (informational, provided by loan officer at application with Notice to Buyer.)
- **Mortgagor Affidavit** (Provided at closing for execution by mortgagors.)
- **Seller Affidavit** (provided at closing for execution by sellers.)
- **Notice Regarding Collection of Social Security Numbers** (provided at closing for execution by mortgagors.)

*Florida Housing acts as an issuing agency for the Mortgage Credit Certificate. Pending receipt, review and approval of the post-closing compliance file, the borrower will receive a Mortgage Credit Certificate via mail along with instructions as to how to claim the credit.*

*Please reference the Florida Housing Lender Guide for additional information.*

[www.FloridaHousing.Org/MCC](http://www.FloridaHousing.Org/MCC)

## Section6

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# PROGRAMFORM SAMPLES

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**Notice to Buyer** (executed by all persons noted on the warranty deed at closing)

**Recapture Brochure** (provided to Borrower(s) at application by Loan Officer)

**Mortgagor Affidavit** (executed by all persons noted on the warranty deed at closing, **Original Required**)

**Seller Affidavit** (executed by seller at time of closing. **Original Required**)

**Notice Regarding Collection of Social Security Numbers** (executed by all persons noted on the warranty deed at 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)

**New Reservation Compliance Checklist** (completed by Post Closer for loan file submission to Florida Housing)

**Re- Financed MCC Compliance Checklist** (completed by the Post Closer and submitted to Florida Housing)

**Owner Occupancy Certificate** (executed by all persons note on the warranty deed at closing. **Original Required**)

**Mortgage Credit Certificate (Sample document of approved MCC)**

Notice to Buyer

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 Mortgageors 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

## Florida Housing Recapture Brochure

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.



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.

MCC Mortgagor Affidavit

**FLORIDA HOUSING FINANCE CORPORATION**  
**2017 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 # \_\_\_\_\_

**SPOUSE INFORMATION**

LAST NAME \_\_\_\_\_ FIRST \_\_\_\_\_ MIDDLE \_\_\_\_\_

SOCIAL SECURITY # \_\_\_\_\_

**CO BORROWER INFORMATION**

LAST NAME \_\_\_\_\_ FIRST \_\_\_\_\_ MIDDLE \_\_\_\_\_

SOCIAL SECURITY # \_\_\_\_\_

**PROPERTY INFORMATION**

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ COUNTY \_\_\_\_\_ ZIP \_\_\_\_\_, FLORIDA.

CHECK AS APPLICABLE: \_\_\_\_\_ New Construction \_\_\_\_\_ Existing \_\_\_\_\_ Non-Targeted \_\_\_\_\_ Targeted

Total Persons in Household \_\_\_\_\_

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

	<b>Borrower</b>	<b>Spouse</b>	<b>Co Borrower</b>
<b>Gross Annual Income</b>	\$ _____	\$ _____	\$ _____
<b>Other Occupant</b>	\$ _____		
<b>COMBINED TOTAL HOUSEHOLD INCOME (Add All Amounts Above)</b>	\$ _____	<b>TOTAL ACQUISITION COST</b>	\$ _____

**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

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 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.

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

\_\_\_\_\_  
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)

FLORIDA HOUSING FINANCE CORPORATION
2017 MORTGAGE CREDIT CERTIFICATE
PROGRAM - SELLER AFFIDAVIT

Borrower Name: \_\_\_\_\_ MCC Reservation Number: \_\_\_\_\_

I/We the undersigned, as an essential participant in an application for which a Mortgage Credit Certificate is being sought under the Florida Housing Finance Corporation's MCC Program, being first duly sworn hereby certify the following:

(a) I(we) are the Seller (or Builder) of the single-family residence (the "Residence") located at:

Property Address \_\_\_\_\_
City \_\_\_\_\_
County \_\_\_\_\_
State FLORIDA
Zip Code \_\_\_\_\_
Previously Occupied? Has \_\_\_\_\_ Has Not \_\_\_\_\_

(b) I(We) certify that the total amount to be paid by the purchaser (or a related party to or for the benefit of the purchaser) to me(us), or to anyone related to me(us), or for my(our) benefit (such as payment to a real estate agent) in connection with the purchase of the Residence is \$ \_\_\_\_\_

Such amount does not include (1) usual and reasonable settlement and financing costs that would be paid by the purchaser where financing is not provided through the issuance of an MCC or qualified mortgage bond issue, (2) the value of services performed by purchaser or members of the purchaser's family, (3) the cost of any land owned by the purchaser at least 2 years prior to commencement of construction on the residence, or (4) any amount paid for personal property that is not a fixture under Florida law.

(c) I(We) have not entered into any other contract or agreement with the Applicant(s), either expressed or implied, to perform additional construction on the Residence or to transfer any additional property at additional cost other than personal property contained in the Residence which are listed by item and amount and attached hereto and incorporated into this Affidavit.

I/we understand this Affidavit will be relied upon for the purposes of determining the Applicant's eligibility and understand that any fraudulent statement will result in (i) the immediate revocation of the Applicant's MCC and (ii) a \$10,000 penalty under Section 6709 of the Code. Under penalties of perjury, I(we) declare that I(we) have examined the statements and certifications contained herein, and, to the best of my(our) knowledge and belief, they are true, correct and complete. I(we) understand that perjury is a felony punishable by fine or imprisonment or both.

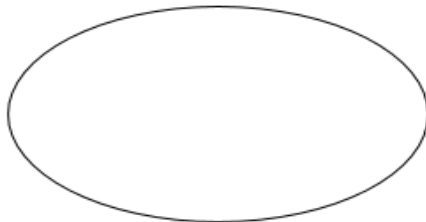
\_\_\_\_\_  
(Signature of Seller/Builder) (Printed Name of Seller/Builder) (Date)

\_\_\_\_\_  
Power of Attorney Signature (Printed Name of Power of Attorney) (Date)

Power of Attorney signatures are acceptable on files where the owner is not physically available or has properly designated this authority. \*\* Attach copy of Power of Attorney document \*\*

Sworn to and subscribed before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

PERSONALIZED SEAL



(Notary Public Signature)

## Notice Regarding Collection of Social Security Numbers

**FLORIDA HOUSING FINANCE CORPORATION**  
**2017 Mortgage Credit Certificate Program**  
**NOTICE REGARDING COLLECTION OF SOCIAL SECURITY NUMBERS**

The following disclosure is being made pursuant to section 119.071(5), Florida Statutes. Social Security numbers of applicants and household members are requested because this information has been determined to be imperative for the performance of the duties and responsibilities prescribed by law for the Florida Housing Mortgage Credit Certificate Program. This information is not required by state or federal law.

Social Security numbers are necessary to determine eligibility for program services and specifically for, but not limited to verifying an applicant's identity, to verify household size and to verify household income.

A Social Security number collected pursuant to this notice can only be used by the Florida Housing Finance Corporation in conjunction with an approved lender for the purposes specified above.

**Nondisclosure except under limited circumstances.**

Social security numbers will not be disclosed to others unless required or authorized by Florida law. Section 119.071(5), Florida Statutes, allows disclosure of a person's Social Security number under the following specific, limited circumstances:

1. If disclosure is expressly required by federal or Florida law or is necessary for the agency or governmental entity to perform its duties and responsibilities;
2. If the individual expressly consents to disclosure in writing;
3. If disclosure is made to prevent and combat terrorism pursuant to the U.S. Patriot Act of 2001 or Presidential Executive Order 13224 (blocking property and prohibiting business transactions with persons who commit, threaten to commit, or support terrorism); or
4. If disclosure is requested by a commercial entity for permissible uses under the federal Driver's Privacy Protection Act of 1994, the federal Fair Credit Reporting Act, or the federal Financial Services Modernization Act of 1999 (for example, to verify the accuracy of personal information provided by the individual to the commercial entity; use by an insurer in connection with claims investigation or anti-fraud activities; for use in connection with a credit transaction).

**Acknowledgment of Receipt of Notice**

I confirm that I have been provided a copy of this notice regarding the collection of my Social Security number and the Social Security numbers of all household occupants as part of the application process for the Florida Housing Mortgage Credit Certificate Program

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co- Borrower/Spouse Signature

**Income Calculation Worksheet**

**FLORIDA HOUSING FINANCE CORPORATION**  
**Mortgage Credit Certificate Program**  
**INCOME CALCULATION WORKSHEET**

**Borrower/ Co-Borrower Name** \_\_\_\_\_

**Property Information**

Street Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_

**Lender Information**

Lending Institution Name \_\_\_\_\_ Loan Number \_\_\_\_\_

Loan Officer Name \_\_\_\_\_

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

**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

**Tax Credit Worksheet**

**FLORIDA HOUSING FINANCE CORPORATION**  
**2017 Mortgage Credit Certificate Program**  
**TAX CREDIT WORKSHEET – LENDER TOOL**

The Florida Housing Tax Credit Program provides borrowers with the benefit of claiming up to 50% of their mortgage interest paid in the current tax year as a federal tax credit on his or her annual federal return. Complete the section below to estimate if your borrower would benefit from the federal tax credit and how much of a benefit your borrower may be able to claim. Lenders should also review federal income tax return to verify tax liability.

Loan Amount	Credit Rate
Up to \$100,000	50%
\$100,001 - \$150,000	40%
\$150,001 - \$200,000	30%
\$200,001 +	20%

Mortgage Loan Amount \_\_\_\_\_

Interest Rate \_\_\_\_\_

First Year's interest (Amortize loan for one year) \_\_\_\_\_

Florida Housing Mortgage Credit Rate \_\_\_\_\_ %

Tax Credit = (Credit Rate X First Year's Interest Rate) \_\_\_\_\_

- Remember, credit rates above 20% are capped at \$2,000.

The Monthly benefit = (Tax Credit divided by 12 months) \_\_\_\_\_

<i>Example:</i>	<i>For average loan amounts</i>	<i>for smaller loan amounts</i>
<i>Mortgage loan amount</i>	<i>\$180,000</i>	<i>\$75,000</i>
<i>Interest Rate</i>	<i>5.00%</i>	<i>5.00%</i>
<i>First year's interest</i>	<i>\$9,000</i>	<i>\$3,750</i>
<i>Mortgage Credit Rate</i>	<i>30%</i>	<i>50%</i>
<i>Credit Amount</i>	<i>\$3,000</i>	<i>\$1,875</i>
<i>Tax Credit</i>	<i>\$2,000</i>	<i>\$1,875</i>
<i>Estimated monthly benefit</i>	<i>\$166.67</i>	<i>\$156.25</i>



MCC Compliance File Checklist

**FLORIDA HOUSING FINANCE CORPORATION  
2017 Mortgage Credit Certificate Program  
COMPLIANCE FILE CHECKLIST**

**LEFT** side of the Acco bound compliance review file

Warranty Deed	Is the borrower & address data correct?
Closing Disclosure	Has the MCC Compliance Fee been disclosed?
Final 1003	Is the borrower & address data correct?
Final Sales Contract	Is the borrower & address data correct?
\$500 MCC Compliance Fee	Is the check made payable to Florida Housing Finance?
Appraisal	Please highlight the census tract data on page 2.
Homebuyer Education Certification	Is this an approved agency/provider as defined in the Lender Guide?

**RIGHT** side of the Acco bound compliance review file

Compliance Checklist	Are all documents provided?
Mortgagor Affidavit	<b>Original is required</b>
Seller Affidavit	<b>Original is required.</b>
Underwriter Certification	
Notice to Buyer	<b>Original is required.</b>
Notice Regarding Collection of Social Security Number * <b>NEW</b> *	<b>Original is required.</b>
3 years' tax returns for borrower	3 years' tax returns or transcripts or a combination of both for all borrowers and spouse even if spouse isn't on the loan.
3 years' tax returns for spouse (if applicable)	Remember, all co borrowers/spouses are <b>required</b> to submit tax documents regardless of loan status.
<b>Loan Confirmation Form</b>	<b>If MCC is paired with FHFC HFA Preferred/PLUS Program</b>

*\*\* Remember, individuals whose names appear on the warranty deed are required to sign the Mortgagor Affidavit, Notice Regarding Collection of Social Security Number and Notice to Buyer. Failure to do so will result in delayed and cancelled MCC reservations. Please contact Florida Housing with any questions you may have prior to submission of the compliance package. \*\**

Borrower Name \_\_\_\_\_

FHFC Reservation Number \_\_\_\_\_

Lender \_\_\_\_\_

**Owner Occupancy Certification**

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

**OWNER OCCUPANCY CERTIFICATION**

**For REFINANCE, ONLY**

This is to certify that I/we currently occupy the property at the following address as my/our primary address:

\_\_\_\_\_  
Borrower  
\_\_\_\_\_  
Borrower Address

The Principal Residence is not, and will not, be used as an investment property, vacation home, or recreational home and not more than 15% of the area of the Principal Residence is, or will, be used in a trade or business. I will notify Florida Housing Finance Corporation in writing if the Principal Residence ceases to be my Principal Residence. I understand and agree that:

- (a) I have been duly notified that if the Principal Residence ceases to be my Principal Residence that my MCC will be automatically revoked and I will no longer be entitled to claim the credit.
- (b) The land appurtenant to the Principal Residence does not provide, other than incidentally, a source of income to me/us. No land can be separated from the land being financed and offered for sale as a separate Principal Residence or building lot without obtaining a zoning variance.

**In order to** comply with the IRS provisions, I make the following acknowledgments and representations:

- (a) I am the holder of an existing certificate and am requesting the reissuance of such certificate with respect to the same property to which the existing certificate relates;
- (b) The reissued certificate entirely replaces the existing certificate (that is, I will not retain the existing certificate with respect to any portion of the outstanding balance of the certified mortgage indebtedness specified on the existing certificate).
- (c) a reissued MCC expires on what would have been the final payment date for the certified mortgage indebtedness specified on the existing certificate;
- (d) The certified mortgage indebtedness specified on the reissued certificate does not exceed the remaining outstanding balance of the certified mortgage indebtedness specified on the existing certificate;
- (e) the initial credit rate specified on the original certificate shall be the credit rate on the reissued certificate; and
- (f) The reissued certificate does not result in an increase in the tax credit that would otherwise have been allowable to me under the existing certificate for any taxable year.

\_\_\_\_\_  
Applicant's Signature Date

\_\_\_\_\_  
Co-Applicant's Signature Date

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\_\_\_\_\_.

\_\_\_\_\_  
Signature of Notary Public (Apply Notary Seal)

\_\_\_\_\_  
Commission Expiration Date

## Mortgage Credit Certificate

### FLORIDA HOUSING FINANCE CORPORATION MORTGAGE CREDIT CERTIFICATE

1. This Mortgage Credit Certificate Number ### is issued this DATE day of MONTH and effective as of the closing date of MONTH DATE YEAR by the Florida Housing Finance Corporation ("the Corporation"), 227 North Bronough Street, Suite 5000, Tallahassee, FL 32301-1329, TIN No. \_\_\_\_\_;
2. This Certificate is issued pursuant to the Corporation's \_\_\_\_\_ election not to issue qualified mortgage bonds.
3. The Certificate has been issued in reliance upon the Affidavits and supporting documents of the Buyers and Sellers of the Residence that all conditions required for the issuance of a qualified Mortgage Credit Certificate have been met.
4. This Certificate is issued to: NAME(S)/SSN: SSN  
ADDRESS: ADDRESS  
CITY, STATE, ZIP CITY, STATE, ZIP
5. This Certificate shall, subject to applicable Federal law as amended from time to time, entitle the Holder to a Federal income tax credit equal to FIFTY percent (50%) of the annual interest paid on the Certified Indebtedness Amount of WRITTEN LOAN AMOUNT (DOLLAR AMOUNT) Dollars, which consists of financing ("the Mortgage Loan") received from LENDER who shall be known as the Lender.
6. The Certificate is issued to the Holder in conjunction with the Holder's acquisition of a single-family residence ("the Residence") located at ADDRESS.
7. The acquisition cost for the Residence is WRITTEN LOAN AMOUNT (DOLLAR AMOUNT) Dollars and does not exceed the established maximum sales price limits for the Corporation's Mortgage Credit Certificate program.
8. This certificate meets the requirement of:
  - a. Temporary IRS Regulation Section 1.25-3T(d) relating to residence requirement;
  - b. Temporary IRS Regulation Section 1.25-3T(e) relating to three-year requirement;
  - c. Temporary IRS Regulation Section 1.25-3T(g) relating to new mortgage requirements;
  - d. Temporary IRS Regulation Section 1.25-3T(i) relating to prohibited mortgages;
  - e. Temporary IRS Regulation Section 1.25-3T(j) relating to particular originators;
  - f. Temporary IRS Regulation Section 1.25-3T(k) relating to allocation to particular developments;
  - g. Temporary IRS Regulation Section 1.25-3T(n) relating to interest paid to related person; and
  - h. Internal Revenue Code of 1986, Section 143(f) relating to income limitations.
9. This Residence in connection with which this Certificate is issued  is /  is not located in a Targeted Area.
10. The mortgage loan relating to this Certificate was closed on CLOSING DATE.
11. This Certificate shall expire upon the earlier of revocation, repayment of the Certified Indebtedness Amount, or the date in which the Residence ceases to be the Holder's Principal Residence.
12. This Certificate is not transferable.
13. If the Corporation becomes aware that a material misstatement, whether negligent or intentional, has been made in the application for this Certificate, this Certificate shall automatically be null and void without any need for further action on the part of the Corporation.

Under penalty of perjury, I hereby declare that to the best of my knowledge and belief, the determinations required by the Temporary Regulations, as identified in paragraphs 8 and 9 of this Certificate, have been made.

By: \_\_\_\_\_  
David R. Westcott, Director of Homeownership