



2017 MORTGAGE CREDIT CERTIFICATE PROGRAM

Phyllis Constance

Program Admin.

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281-484-4663 x 111

Toll Free- 866-398-1263

EFFECTIVE 5.19.19

WHAT IS A MORTGAGE CREDIT CERTIFICATE/MCC?

In 1984 Congress passed the Tax Reform Act as a means of providing housing assistance to families of low and moderate income. This was the creation of today's MCC Programs.

The MCC is a tax credit that helps reduce the amount of federal income tax due and provides additional available income to help a borrower qualify for a mortgage loan.

A home owner can access this credit for the life of the mortgage loan. The maximum TAX CREDIT annually can not exceed \$2,000.

Buyers may be subject to paying a federal recapture tax if they do not owner occupy the property as primary residence during the recapture period (usually 9 years.)

Mortgage Interest Credit (MCC) is a non-fundable tax credit, therefore the homebuyer must have tax liability in order to take advantage of the tax credit.

Tax credits are a powerful way of increasing a family's annual income.

WHAT DOES AN MCC DO?

Provides an income tax credit to the borrower as long as they owner occupy their home. The federal government already allows all homeowners to claim an itemized income TAX DEDUCTION for the amount of interest paid each year on the mortgage loan. A TAX DEDUCTION reduces the amount of income that is taxed.

The MCC Program takes a portion of the mortgage interest paid and turns it into a TAX CREDIT. A TAX CREDIT is an amount returned to the buyer either by increasing the amount refunded in their tax return or decreasing the amount of taxes owed.

(Dollar for Dollar savings)

Because the CREDIT is accessible for the life of the loan, an MCC may save a homeowner thousands of dollars during the life of the mortgage loan.

HOW DOES THIS WORK?

Here is a sample of one year of savings with the MCC Program :

The actual amount of the CREDIT will be determined by the interest the homeowners pays each year on their mortgage loan.

Loan Amount= \$100,000 Interest Rate= 6%

home owner pays \$6,000 in mortgage interest this year

MCC Program Tax Credit Rate= 30%

$\$6,000 \times 30\% = \$1,800$

MCC TAX CREDIT for the Homeowner: \$1,800

* Maximum credit is \$2,000 a year.

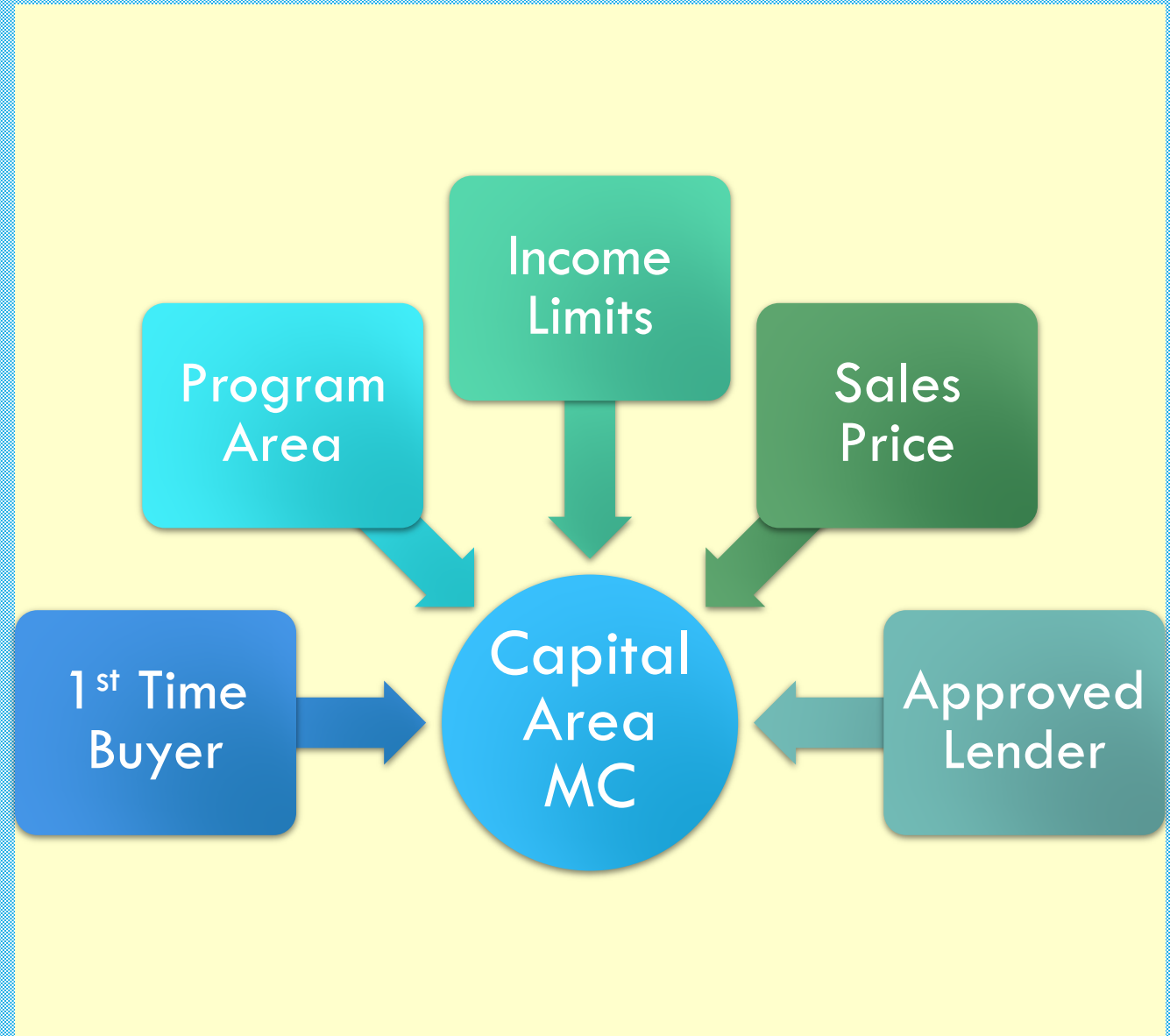
WHO QUALIFIES?

Must be 1st Time Homebuyer

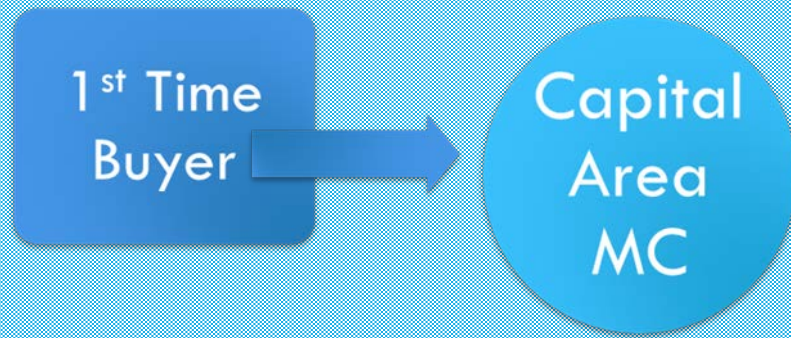
Purchase a Home in a
Program Area

Qualify for a Mortgage
Loan with a Participating
Lender.

Meet Income and Purchase
Price Limits



MUST BE A 1ST TIME HOMEBUYER



Total Anticipated Annual Family Income is calculated to qualify for the MCC Program (must include sporadic payments, lump sum-example- child support, bonus, overtime, etc.).

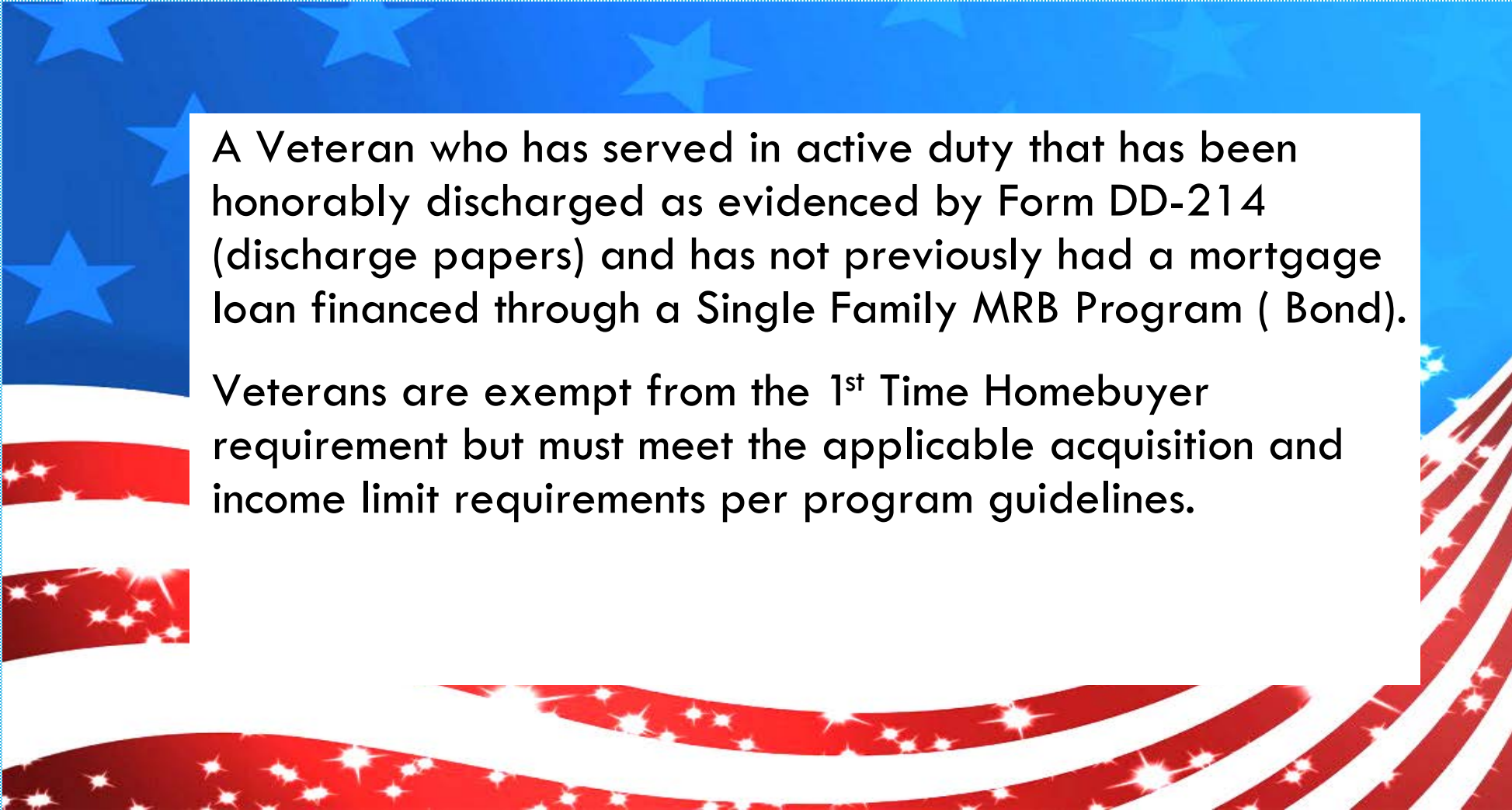
Most current 3 years signed IRS Tax Returns or Transcripts all borrowers.

All borrowers on the Mortgage Loan are required to take the SETH Homebuyer's Education Class at www.sethfc.com.

1st Time Homebuyer – Borrower has not had an ownership interest in a principal residence within the last 3 years. Direct Ownership; Ownership with someone else; agreement after certain amount of payments would own residence; or other arrangements that would give future ownership of a property.

Must meet income and purchase price limits.

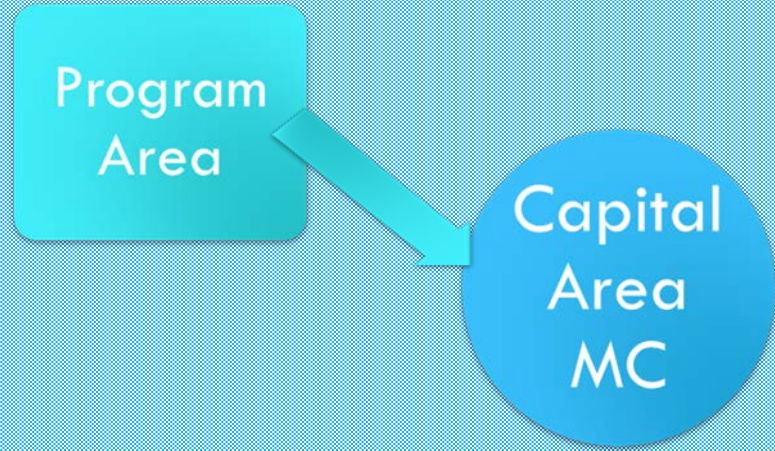
AVAILABLE EXEMPTIONS FOR A QUALIFIED VETERAN

The background of the slide features a stylized American flag. The top portion is a solid blue field with several white five-pointed stars. Below this, there are horizontal stripes of red and white, with the red stripes containing small white stars. The stripes curve and flow across the bottom of the slide.

A Veteran who has served in active duty that has been honorably discharged as evidenced by Form DD-214 (discharge papers) and has not previously had a mortgage loan financed through a Single Family MRB Program (Bond).

Veterans are exempt from the 1st Time Homebuyer requirement but must meet the applicable acquisition and income limit requirements per program guidelines.

PROPERTY MUST BE IN A PROGRAM AREA FOR CAPITAL AREA HFC MCC



Eligible Properties must be listed
under the Taxing Entity of the listed
County or the City Limits.

Check the Appraisal District's website.

Bastrop, Blanco, Burnet,
Caldwell, Fayette,
Hays, Lee, Llano, and
Williamson Counties.

PROGRAM TARGETED AREAS

Higher Income and Purchase
Price Limits

Most current 3 years signed IRS
Tax Returns or Transcripts all
borrowers.

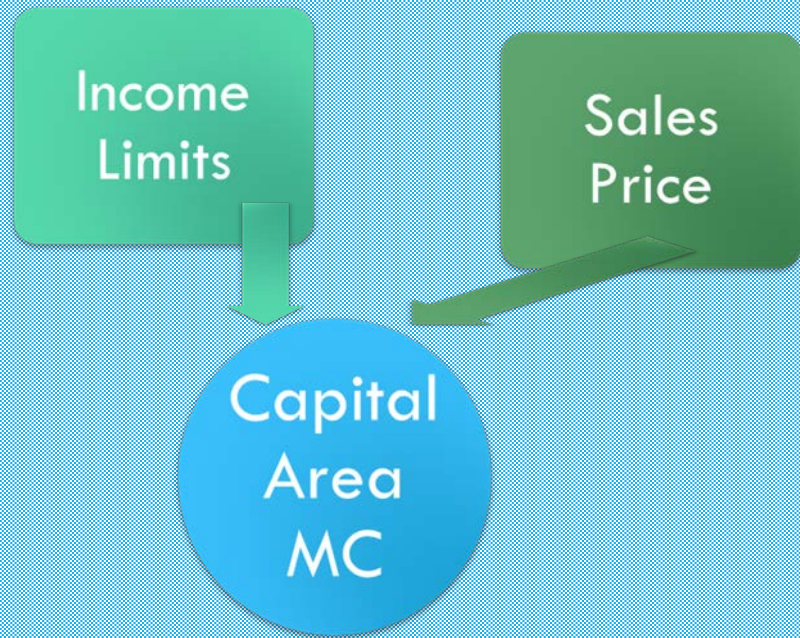
All borrowers on the Mortgage
Loan are required to take the
SETH Homebuyer's Education
Class at www.sethfc.com.

A census tract in which 70 percent or more of the families have an income which is 80 percent or less of the statewide median family income, or an area designated as an area of chronic economic distress. Such areas are not subject to the prior home ownership restriction. The initial Targeted Areas in the Capital Area HFC MCC Eligible Loan Area are the geographical areas:

Hays County- Census Tract- 0103.04

INCOME & PURCHASE PRICE LIMITS FOR CAPITAL AREA HFC MCC

EFFECTIVE 5.19.19



Total Anticipated Annual Family Income is calculated to qualify for the MCC Program.

Targeted areas: Higher purchase income and purchase price limits.

Hays County- Census Tract 0103.04

Location:	1-2 Family	3 or More	Target Area 1-2 family	Targeted area 3 or more	Non – targeted area Purchase price limits	Targeted area Purchase price
Bastrop, Caldwell, Hays, & Williamson Counties	\$94,600	\$108,790	Hays Co. \$113,520	Hays Co. \$132,440	\$350,871	HAYS COUNTY \$428,842
Blanco County	\$72,900	\$83,835	n/a	n/a	\$283,348	n/a
Burnet, Fayette, Lee & Llano Counties	\$71,200	\$81,880	n/a	n/a	\$283,348	n/a

WHAT IS RECAPTURE TAX ?

For Recapture tax to apply, the homeowner must meet all the following conditions:

Sell the home within nine years;

Make a net profit (gain) on the sale of the home;

The Homeowner's household income must have increased at least 5% each year above the applicable income used to qualify for the mortgage loan.

For more information on recapture tax, see "Doc 9 Notice of Potential Recapture Tax ".

Homes funded by a special First-Time Homebuyer loan programs financed with Mortgage Revenue Bonds and homes funded with a loan for which we have issued a Mortgage Credit Certificate may be subject to a Federal Recapture Tax.

This tax only affects buyers who have had rapid and significant increases in income and who sell or transfer their home within nine years of the purchase date.

APPROVED LENDER LIST

Capital
Area
MC

Approved
Lender

Contact Phyllis Constance
p.constance@sethfc.com
281-484-4663 ext. 111
Toll Free- 866-398-1263



2017 Mortgage Credit Certificate Program

4101 Parkstone Heights Drive, Suite 280, Austin, TX 78746

Contact Phyllis Constance – Southeast Texas Housing Finance Corporation 281-484-4663 or 866-398-1263 ext 111

p.constance@sethfc.com

COMPANY NAME	CONTACT	PHONE	ADDRESS	EMAIL ADDRESS	MLS #
Academy Mortgage	Craig Jennings	512-872-7109	3520 Executive Center Dr. Ste. 159 Austin, TX 78731	Craig.jennings@academymortgage.com	3113
Academy Mortgage	Danielle Hajda	512-630-1707	3520 Executive Center Dr. Ste 159 Austin, TX 78731	Danielle.hajda@academymortgage.com	235004
Academy Mortgage	Aaron Williams	512-921-6831	3520 Executive Center Dr. Ste 159 Austin, TX 78731	Aaron.williams@academymortgage.com	1269821
Fairway Independent Mortgage Corp.	Suzette Sanders	469-252-6646	1800 Golden Trail Court Madison, WI 53718	ssanders@fairwaymc.com	Bond Relations
Primelending, A PlainsCapital Company	Joel Richardson	512-637-0932	8310-1 N Capital of Texas Hwy Ste 195 Austin, TX 78731	jrichardson@primelending.com	136881
Primelending, A PlainsCapital Company	Alexander Blunt	512-381-4642	1717 W. 6 th Street #340 Austin, TX 78703	zanderb@primelending.com	188473
Primelending, A PlainsCapital Company	Max Leaman	512-617-5636	3724 Executive Center Drive #110 Austin, TX 78731	max1@primelending.com	151263
Primelending, A PlainsCapital Company	Candy Buzan	512-238-7888	810 Hester's Crossing Rd #150 Round Rock, TX 78681	Cbuzan@primelending.com	179412
Summit Funding, Inc.	Jenay Bowen	972-840-3388	101 E. Park Blvd, Ste. 471 Plano, TX 75074	Jenay.bowen@summitfunding.net	207433

FEES FOR THE CAPITAL AREA HFC MCC PROGRAM

- No Compliance Fee
- No Wire Transfer Fees
- Optional Application Fee

Lender can charge a \$75 application fee.

This fee is paid at closing.

SETH'S HOMEBUYER EDUCATION IS REQUIRED



The SETH Homebuyer's Education class is required for all persons listed on the loan.

<http://sethfc.com/homebuyer-education/>

Cost of Homebuyer's Education Class-

1 person- \$100 (select the **Red button**)

2 or more persons-\$60 each (register and complete the class separately select the **Blue button**).

CAN THE MCC BE COMBINED WITH OTHER PROGRAMS?



The MCC can be a stand alone program.

The MCC can be combined with other programs such as the SETH 5 Star Texas Advantage Program.

City/County Down Payment Assistance Programs.

Can be used with FHA, VA, USDA and Conventional loans.

Cannot be combined with a Bond loan.

HOW TO RESERVE THE MCC-CONTACT ME FOR HELP.



Must be reserved as early as possible during loan reservation.

Underwriter Certification NOT required.

The Loan officer/processor can access the fillable forms:

request via email-p.constance@sethfc.com

phone: 281-484-4663 ext. 111

Toll free: 866-398-1263

The Capital Area HFC MCC is not on ehousingplus.com.

You must scan or fax the application to
p.constance@sethfc.com for reservation.
Direct Fax- 832-379-2518

MCC RESERVATION CHECK LIST

What you will need-

Fillable forms

Check stubs (all forms of income) child
support print out/award

Sales Contract

Last 3 years Signed IRS Tax Returns/ or
Transcripts (spouse/non purchasing
spouse)

Tax Certificate or Appraisal District's print
out of Taxing Entities.

SETH Homebuyer's Education certificate.

www.sethfc.com.



Capital Area HFC- MCC instructions

You may send a complete application if all pages are signed.

Incomplete documents will not be accepted. A resubmission fee of \$25 may be assessed.

Original documents are not required; scanned or faxed is acceptable.

STEP One Part 1: Documents for Submission

Lender to complete application. The applicant(s) are to sign two pages. (e-signatures are acceptable)

Doc. #3 MCC Submission coversheet

Doc. #1 Affidavit of Applicant

Worksheets 1-4 & **Certification of Zero Income (if applicable)**

Tax Certificate

SETH Home buyer's Education Certificate. <http://sethfc.com/homebuyer-education/>

Doc. # 5 Tax Return Affidavit + last 3 years signed & complete tax returns or transcripts & W-2's.

Doc. #7 Certificate of Lender (signed by Lender)

Doc. #9 Notice of Potential Recapture tax.

STEP TWO Part 2: Closing Document(s) to the Title Company

Doc. #3 MCC submission coversheet (with any revisions) except property address

Doc. #4 Reaffirmation of Applicant

Doc. #6 Affidavit of Seller

Doc. #8 Closing Affidavit (signed by Lender)

MCC fee has been waived. Please scan all documents to p.constance@sethfc.com.

Step One Documents
Send to me.

RESERVING THE MCC- STEP ONE

Document 1: Affidavit of Applicant

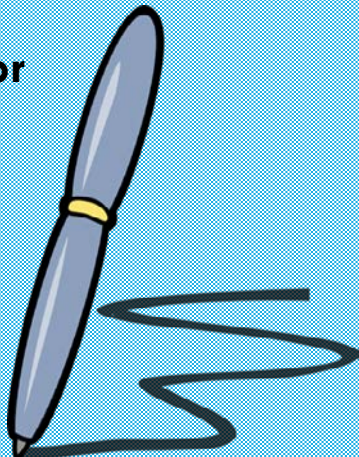
Fillable forms

Complete only these items on Page 2:

- **Family size**
- **Acquisition Cost – Choose box**
- **Cost of Residence**

Applicant(s) sign Page 3: Regular or eSignatures accepted.

Underwriter certification-NOT required.



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2. *Family Size.* The total number of my family members who will live with me in the Residence, plus any other persons who are not part of my family but who will live with me in the Residence, is 0.

3. *Location of Residence.* The Residence is located at the address listed above, which is within the geographical area with the limits of the Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson, Texas.

4. *Acquisition Cost.* (a) The Residence is (check one):

☐

a new single family residence that has never been lived in; or

☒

a single family residence that has been lived in before.

The "Cost" of the Residence to me (as calculated on Worksheet Three attached to this affidavit) is \$ 0. "Cost" includes:

(i) everything that I paid or that someone else paid for me, either in cash or in kind, for the Residence;

(ii) if the Residence is not finished, the reasonable cost to finish it, whether or not the cost to finish the Residence is covered by the amount I borrowed to buy the Residence; and

(iii) if the Residence sits on leased ground, the value of the ground lease.

RESERVING THE MCC: STEP ONE



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WORKSHEET ONE

ANTICIPATED ANNUAL FAMILY INCOME

REQUIRED TO COMPLY WITH FEDERAL INCOME TAX LAWS
RELATING TO THE MCC PROGRAM

1. The names, relationships, ages and taxpayer identification numbers of all persons intending to reside in the Residence are as follows:

NAMES	RELATIONSHIP TO APPLICANT	AGES	TAXPAYER ID #
	Self		
	Relationship To Applicant		
	Relationship To Applicant		
	Relationship To Applicant		
	Relationship To Applicant		
	Relationship To Applicant		

Worksheet One: Anticipated Annual Family Income

List all household members.
Borrower will be listed on
the top line. Include any
Non-purchasing spouse.

Use 2nd line for Spouse or
Co-borrower. Any children
in the household need to be
listed beginning on the next
line.

RESERVING THE MCC- STEP ONE

The name and address of the employer(s) of each of the above persons who is 18 years of age and who will be liable on the mortgage loan and his/her monthly gross income* is as follows (both spouses should be included even if only one spouse is liable on the loan):

FIRST NAME (FROM ABOVE)	EMPLOYER NAME AND ADDRESS	MONTHLY GROSS INCOME
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Monthly Gross Income		_____
		x 12 =
Anticipated Annual Family Income		_____

*Monthly gross income" includes all amounts that I receive or expect to receive, whether or not I receive the amount on a regular basis. See listing for examples of the types of amounts to be included.

4. I acknowledge that all of the above information is important to the issuance of a mortgage credit certificate. I agree to allow my employer or any other person with knowledge about my income to provide the information to The Southeast Texas Housing Finance Corporation and its authorized agents and any authorized agent of the Treasury Department or the Internal Revenue Service.

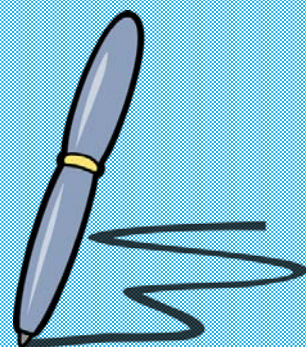
Date: _____

Applicant Name: _____

Applicant Name: _____

Worksheet One: Anticipated Annual Family Income Cont.

- Income of all mortgagors living in the property and liable on the loan. This includes*Non-Purchasing Spouses.
- Monthly income means the sum of current monthly gross pay AND any additional income (investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, child support (even if sporadic). See Affidavit of Applicant for more information.
- Self employment- Follow Agency Guidelines for calculating family income for self-employed mortgagors.



Borrower/ Co-borrower and all Non- Purchasing

Spouses sign & date.

Regular or e-signatures are acceptable.

WORKSHEET TWO**LAST YEAR'S ADJUSTED GROSS INCOME**REQUIRED TO COMPLY WITH TEXAS LAW AND POLICIES OF
THE CORPORATION RELATING TO THE MCC PROGRAM

1. My adjusted gross income (from the appropriate line of IRS Form 1040, IRS Form 1040A, or IRS Form 1040EZ) for the most recent tax year was: \$ _____
2. The total adjusted gross income of each person who is expected to live with me in the Residence for the most recent tax year was: \$ _____
3. Total Adjusted Gross Income (Total of 1 and 2) [*Insert this figure in the blank in Section 1(b) of the Affidavit of Applicant*]: \$ _____ 0

WORKSHEET TWO

Complete line 1,2 and 3.
Adjusted gross income
will be taken directly
off of the IRS tax form
or transcript.

RESERVING THE MCC- STEP ONE

WORKSHEET THREE
COST OF RESIDENCE

1. Amount I paid to the Seller for the Residence either with cash or some other kind of payment (including any amount the Seller is required to pay as a real estate commission or loan discount points): \$ _____
2. Any other extra amount not listed in paragraph 1 that I paid or that someone else paid for me to the Seller or for the Seller for the Residence either with cash or some other kind of payment: \$ _____
3. If the Residence is not finished, the estimated cost of finishing it, including the cost of any necessary alterations or improvements. Does not include the value of service that I or members of my family will perform in finishing the Residence. \$ _____
(Describe any alterations or improvements.)

4. If the Residence sits on leased land, the value of the lease at the time of purchase of the Residence (using a discount rate equal to the interest rate borne by the Loan). \$ _____
5. Total Cost of the Residence (Total of 1, 2, 3 and 4) [INSERT THIS FIGURE IN PARAGRAPH 4 OF THE AFFIDAVIT OF APPLICANT]: \$ _____ 0

WORKSHEET THREE:

Cost of Residence

Purchase or sales
price.

Complete lines
1 & 5

RESERVING THE MCC- STEP ONE

WORK SHEET FOUR

Prior Residences

[NOT REQUIRED, FOR RESIDENCE LOCATED IN A TARGETED AREA]

During the last three (3) years I have either:

(1) Rented at the following addresses for the following periods of time:

Address: _____	Landlord: _____
City: _____	From: _____
Phone No.: _____	To: _____
(include area code)	

Address: _____	Landlord: _____
City: _____	From: _____
Phone No.: _____	To: _____
(include area code)	

Address: _____	Landlord: _____
City: _____	From: _____
Phone No.: _____	To: _____
(include area code)	

(Indicate additional addresses on a separate sheet, if necessary)

(2) Lived with the following members of my family (without owning a "Principal Residence" *) at the following addresses for the following periods of time:

Names: _____
Relationship: _____
Address: _____ City: _____ State: AL
Phone No.: (include area code) _____
From: _____ (Mo/Yr) To: _____ (Mo/Yr)

Names: _____
Relationship: _____
Address: _____ City: _____ State: AL
Phone No.: (include area code) _____
From: _____ (Mo/Yr) To: _____ (Mo/Yr)

WORKSHEET FOUR

Prior Residences

Enter Prior Residences for the last 3 years.

Section (1) be sure to list landlords and dates.

Section (2) Use if living with relatives.

Section (3) Describe and other living arrangements.

RESERVING THE MCC- STEP ONE

DOCUMENT 2

PRELIMINARY NOTICE OF POTENTIAL RECAPTURE TAX

(TO BE DELIVERED BY LENDER AT MORTGAGE LOAN APPLICATION)

Because you are receiving a mortgage credit certificate with your mortgage loan, you are receiving the benefit of a credit against your federal income tax. If you sell or otherwise dispose of your home during the next nine years, this benefit may be “recaptured.” The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. Within the next 90 days, you will be given additional information that will be needed to calculate the recapture tax.

Document 2- Preliminary Notice of Potential Recapture Tax

Explain Recapture
Tax to borrower.

No signature
necessary.

More Explanation
in Document 9.

RESERVING THE MCC: STEP ONE

RESERVING THE MCC: STEP ONE

Document 3 MCC

Submission Cover Sheet

Will be submitted twice.

1. With reservation

2. With post closing documents; with changes, revise loan amount.



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DOCUMENT 3 - MCC SUBMISSION COVER SHEET

ALL BLANKS MUST BE COMPLETED OR THE DOCUMENTATION MAY BE REJECTED BY THE PROGRAM ADMINISTRATOR AND LENDER MAY BE SUBJECT TO A RESUBMISSION FEE.

Lender Contact: _____
Email: _____
Telephone: _____
Fax: _____
Business Manager: _____

Applicant: _____
Taxpayer ID#: _____
Subject Property Address: _____

City: _____ TX Zip Code: _____
Subject Property Subdivision: _____ Builder (if New Construction): _____

Subject Property County: _____
Targeted Area: ☐ Yes ☐ No Census Tract #: _____

MCC Commitment Number: _____ Closing Date: _____
Loan Type: FHA ☐ VA ☐ Conv ☐ First Time Homebuyer: Yes ☐ No ☐

Loan Amount: \$ _____ Loan Maturity (Months): _____
Interest Rate on Loan: _____ % Acquisition Cost: \$ _____

Lender (Contact & Phone): _____ L/O Email: _____
Lender Loan Reference Number: _____

Anticipated Annual Family Income: \$ _____ Prior Year's Adjusted Gross Income: \$ _____
Family Size: _____ Ethnicity of Borrower (Optional): _____ Type of Residence: New ☐ Existing ☐

Applicable Acquisition Cost Limit: _____
☒ \$332,470 (Non-Targeted Area)
☐ \$406,353 HAYS CO. (Targeted Area)

Documents Submitted: MCC COMMITMENT (STEP ONE):

- _____ MCC Submission Cover Sheet
 - _____ Affidavit of Applicant (with Worksheets One through Four attached) Preliminary Notice of Potential Recapture Tax
 - _____ Tax Certificate
 - _____ Last 3 year complete signed Tax Returns with W-2's or transcripts
- ☐ \$248,098 (Non-targeted other areas)
☐ \$303,231 (Targeted Other areas)

DOCUMENT 5

MCC Comm # _____
[For Administrative Use Only]

Applicant 1: _____
Applicant 2: _____
Lender: _____
Contact: _____
Telephone: _____

TAX RETURN AFFIDAVIT

THE STATE OF TEXAS §
COUNTY OF _____ §

I (the "Applicant" or "Applicants"), the undersigned, promise, UNDER PENALTY OF PERJURY, and the penalties listed here, that each of the following statements about my tax returns are true, correct and complete.

1. *Tax Returns Attached.* The following information is correct for all persons intending to live with me in the Residence described on the Affidavit of Applicant:

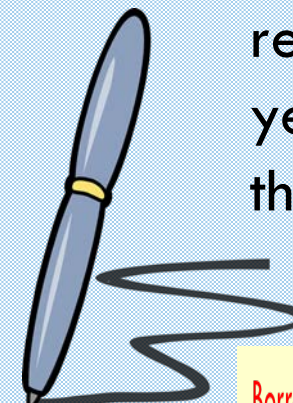
CHECK WHICH APPLIES:

- ☐ The original tax account information letter from the Internal Revenue Service verifying the type of return I filed, my filing status and my adjusted gross income for the year most recently ended is attached. [The original tax account information letter may be used instead of furnishing copies of tax returns for persons who filed their Form 1040A or 1040EZ tax returns].
- ☐ A true copy of each federal income tax return for the prior 3 years are attached. If the Residence is located in a Targeted Area, a true copy of the federal income tax return for the year most recently ended is attached.

2.* *Tax Return Not Required.* I was not required by law to file a federal income tax return for the following year(s) and reason(s) stated below (please check the appropriate box):

	YEAR	REASON
<input type="checkbox"/>	20__	_____

* Applies only if the Applicant was not required by law to file federal income tax returns for any of the preceding three years.



DOCUMENT 5 Tax Return Affidavit

Check box that goes with statement. If Tax Returns were not required - then state the year and reason that they were not required.

Borrower/ Co-borrower/ non-purchasing spouse, will sign/e-sign.

Notary- signs and stamp

RESERVING THE MCC: STEP ONE

DOCUMENT 7

 MCC Comm # _____
 [For Administrative Use Only]

 Applicant 1: _____
 Applicant 2: _____
 Lender: _____
 Contact: _____
 Telephone: _____

CERTIFICATE OF LENDER

I, the undersigned authorized officer of the above Lender do hereby certify, represent and warrant to The Southeast Texas Housing Finance Corporation ("Administrator") and The Capital Housing Finance Corporation (the "Corporation"), that:

1. All terms used herein shall have the meanings attributed to them in the Program Manual for the Corporation's 2017 Mortgage Credit Certificate Program unless a different meaning is specifically defined herein or is required by the context in which the term appears.

2. I have read the Affidavit of Applicant, the Closing Affidavit, the Tax Return Affidavit and the Affidavit of Seller (collectively, the "Affidavits") which were executed in connection with the Mortgage Credit Certificate Application made by the above Applicant and submitted to the Administrator. Prior to the execution of such documents, I reviewed the contents thereof with the Applicant, and if applicable, the closing agent.

3. (a) I have reviewed the credit analysis worksheet, or similar document, prepared in connection with this Loan. The worksheet accurately reflects the information this Lender has obtained concerning the monthly gross income of the Applicant, and this Lender has complied with the requirements of the Program Manual and the Lender Participation Agreement in verifying the accuracy of such information.

(b) Based upon Worksheet 1 attached to the Affidavit of Applicant, to the best of the Lender's knowledge and belief the Applicant's Anticipated Annual Family Income is \$ _____ 0 _____.

(c) I further certify that I have examined the Applicant's federal income tax return (or tax account information letter, if applicable) for the preceding year, and I have determined that the adjusted gross income of all persons who intend to reside with the Applicant in the Residence is within the required limit of \$ 108,920.00.

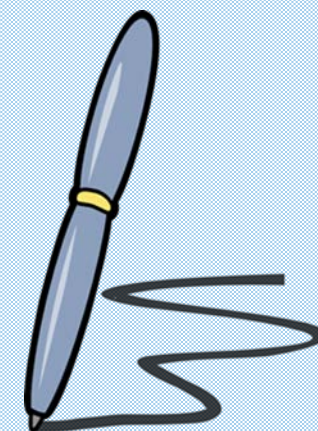
4. The Residence is located within the geographical area with the limits of the Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson, Texas.

DOCUMENT 7

CERTIFICATE OF LENDER

3 (b) should auto populate with Anticipated Annual family income.

Lender completes and signs.



RESERVING THE MCC: STEP ONE

DOCUMENT 9

NOTICE OF POTENTIAL RECAPTURE TAX

(TO BE COMPLETED BY LENDER AND DELIVERED TO APPLICANT AT THE TIME OF CLOSING OF THE LOAN)

A. INTRODUCTION.

1. *General.* When you sell your home you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also include other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

2. *Exceptions.* In the following situations, no recapture tax is due and you do not need to do the calculations:

- (a) You dispose of your home later than nine years after you close your mortgage loan;
- (b) Your home is disposed of as a result of your death;
- (c) You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code; or
- (d) You dispose of your home at a loss.

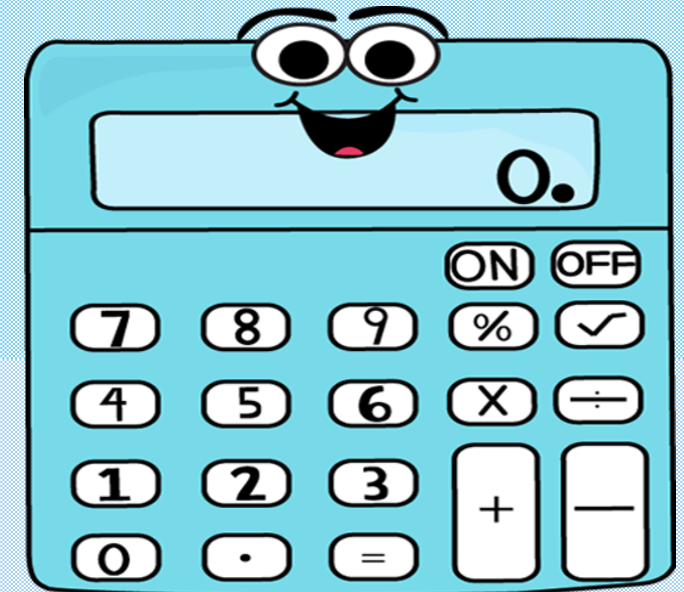
B. *Maximum Recapture Tax.* The maximum recapture tax that you may be required to pay as an addition to your federal income tax is \$_____ [insert the actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan]. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.

C. *Actual Recapture Tax.* The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your recapture amount determined by multiplying the following three numbers:

- (i) \$_____ [insert the actual dollar amount resulting from the product of 6.25% multiplied by the highest principal amount of the mortgage loan] (the maximum recapture tax, as described in paragraph B above),
- (ii) The holding period percentage, as listed in Column 1 in the Table, and

DOCUMENT 9 NOTICE OF POTENTIAL RECAPTURE TAX

Calculation for two blanks –
B & C, Is Loan amount times
6.25% (total) goes in both
blanks



RESERVING MCC- STEP ONE

TABLE					
COUNTIES OF BASTROP, CALDWELL, HAYS AND WILLIAMSON	EFFECTIVE 5/22/2017	(COLUMN 2) NON TARGETED AREA ADJUSTED QUALIFYING INCOME		(COLUMN 3) TARGETED AREA ADJUSTED QUALIFYING INCOME	
		(COLUMN 1) HOLDING PERIOD		NUMBER OF FAMILY MEMBERS LIVING IN YOUR HOME AT THE TIME OF SALE	
		PERCENTAGE	2 OR LESS	3 OR MORE	HAYS COUNTY ONLY
Before the first anniversary of closing (See note below)	20%		\$81,400	\$93,610	\$97,680
On or after the first anniversary of closing, but before the second anniversary of closing	40%		\$85,470	\$98,290	\$102,564
On or after the second anniversary of closing, but before the third anniversary of closing	60%		\$89,743	\$103,205	\$107,692
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%		\$94,230	\$108,365	\$113,076
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%		\$98,942	\$113,783	\$118,730
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%		\$103,889	\$119,472	\$124,667
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%		\$109,083	\$125,446	\$130,900
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%		\$114,537	\$131,718	\$137,445
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%		\$120,264	\$138,304	\$144,317
NOTE: Closing means the closing date for your loan.					
** <i>Lender:</i> The actual notice to the applicant must provide the actual dollar figures for adjusted qualifying incomes for each of the years covered by the table. The entries in the first row are the highest qualifying incomes that, as of the date of the mortgage loan closing, would have met the low income requirement of Section 143(f) of the Code, taking into account whether the home financed with the subsidized mortgage loan is located in a targeted area as described in Section 143(j) of the Code (but determined without regard to Section 143(f)(3)(A) of the Code) or in a high housing cost area as described in Section 143(f)(5) of the Code. The entries in each subsequent row equal the entries in the immediately preceding row, times 1.05. The formula for determining these numbers is set forth in Section 143(m)(5) of the Code. Please refer to the "Worksheet to Compute Recapture Tax" provided by the Program Administrator in order to complete Column 2.					

Recapture Tax: Choose correct Recapture Tax Table for County

STEP ONE: RESERVING MCC

* *Lender:* The actual notice to the applicant must provide the actual dollar figures for adjusted qualifying incomes for each of the years covered by the table. The entries in the first row are the highest qualifying incomes that, as of the date of the mortgage loan closing, would have met the low income requirement of Section 143(f) of the Code, taking into account whether the home financed with the subsidized mortgage loan is located in a targeted area as described in Section 143(j) of the Code (but determined without regard to Section 143(f)(3)(A) of the Code) or in a high housing cost area as described in Section 143(f)(5) of the Code. The entries in each subsequent row equal the entries in the immediately preceding row, times 1.05. The formula for determining these numbers is set forth in Section 143(m)(5) of the Code. Please refer to the "Worksheet to Compute Recapture Tax" provided by the Program Administrator in order to complete Column 2.

Please acknowledge your receipt of a copy of this notice by signing below.

Signature of Applicant

Date

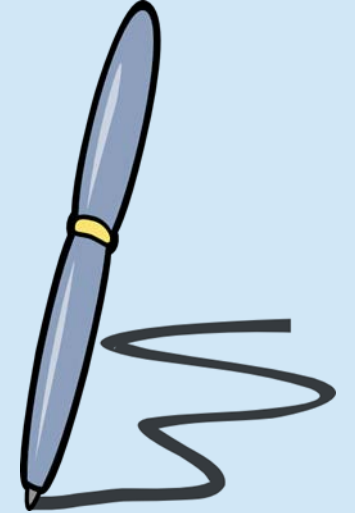
Name of Applicant

Signature of Applicant

Date

Name of Applicant

**Borrower/Co-
Borrower /non
purchasing
spouse, sign/
e-sign.**



DOCUMENT 9: NOTICE OF POTENTIAL RECAPTURE TAX BORROWER SIGNATURE PAGE

FAX TRANSMISSION

SOUTHEAST TEXAS HOUSING FINANCE CORP.

11111 S. Sam Houston Pkwy East
Houston, Texas 77089
281 – 484-4663
Fax: 832-379-2518 or 281-484-1971
www.sethfc.com

To: _____ Date: _____
Fax #: email Pages: 2, including this cover
From: Phyllis Constance sheet
p.constance@sethfc.com
Subject: CAHFC- MCC Conditional Commitment letter

COMMENTS:

Please find enclosed a copy of the CAHFC – MCC Conditional Commitment letter.

Within 15 days of closing send to my office the following:

1. MCC Submission Cover Sheet / **with Census Tract number.**
2. Tax Certificate (Property Tax) if not sent with application

MCC Commitment #: CAHFC 2017-

Expiration Date:

Applicant:

Lender:

Loan Amount: \$

CAPITAL AREA HOUSING FINANCE CORPORATION MORTGAGE CREDIT CERTIFICATE COMMITMENT LETTER- MCC rate 50%

TO THE ABOVE APPLICANT AND LENDER:

An Application in the form of an Affidavit of Applicant and related documentation pursuant to the Capital Area Housing Finance Corporation 2017 Mortgage Credit Certificate Program Manual, has been received by the undersigned Administrator and reviewed for its compliance with the terms and conditions of the Program. The Administrator has determined that the Applicant has complied with the initial requirements of the Program.

Subject to completion of the remaining terms and conditions prior to issuance of a Mortgage Credit Certificate pursuant to the Program Manual, the Administrator will execute and deliver a Mortgage Credit Certificate to the Applicant for a Loan amount not to exceed the above-indicated sum to be dated as of the date of closing the Loan. A copy of such Mortgage Credit Certificate shall be furnished to the Lender for its records, and a copy shall be furnished to the Capital Area Housing Finance Corporation.

The terms of this MCC Commitment Letter are governed by the Program Manual which is incorporated herein by reference as if fully set forth herein. THIS COMMITMENT WILL EXPIRE ON THE EXPIRATION DATED INDICATED ABOVE, which is three months from the date hereof if the Loan is being made for the purchase of Existing Housing or six months from the date hereof if the Loan is

SETH ISSUES MCC CONDITIONAL COMMITMENT LETTER

STEP TWO : CLOSING DOCUMENTS CHECK LIST

These documents are to be sent to the Title Company for closing.

Please make sure to have Borrower/Co-Borrower/ Non-purchasing spouse sign- Doc 4.

Doc. 3 (list any updates besides income and property address)

Doc. 6 & 8.

Seller signs Doc 6. Unless REO- then states in signature line "REO"

Lender signs Doc 8

STEP TWO Part 2: Closing Document(s) to the Title Company

Doc. #3 MCC submission coversheet (with any revisions) except property address

Doc. #4 Reaffirmation of Applicant

Doc. #6 Affidavit of Seller

Doc. #8 Closing Affidavit (signed by Lender)

MCC fee has been waived. Please scan all documents to p.consta

STATUS CHANGE DOCUMENTS

Doc #10 Extension Request Form

Doc #11 Notice of Denial of Eligibility

Doc #12 MCC Reissuance Application

**STEP TWO:
CLOSING**
These items go
to the Title
company

DOCUMENT 4

MCC Comm # _____
[For Administrative Use Only]

Applicant 1: _____
Applicant 2: _____
Loan Amount: \$ _____
Lender: _____
Contact: _____
Telephone: _____
Subject Property: _____
Address: _____
Targeted Area: Yes ☐ TX ☒ No ☒

REAFFIRMATION OF APPLICANT
(TO BE EXECUTED AT THE TIME OF CLOSING)

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

I hereby reaffirm that the statements and information contained in the Affidavit of Applicant which I executed in connection with The Capital Area Housing Finance Corporation 2017 Mortgage Credit Certificate Program on the _____, _____, including without limitation, the computation of the Acquisition Cost of the Residence and the computation of Anticipated Annual Family Income, were true, accurate and complete when made and remain true, accurate, complete

and unchanged.*

Applicant's Signature

Applicant's Signature

Applicant's Printed Name

Applicant's Printed Name

Applicant's Taxpayer Identification Number

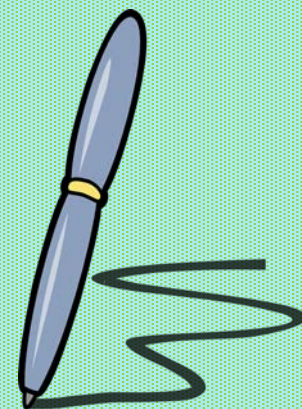
Applicant's Taxpayer Identification Number

* If the Acquisition Cost of the Residence or the Applicant's Anticipated Annual Family Income have changed, the Lender must have the Applicant re-execute the Affidavit of Applicant.

DOCUMENT 4 REAFFIRMATION OF APPLICANT

Lender certifies that the income of the homebuyer has not changed since they submitted the application.

Borrower /Co Borrower/
Non-purchasing spouse
signs or e-signs



STEP TWO: CLOSING

DOCUMENT 6

MCC Comm.# _____
[For Administrative Use Only]

Applicant 1: _____
Applicant 2: _____
Lender: _____
Contact: _____
Telephone: _____

THE STATE OF TEXAS \$
COUNTY OF _____ \$

AFFIDAVIT OF SELLER

The undersigned, the proposed Seller (whether one or more) of a Residence located in the Eligible Loan Area described below (the "Residence") to the above Applicant for which a Mortgage Credit Certificate is being sought under The Capital Area Housing Finance Corporation's 2017 Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury, that each of the following statements are true, correct and complete in all respects:

1. *Location of Residence.* The Residence is located within the geographical area with the limits of the Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson Texas (the "Eligible Loan Area") at:

PROPERTY ADDRESS: _____
_____ TX _____

2. *New Mortgage.* At no time prior to the date hereof has there been a mortgage on the Residence (whether in the form of a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow or other form of owner financing) securing a loan to the above Applicant, the proposed purchase of the Residence, other than a construction loan, construction bridge loan or other temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within 24 months from the date of execution of the Loan and having an original term not exceeding 24 months.

SELLER WORKSHEET – ACQUISITION COST

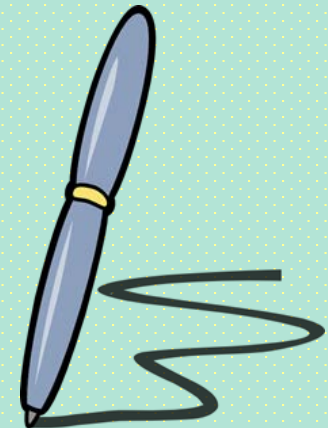
1. Amount paid for the Residence, in cash or in kind, by Applicant to the Seller (including any amount which Seller is required to pay as a real estate commission or loan discount points): \$ _____
2. Amount paid for the Residence, in each or in kind, by Applicant or any person related to the Applicant or by any person for the benefit of Applicant, to Seller or any person related to Seller or for Seller's benefit (other than the amount set forth above): _____
3. If the Residence is incomplete or unfinished the cost of completing it, including the cost of any alterations or improvements. (Specify the alterations or improvements): _____
\$ _____
4. If the Residence is located on leased land the capitalized value of the lease at a discount rate equal to the interest rate borne by the Lease of the ground rent: \$ _____
5. Total Acquisition Cost: _____

SELLER WORKSHEET – PURCHASE / SALES PRICE
COMPLETE LINES 1 AND 5 LEAVE OTHERS BLANK

DOCUMENT 6 AFFIDAVIT OF SELLER

The Seller or Representative signs this document at or before closing.

If it's an REO- no signature required/ but must say REO on the signature line.



STEP TWO: CLOSING

MCC Comm.# _____
 [For Administrative Use Only]

DOCUMENTS

Applicant 1: _____
 Applicant 2: _____
 Lender: _____
 Contact: _____
 Telephone: _____

THE STATE OF TEXAS _____
 COUNTY OF _____

CLOSING AFFIDAVIT

The undersigned, in connection with The Capital Area Housing Finance Corporation's 2017 Mortgage Credit Certificate Program, hereby certifies, with respect to the closing of the loan pertaining to the residence located at

PROPERTY ADDRESS: _____
 _____ TX _____

purchased by the above Applicant, that the attached closing statements are true and correct copies of the closing statements prepared and delivered in connection with the following transaction.

SELLER/BUILDER: _____
 PURCHASER: _____
 LENDER: _____
 PROPERTY ADDRESS: _____
 _____ TX _____

CLOSING DATE: _____
 LOAN AMOUNT: _____
 REFINANCING LOAN WITH EXISTING MCC: ☐ NO ☐ YES*

LENDER OR CLOSING AGENT

(Name of Firm) _____
 By: Name: _____
 Title: _____

THE STATE OF TEXAS _____
 COUNTY OF _____

SWORN TO AND SUBSCRIBED before me on the _____ day of _____, 200____.

(PERSONALIZED SEAL)

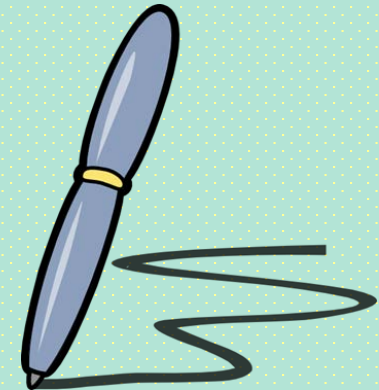
Notary Public Signature _____
 Notary Public Name: _____
 My Commission Expires: _____

* For refinancings, the Lender or Closing Agent, as applicable, certifies that \$ _____ is the outstanding balance on the loan associated with the existing MCC.



DOCUMENT 8 CLOSING AFFIDAVIT

Lender signs in front
 of Notary.



STEP TWO: CLOSING

- Please make sure to have Borrower/Co-borrower sign Doc 4
- Seller or Representative signs Doc 6- **MUST have signature or REO**
- Lender Signs Doc 8
- Post closing – scan
- Doc 3,4,6,8 and Copy of Executed CD to me.

STEP TWO Part 2: Closing Document(s) to the Title Company

Doc. #3 MCC submission coversheet (with any revisions) except property address

Doc. #4 Reaffirmation of Applicant

Doc. #6 Affidavit of Seller

Doc. #8 Closing Affidavit (signed by Lender)

MCC fee has been waived. Please scan all documents to p.constance@sethfc.com.

STATUS CHANGE DOCUMENTS

Doc #10 Extension Request Form

Doc #11 Notice of Denial of Eligibility

Doc #12 MCC Reissuance Application

All of the above is returned to SETH within 15 days after Funding with the executed Closing Disclosure Notice. If deadline is not met, a possible \$75 late fee may be accessed.

As a reminder, all MCC submissions must be within the counties of **Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson, Texas.**

LENDER: SEND TO TITLE COMPANY FOR CLOSING



Congratulations!!

YOUR BORROWER HAS CLOSED WITH A CAPITAL AREA HFC MCC

**REMEMBER TO RETURN THE DOCUMENTS
LISTED IN STEP TWO TO ME!**

p.constance@sethfc.com

Direct fax 832-379-2518

281-484-4663 x 111

Toll free 866-398-1263



- **Once I receive all Step Two Documents and the fee.**
- **Your buyer will receive their MCC Certificate in the mail**
- **Remind them to make a copy of their MCC Certificate- they will need it for Tax Time.**
- **To help your buyer remember to claim their credit- SETH will mail an example of the tax form as a reminder to take advantage of this valuable credit.**

- ❖ These forms are located at the back of the Fillable forms.
- ❖ See Extension Request Form if needed
- ❖ Need to cancel an MCC?
- ❖ Avoid losing your MCC Benefit. Reissuance to be used when
- ❖ Refinancing.

Document 10 Extension Request Form

This Form extends the commitment for an additional 30 days. Must be submitted prior to commitment expiration date. Must accompany a Lender Company check, Money order or Cashier's check of \$50 payable to SETH.

Document 11 Notice of Cancellation/Denial of Eligibility for MCC.

Must be submitted to cancel an existing MCC commitment .

Document 12 MCC Reissuance Application (Refinance)- Use this form for Refinancing the MCC.

STATUS CHANGE DOCUMENTS



Tax Disclaimer- This material is not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer. This material may be used to support the promotion and marketing of the matter discussed herein. The Tax payer should seek advice from an independent tax advisor regarding the matter set forth herein based on the taxpayer's particular circumstances.

Contact Us for Help:

MCC Program Admin:

Phyllis Constance

281-484-4663 x 111

Toll free- 833-398-1263

p.constance@sethfc.com

SETH Homebuyer Education

Assistance:

Nell Turk 281-484-4663 x 107

nturk@sethfc.com

www.sethfc.com