

PROGRAM MANUAL

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

MORTGAGE CREDIT CERTIFICATE PROGRAM

Program Administered by:

**Texas Department of Housing and
Community Affairs
221 East 11th Street
Austin, Texas 78701
(512) 475-0277**

**eHousingPlus
15175 NW 67th Avenue, Suite 203
Miami Lakes, FL 33014
(954) 217-0817**

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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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INTRODUCTION

Pursuant to Chapter 1372 of the Texas Government Code and the rules promulgated by the Texas Bond Review Board thereunder, Texas Department of Housing and Community Affairs (the “Department”) has received a private activity bond volume cap allocation in the aggregate amount of \$300,000,000 to conduct a single-family mortgage program in Texas (the “Eligible Loan Area”). Capitalized terms used in this Program Manual are defined under the caption “Definitions.”

General Overview

A mortgage credit certificate (a “MCC”) is an instrument designed to assist persons of low to moderate income to better afford individual ownership of housing. The procedures for issuing MCCs were established by the United States Congress as an alternative to the issuance of single-family mortgage revenue bonds. As distinguished from a bond program, in an MCC program no bonds are issued, no mortgage money is actually raised, many of the costs associated with a bond program are not incurred, and lenders are required to pay only nominal up-front fees.

MCCs are issued directly to qualifying Applicants who are then able each year to take a tax credit equal to a specified percentage of the interest paid on their mortgages. The Mortgage Credit Certificate Rate for the Program initially will be 20% and subject to change as specified in the periodic distribution of Rate Notices; provided during any period for which the Mortgage Credit Certificate Rate for the Program is in excess of 20%, the tax credit amount would be limited to \$2,000. Thus, an Applicant with a \$200,000 mortgage at a 6.00% annual interest rate would realize the following approximate savings in the example listed below:

Mortgage Amount:	\$200,000
Interest Rate:	6.00%
Total Interest Paid First Year:	\$ 12,000
(Mortgage Credit Certificate Rate):	<u>x 20%</u>
	<u>\$ 2,400</u>

(Based upon a 30-year mortgage with equal monthly installments of principal and interest.)

During the first full year of the Program, this Applicant would be entitled to a tax credit of approximately \$2,400. Based upon such an entitlement, he or she would be able to file in advance a revised W-4 withholding form taking into consideration this tax credit. Taxpayers who file itemized returns may take a deduction for their mortgage interest paid each year, less an amount equal to the tax credit taken, as calculated in accordance with IRS Form 8396. In the above example, the additional interest deduction would be equal to the total interest paid, less the amount of the applicable tax credit (i.e., \$12,000 less \$2,400, or \$9,600). Homeowners receiving MCCs should consult a tax professional for specific calculations based on individual loan scenarios.

The benefit to the homeowner cannot exceed the amount of federal taxes paid each year after other credits and deductions have been taken into account. Any unused MCC tax credit can be carried forward up to three years to be applied against future income tax liability. For example, if a homeowner is eligible for a \$2,000 tax credit, but only has a tax liability of \$1,700, the homeowner may carry forward the \$300 amount to the succeeding three years and apply it in a year in which the homeowner’s tax liability exceeds the credit amount for that year. In addition, all or a portion of the MCC tax credit may be subject to recapture if the residence is sold within nine years of purchase. This tax credit recapture is further explained in the Notice of Potential Recapture Tax on Sale of Home found at Tab 5 of this Program Manual.

A purchaser of a new home or existing home may apply for an MCC through a participating Lender at the time he or she applies for a mortgage from the Lender.

Since the Department will not make or hold these mortgages, the Department will not underwrite the loans. Rather, all loan approval, underwriting and execution of required state and federal certifications or Affidavits will be performed by the Lenders participating in the Program. The Department or its designee will receive executed certificates and Affidavits on each application from a Lender in order to determine eligibility for the Program. Lenders will process mortgage loans of all types, using normal procedures, with additions to procedures at relevant points in order to satisfy Program requirements.

The Department encourages all who believe they qualify to apply for an MCC at the offices of a participating Lender who can explain the Program and its restrictions. Use of the Notice to Buyers included at Tab 1 in this Program Manual can assist Lenders and Applicants in determining whether or not an Applicant can qualify for the Program. The Lender should be well-versed in the state, federal and local restrictions outlined in this Program Manual so that Applicants are aware of these restrictions before the application is taken. The Lender must reject applicants who do not qualify under the restrictions of the Program.

Of each MCC allocation received, 20% will be set aside for the first year of the Program for use in connection with the issuance of MCCs to owners of homes located within federally-designated targeted areas (“Targeted Areas”).

The purpose of this Program Manual is to describe the Program, set forth the relevant state and federal restrictions, identify the respective roles of the Department, the Lender, the Applicant and the Seller, and to detail the processing procedures. The Program definitions, MCC processing documents and applicable federal regulations are included in this Program Manual for your reference.

The Department may revise this Program Manual from time to time by issuing amendments hereto.

DEFINITIONS

As used in this Program Manual, the following words and terms have the meaning set forth below:

Affidavits. An affidavit filed in connection with the Program made under oath and subject to the penalties of perjury and the civil penalties provided herein.

Applicant. Any person or persons: (i) whose Income does not exceed the Income Limits; (ii) who intends to occupy the Residence to be financed with a loan as his or her Principal Residence within a reasonable period (not to exceed 60 days) following the making of such loan; (iii) who has not had a present Ownership interest in a Principal Residence at any time during the three-year period ending on the date of execution of the loan; provided, however, that the three-year requirement does not apply to an Applicant who (a) purchases a Residence located in a Targeted Area or (b) is a Qualified Veteran; (iv) who has not had an existing mortgage (including a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow or any other form of owner-financing), whether or not paid off, on the Residence to be financed with such loan at any time prior to the execution of the loan, other than an existing mortgage securing a construction period loan, bridge loan or similar temporary financing initially incurred for the sole purpose of acquiring the Residence, initially incurred within 24 months of execution of the loan and having an original term not exceeding 24 months; and (v) who is a United States citizen, a lawful permanent resident alien or a non-permanent resident alien who is eligible to work in the United States, in each case with a valid social security number or individual tax identification number, and who meets the criteria set forth in this Program Manual.

Commitment Lot Notice. The notice from the Department to the Program Administrator in substantially the form of Exhibit D-1.

Compliance File. The documents required to be submitted by the Lender or closing agent within 30 days of closing date of the loan, as attached to the Compliance File Checklist (See Tab 3 of this Program Manual).

Department. Texas Department of Housing and Community Affairs and its successors and assigns.

Duplex. A two-family residence in which one unit will be occupied by the Applicant as his or her Principal Residence and the units were first occupied for residential purposes at least five years prior to the closing date of the loan associated with the MCC.

Eligible Loan Area. State of Texas.

Existing Housing. A single family dwelling unit that has been previously occupied prior to loan commitment.

Family. Any person or persons living together not contrary to law.

FICO Credit Score. A method of assessing credit risk based on the statistical probability of repayment of debt developed by Fair, Isaac & Co. FICO Credit Scores assign relative risk rankings to applicants based on a statistical analysis of their credit histories.

Income. All income of the Applicant and anyone else who will occupy the Residence and will be secondarily liable on the mortgage loan. The Income Limits are set forth in the Notice to Buyers, the Program Summary and on the Department's website.

Lender. A bank, trust company, savings bank, mortgage company, mortgage banker, credit union, national banking association, savings and loan association, life insurance company, or other financial institution authorized to transact business in the Eligible Loan Area and approved as a mortgage lender by the Department, which in any case in its regular course of business makes loans which would qualify for MCC assistance, is authorized to do business in the Eligible Loan Area, and has entered into a Master Mortgage Origination Agreement and a MCC Program Participation Agreement with the Department.

MCC. A mortgage credit certificate issued pursuant to the terms and conditions of the Program, the annual federal income tax credit for which shall not exceed \$2,000.

Mortgage Credit Certificate Rate or MCC Rate. For purposes of this Program, the Mortgage Credit Certificate Rate(s) shall be specified in the periodic distribution of Rate Notices. The Department may change the Mortgage Credit Certificate Rate from time to time based on borrower demand and financial market conditions. Initially, the Mortgage Credit Certificate Rates shall be 20%.

New Housing. A single family dwelling unit that is proposed to be constructed, currently under construction, or existing but not previously occupied.

Ownership. Ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest, including 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, a purchase by a land contract or contract for deed. The term does not include (i) a remainder interest; (ii) a lease with or without an option to purchase; (iii) a mere expectancy to inherit an interest; (iv) the interest that a purchaser of a Residence acquires on the execution of a purchase contract; and (v) an interest in other than a Principal Residence. An Ownership interest in a mobile home or other factory-made housing which was permanently affixed to real property owned by the Applicant constitutes Ownership in a Principal Residence.

Principal Residence. A Residence that the Applicant reasonably expects to become the principal Residence of the Applicant within a reasonable time after execution of the loan to provide financing for the Residence and that will, depending on all facts and circumstances (including the good faith of the Applicant) be occupied by the Applicant for residential purposes.

Program. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, designated as Program 103.

Program Manual. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, Program Manual, as revised and amended by the Department from time to time.

Program Summary. Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, Program Summary, as revised and amended by the Department from time to time.

Purchase Price. The term “Purchase Price” has the meaning given to the term “Acquisition Cost” under Internal Revenue Code Section 143 and the regulations thereunder, which currently is the cost to an Applicant of acquiring a Residence from the Seller as a completed residential unit, including: (i) all amounts paid, either in cash or in kind, by the Applicant (or a related party or for the benefit of the Applicant) to the Seller (or a related party or for the benefit of the Seller) as consideration for the Residence; (ii) if the Residence is incomplete, the reasonable cost of completing the Residence; and (iii) if the Residence is purchased subject to a ground rent, the capitalized value of the ground rent calculated using a discount rate authorized by the Internal Revenue Service. “Purchase Price” does not include: (i) usual and reasonable settlement and financing costs (including title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal expenses, points paid by the Applicant (but not points paid by the Seller) and other similar costs), but only to the extent that such amounts do not exceed the usual and reasonable costs which would be paid by the Applicant in a case in which financing is not assisted by the issuance of an MCC or provided through the issuance of tax-exempt bonds (for example, if the Applicant agrees to pay more than a pro rata share of property taxes, such excess shall be treated as part of the Purchase Price); and (ii) the value of services performed by the Applicant or members of the Applicant’s family (including brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants only) in completing the Residence. The Purchase Price Limits are set forth in the Notice to Buyers, the Program Summary and on the Department’s website. The Purchase Price limits applicable to Duplexes are set forth on the Department’s website.

Qualified Veteran. An Applicant who is a “veteran” (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds utilizing the veteran exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended.

Rate Notice. The notice from the Department or its designee posted at <http://www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs> and <https://thetexashomebuyerprogram.com/rates>, or, if rate notices are no longer posted on such websites, in substantially the form of Exhibit D-2.

Residence. The term “Residence” is more fully described in the Applicant Affidavit contained at Tab 2. A Residence includes a single-family house, a Duplex, condominium unit, or mobile home permanently affixed to real property. The term Residence also includes any manufactured home in one or more sections which in the traveling mode is 8 body feet or more in width and 40 body feet or more in length and when erected on site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a dwelling and connected to the required utilities, including plumbing, heating, air conditioning and electrical systems contained therein and meets the HUD minimum standards set forth in Title 24 parts 3280, 3282 and 42 U.S.C. 5401 et seq. A manufactured home must have been constructed after June 21, 1978, and be permanently affixed to the real property which will be owned by the Applicant and subject to the mortgage loan that is associated with the MCC. The term Residence does not include recreational vehicles, campers, manufactured homes not permanently affixed to real property and other similar vehicles. It does not include property such as appliances or a piece of furniture, which, under applicable local law, is not a fixture.

Targeted Area. The census tracts identified in Exhibit B may be amended from time to time within the Eligible Loan Area that are “qualified census tracts”, which include certain census tracts identified by the United States Treasury Department in Revenue Procedure 2014-14 as having a substantial number of lower-income persons.

LOAN PROCESSING PROCEDURES AND PROGRAM ADMINISTRATION

Applicants that may be eligible for participation in the Program should apply for MCCs in conjunction with their normal mortgage loan applications. Applicants must make applications for conventional, FHA, VA, or USDA-RHS at the mortgage lending institution of their choice participating in the Program before applying for an MCC.

The MCC processing procedures are designed to coincide with the regular, on-going mortgage loan processing and underwriting procedures that are in place at most mortgage lending institutions. The Department

recognizes that there are procedural variations among the participating Lenders; consequently, the procedures outlined herein are meant to be suggestive with respect to the sequence of events. However, all the elements of the processing sequence noted below must at some point be completed by the responsible party.

The fees of the Program are set forth at each step in the processing procedures which follow, and the fees charged by the Lender may in no event exceed the fees specified in this Program Manual. A Schedule of Fees is attached hereto as Exhibit A.

The following is the loan processing and Program administration flow chart for the MCC Program:

A. Loan Origination and MCC Reservation

1. The Applicant applies for a loan from a participating Lender.
2. The Lender gives the Applicant a Notice to Buyers that explains the Program and contains consumer information. (See Tab 1 of this Program Manual for this Guide.) The Notice to Buyers is intended to present certain facts to the Applicant concerning the restrictions, regulations, and prohibitions of the Program because of certain federal, state and Department regulations, as well as explain the penalties for misuse of the Program. It is imperative that the Applicant understands the terms and conditions of the Program. During the initial interview, it is the responsibility of the Lender to explain the terms and conditions of the Program to the Applicant, and to make sure that the Applicant receives a copy of the Notice to Buyers. The Notice to Buyers must be signed by the Applicants and returned to the Lender for inclusion in the Compliance File.
3. The Lender generally determines if the Applicant is a possible candidate for an MCC, based on preliminary indications of Income, Purchase Price, prior Ownership, and tax liability.
4. No MCC funds may be reserved prior to the date specified in the applicable Rate Notice. All persons interested in making applications for an MCC at a participating Lender must be considered on a first-come, first-served basis, and must have an application for a mortgage loan on file with the Lender.
5. Upon fully discussing the Program with the Applicant and gathering all of the necessary documentation to verify the Applicant's eligibility, the Lender is ready to begin the reservation process. The Lender will reserve the MCC funds in the Department's or its designee's on-line reservation system. After reserving the funds the Lender will complete the underwriter's certification process and proceed with closing.
6. The Lender may provide the Applicant with a copy of IRS Form W-4 Employee's Withholding Allowance Certificate. The Applicant may complete the W-4, if necessary, to change his or her Federal withholding tax, adjusting it in an amount comparable to the expected MCC tax credit. (See Tab 7 of this Program Manual.)
7. **MCC reservations may not be transferred from one Lender to another. In the event an Applicant elects to change Lenders, the MCC reservation will be canceled and a new application and reservation process must be commenced by the Applicant with the new Lender.**

B. Lender Loan Approval and Verification

1. The Lender performs normal loan approval or underwriting procedures.
2. The Lender may consider the MCC when determining the amount of disposable income available for the monthly house payment in order to determine the Applicant's qualification for the loan. The Lender determines general acceptability in accordance with its own loan approval standards and

applicable FNMA, FHLMC, FHA, VA, USDA-RHS, and private mortgage insurance standards and underwriting guidelines.

3. In conjunction with the Lender's regular verification process, the Lender performs reasonable investigation as to whether the Program requirements have been met as required by regulations noted in the certificate of the Lender. Lenders may verify these facts at different times and in various ways, depending upon the Lender's particular procedures for processing loans.
4. The Lender verifies that the Income Limits, Purchase Price Limits, and other non-credit Program requirements are met.

C. Loan Closing and Submission of Final MCC Program Documents

1. As part of the loan closing process, the Lender should have the Applicant sign the Applicant Affidavit. (See Tab 2 of this Program Manual.) This document contains certifications and Affidavits required of the Applicant by the federal MCC regulations and state requirements as follows:
 - (a) Certification that the Applicant's annualized gross monthly Income does not exceed the applicable Income Limits.
 - (b) Certification that the home will be used as a Principal Residence, and that the MCC holder will notify the Department when the home ceases to be the Principal Residence of the holder.
 - (c) Certification that Applicant has not had an ownership interest in a Principal Residence during the preceding three-year period (unless an exception applies).
 - (d) Certification that the Residence is located within the Eligible Loan Area.
 - (e) Certification that the loan is a new mortgage loan.
 - (f) Certification that the loan applied for does not constitute a prohibited mortgage.
 - (g) Certification that the Purchase Price does not exceed the Purchase Price Limits.
 - (h) Certification that the Applicant was not forced to apply through a particular Lender.
 - (i) Certification that no interest is being paid to a related person.
 - (j) To the extent applicable, certification that there are no allocations to particular developments as described in Treasury Regulation §1.25-3T(k).
 - (k) To the extent applicable, certification of the Applicant's status as a Qualified Veteran.
 - (l) Acknowledgment that any material misstatement or fraud is made under penalty of perjury and the civil penalties provided herein.
2. The Lender should also provide the Applicant with the Notice of Potential Recapture Tax on Sale of Home to Applicant (See Tab 5 of this Program Manual), which must be signed by the Applicant at closing.
3. Either the Lender or the closing agent submits to the Department or its designee a completed and executed Compliance File by regular mail, overnight delivery, or electronic submission.

4. The Compliance File includes all of the executed certifications and Affidavits noted herein. Each document must be complete and signed where appropriate. All documents must be dated within six (6) months of the submission date to the Department. Original or certified copies of documents should be sent to the Department or its designee, except as otherwise indicated. The eligibility of an Applicant shall be determined by the Lender. The Lender must review the Compliance File Checklist and related documents to determine their completeness in accordance with the terms of this Program Manual. Reasonable efforts should be undertaken to verify the information given, either independently or concurrently with underwriting procedures.
5. The Compliance File will specifically include the following documents:
 - (a) The Applicant Affidavit, along with federal tax transcripts or signed tax returns (including all schedules) for the previous three years (such federal tax transcripts are not required for loans made in Targeted Areas or for an Applicant who is a Qualified Veteran). Federal tax transcripts can be requested from the IRS by the Applicant by using IRS Form 4506-T;
 - (b) The Affidavit of Seller, certifying the Purchase Price of the Residence and certain other matters contained therein (See Tab 2 of this Program Manual for this document) (signature is waived for a real estate owned property);
 - (c) A Certificate of the Lender, certifying that the Lender has performed a reasonable investigation to make the required Program determinations (See Tab 2 of this Program Manual for this document). Further, by its submission, the Lender certifies that all Program eligibility requirements have been met, and that the loan fees are reasonable relative to other loans not associated with MCCs;
 - (d) A photocopy of the closing disclosure executed by all parties;
 - (e) The Notice of Potential Recapture Tax on Sale of Home, executed by the Applicant (See Tab 5 of this Program Manual for this document);
 - (f) The MCC Issuance Fee in the amount as specified in the periodic distribution of Rate Notices in the form of an electronic payment order made payable to the Department or its designee. The MCC Issuance Fee may be paid by the Applicant, the Seller, the Lender or any other person on the Applicant's behalf. In addition to the MCC Issuance Fee and the other fees provided herein, the Lender may collect and retain at loan closing an MCC Document Handling Fee of up to \$75. Such Fee may be paid by the Applicant, the Seller or any other person on the Applicant's behalf;
 - (g) The Applicant's certificate of completion of an approved pre-purchase homebuyer education course;
 - (h) A copy of the Qualified Veteran's discharge papers, if applicable;
 - (i) The Applicant's federal tax transcript or signed tax returns (obtained by IRS Form 4506-T) for the preceding calendar year (applicable only to loans closed after February 15th). All loans closed after February 15 of each year will require the prior year's federal tax transcript prior to issuance of the MCC;
 - (j) A copy of the real estate purchase contract for the Residence, if required;
 - (k) A copy of the final executed loan application (1003) submitted to the Lender, if required; and
 - (l) A copy of the Warranty Deed, if required.

6. ALL DOCUMENTS LISTED ON THE COMPLIANCE FILE CHECKLIST MUST BE SUBMITTED TO THE DEPARTMENT OR ITS DESIGNEE WITHIN 30 DAYS FOLLOWING THE CLOSING DATE OF THE MORTGAGE LOAN.

D. Issuance of MCC

The Department or its designee confirms the completion of the Applicant's file, that the loan was closed as evidenced by the Compliance File, and that the Applicant has met the requirements for issuance of an MCC. The Department then forwards to the Applicant, with a copy to the Lender, an executed MCC dated as of the closing date of the loan. (See Exhibit C for the MCC form.) A copy of the MCC is retained by the Department.

E. Suspended File; Resubmission of MCC Documents

If a Compliance File is incomplete or incorrect, the file will be suspended and the Lender will be given up to thirty (30) days from the date of contact by the Department to submit complete and/or revised documentation. Any resubmission of a Compliance File that has been returned or denied by the Department must include all information which the Department has determined necessary for reconsideration.

F. MCC Cancellations

Any suspended Compliance File that is not cleared for MCC issuance within thirty (30) days will be cancelled by the Department under the Notice of Cancellation provided under Tab 8 of this Program Manual. The Lender should cancel MCC reservations in the on-line reservation system.

G. Reissuance of MCC

The Department shall, upon payment by the MCC holder of a Reissuance Fee, issue a reissued MCC for certain refinancings under Treas. Regs. §1.25-3(p) if the Department receives to its satisfaction evidence that:

- (i) The reissued MCC is issued to the holder of an existing MCC with respect to the same property to which the existing MCC relates.
- (ii) The reissued MCC entirely replaces the existing MCC (that is, the holder cannot retain the existing MCC with respect to any portion of the outstanding balance of the certified mortgage indebtedness specified on the existing MCC).
- (iii) The certified mortgage indebtedness specified on the reissued MCC does not exceed the remaining outstanding balance of the certified mortgage indebtedness specified on the existing MCC.
- (iv) The reissued MCC does not increase the Mortgage Credit Certificate Rate specified in the existing MCC.
- (v) The expiration date on the reissued MCC is not later than the expiration date on the existing MCC.
- (vi) The reissued MCC does not result in an increase in the tax credit that would otherwise have been allowable to the holder under the existing MCC for any taxable year. The holder of a reissued MCC determines the amount of tax credit that would otherwise have been allowable by multiplying the interest that was scheduled to have been paid on the refinanced loan by the Mortgage Credit Certificate Rate of the existing MCC. In the case of a series of refinancings, the tax credit that would otherwise have been allowable is determined from the amount of interest that was scheduled to have been paid on the original loan and the Mortgage Credit Certificate Rate of the original MCC.

H. Changes Prior to Closing

The Lender must notify the Department or its designee of any changes that affect the conditions under which the MCC was reserved.

1. Changes in the Applicant's Financial Condition Prior to Closing

The eligibility of an Applicant for an MCC is based upon the Applicant's Income and Family size. Changes in the Applicant's financial status or Family size may affect the eligibility for an MCC. Upward changes in Income, whether or not foreseen or predictable at the time of the reservation, and changes in the working status of a spouse from unemployed to employed may also affect eligibility. If the Applicant marries prior to closing, the new spouse must satisfy the prior home Ownership requirements contained in the Applicant Affidavit, and the Applicant Affidavit must be completed by both spouses and submitted with the Compliance File. Any Income added to the Family Income may affect the eligibility of the Applicants.

2. Changes in Home Ownership Status, Purchase Price and Amount of Loan Prior to Closing

If the Applicant acquires a present ownership interest in a Principal Residence prior to loan closing and/or if the total Purchase Price of the Residence purchased in connection with the MCC increases so as to exceed the Purchase Price Limitations set forth herein, the MCC reservation must be canceled.

3. Other Changes in Circumstances Prior to Closing

The Lender must immediately notify the Department or its designee in writing of any change in the circumstances upon which the MCC reservation was made. If any other change of the circumstances upon which the MCC reservation was made results in the Applicants not meeting the requirements for a qualified MCC, the MCC reservation must be canceled.

I. Record-Keeping and Federal Report Filing

1. For each calendar quarter during which the Department issues MCCs beginning with the quarter in which the election to issue that MCCs is made, it must make reports on IRS Form 8330. The report must include:

- (a) Name, address, and ITIN (social security number or individual tax identification number) of the Department.
- (b) Date of election.
- (c) The sum of the products of the certified indebtedness amount (loan amount), and the Mortgage Credit Certificate Rate, for each MCC issued.
- (d) Name, address, and TIN of each MCC holder where an MCC was revoked.

2. Annually, the Department must report to the Internal Revenue Service:

- (a) The number of MCCs by Income and Purchase Price as required by IRS reporting regulations.
- (b) The volume of MCCs by Income and Purchase Price as required by IRS reporting regulations.

3. For each calendar year during which it originates loans to Applicants obtaining MCCs or issues a reissued MCC, the Lender must file an annual report using IRS Form 8329 with respect to such MCCs and reissued MCCs. Prior to the filing deadline for such report, the Department will assist in furnishing to the Lender the information in its records necessary for the Lender to complete IRS Form 8329. For each reissued MCC, the lender for the refinanced loan, if not a participating Lender, shall acknowledge and agree to file an IRS Form 8329 with respect to such reissued MCC by signing the Certificate of Lender for Refinanced Mortgage Loan (See Tab 6B of this Program Manual).
4. For 6 years, the Lender must retain:
 - (a) Name, address, and TIN of each MCC holder.
 - (b) Name, address, and TIN of the Department.
 - (c) Date of loan, certified indebtedness amount, and Mortgage Credit Certificate Rate.
5. In January following each year during which MCCs are issued, the Department will attempt to mail an IRS Form 8396 to each MCC holder of record as a reminder to properly declare the MCC tax credit for federal income tax purposes.

J. Revocation of MCCs

1. Automatic revocation occurs when the Residence related to the MCC ceases to be the MCC certificate holder's Principal Residence.
2. An MCC holder will have its MCC revoked if the holder does not meet the requirements for a qualified MCC.
3. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent, by any person related to the issuance of the MCC.

K. Curing Defects

In the event any defects are discovered in any certificate or Affidavit after an MCC has been issued, the Lender and the MCC holder shall be notified of such defect and given 60 days to cure it prior to revocation of the MCC.

L. Transfer of MCCs on Mortgage Assumptions

A loan assumption associated with an MCC will be treated as a new MCC application, and the procedure required by this Program Manual will be repeated. A single MCC Assumption Fee will be charged by the Department in connection with such transfers.

M. Post-Audit

The Department may perform a random case post-audit of the Lender records.

N. MCC Eligibility Denial

In the event a Lender determines that an Applicant is ineligible for an MCC, the Lender shall cancel the reservation in the on-line registration system.

O. Recapture of MCC Tax Credit

In the event an MCC holder sells his or her Principal Residence within 9 years of issuance of an MCC, a portion of the tax credit utilized by the holder may be subject to a recapture tax. See the Notice of Potential

Recapture Tax on Sale of Home at Tab 5 of this Program for further information regarding tax credit recapture.

P. Targeted Area Reservation

For at least one year after the commencement of the Program, the Department will reserve twenty percent (20%) of the Department's MCC authority for home mortgage loans in Targeted Areas.

Q. Qualified Veterans

A Qualified Veteran is exempt from the three-year no prior home ownership requirement. The Qualified Veteran must (a) certify that (i) he or she has not previously obtained a mortgage loan financed by single family mortgage revenue bonds utilizing the exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended, and (ii) is utilizing the veteran exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code of 1986, as amended and (b) provide copies of discharge papers, if applicable.

APPLICANT AND LOAN APPROVAL REQUIREMENTS

A. Overview

For loans involving MCCs, the loan approval and underwriting standards may be modified to reflect a recognition of the MCC derived federal income tax credit for mortgage interest in determining income, housing expense, and indebtedness ratios. The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans involving MCCs. These are available separately as policy statements from the mortgage lending industry.

The Applicant, Purchase Price, and mortgage underwriting requirements covered in this section are incorporated in the Program documents contained in this Program Manual. It will be necessary for all Applicants, participating Lenders and other parties to the transaction to complete and sign the appropriate Program documents and attest to their validity. The Lender will be required to submit certifications in which it will certify that it has reviewed Affidavits of the Applicant and the Seller and found them to be true and correct. If the Lender becomes aware of misstatements, whether negligently or intentionally made, it must notify the Department immediately. The Department reserves the right to take all appropriate actions including, if necessary, denial or revocation of the MCC. The Lender should also be aware, and inform the Applicant, that both federal and Texas law provide for fines and criminal penalties for misrepresentations made in connection with participation in the Program. In an attempt to assure that Program requirements are met, an Applicant Affidavit is required of each Applicant, and must be submitted to the Department.

The mortgage loan must be a fixed rate loan and financed from sources other than tax-exempt mortgage bonds or tax-exempt veterans' mortgage bonds. For mortgage loans using only an MCC, the mortgage may be a conventional, FHA, VA, or USDA-RHS loan, and will be at prevailing market rates.

B. Applicant Eligibility Requirements

Similar to any normal mortgage loan, the Applicant must meet the credit and underwriting criteria established by the participating Lender providing the loan. Based on relevant federal and state regulations, Applicants must also meet the following requirements specific to MCCs:

1. **First-time Homebuyer Requirement.** The Applicant who will become an MCC holder cannot have had an Ownership interest in a Principal Residence at any time during the preceding three years ending on the date on which the loan is executed. This requirement qualifies the Applicant as a "first-time homebuyer" with respect to the federal regulations. The Lender must obtain an Applicant Affidavit to the effect that the Applicant had no Ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the loan is executed. This fact must be

verified by the Lender through request for, and examination of, the Applicant's federal tax transcripts for the preceding three years to determine whether the Applicant has claimed a deduction for interest or taxes on property that was the Applicant's Principal Residence. The first-time homebuyer requirement does not apply to a loan made to finance a Residence in a Targeted Area or a loan made to a Qualified Veteran or in certain cases permitted under applicable provisions of the Code.

For purposes of the first-time homebuyer requirement, a Principal Residence includes a single-family house, Duplex, condominium unit or mobile home. Ownership interest means ownership by any means, whether outright or partial, including property subject to a mortgage or other security interest. Ownership interest also means 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, and purchase by a land contract or contract for deed. To meet the first-time homebuyer requirement, the Applicant must complete and sign the Applicant Affidavit and attach federal tax transcripts for the last three years to the Applicant Affidavit, which federal tax transcripts state the type of return filed by the Applicant for each tax year, the Applicant's filing status and adjusted gross income for the last three years. To summarize this procedure as it applies to different cases:

- (a) If the Applicant can produce federal tax transcripts stating the type of return filed (1040, 1040A or 1040EZ) for the last three years that show no deductions of interest or taxes for a Principal Residence, these forms must be submitted to the Lender and forwarded to the Department or its designee with the Applicant Affidavit.
- (b) The Department will not issue the MCC until receipt of federal tax transcripts (including all schedules), that show the type of return filed and that the Applicant took no deduction of interest or taxes for a Principal Residence for the years in question. The federal tax transcripts can be requested from the IRS by the Applicant by using IRS Form 4506-T.
- (c) In the unusual event the Applicant was not required by law to file federal income tax returns for any year during the preceding three years, it will be necessary for the Applicant to so state on the Applicant Affidavit forwarded to the Department with the other Program documents and to provide an IRS printout stating "No Record Found" for each applicable tax year.
- (d) When the loan is executed during the period between January 1 and February 15 and the Applicant has not yet filed his or her federal income tax return for the preceding year with the IRS, the Department may, with respect to such year, rely on an Applicant Affidavit stating that the Applicant is not entitled to claim deductions for taxes or interest on indebtedness with respect to property constituting his or her Principal Residence for the preceding calendar year.
- (e) If the loan is made in a Targeted Area or if the Applicant is a Qualified Veteran, the Applicant is not required to provide federal tax transcripts.

2. Principal Residence Requirement. The Applicant must use the Residence that involves the MCC as his or her Principal Residence. The Lender must obtain from the Applicant, via the Program documents, a statement of the Applicant's intent to use the Residence as his or her Principal Residence within a reasonable time (not to exceed 60 days) after the MCC is issued. This Affidavit further states that the MCC holder will notify the Lender and the Department if the Residence ceases to be his or her Principal Residence.

3. Revocation. An Applicant will have his or her MCC revoked if the Applicant does not meet the requirements for a qualified MCC. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent. Revocation will occur if the Residence to which the MCC relates ceases to be Applicant's Principal Residence.

4. Fraud. If the Applicant or MCC holder provides a certificate, Affidavit, or any other information to the Lender or the Department containing a material misstatement and such misstatement is due to fraud, then any MCC issued shall be automatically null and void without the need for any further action by the Department.
5. Penalties for Misstatement. If the Applicant makes a material misstatement in any Affidavit or certification made in connection with an application for the issuance of an MCC and such misstatement is due to negligence of the Applicant, the Applicant shall pay a civil penalty fee of \$1,000 for each MCC with respect to which a misstatement was made. If any Applicant makes a material misstatement in any Affidavit or certification made in connection with application for or issuance of an MCC and such misstatement is due to fraud, the Applicant shall pay a penalty fee of \$10,000 under Section 6709 of the Internal Revenue Code for each MCC with respect to which the fraudulent misstatement was made. The above-described civil penalties shall be imposed in addition to any criminal penalty provided by law.
6. Income Limits. The annual gross Income of an Applicant is limited to the applicable amount shown in the Notice to Buyers, the Program Summary and on the Department's website. These limits may be modified annually.
7. Purchase Price Limits. Initially, the Purchase Price limits shall be as set forth in the Notice to Buyers, the Program Summary and on the Department's website, but these amounts are subject to reduction by any applicable FHA limits, or such revised amounts as may be effective from time to time, as required by the federal regulations. The determination whether the residence meets the applicable Purchase Price limits shall be made as of the date of issuance of the MCC. Any revisions of the Purchase Price limits by the Department may rely on average area purchase price limitations published by the Treasury Department, any successor thereof, or as may be provided in Section 143 of the Internal Revenue Code, for the statistical area in which the residence is located.
8. Homebuyer Education. The Applicant must complete a pre-purchase homebuyer education course under the Program. The education requirement may be met by attending one-on-one counseling as provided through the Department's network of certified Texas Statewide Homebuyer Education Providers, HUD-approved counseling agencies, on-line counseling offered through the Department's Texas Homebuyer U, mortgage insurance companies and/or HUD, Fannie Mae, or Freddie Mac approved lender programs. The certificate of completion must be included in the Compliance File in order to satisfy this requirement.
9. Non-Purchasing Spouse. A non-purchasing spouse, whether or not such spouse is a U.S. citizen, must be considered in determining eligibility to participate in the Program. Although the spouse may not be an Applicant for the loan, and his or her income may be excluded for credit underwriting purposes, a spouse's income must be considered in the calculation of Income for purposes of the MCC. A non-purchasing spouse must also meet the first-time homebuyer requirement and the Principal Residence requirement. A non-purchasing spouse may disqualify the purchasing spouse even if the purchasing spouse fully meets the Program requirements. A non-purchasing spouse must provide federal tax transcripts and income information, even if the spouse has no income, as well as executing all applicable Affidavits. Non-purchasing spouses must have a valid social security number or an Individual Tax Identification Number (ITIN).

C. Loan Requirements

1. New Loan Requirements. An MCC cannot be issued in conjunction with the acquisition or replacement of an existing loan or mortgage; however, an MCC can be used in conjunction with the replacement of construction period loans or bridge loans of a temporary nature. Construction period or bridge loans must be for no longer than 24 months. The Lender must obtain from the Applicant, via the Program documents, a statement to the effect that the loan being made in connection with

the MCC will not be used to acquire or replace an existing mortgage or land contract, subject to the exceptions outlined above.

2. Prohibited Mortgages. An MCC cannot be used in conjunction with a qualified mortgage bond or a qualified veterans' mortgage bond. The Lender must obtain from the Applicant, via the Program documents, a statement that no portion of the financing of the Residence in connection with the MCC is provided from a qualified mortgage or veterans' bond.
3. No Interest Paid to Related Persons. No interest on the certified indebtedness amount of the loan can be paid to a person who is a related person to the certificate holder, as the term "related person" is defined in Section 144(a)(3)(A) of the Internal Revenue Code and regulations promulgated by the Internal Revenue Service pursuant thereto. The Lender must obtain from the Applicant, via the Program documents, a statement that a related person does not have, and is not expected to have, an interest as a creditor in the loan.
4. Transferability. If the loan is assumed by a new purchaser, the MCC may be transferable under certain circumstances:
 - (a) The transferee must demonstrate he or she has assumed the liability for the remaining balance of the loan.
 - (b) The new MCC must meet all the conditions of the original certificate, and any changes in federal, state or Department policy that amends the requirements of the original MCC.
5. Term of Mortgage Loans. Each mortgage loan associated with an MCC shall have a term of either 15 years or 30 years.

EXHIBIT A

SCHEDULE OF PROGRAM FEES AND EXPENSES

MCC Assumption Fee \$125

This fee is submitted to the Department or its designee with the Applicant's new Application through a participating Lender.

MCC Issuance Fee \$400

This fee is submitted to the Department or its designee upon loan closing with all of the completed Program documents required for the issuance of an MCC. Upon receipt of the fee and the required documentation, the Department or its designee will issue an MCC to the borrower with a copy to the Lender.

MCC Document Handling Fee up to \$75

This fee may be charged and retained by the Lender to compensate it for handling the additional documentation required of it by the Program. The Lender additionally is authorized to charge its reasonable and customary fees and charges for origination of the loan.

Lender Participation Fee \$1,000

This one-time fee is to be paid by the Lender and submitted with the MCC Program Participation Agreement to the Department or its designee. The Lender's participation will be noted on the Department's website. The Lender Participation Fee will be waived for Lenders that have participated in one of the Department's previous MCC Programs.

Late Fee \$75

This fee may be charged to the Lender for a Compliance File that is sent to the Department or its designee more than thirty (30) days after the date of closing.

MCC Reissuance Fee \$50

This fee may be charged and retained by the Department or its designee to compensate it for handling and processing the issuance of a reissued MCC pursuant to a mortgage refinancing.

MCC Compliance Fee \$275

This fee is submitted to the Department or its designee upon closing for compliance review.

EXHIBIT B

County	Qualified Census Tracts					
Atascosa	9603.00					
Bell	0207.01 9800.01	0207.02	0208.00	0216.02	0226.00	0229.00
Bexar	1103.00 1214.04 1306.00 1411.01 1602.00 1612.00 1705.00 1713.01 1905.03	1105.00 1302.00 1307.00 1411.02 1605.01 1620.04 1708.00 1715.01 1910.04	1106.00 1303.00 1309.00 1505.01 1605.02 1701.02 1709.00 1716.02 1914.08	1108.00 1304.01 1401.00 1505.02 1606.00 1702.00 1710.00 1802.01 1919.00	1109.00 1304.02 1406.00 1508.00 1609.02 1703.00 1711.00 1804.00	1110.00 1305.00 1410.00 1514.00 1610.00 1704.01 1712.00 1810.05
Bowie	0105.00	0106.00				
Brazos.....	0005.00	0006.04	0014.00	0017.02	0020.12	
Brown.....	9506.00	9507.00				
Cameron	0105.00 0119.03 0127.00 0133.05 0136.00 0139.03	0109.00 0121.02 0128.00 0133.06 0137.00 0140.01	0110.00 0125.05 0131.06 0133.07 0138.01 0140.02	0112.00 0125.07 0132.03 0133.08 0138.02 0141.00	0117.00 0126.07 0132.06 0133.09 0139.01 0142.00	0119.01 0126.09 0132.07 0134.01 0139.02 0143.00
Castro	9502.00					
Cherokee	9505.00	9507.00				
Collin.....	0317.20					
Coryell.....	0105.04					
Dallas.....	0004.01 0015.03 0038.00 0049.00 0060.02 0078.19 0086.04 0089.00 0099.00 0109.04 0122.08 0138.05 0146.02 0182.04 0194.12	0004.05 0020.00 0039.01 0054.00 0072.01 0078.20 0087.01 0091.04 0100.00 0114.01 0122.11 0141.03 0146.03 0185.05 0194.13	0008.00 0025.00 0039.02 0056.00 0072.02 0078.23 0087.03 0093.03 0101.01 0115.00 0130.11 0141.14 0154.04 0185.06 0203.00	0009.00 0027.01 0041.00 0057.00 0078.11 0078.26 0087.04 0093.04 0107.01 0116.01 0131.05 0143.08 0166.05 0188.02 0205.00	0012.04 0027.02 0043.00 0059.02 0078.15 0085.00 0087.05 0096.10 0107.03 0116.02 0136.25 0143.09 0166.07 0190.13	0015.02 0034.00 0047.00 0060.01 0078.18 0086.03 0088.02 0098.04 0109.03 0120.00 0137.13 0144.07 0177.03 0190.19

County	Qualified Census Tracts					
Dawson.....	9504.02					
Denton.....	0206.01	0209.00	0212.01	0217.39		
Dimmit	9504.00					
Ector	0015.00	0019.00				
El Paso.....	0001.08	0001.09	0001.10	0002.05	0003.01	0004.04
	0006.00	0008.00	0010.01	0010.02	0011.15	0012.01
	0014.00	0016.00	0017.00	0018.00	0019.00	0020.00
	0021.00	0022.01	0022.02	0023.00	0026.00	0028.00
	0029.00	0030.00	0031.00	0032.00	0034.02	0035.02
	0036.01	0036.02	0037.01	0037.02	0038.03	0038.04
	0039.01	0039.03	0041.03	0041.05	0041.07	0042.01
	0042.02	0101.02	0102.20	0102.21	0103.32	0103.33
	0103.34	0103.35	0103.44	0103.47	0104.05	0104.06
	0104.07	0104.08	0105.01	0105.04	0105.06	0106.00
Ellis	0604.00					
Falls.....	0004.00					
Fort Bend.....	6750.00					
Galveston.....	7237.00	7246.00	7252.00			
Gray.....	9507.00	9508.00				
Grayson	0020.00					
Gregg.....	0012.00	0013.00	0015.00			
Guadalupe	2102.00					
Hale	9501.00					
Harris.....	2104.00	2110.00	2111.00	2113.00	2116.00	2117.00
	2119.00	2123.00	2124.00	2205.00	2207.00	2208.00
	2210.00	2215.00	2222.00	2225.01	2226.00	2227.00
	2230.02	2301.00	2303.00	2304.00	2306.00	2308.00
	2310.00	2315.00	2318.00	2321.00	2327.02	2331.02
	2333.00	2336.00	2401.00	2405.01	2405.02	2406.00
	2408.01	2415.00	2534.00	3105.00	3110.00	3111.00
	3116.00	3117.00	3122.00	3123.00	3124.00	3128.00
	3136.00	3138.00	3143.00	3206.02	3212.00	3220.00
	3230.00	3231.00	3235.00	3239.00	3312.00	3314.00
	3316.02	3317.00	3320.00	3328.00	3331.00	3332.02
	4201.00	4205.00	4211.01	4211.02	4212.01	4212.02
	4213.00	4214.01	4214.02	4215.00	4216.00	4222.00
	4223.01	4224.01	4229.00	4231.00	4320.02	4327.01
	4328.01	4328.02	4330.01	4330.02	4330.03	4331.00
	4334.00	4335.01	4335.02	4336.00	4531.00	4532.00

County	Qualified Census Tracts					
	4533.00	4534.03	4544.00	5204.00	5205.00	5206.01
	5206.02	5210.00	5214.00	5301.00	5303.00	5304.00
	5307.00	5320.01	5330.00	5333.00	5340.01	5501.00
	5502.00	5503.01	9801.00			
Harrison.....	0204.01	0205.01				
Hays	0103.04					
Hidalgo.....	0201.01	0201.02	0204.03	0205.01	0206.00	0207.23
	0207.25	0210.00	0211.00	0213.02	0213.03	0214.01
	0215.00	0218.03	0218.04	0218.05	0218.06	0221.03
	0221.05	0221.06	0222.03	0222.04	0224.01	0225.01
	0225.02	0227.02	0228.00	0229.00	0231.02	0231.04
	0235.03	0235.07	0235.11	0235.13	0235.14	0237.00
	0241.07	0241.08	0241.09	0241.12	0241.13	0241.14
	0242.01	0242.04	0242.05	0246.00		
Hill	9609.00	9610.00				
Houston	9504.00					
Hudspeth	9503.00					
Hunt.....	9605.00	9608.00	9609.00			
Hutchinson	9507.00	9508.00				
Jasper.....	9503.00					
Jefferson	0001.03	0007.00	0009.00	0019.00	0026.00	0051.00
	0059.00	0061.00	0063.00	0117.00		
Johnson.....	1308.00					
Karnes	9704.00					
Kaufman.....	0505.00					
Lamar	0005.00	0008.00				
Lamb	9505.00					
Lubbock.....	0002.02	0003.01	0003.02	0006.03	0006.05	0009.00
	0010.00	0012.00	0013.00	0017.09	0020.02	0024.00
Maverick	9502.01	9502.04	9504.00			
McLennan	0002.00	0004.00	0005.98	0010.00	0011.00	0012.00
	0015.00	0023.02	0027.00	0033.00	0043.00	
Midland	0015.00	0017.00				

County	Qualified Census Tracts					
Montgomery	6931.01	6934.00				
Nacogdoches	9506.00	9507.00	9509.00			
Nueces	0006.00	0008.00	0009.00	0010.00	0011.00	0012.00
	0013.00	0015.00	0016.01	0018.01	0027.06	0033.03
	0033.05	0056.02	0064.00			
Palo Pinto	0009.00					
Polk	2102.03	2103.01				
Potter	0103.00	0106.00	0110.00	0120.00	0126.00	0128.00
	0130.00	0145.00	0148.00	0150.00	0153.00	0154.00
Robertson	9605.00					
San Augustine	9502.00					
San Patricio	0113.00					
Shelby.....	9504.00					
Smith	0002.01	0004.00	0005.00	0007.00		
Starr.....	9501.05	9501.06	9501.07	9502.02	9502.03	9502.04
	9504.02	9507.01				
Tarrant.....	1002.02	1005.01	1009.00	1012.02	1013.02	1014.02
	1017.00	1025.00	1035.00	1036.01	1037.01	1038.00
	1045.02	1045.03	1045.04	1046.01	1046.03	1047.02
	1048.02	1048.03	1048.04	1050.06	1052.05	1059.01
	1059.02	1061.02	1062.01	1065.16	1066.00	1103.01
	1111.03	1217.03	1219.03	1219.05	1219.06	1228.01
	1231.00	1234.00	1235.00	1236.00		
Taylor.....	0102.00	0103.00	0107.00	0117.00	0122.00	0131.00
Terry	9503.00					
Titus	9506.00	9507.00				
Tom Green	0007.00	0015.00	0018.00			
Travis.....	0006.01	0006.03	0008.02	0018.04	0018.06	0018.12
	0018.19	0018.20	0018.23	0018.63	0021.05	0021.08
	0021.10	0021.11	0022.08	0023.07	0023.08	0023.10
	0023.12	0023.15	0023.16	0023.17	0024.13	0024.19
Val Verde	9503.02	9506.01	9506.02			
Victoria.....	0003.01	0003.02				
Walker	7906.00	7907.00				

County	Qualified Census Tracts					
Webb	0001.05	0001.07	0001.08	0001.09	0002.00	0003.00
	0006.01	0007.00	0008.00	0009.03	0009.04	0011.05
	0012.01	0012.02	0013.00	0015.01	0018.07	0018.08
	0018.09	0018.14	0018.17	0018.18	0019.00	
Wichita	0101.00	0102.00	0104.00	0108.00	0111.00	0114.00
	0130.00					
Willacy	9503.00	9506.00	9507.00			
Zapata.....	9503.01					
Zavala.....	9501.00	9503.01	9503.02			

The determination of the Qualified Census Tracts in the State of Texas was made by the United States Department of Housing and Urban Development and the Treasury Department based on criteria in the 2010 Census and Section 143 of the Internal Revenue Code. The Texas Department of Housing and Community Affairs did not participate in the determination of the Qualified Census Tracts although the Lenders and/or the Department may rely thereon.

NOTE: Census tract reference maps are available on the U.S. Census Bureau website at <http://www.ffiec.gov/Geocode/default.aspx>.

EXHIBIT C
(Form of Face of Certificate)

MORTGAGE CREDIT CERTIFICATE
As Department of Housing and Community Affairs
TDHCA Texas MCC - _____

Mortgage Credit Certificate No. _____

Dated: _____

This Mortgage Credit Certificate is issued on behalf of Texas Department of Housing and Community Affairs (the "Issuer"), located at
P.O. Box 13941, Austin, TX 78711. TIN #: 74-2610542
Pursuant to the Issuer's election (filed with the IRS) not to issue qualified mortgage bonds, dated [_____, 2023].

Name(s): _____
Social Security Number(s): _____
Address: _____

The Mortgage Credit Certificate is issued to:

Name of Holder(s): _____
Name of Holder(s): _____

who shall be known as the "Holder(s)".

This Mortgage Credit Certificate shall entitle Holder(s) to an annual credit of __ (%) percent of the annual interest upon the certified Indebtedness Amount of \$ _____ (mortgage amount), which consists of a first mortgage loan, received from _____, who shall be known as the "Lender".

This Mortgage Credit Certificate is to be used in connection with a mortgage loan for the purchase of a single-family residence (the "Residence") located at: _____.

The acquisition cost for the Residence for which this Mortgage Credit Certificate is issued for is \$ _____.

This Mortgage Credit Certificate meets the requirements of:

- Temporary IRS Regulation Section 1.25-3T (d) relating to residence requirement;
- Temporary IRS Regulation Section 1.25-3T (e) relating to 3-year requirement;
- Temporary IRS Regulation Section 1.25-3T (g) relating to new mortgage requirement;
- Temporary IRS Regulation Section 1.25-3T (i) relating to prohibited mortgages;
- Temporary IRS Regulation Section 1.25-3T (j) relating to particular lenders;
- Temporary IRS Regulation Section 1.25-3T (k) relating to allocations to particular developments; and
- Temporary IRS Regulation Section 1.25-3T (n) relating to interest paid to related persons.

The Residence __ is or __ is not in a targeted area as described in Section 143 (j) of the Internal Revenue Code.

The Mortgage Loan was closed on _____.

If the Issuer becomes aware that a material misstatement, whether negligent or intentional, has been made in the application or this Certificate, this Mortgage Credit Certificate shall be revoked. Further, if such material misstatement shall be due to fraud, this Mortgage Credit Certificate shall be null and void without any need for further action on the part of the Issuer.

Under penalty of perjury, I hereby declare that to the best of my knowledge and belief the determinations required by the Temporary IRS Regulations made _____

Program Administrator for:
Texas Department of Housing and Community Affairs

www.eHousingPlus.com
services@eHousingPlus.com

(FORM OF CERTIFICATE)
(REVERSE)
TERMS AND CONDITIONS

FEDERAL TAX CREDIT. This Mortgage Credit Certificate (“MCC”) entitles the holder (as named on the face of this MCC) to an annual federal tax credit equal to (i) for MCC Rates greater than 20%, the lesser of _____ percent of the annual interest paid on the mortgage loan described on the face of this MCC or \$2,000, or (ii) for MCC Rates equal to or less than 20%, _____ percent of the annual interest paid on the mortgage loan described on the face of this MCC. In addition, this MCC will reduce the holder’s mortgage interest deduction by an amount equal to the tax credit for the same tax year. The credit cannot be larger than the holder’s annual federal income tax liability, after all other credits and deductions have been taken into account. MCC credits in excess of current year tax liability may, however, be carried forward for use in the subsequent three years. At the time of issuance of this MCC, the filing of IRS Form 8396 is required in order to take advantage of the tax credit each year.

PRINCIPAL RESIDENCE. This MCC is to be used in connection with the financing of the purchase of a Residence. The Residence must be or become the holder’s “Principal Residence” within a reasonable time (not to exceed 60 days) following the date of issuance of the MCC. The “Principal Residence” means a Residence that, depending on all the facts and circumstances (including the good faith intent of the occupant), is occupied by the holder primarily for residential purposes. “Principal Residence” does not include a home used as an investment property or a recreational home, or a home that is used primarily in a trade or business (as evidenced by the use of more than 15 percent of the total floor space in a trade of business). Further, the holder may not claim, with respect to the Residence, any deductions pursuant to Section 280A of the Internal Revenue Code of 1986, as amended, for expense incurred in connection with the business use of a home.

PRIOR OWNERSHIP OF A RESIDENCE. The holder of this MCC cannot have had a present ownership interest in a Principal Residence at any time during the three-year period prior to the date on which the loan is executed. For purposes of making such determination, a Principal Residence includes a single-family house, condominium unit, mobile home, share of a housing cooperative or occupancy of a unit in a multifamily building owned by the holder. The term “present ownership interest” includes a fee simple interest; a joint tenancy, a tenancy in common or a tenancy by the entirety; the interest of a tenant-shareholder in a cooperative; a life estate; a land contract under which possession and the burdens and benefits of ownership are transferred although legal title is not transferred until some later date; and an interest held in trust for one person by another person. A “present ownership interest” does not include a remainder interest, a lease with or without an option to purchase, mere expectancy to inherit an interest in a principal residence, the interest that a person acquires upon the execution of a real estate purchase contract, or any interest in other than a “Principal Residence” during the previous three years. This requirement is waived if the Residence is located in a Targeted Area or if the Residence is acquired by a Qualified Veteran.

PARTICIPATING LENDER AND LOAN ELIGIBILITY. Financing may be sought from any Lender. The decision to make a loan is completely within the discretion of the Lender to whom the application for a mortgage loan is submitted. The Issuer plays no role in the decision to make a loan or determining the amount of the loan.

MORTGAGE REQUIREMENTS. No MCC will be issued in connection with financing that is to be used to replace an existing mortgage on the Residence to which the holder is a party or upon which the holder is an obligor. No MCC will be issued unless, prior to the date thereof, the holder was not a party to a mortgage on the Residence (whether in the form of a deed of trust, contract for deed, conditional sales contract, pledge, agreement to hold title in escrow, or other form of owner financing), other than a construction loan, bridge loan, or other temporary initial financing having a term not exceeding 24 months. In addition, no MCC will be issued if any financing for the Residence is to be obtained from a qualified mortgage bond or qualified veterans’ mortgage bond or if any person who is related to the holder has an interest as a creditor in the financing.

OCCUPANCY OF THE RESIDENCE. If the Residence ceases to be occupied as the holder’s “Principal Residence,” the holder will no longer be eligible for the MCC and must immediately notify the Department and the Lender providing the financing of this fact and the date of this event.

INCOME LIMITS. At the time of execution of the loan in connection with which this MCC is issued, the holder’s current income cannot exceed, (i) for families of three or more persons, 115% (140% in certain Targeted Areas) of the area median income and (ii) for individuals and families of two persons, 100% (120% in certain Targeted Areas) of the area median income, subject to an upward adjustment of the income limits in certain “high housing cost areas.” The Income Limits may be subject to adjustment at any time.

PURCHASE PRICE LIMITS. The purchase price for the Residence being acquired in connection with which this MCC is issued cannot exceed 90% (110%, in the case of certain Targeted Area Residences) of the average area purchase price applicable to the Residence. These limits may be subject to adjustment at any time.

TRANSFERABILITY. This MCC is not assumable and is transferable only upon application to the Department. The proposed transferee must meet all Program requirements then in effect.

COMPLIANCE WITH INTERNAL REVENUE CODE. This MCC is intended to comply with the provisions of Section 25 of the Internal Revenue Code of 1986, as amended, as well as any other applicable federal or State laws.

REFINANCING. The refinanced loan amount cannot exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.

EXHIBIT D-1

Commitment Lot Notice

(FROM DEPARTMENT TO PROGRAM ADMINISTRATOR)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM NO. 102

To: eHousingPlus
15175 NW 67th Avenue, Suite 203
Miami Lakes, FL 33014
Attention: Paloma Miranda
Email: Paloma.Miranda@hdsoftware.net

On the date hereof, the Issuer has established the following Commitment Lot:

Commitment Lot Designation	Commitment Lot Size	MCC Rate	MCC Issuance Fee(s)
_____	\$ _____	20%	_____ MCC Only _____ TMP Loan/MCC Combination

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____
Name: _____
Title: _____

EXHIBIT D-2

Rate Notice

(FROM PROGRAM ADMINISTRATOR TO MORTGAGE LENDER)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM NO. 102

First Date to Reserve MCC Funds _____

Commitment Lot Size: \$ _____

Mortgage Credit Certificate Rate: 20%

MCC Issuance Fee(s) _____ MCC Only
_____ TMP Loan/MCC Combination

All MCC funds are available on a first-come, first-served basis. MCC reservations expire ninety (90) days from the date of registration. Updates to extend time must be made in the reservation system by the participating lender.

REMINDER: If doing a TMP Loan/MCC Combination, the more restrictive program guidelines will apply.

If you have any questions regarding this notice, please contact:
eHousing
Compliance office
15175 NW 67th Avenue, Suite 203, Miami Lakes, FL 33014
954-217-0817 Email: Paloma.Miranda@hdsoftware.net

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Tax-Exempt Mortgage / Taxable Mortgage

My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate (MCC)

REVISED: 10/13/2022

NOTICE TO BUYERS

Texas Department of Housing and Community Affairs (“TDHCA”) created its homeownership options to help make ownership of new or existing homes more affordable for individuals and families of low and moderate income in the State of Texas, especially first-time buyers. The Tax-Exempt and Taxable Mortgage Program(s) (My First Texas Home and My Choice Texas Home) provide the homebuyer with a 30-year fixed interest rate mortgage loan and assistance to be used towards down-payment and/or closing cost assistance. The Texas Mortgage Credit Certificate (MCC) Program provides the homebuyer with a mortgage credit certificate which increases a family’s disposable income by reducing its federal income tax obligations. This tax savings provides a family with more available income to qualify for a loan and meet mortgage payment requirements. In order to participate in either or both Programs, the homebuyer(s) must meet certain eligibility requirements, purchase a home and obtain a mortgage loan and/or MCC through a participating lender. The eligible loan area consists of the State of Texas. The Programs are administered by TDHCA.

If your home is being financed using a TDHCA mortgage loan, the residence must be occupied as your principal residence within a reasonable time not to exceed 60 days of loan closing and it may not be used as an investment property, vacation, or recreational home. You will be required to immediately notify the Servicer in writing if the residence financed using the TDHCA mortgage loan ceases to be your principal, permanent residence. You cannot rent your home without the Servicer’s prior written consent (which consent can only be given in very limited, extreme circumstances) or sell your home to a person ineligible for assistance from the Department, unless you pay your loan in full.

For mortgage credit certificates issue by TDHCA, if the residence ceases to be your principal residence, you will be required to immediately notify TDHCA so that appropriate action, including but not limited to revocation of the MCC, may be taken.

ELIGIBLE BORROWERS

First-Time Homebuyer Requirement: Borrowers seeking financing for the purchase of a residence or the issuance of an MCC must be first-time homebuyers, which means that the borrower has not owned a principal residence in the past three years. Certain exceptions exist for residences located in certain designated areas, and for applicants who are “qualified veterans.” Borrowers using the My Choice Texas Home option are not required to be a First Time Homebuyer.

**INCOME LIMITS AND
HOME PURCHASE PRICE LIMITATION**

For maximum income and purchase price limits, see Appendix A or visit the TDHCA website: <https://thetexashomebuyerprogram.com/uploads/Limits.pdf>.

ELIGIBLE PROPERTY

General Information: New single family houses, including certain manufactured homes, duplexes, townhomes and condominiums are eligible for either program, and must follow standard agency (loan product) guidelines. Triplexes and fourplexes and shares in housing cooperatives are not eligible for the Program(s). The cost of the residence must not exceed the maximum home purchase price limits specified for the Program(s).

Duplex: A duplex may be financed under either Program as long as one unit of the duplex is occupied by the borrower as his or her principal residence and the duplex was first occupied for residential purposes at least five years prior to the closing date for the mortgage loan that is associated with the applicable program. The acquisition cost limits applicable to duplexes are available on TDHCA’s website.

Manufactured Homes: A manufactured home must be eligible under FHA, VA, USDA, or FNMA guidelines, and be in one or more sections which in the traveling mode is 8 body feet or more in width and 40 body feet or more in length and when erected on site is 320 or more square feet and which is built on a permanent chassis and designed to be used as a dwelling and connected to the required utilities, including plumbing, heating, air conditioning and

electrical systems contained therein and meets the HUD minimum standards set forth in Title 24 parts 3280, 3282 and 42 U.S.C. 5401 et seq. The manufactured home must have been constructed after June 21, 1978 and be permanently affixed to the real property which will be owned by the homebuyer and subject to the mortgage loan. Recreational vehicles, campers and other such vehicles are ineligible.

Financing Terms: The mortgage loan used in conjunction with the MCC Program must be financed from sources other than tax-exempt mortgage bonds or tax-exempt veterans' mortgage bonds. The mortgage may be a conventional, FHA, VA, or USDA-RHS loan and will be at prevailing market rates or rate applicable with loan program. The mortgage loan must not be made to the borrower by a "related person," as defined in Section 144(a)(3)(A) of the Internal Revenue Code. If using the TMP – My First Texas Home Program, the financing terms will be established by TDHCA. Eligible property types and other terms of the Program may differ for mortgage loans financed through the Fannie Mae HFA Preferred product.

PROGRAM DESCRIPTION FOR TAXABLE AND TAX-EXEMPT MORTGAGE OPTIONS

General Information: TDHCA's Tax-Exempt Mortgage option – My First Texas Home is exclusive to first time homebuyers, and provides a 30-year fixed interest rate mortgage loan that may include assistance in an amount up to 5% of the mortgage loan, to be used towards down payment and/or closing cost. The homebuyer must meet IRS Tax-Exempt Mortgage Revenue Bond income eligibility requirements, which include the income of a Non-Purchasing Spouse and anyone else who will have ownership interest in the property (sign the Deed of Trust).

TDHCA's Taxable Mortgage option – My Choice Texas Home provides homebuyer(s) with a 30-year fixed interest rate mortgage loan and down payment/closing cost assistance, in an amount up to 5% of the mortgage loan. There is **no** first time homebuyer requirement on the My Choice Texas Home option. For the purposes of income eligibility, the credit qualifying/1003 income used by the lender for loan qualifying is allowed.

Benefit Amount and Length of Benefit: The amount of benefit will vary based on the borrower's individual financial circumstances and the length of time the borrower lives in the home.

Higher Mortgage Loan Interest Rate with Down Payment/Closing Cost Assistance: The interest rate on your mortgage loan is based upon acceptance of down payment and/or closing cost assistance. If you receive down payment assistance from TDHCA, the interest rate on your mortgage loan **may** be at a higher interest rate than could otherwise be obtained (or may be available to you) if no down payment and/or closing cost assistance were included. If the interest rate on your mortgage loan is higher than you otherwise could obtain, you should carefully evaluate whether it is in your best financial interest to pay the higher mortgage loan interest rate associated with acceptance of down payment and/or closing cost assistance.

Repayment of Down Payment/Closing Cost Assistance: If receiving down payment assistance from TDHCA in connection with your mortgage loan, you will be required to repay the down payment and/or closing cost assistance you received in connection with your mortgage loan at the end of the term of your loan or earlier if you sell, refinance, transfer or otherwise dispose of your home. The annual percentage rate (APR) of interest is 0% and the 2nd mortgage loan is non-amortizing (has no monthly payment component).

Assumption of Loan: In order for the mortgage loan to be assumed, you must sell your home to a person eligible for assistance from the Department, otherwise, you must pay your mortgage loan in full or the Department may demand immediate full repayment of the mortgage loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the mortgage loan, the Mortgage Lender may foreclose your mortgage and repossess the property. If the Mortgage Lender takes your home through a foreclosure of the mortgage because of these reasons, HUD, FHA, VA, Fannie Mae, Freddie Mac, the Servicer, and/or the Department (as applicable) will not be able to help you.

In order for the mortgage loan to be assumed, you must sell your home at or below the federally-designated acquisition cost in effect when you sell your home.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Servicer may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD, VA, or a private mortgage insurer (as applicable). If the Servicer files an insurance claim against HUD, VA, or the private mortgage insurer (as applicable) because of the foreclosure, HUD, VA, or the private mortgage insurer (as applicable) may then bring an action against you to collect the judgment.

Recapture. If you sell or otherwise dispose of the residence during the next 9 years, this benefit may, under certain circumstances, be subject to "recapture." Such recapture is accomplished by an increase in your federal income tax for the year in which there is a disposition of the residence. This recapture only applies if there is a gain resulting from the sale or other disposition of the residence and total annual household income increases above specified levels.

You may wish to consult a tax advisor or the Internal Revenue Service at the time of sale or other disposition of the residence to determine the amount, if any, of the recapture tax. Following loan closing, you will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time you sell or dispose of the residence. The IRS Recapture Tax Provision does not apply to the My Choice Texas Home option(s).

PROGRAM DESCRIPTION MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM

General Information: An MCC is a tax credit that will reduce the federal income taxes of qualified buyers purchasing a qualified residence. As a result, the MCC has the effect of reducing your mortgage payments. Applications must be made to TDHCA prior to closing the loan. The MCC may not be used in connection with the refinancing of an existing loan, unless such loan is a construction period loan, bridge loan, or similar temporary initial financing of 24 months or less.

Benefit Amount: The size of your annual tax credit will be a percentage established by TDHCA (the “Mortgage Credit Certificate Rate”) of the annual interest paid on your mortgage loan. The credit cannot be larger than your annual federal income tax liability, after all other credits and deductions have been taken into account. MCC credits in excess of your current year tax liability may, however, be carried forward for use in the subsequent three years.

Mortgage Credit Certificate Rate: The MCC Rate for TDHCA Mortgage Credit Certificates will be issued based according to the following options:

TDHCA MCC Options	
20% MCC Credit	No maximum annual credit

Tax Credit Versus Tax Deduction: A mortgage interest deduction differs from a mortgage tax credit in a number of ways. For example, all homebuyers, regardless of income, may take a mortgage interest deduction, whereas mortgage tax credits are available only to holders of MCCs. The dollar value of a mortgage interest deduction depends upon your tax bracket. If you are in the 15 percent tax bracket, you will save 15 cents in taxes for each dollar of mortgage interest paid. With the MCC, you will save \$1 for each \$1 of credit received. Using an MCC and itemizing your deductions on Schedule A of Form 1040 will require you to reduce your mortgage interest deduction by an amount equal to your mortgage tax credit claimed.

Length of Benefit: Each year, your mortgage tax credit will be calculated on the basis of the designated percentage of the total interest you paid on your mortgage loan that year. The MCC will be in effect for the life of your mortgage loan, so long as the residence remains your principal residence.

Assumption of Loan: The MCC can be transferred only upon issuance of a new certificate by TDHCA. The person assuming your loan will have to qualify just as a new borrower would be required to qualify under the MCC Program.

Recapture of Tax Credit: Your MCC will be subject to certain requirements imposed by federal law concerning the recapture of a portion of the mortgage tax credit benefits granted to you upon the sale of your residence within nine years from the date of purchase. In no event will the recapture tax exceed the lesser of (i) 6.25% of the highest principal balance of your mortgage or (ii) one half of your taxable gain on the sale of your residence. At loan closing, you will be provided additional information that will be needed to calculate the maximum recapture tax liability at the time you sell or dispose of the residence.

APPLICATION INFORMATION

At the time of your formal mortgage loan application, you will have the ability to apply for a TDHCA mortgage loan and/or a MCC. After you have completed and signed the mortgage loan application, the lender will review your information and will reserve program funds in the Program’s on-line registration system. The MCC will be issued to the homebuyer upon loan closing and submission of the required Program documents required in Program guidelines, and applicable program fees. Loan or MCC reservations cannot be transferred from one lender to another. In the event you desire to change lenders, the loan reservation will be canceled and the application and reservation process must start over with the new lender. **The purpose of this document is to provide information on the TDHCA My First Texas Home / My Choice Texas Home and Texas Mortgage Credit Certificate programs. If applying for one or more of these programs, you should request from your lender a copy of the Loan Confirmation generated from the Program’s on-line portal to verify the applicable program option(s) reserved in connection with your mortgage loan.**

CHECK IF APPLICANT IS A VETERAN

CHECK IF CO-APPLICANT IS A VETERAN

Important Information for Former Military Services Members. Women and men who served in any branch of the United States Armed Forces, including Air Force, Army, Navy, Marines, Coast Guard, Reserves, or National Guard, may be eligible for additional benefits and services. For more information please visit the Texas Veterans Portal at <https://veterans.portal.texas.gov/>.

DISCLOSURE OF APPLICANT INFORMATION

The applicant(s) hereby consent and agree that all information furnished by the applicant(s) to the participating lender and TDHCA, including but not limited to, non-public personal and financial information in connection with the application for a mortgage loan under the My First Texas Home / My Choice Texas Home or an MCC, may be disclosed to any person or other third parties in connection with the processing of the application, verification of information concerning the TDHCA loan or MCC, the loan or the applicant(s), and for any other purpose in furtherance of or connected with the Program.

Date _____

APPLICANT

Printed Name of Applicant

CO-APPLICANT OR NON-PURCHASING SPOUSE (if applicable)

Printed Name of Applicant OR Non-Purchasing Spouse (if applicable)

APPENDIX A

Combined Income and Purchase Price Limits Table

My FIRST and Texas M CC considers the income of all person(s) who will sign the Deed of Trust (including Non-Purchasing Spouse).

My FIRST Texas Home only provides DPA with a 2nd Lien, Not a Grant.



Purchase Price Limits Effective March 30, 2022 / Income Limits Effective May 1, 2022

Area of State	Counties in Area	INCOME LIMITS				PURCHASE PRICE LIMITS	
		Govt Loan and Stand-Alone M CC Non TARGETED Areas		Govt Loan and Stand-Alone M CC TARGETED Areas		1-UNIT** Non-Targeted Area	1 UNIT ** Targeted Area
		100% AMFI 1 or 2 Persons	115% AMFI 3 or more Persons	120% AMFI 1 or 2 Persons	140% AMFI 3 or more Persons		
Balance of State	ALL COUNTIES NOT LISTED BELOW	\$85,300	\$98,095	\$102,360	\$119,420	\$349,525	\$427,198
Amarillo, HMFA	Armstrong, Carson, Potter, Randall	\$85,300	\$98,095	\$102,360	\$119,420	\$349,525	\$427,198
Andrews County	Andrews	\$93,200	\$107,180	N/A		\$349,525	N/A
Austin County, HMFA	Austin	\$96,900	\$99,935	N/A		\$349,525	N/A
Austin-Round Rock, MSA	Bastrop, Caldwell, Hays*, Travis* & Williamson	\$110,300	\$126,845	\$132,360	\$154,420	\$401,305	\$490,484
Blanco County	Blanco	\$85,300	\$98,095	N/A		\$349,525	N/A
Borden County	Borden	\$103,900	\$119,485	N/A		\$349,525	N/A
Brazoria County, HMFA	Brazoria	\$107,000	\$123,050	N/A		\$349,525	N/A
Cooke County	Cooke	\$85,300	\$98,095	N/A		\$349,525	N/A
Crane County	Crane	\$85,300	\$98,095	N/A		\$349,525	N/A
Dallas, HMFA	Collin*, Dallas*, Denton*, Ellis*, Hunt*, Kaufman* & Rockwall	\$97,400	\$112,010	\$116,880	\$136,360	\$374,551	\$457,784
Fort Worth - Arlington, HMFA	Johnson*, Parker & Tarrant*	\$92,300	\$106,145	\$110,760	\$129,220	\$374,551	\$457,784
Gillespie County	Gillespie	\$85,300	\$98,095	N/A		\$349,525	N/A
Glasscock County	Glasscock	\$85,300	\$98,095	N/A		\$349,525	N/A
Hartley County	Hartley	\$85,300	\$98,095	N/A		\$349,525	N/A
Hemphill County	Hemphill	\$93,700	\$107,755	N/A		\$349,525	N/A
Hood County, HMFA	Hood	\$88,200	\$101,430	N/A		\$349,525	N/A
Houston-The Woodlands-Sugar Land, HMFA	Chambers, Fort Bend*, Galveston, Harris*, Liberty, Montgomery* & Waller	\$90,100	\$103,615	\$108,120	\$126,140	\$349,525	\$427,198
Jackson County	Jackson	\$85,300	\$98,095	N/A		\$349,525	N/A
Kendall County, HMFA	Kendall	\$113,200	\$130,180	N/A		\$373,596	N/A
Kent County	Kent	\$85,300	\$98,095	N/A		\$349,525	N/A
King County	King	\$85,300	\$98,095	N/A		\$349,525	N/A
Lipscomb County	Lipscomb	\$85,300	\$98,095	N/A		\$349,525	N/A
Loving County	Loving	\$112,200	\$129,030	N/A		\$349,525	N/A
Martin County, HMFA	Martin	\$90,800	\$104,420	N/A		\$349,525	N/A
Medina County, HMFA	Medina	\$87,300	\$100,395	N/A		\$373,596	N/A
Mitchell County	Mitchell	\$87,000	\$100,050	N/A			
Midland, HMFA	Midland*	\$119,200	\$137,080	\$143,040	\$166,880	\$349,525	\$427,198
Odessa MSA	Ector*	\$92,700	\$106,605	\$111,240	\$129,780	\$349,525	\$427,198
Oldham County, HMFA	Oldham	\$85,300	\$98,095	N/A		\$349,525	N/A
Pecos County	Pecos	\$85,300	\$98,095	N/A		\$349,525	N/A
Reagan County	Reagan	\$88,200	\$101,430	N/A		\$349,525	N/A
Roberts County	Roberts	\$90,700	\$104,305	N/A		\$349,525	N/A
San Angelo MSA	Irion, Tom Green	\$96,900	\$99,935	N/A			
San Antonio-New Braunfels, MSA	Atascosa*, Bandera, Bexar*, Comal, Guadalupe* & Wilson	\$85,300	\$98,095	\$102,360	\$119,420	\$373,596	\$456,617
Schleicher County	Schleicher	\$85,300	\$98,095	N/A		\$349,525	N/A
Sherman-Denison, MSA	Grayson	\$85,300	\$98,095	\$102,360	\$119,420	\$349,525	\$427,198
Somervell County, HMFA	Somervell	\$85,300	\$98,095	N/A		\$349,525	N/A
Stonewall County	Stonewall	\$85,300	\$98,095	N/A		\$349,525	N/A
Ward County	Ward	\$85,300	\$98,095	N/A		\$349,525	N/A
Wise County, HMFA	Wise	\$95,500	\$109,825	N/A		\$374,551	N/A
Yoakum County	Yoakum	\$85,300	\$98,095	N/A		\$349,525	N/A

* Property must be located in a qualified targeted demartract to use the Targeted Area Limits.

"AMFI" - Area Median Family Income; "MSA" - Metropolitan Statistical Area; "HMFA" - HUD Metro FMR Area
Down Payment Assistance Available to ALL Income Categories - * Targeted Areas are areas of severe economic distress.

** 2 UNIT Purchase Price Limits can be found at: <https://thetexashomebuyerprogram.com/uploads/2unitlimits.pdf>

See Current Interest Rates and Available Options - <https://thetexashomebuyerprogram.com/uploads/Rate-Notice.pdf>

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

APPLICANT AFFIDAVIT

My First Texas Home – Texas Mortgage Credit Certificate (TAX-EXEMPT)

There are important legal consequences to this Affidavit. Please read carefully before signing.

REVISED: 10/13/2022

THE STATE OF TEXAS §
COUNTY OF _____ §

LOAN AMOUNT: \$ _____
LENDER: _____

The undersigned, as part of my (our) application for a loan under the Department’s tax-exempt mortgage and/or for a mortgage credit certificate (“MCC”) to be issued by the Department in connection with a loan from a participating lender of my (our) choice for a single-family residence that will become my (our) permanent, primary residence, being first duly sworn state the following information to be true and correct:

 APPLICANT LAST NAME FIRST MIDDLE

 CO-APPLICANT LAST NAME FIRST MIDDLE

 ADDRESS BEING PURCHASED

 CITY COUNTY STATE TEXAS ZIP CODE

CHECK AS APPLICABLE:

- New Construction Existing Structure Non-Targeted Area Targeted Area
- Mortgage Only Mortgage w/Assistance MCC Only Combo

CHECK IF APPLICANT IS A VETERAN **CHECK IF CO-APPLICANT IS A VETERAN**

Important Information for Former Military Services Members. Women and men who served in any branch of the United States Armed Forces, including Air Force, Army, Navy, Marines, Coast Guard, Reserves, or National Guard, may be eligible for additional benefits and services. For more information please visit the Texas Veterans Portal at <https://veterans.portal.texas.gov/>.

CHECK IF APPLICANT OR CO-APPLICANT IS USING THE EXCEPTION TO FIRST-TIME HOMEBUYER REQUIREMENT FOR QUALIFIED VETERANS: Applicant meets the requirements to qualify as a “veteran” as defined in 38 U.S.C. Section 101. Attached hereto are true and correct copies of my discharge or release papers, which demonstrate that such discharge or release was other than dishonorable. Applicant has not previously obtained a loan financed by single family mortgage revenue bonds or another MCC utilizing the exception to the first-time homebuyer requirement for Residences to Veterans under Section 143(d)(2)(D).

Copies of Federal Tax Transcripts for the past three (3) years for all persons who will be liable on the mortgage loan are submitted herewith or the reasons for exemption from filing are stated as follows: _____

NOTE: Non-purchasing spouse federal tax transcripts and income must be submitted and/or included.

CHECK IF APPLICABLE: I certify that the mortgage loan closing is occurring between January 1 and February 15, and that I have not yet filed my federal income tax return for the prior year. I further certify that when I file my federal tax return for the prior year, I will neither be entitled to, nor claim, deductions for real estate taxes or interest on indebtedness with respect to my principal residence for that year.

Total Persons in Household _____

Mid Credit Score _____

Family Income includes the anticipated gross income of all persons expected to both live in the residence being financed and to be liable on the mortgage loan, and includes but is not limited to Annual Wages, Commissions, Bonuses, Self-Employment (Plus Depreciation), Dividends, Interest, Annuities, Pensions, Child Support, Spousal Support or Maintenance and Public Assistance:

Applicant Type	Applicant Name	Income Type	Income Amount
Total Income			

NOTE: Non-purchasing spouse federal tax transcripts and income must be submitted and/or included.

Applicant certifies that the Persons receiving the MCC and/or benefitting from a loan under the tax-exempt mortgage option are not currently delinquent or in default with child support and/or government loans.

The TOTAL ACQUISITION COST \$ _____

The above acquisition cost includes the following itemized amounts:

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 cash or in kind, by Applicant or any person related to the Applicant or by any person for the benefit of the 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 estimated cost of completing it (a written estimate of completion cost is attached): \$ _____

4. If the residence is located on leased land, the capitalized value (using a discount rate equal to the interest rate borne by the mortgage loan) of the ground rent: \$ _____

5. Land purchased separately and owned by the Applicant(s) for less than two (2) years prior to the commencement of construction of the residence. \$ _____

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 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 residence except as itemized with the amount of their purchase price that does not exceed their fair market value.

TOTAL ACQUISITION COST of the property includes all amounts paid previously or in the future, in cash or in kind by the Applicant(s) (or a related party or for the benefit of the Applicant(s)) to the seller (or a related party or for the benefit of the seller); “points” paid to the seller; if the residence is incomplete, the reasonable cost of completing the residence; the capitalized value of ground rent using the discount rate equal to the interest rate borne by the mortgage loan) (leasehold estate); additional amounts for land purchased separately and owned by the Applicant(s) less than two (2) years prior to the commencement of construction of the residence; and any other settlement and/or financing costs to the extent that such costs exceed the usual and reasonable costs that would be paid by the buyer where financing is not assisted through the issuance of an MCC or provided through the issuance of tax-exempt bonds. Acquisition cost does not include usual and reasonable settlement or financing costs; the value of services performed by the mortgagor or members of the mortgagor’s family in completing the residence; fix-up expenses such as painting, minor repairs and floor refinishing; or the cost of land which has been owned by the Applicant for at least 2 years prior to the commencement of construction of the residence.

TYPE OF LOAN:

I (We) acknowledge that the interest rate of my (our) mortgage loan is at a higher interest rate than I (we) might otherwise obtain if I (we) did not receive down payment and/or closing cost assistance in conjunction with this mortgage loan. I (we) have determined the interest cost associated with this mortgage loan, in light of the down payment and closing cost assistance, is in my (our) best financial interest.

THE APPLICANT FURTHER CERTIFIES THAT:

(a) The residence is a single-family residence (For this purpose, a single-family residence includes a two-family residence so long as (1) one unit will be occupied by the applicant and (2) the units were first occupied at least 5 years before the loan is closed.) (A residence includes stock held by a tenant-stockholder in a cooperative housing corporation. It does not include property such as an appliance, a piece of furniture, a radio, etc., which, under Texas law, is not a fixture. The term also includes any manufactured home meeting certain size requirements and that is of a kind customarily used at a fixed location.); (b) the residence does not include (1) recreational vehicles, campers and other similar vehicles or (2) land that is greater than the normal and usual lot size within the area or that is in excess of what is needed to maintain the basic livability of the residence; further, I(we) do not expect to derive any income from the land associated with the residence; (c) I(we) intend to use the residence as my (our) principal residence within a reasonable time not to exceed 60 days of loan closing, and I(we) will immediately notify the Department in writing if the residence ceases to be my(our) principal, permanent residence; (d) the residence will not be used (1) as investment property, vacation, or recreational home or (2) in conjunction with business activities (as evidenced by the use of more than fifteen percent of the total floor space in a trade or business) except for the rental of one of the units in a two family residence; further, I(we) do not intend to claim, with respect to the residence, any deductions pursuant to Section 280A of the Code for expenses incurred with respect to the business use of a home; (e) unless the residence is located in a targeted area or the Applicant is a qualified veteran, all Applicants and any co-Applicants, either individually or together, have not had a present ownership interest in a principal residence during the 3-year period prior to the date of the loan closing (a present ownership interest includes, but is not limited to, a fee simple interest; a joint, tenancy, a tenancy in common or a tenancy in the entirety; the interest of a tenant-shareholder in a cooperative, a life estate, a land contract and an interest in trust for the mortgage; a present ownership interest does not include a remainder interest, a lease with or without an option to purchase, an expectation of inheritance, the interest acquired under a purchase contract and an interest in a residence that is not a principal residence); (f) the acquisition cost listed above does not exceed 90 percent (for residences not located in a targeted area) or 110 percent (for residences located in a targeted area) of the average area purchase price; (g) the loan will not be used to replace my(our) existing mortgage, unless such loan is a construction period loan, bridge loan or similar temporary initial financing of 24 months or less; (h) no portion of the financing of the residence is or will be provided from the proceeds of a qualified mortgage bond or a qualified veterans' mortgage bond; (i) the Department has not limited me(us) to seeking financing through any particular lender; (j) no "related person," as defined in Section 144(a)(3)(A) of the Code, has or is expected to have an interest as a creditor in the mortgage loan; (k) there are no persons who have or are expected to have a present ownership interest in the residence following closing on the loan who have not executed this Affidavit or one substantially similar to this Affidavit; and (l) I(we) do not have an application in process nor have I(we) received a commitment for a mortgage loan under any prior program of the Department (or the Texas Housing Agency).

(b) The residence will be occupied as my (our) principal residence within a reasonable time not to exceed 60 days of loan closing, will not be used as investment property, vacation, or recreational home; and I(we) will immediately notify the Servicer in writing if the residence ceases to be my(our) principal, permanent residence; (1) this is not a refinancing of an existing, previously occupied residence for which this mortgage loan is being requested and will not replace my(our) existing mortgage or land contract or a newly constructed residence has not and will not be 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; (2) unless the residence is located in a targeted area or the mortgagor is a qualified veteran, all borrowers, spouses and any co-borrowers have submitted the most recent 3 years federal tax transcripts 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 permanently 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 the entirety, the 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*); (3) there are no persons who have or are expected to have a present ownership interest in the residence following closing on the loan who have not executed this Affidavit or one substantially similar to this Affidavit; and (4) I(we) must meet all federally and locally mandated requirements to qualify for the mortgage loan.

I (we) understand this Affidavit will be relied upon for the purposes of determining my (our) eligibility and understand that any fraudulent statement will result in (i) the immediate revocation of my (our) MCC and (ii) a \$10,000 penalty under Section 6709 of the Code. I (we) further understand that any material misstatement in this Affidavit because of my (our) negligence will result in (i) the immediate revocation of my (our) MCC and (ii) a civil penalty of \$1,000. 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.

APPLICANT

CO-APPLICANT OR NON-PURCHASING SPOUSE

Printed Name of Applicant

Printed Name of Co-Applicant or Non-Purchasing Spouse

Sworn to and subscribed before me on the _____ day of _____, 20_____.

PERSONALIZED SEAL

Notary Public Signature

[Signature Page to Applicant Affidavit]

AFFIDAVIT OF SELLER
(Waived for REO Property)
REVISED: 10/13/2022

I/We the undersigned, as an essential participant in an application for which a Mortgage Loan or a Mortgage Credit Certificate is being sought under one of the Texas Department of Housing and Community Affairs' homeownership programs, 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:

ADDRESS BEING SOLD

	TEXAS		
CITY	COUNTY	STATE	ZIP CODE

(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 includes the following itemized amounts: (i) amount paid for the Residence, in cash or in kind, by Applicant or any person related to the Applicant for the benefit of the Applicant to the Seller or any person related to the Seller for Seller's benefit in the amount of \$ _____, (ii) if the Residence is incomplete and the Seller will pay any amounts towards completion, the amount of \$ _____ and (iii) if the Residence is subject to a ground rent payable to the Seller, the capitalized value of the ground rent of \$ _____.

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 Texas 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.

Dated	Signature of Seller or Signature of Builder Representative
	Printed Name of Seller or Builder Representative

Dated	Signature of Seller - If Seller Is Not an Individual, Type/print Name and Title and Name of Selling Entity. If Signatory Is Not the Owner, Type/print Name and Title. Attach Copy of Power of Attorney.
	Printed Name of Seller

Sworn to and subscribed before me on the _____ day of _____, _____.

PERSONALIZED SEAL

Notary Public Signature

CERTIFICATE OF LENDER
REVISED: 10/13/2022

_____, the Lender, certifies that as of the date of closing of the mortgage loan it has (1) reviewed the foregoing affidavits of the Applicant(s) and the Seller and found the financial details contained therein (based on Lender's review of documents provided by, and the representations of the Applicant and Seller) to be true and correct; (2) has charged the Applicant(s) lender fees that are customary and reasonable and no more than what is charged by the Lender to other non-Program buyers; and (3) after completion of all underwriting, verifications and investigations, has approved the mortgage loan. **The Lender further certifies if applicable:**

MCC ONLY:

- The financing attached to the Applicant's MCC does not use any of the prohibited financing, such as non-TDHCA mortgages funded with a qualified mortgage bond or a qualified veterans' mortgage bond.**

Dated

Signature of Authorized Officer

Telephone Number of Authorized Officer

Print Name & Title of Authorized Officer

COMPLIANCE FILE CHECKLIST

Program Documents submitted to eHousingPlus in the Compliance File (post-closing)

Forms Required in eHP Compliance File	My Choice Loans	My First Loans	Combo Loans	MCC
Notices to Buyers	No	Yes	Yes	Yes
Applicant Affidavit (Tax Exempt Bond, Applicant, Seller, Lender)	No	Yes	Yes	Yes
Applicant Affidavit (TBA Taxable, Applicant, Lender)	Yes	No	No	No
Affidavit of Co-Signer (if applicable)	No	Yes	Yes	Yes
Notice of Potential Recapture Tax	No	Yes	Yes	Yes
3 Years Taxes for Borrower & Spouse (IRS Tax Transcripts or Signed 1040)	No	Yes	Yes	Yes
Homebuyer Education Certificate	Yes	Yes	Yes	Yes
Disclosure of 2 nd Mortgage Loan Terms	Yes	Yes	Yes	No
Real Estate Purchase Contract	Yes	Yes	Yes	Yes
FINAL Signed 1003	Yes	Yes	Yes	Yes
FINAL Signed Closing Disclosure	Yes	Yes	Yes	Yes
Warranty Deed	Yes	Yes	Yes	Yes
Discharge Papers (DD214) (Only if Veteran and waiving 1 st -time buyer requirement)	No	Yes	Yes	Yes

Who Signs the My First and Combo Program documents?

Form Name	Borrower	Co-Borrower	Non-Purchasing Spouse	Co-Signer
Notices to Buyers	Yes	Yes	No	No
Affidavit (Tax Exempt Bond, Applicant, Seller, Lender)	Yes	Yes	No	No
Affidavit of Co-Signer (if applicable)	No	No	No	Yes
Notice of Potential Recapture Tax	Yes	Yes	No	No
Tax Exempt Rider	Yes	Yes	No	No
Disclosure of 2 nd Mortgage Loan Terms	Yes	Yes	No	No
Obligation Letter (FHA loans only)	Yes	Yes	No	No
Subordinate DOT	Yes	Yes	Yes	No
Subordinate Note	Yes	Yes	No	Yes

Who Signs the My Choice Program documents?

Form Name	Borrower	Co-Borrower	Non-Purchasing Spouse	Co-Signer
Notices to Buyers	Yes	Yes	No	No
Affidavit (TBA Taxable, Applicant, Lender)	Yes	Yes	No	No
Affidavit of Co-Signer (if applicable)	No	No	No	Yes
Notice of Potential Recapture Tax	Yes	Yes	No	No
Disclosure of 2 nd Mortgage Loan Terms	Yes	Yes	No	No
Obligation Letter (FHA loans only)	Yes	Yes	No	No
Subordinate DOT	Yes	Yes	Yes	No
Subordinate Note	Yes	Yes	No	Yes

Who Signs the MCC Program documents?

Form Name	Borrower	Co-Borrower	Non-Purchasing Spouse	Co-Signer
Notices to Buyers	Yes	Yes	No	No
Affidavit (Tax Exempt Bond, Applicant, Seller, Lender)	Yes	Yes	No	No
Affidavit of Co-Signer (if applicable)	No	No	No	Yes
Notice of Potential Recapture Tax	Yes	Yes	No	No

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

AFFIDAVIT OF COSIGNOR/GUARANTOR

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

REVISED: 10/13/2022

THE STATE OF TEXAS §
 COUNTY OF _____ §

I/we the undersigned, as an obligor on a note (the "Note") made in connection with a mortgage loan (the "Mortgage Loan") being submitted by the Applicant(s) under the Department's My First Texas Home / My Choice Texas Home and/or Mortgage Credit Certificate Program ("MCC Program"):

APPLICANT LAST NAME	FIRST	MIDDLE
---------------------	-------	--------

CO-APPLICANT LAST NAME	FIRST	MIDDLE
------------------------	-------	--------

in the amount of \$ _____ from _____ (the "Mortgage Lender") under the My First Texas Home / My Choice Texas Home and/or the MCC Program, hereby certify that I/we are executing the note solely for purposes of providing additional security for the Mortgage Loan.

I/We further certify that I/we have no other financial or ownership interest in the property subject to the Mortgage Loan and that I/we have no intention to and will not occupy the property subject to the Mortgage Loan as a permanent/primary residence.

The statements set forth herein are made under penalty of perjury. I/we understand that perjury is a felony punishable by fine, imprisonment or both.

 Dated

 Signature of Cosigner/Guarantor

 Printed Name of Cosigner/Guarantor

 Dated

 Signature of Cosigner/Guarantor

 Printed Name of Cosigner/Guarantor

Sworn to and subscribed before me on this _____ day of _____, _____.

 PERSONALIZED
 SEAL

 Notary Public Signature

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME

(To be delivered to Applicant at the Time of Settlement of Mortgage Loan)

REVISED: 10/13/2022

eHousingPlus
 15175 NW 67th Avenue, Suite 203
 Miami Lakes, FL 33014
 (954) 217-0817
 www.eHousingPlus.com

**IMPORTANT CLOSING DOCUMENTS – DO NOT DISCARD –
 NECESSARY IF YOU SHOULD DECIDE TO SELL YOUR PROPERTY - KEEP IN SAFE PLACE
 NOTICE TO BORROWER(S) OF MAXIMUM RECAPTURE TAX AND COMPUTATION OF
 RECAPTURE TAX ON DISPOSITION OF THIS PROPERTY**

Loan #

Dear Homeowner:

As previously disclosed to you, your mortgage may be subject to “recapture” if you sell or otherwise dispose of your house within nine years after purchase. The recapture takes the form of an increase to your federal income tax owed for the year of disposition, but only applies if you dispose of your house at a gain and your income is above a certain amount.

In accordance with the requirements of Section 143(m)(7) of the Internal Revenue Code of 1986, as amended (the “Code”), this Notice serves to inform you that the “federally-subsidized amount” with respect to your mortgage loan is \$ _____, which is 6.25% of the projected highest principal amount of your mortgage loan. Further, the adjusted qualifying income for each category of family size for each year of the 9-year period beginning on the date of closing on your mortgage loan is set forth below.

If you dispose of your house within months*:	Holding Period Percentage	Maximum Adjusted Qualifying Income (MAQI), for	
		1-2 person HH	3+ person HH
1 – 12	20%		
13 – 24	40%		
25 – 36	60%		
37 – 48	80%		
49 – 60	100%		
61 – 72	80%		
73 – 84	60%		
85 – 96	40%		
97 – 108	20%		
109 or more	No Recapture Tax		

*from closing date of your loan

Loan #

Recapture Notice Pg. 2

1. GENERAL - When you sell your house, you may have to pay the Recapture Tax as calculated herein.

Recapture Tax may also apply if you dispose of the property in some other way, such as giving the property to a relative. Whenever "sale" is used in this notice, it also applies to other ways of disposing your house.

2. EXCEPTIONS - In the following scenarios, no Recapture tax would be due:

- (a) You dispose of your house more than nine (9) years after you close your mortgage loan;
- (b) Your house is disposed of as a result of your death;
- (c) You transfer your house, either to your spouse or former spouse due to divorce, and you have no gain or loss reflected in your income (under Section 1041 of the Internal Revenue Code);
- (d) You dispose of your house at a loss.

3. MAXIMUM RECAPTURE TAX - The maximum Recapture Tax that you may be required to pay as an addition to your Federal Income Tax is equal to the "federally-subsidized amount" of \$_____ set forth above.

4. ACTUAL RECAPTURE TAX - The actual Recapture Tax, if any, can only be determined when you sell your house, and will be the LESSER of:

- (a) 50% of the gain on the sale, regardless of whether it is included in your income for Federal Income Tax purposes, or
- (b) Your Recapture Tax amount, which is calculated by multiplying the following three (3) amounts:
 - * Maximum Recapture Tax Amount (Explained in Paragraph 3),
 - * Holding Period Percentage (Detailed in Page 1 Table - Column 1), and
 - * Income Percentage (Described in Item 5 below)

5. INCOME PERCENTAGE - Calculate as follows...

- (a) Subtract the Maximum Adjusted Qualifying Income (MAQI) (see table on page 1) for the taxable year in which you sell your house, from your Modified Adjusted Income (MAI) for the same taxable year. MAI is the Adjusted Gross Income shown on your IRS tax return with the following two adjustments:
 - 1. PLUS any interest received or accrued in the taxable year from tax-exempt bonds that may have been excluded from your gross income, under Section 103 of the IRS Code; and
 - 2. MINUS the amount of gain on the sale or disposition of the property that was included in your gross income for that taxable year.

MAI - MAQI = DIFFERENCE

(b) DIFFERENCE AMOUNT	INCOME PERCENTAGE
0 or Less	-0-
\$5,000 or More	100%
More than 0 but less than \$5,000	Difference/\$5,000 (Example: \$1,000/\$5,000 = 20%)

6. LIMITATIONS AND SPECIAL RULES ON RECAPTURE TAX - Additional provisions and rules apply in specific circumstances, such as the destruction of the property, disposition by gift, sale upon early prepayment and others.

Loan #

Recapture Notice Pg. 3

The determination of whether you are subject to any Recapture Tax can only be made at the time of sale of your property. You may wish to consult a tax advisor and/or Internal Revenue Service office for more details in your particular case. General Information on Recapture Tax can be found in Section 143(m) of the Code, or by logging on to www.irs.gov. You may also request Form 8828 and the respective instructions for said form for a better understanding on how Recapture Tax can impact you.

Sincerely,
eHousingPlus

FOR YOUR REFERENCE:

Your Loan Servicer:

Originating Lender:

Loan #

Loan Amount:

Term in months:

Issuer:

Program:

Property Address:

Closing Date:

County:



MCC Refinance Loan Application

Request to Reissue MCC

Borrower name(s), as it appears on original MCC: _____

Property Address: _____

Telephone Number: _____

Email Address, where new MCC will be sent: _____

TDHCA MCC Number: _____

Balance Owed on Original Loan: \$ _____

Original Loan Amount: \$ _____

New Loan Amount: \$ _____

Closing Date of Refinance: _____

Refinanced Loan Maturity: _____

Lender: _____

Lender Loan Number: _____

The undersigned borrower (whether one or more), being the owner(s) of the above residence of (the "Residence"), and the holder of a Mortgage Credit Certificate (the "MCC") issued in connection with the Texas Department of Housing and Community Affairs Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury and the civil penalties outlined herein, that each of the following statements are, correct and complete in all respects:

1. **Property.** The refinanced loan pertains to the same property to which the original MCC related, which is the Residence described above.
2. **Replacement of Entire MCC.** The new MCC replaces the original MCC in its entirety. No portion of the original MCC is being retained with respect to any portion of the outstanding balance of the original loan amount specified on the original MCC.
3. **Loan Amount.** The refinanced loan amount does not exceed the outstanding balance of the original mortgage loan as of the date of the refinancing.
4. **MCC Credit Rate.** The new MCC will be at the same credit rate as the original MCC.

5. **No Increase in Tax Credit Amounts.** The undersigned acknowledges that in the event the maturity of the refinanced loan is a date later than the maturity of the original loan, the new MCC will expire as of the original maturity date so that there shall be no increase in the tax credit amounts under the new MCC for any tax year over the amounts which would have been available under the original MCC.
6. **Date of Refinancing.** The date of the refinancing stated above is the true and correct date the refinancing documents were executed.
7. **Reaffirmation of the Original Obligations.** The undersigned further reaffirms all of the representations, obligations and agreements covered under the documents signed in connection with obtaining the original MCC and acknowledges that all such obligations and agreements shall continue in full force and effect in connection with the new MCC.
8. **Revocation of Mortgage Credit Certificate.** The undersigned understands that if any of the statements set forth herein are not true, correct and complete in all respects, or that if federal law or regulations disqualify further participation in the MCC Program, the MCC Program, the MCC may be immediately revoked.
9. **Penalty.** The statements set forth herein are made under penalty of perjury and the following civil penalties. Any material misstatement in any affidavit or certification made in connection with application for or issuance of an MCC due to my negligence shall result in a civil penalty fee payable to the Department of \$1,000.00, and any such material misstatement due to my fraud shall result in a civil penalty fee payable to the Department of \$10,000.00. I understand that perjury is a felony offense punishable by fine or imprisonment, or both.

Signature(s) of Borrower: _____

SUBSCRIBED and SWORN to before me this day of _____, 20____.

Notary Public, State of Texas

EMAIL THE FOLLOWING TO: txhomebuyer@tdhca.state.tx.us

- Copy of Mortgage Credit Certificate (keep original for your files).
- Copy of Final Refinanced Closing Disclosure (all 5 pages) or ALTA Settlement Statement
- Lender Certificate for Refinanced Mortgage Loan (to be completed by lender refinancing the mortgage loan)
- Copy of \$50 MCC Reissuance Fee payable to TDHCA (check or money order mailed to TDHCA)

MAIL CHECK or MONEY ORDER TO:

Texas Department of Housing and Community Affairs
Attention: Financial Administration – MCC
P.O. BOX 13941
Austin, Texas 78711-3941

* PLEASE NOTATE YOUR NAME, ADDRESS and MCC NUMBER on your Check or Money Order*

Once payment is received, Re-Issued Mortgage Credit Certificate will be processed and sent electronically via the email listed on this application.

For questions email: txhomebuyer@tdhca.state.tx.us or call: 1-800-792-1119



Refinancing Lender Acknowledgement

As the mortgage lender originating the refinanced mortgage loan referenced in the "Refinancing of MCC Loan Application," I acknowledge that I am required to file an IRS Form 8329 with the Internal Revenue Service for the reissued Mortgage Credit Certificate (MCC) associated with such refinanced mortgage loan and hereby agree to file Form 8329 with the Internal Revenue Service to update IRS information concerning the reissuance of the related MCC. The Department will forward the 8329 following reissuance of the MCC.

For our company, Form 8329 should be forwarded to:

Company Name _____

Contact Person _____

Email _____

Phone _____

(Authorized Officer Signature)

Printed Name of Authorized Officer _____

Email _____

Phone _____

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM**

SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING IRS FORM W-4

The MCC tax credit is very similar to the credit which may be taken for child or dependent care expenses which ranges from 20% to 30% depending upon income. Although a separate line on the W-4 form is not provided for the MCC credit, you may use line F for this purpose.

If you anticipate at least \$1,500 of MCC mortgage interest during the year, you may enter "1" on line F. If you anticipate paying more than \$3,000 in mortgage interest during the year, you may enter "2" on line F. If you additionally have child or dependent care expenses that would entitle you to a tax credit, the number should be adjusted accordingly.

The following example shows how you might calculate the amount of mortgage interest you will pay during the first full year:

Mortgage balance at beginning of year:	\$200,000
Interest rate on mortgage loan:	6.00%
Estimated annual interest paid:	\$12,000

The actual amount of interest paid will be somewhat less, because with each monthly payment, your mortgage balance decreases.

If you have more than one wage earner in your family (e.g., both spouses are employed), be careful not to claim too many allowances by putting the maximum number on both workers' W-4 forms. Dual income families normally need to reduce the number of allowances taken to avoid having to pay penalties when their annual tax return is filed.

If you wish to calculate the additional amount of mortgage interest you might be able to take as an itemized deduction, follow the instructions on the back of the W-4 Form. On line 1, be sure to subtract an amount equal to the credit amount of your certificate from the total amount of mortgage interest which you have calculated for deduction purposes. (Federal law requires subtracting an amount equal to the MCC tax credit claimed from the amount of the home mortgage interest to be deducted.)

This IRS Form W-4 is to be filed with the payroll clerk where you work. You do not send the W-4 form to the Internal Revenue Service or to TDHCA. If you have any questions concerning completion of the form, your payroll clerk should be able to assist you. For additional information regarding how to calculate withholdings, please visit the following link: <https://www.irs.gov/individuals/irs-withholding-calculator>.

Failure to revise your IRS Form W-4 to reflect the MCC tax credit will have no effect on your ability to claim the deduction with your annual tax return. When you file your annual IRS form 1040, you will need to claim the MCC tax credit in the space provided. You will also need to complete IRS 8396 and file it with your tax return.

These instructions are for your information only. Texas Department of Housing and Community Affairs and its officers and agents do not intend to render any income tax advice in connection with this MCC program. All MCC holders or applicants should consult with the Internal Revenue Service or their personal income tax advisers concerning the appropriate level of withholding allowance given their personal tax situations.

Form <b style="font-size: 24pt;">W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Certificate</h2> <p style="margin: 0;">▶ Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. ▶ Give Form W-4 to your employer. ▶ Your withholding is subject to review by the IRS.</p>	OMB No. 1545-0074 <h1 style="margin: 0;">2022</h1>
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Step 1: Enter Personal Information	(a) First name and middle initial	Last name	(b) Social security number
	Address		▶ Does your name match the name on your social security card? If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to www.ssa.gov .
	City or town, state, and ZIP code		
	(c) <input type="checkbox"/> Single or Married filing separately <input type="checkbox"/> Married filing jointly or Qualifying widow(er) <input type="checkbox"/> Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)		

Complete Steps 2-4 ONLY if they apply to you; otherwise, skip to Step 5. See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at www.irs.gov/W4App, and [privacy](http://www.irs.gov/privacy).

**Step 2:
Multiple Jobs
or Spouse
Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

(a) Use the estimator at www.irs.gov/W4App for most accurate withholding for this step (and Steps 3-4); **or**

(b) Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; **or**

(c) If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . . ▶

TIP: To be accurate, submit a 2022 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

Complete Steps 3-4(b) on Form W-4 for only ONE of these jobs. Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3-4(b) on the Form W-4 for the highest paying job.)

Step 3: Claim Dependents	If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly): Multiply the number of qualifying children under age 17 by \$2,000 ▶ \$ _____ Multiply the number of other dependents by \$500 . . . ▶ \$ _____ Add the amounts above and enter the total here		
		3	\$ _____
Step 4 (optional): Other Adjustments	(a) Other income (not from jobs). If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income	4(a)	\$ _____
	(b) Deductions. If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here	4(b)	\$ _____
	(c) Extra withholding. Enter any additional tax you want withheld each pay period	4(c)	\$ _____

Step 5: Sign Here	Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.		
	▶ _____ ▶ Employee's signature (This form is not valid unless you sign it.)		_____ Date

Employers Only	Employer's name and address	First date of employment	Employer identification number (EIN)

General Instructions

Section references are to the Internal Revenue Code.

Future Developments

For the latest information about developments related to Form W-4, such as legislation enacted after it was published, go to www.irs.gov/FormW4.

Purpose of Form

Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. If too little is withheld, you will generally owe tax when you file your tax return and may owe a penalty. If too much is withheld, you will generally be due a refund. Complete a new Form W-4 when changes to your personal or financial situation would change the entries on the form. For more information on withholding and when you must furnish a new Form W-4, see Pub. 505, Tax Withholding and Estimated Tax.

Exemption from withholding. You may claim exemption from withholding for 2022 if you meet both of the following conditions: you had no federal income tax liability in 2021 **and** you expect to have no federal income tax liability in 2022. You had no federal income tax liability in 2021 if (1) your total tax on line 24 on your 2021 Form 1040 or 1040-SR is zero (or less than the sum of lines 27a, 28, 29, and 30), or (2) you were not required to file a return because your income was below the filing threshold for your correct filing status. If you claim exemption, you will have no income tax withheld from your paycheck and may owe taxes and penalties when you file your 2022 tax return. To claim exemption from withholding, certify that you meet both of the conditions above by writing "Exempt" on Form W-4 in the space below Step 4(c). Then, complete Steps 1(a), 1(b), and 5. Do not complete any other steps. You will need to submit a new Form W-4 by February 15, 2023.

Your privacy. If you prefer to limit information provided in Steps 2 through 4, use the online estimator, which will also increase accuracy.

As an alternative to the estimator: if you have concerns with Step 2(c), you may choose Step 2(b); if you have concerns with Step 4(a), you may enter an additional amount you want withheld per pay period in Step 4(c). If this is the only job in your household, you may instead check the box in Step 2(c), which will increase your withholding and significantly reduce your paycheck (often by thousands of dollars over the year).

When to use the estimator. Consider using the estimator at www.irs.gov/W4App if you:

1. Expect to work only part of the year;
2. Have dividend or capital gain income, or are subject to additional taxes, such as Additional Medicare Tax;
3. Have self-employment income (see below); or
4. Prefer the most accurate withholding for multiple job situations.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you receive separate from the wages you receive as an employee. If you want to pay these taxes through withholding from your wages, use the estimator at www.irs.gov/W4App to figure the amount to have withheld.

Nonresident alien. If you're a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you (1) have more than one job at the same time, or (2) are married filing jointly and you and your spouse both work.

Option (a) most accurately calculates the additional tax you need to have withheld, while option (b) does so with a little less accuracy.

If you (and your spouse) have a total of only two jobs, you may instead check the box in option (c). The box must also be checked on the Form W-4 for the other job. If the box is checked, the standard deduction and tax brackets will be cut in half for each job to calculate withholding. This option is roughly accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld, and this extra amount will be larger the greater the difference in pay is between the two jobs.



Multiple jobs. Complete Steps 3 through 4(b) on only one Form W-4. Withholding will be most accurate if you do this on the Form W-4 for the highest paying job.

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required social security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. To do so, add an estimate of the amount for the year to your credits for dependents and enter the total amount in Step 3. Including these credits will increase your paycheck and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include income from any jobs or self-employment. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your paycheck, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 5, if you expect to claim deductions other than the basic standard deduction on your 2022 tax return and want to reduce your withholding to account for these deductions. This includes both itemized deductions and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from your pay **each pay period**, including any amounts from the Multiple Jobs Worksheet, line 4. Entering an amount here will reduce your paycheck and will either increase your refund or reduce any amount of tax that you owe.

Step 2(b)—Multiple Jobs Worksheet (Keep for your records.)



If you choose the option in Step 2(b) on Form W-4, complete this worksheet (which calculates the total extra tax for all jobs) on **only ONE** Form W-4. Withholding will be most accurate if you complete the worksheet and enter the result on the Form W-4 for the highest paying job.

Note: If more than one job has annual wages of more than \$120,000 or there are more than three jobs, see Pub. 505 for additional tables; or, you can use the online withholding estimator at www.irs.gov/W4App.

- 1 **Two jobs.** If you have two jobs or you're married filing jointly and you and your spouse each have one job, find the amount from the appropriate table on page 4. Using the "Higher Paying Job" row and the "Lower Paying Job" column, find the value at the intersection of the two household salaries and enter that value on line 1. Then, **skip** to line 3 1 \$ _____

- 2 **Three jobs.** If you and/or your spouse have three jobs at the same time, complete lines 2a, 2b, and 2c below. Otherwise, skip to line 3.
 - a Find the amount from the appropriate table on page 4 using the annual wages from the highest paying job in the "Higher Paying Job" row and the annual wages for your next highest paying job in the "Lower Paying Job" column. Find the value at the intersection of the two household salaries and enter that value on line 2a 2a \$ _____
 - b Add the annual wages of the two highest paying jobs from line 2a together and use the total as the wages in the "Higher Paying Job" row and use the annual wages for your third job in the "Lower Paying Job" column to find the amount from the appropriate table on page 4 and enter this amount on line 2b 2b \$ _____
 - c Add the amounts from lines 2a and 2b and enter the result on line 2c 2c \$ _____

- 3 Enter the number of pay periods per year for the highest paying job. For example, if that job pays weekly, enter 52; if it pays every other week, enter 26; if it pays monthly, enter 12, etc. 3 _____

- 4 **Divide** the annual amount on line 1 or line 2c by the number of pay periods on line 3. Enter this amount here and in **Step 4(c)** of Form W-4 for the highest paying job (along with any other additional amount you want withheld) 4 \$ _____

Step 4(b)—Deductions Worksheet (Keep for your records.)



- 1 Enter an estimate of your 2022 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income 1 \$ _____

- 2 Enter: $\left\{ \begin{array}{l} \bullet \$25,900 \text{ if you're married filing jointly or qualifying widow(er)} \\ \bullet \$19,400 \text{ if you're head of household} \\ \bullet \$12,950 \text{ if you're single or married filing separately} \end{array} \right\}$ 2 \$ _____

- 3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" 3 \$ _____

- 4 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information 4 \$ _____

- 5 **Add** lines 3 and 4. Enter the result here and in **Step 4(b)** of Form W-4 5 \$ _____

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person with no other entries on the form; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

Married Filing Jointly or Qualifying Widow(er)

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$110	\$850	\$860	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,020	\$1,770	\$1,870
\$10,000 - 19,999	110	1,110	1,860	2,060	2,220	2,220	2,220	2,220	2,220	2,970	3,970	4,070
\$20,000 - 29,999	850	1,860	2,800	3,000	3,160	3,160	3,160	3,160	3,910	4,910	5,910	6,010
\$30,000 - 39,999	860	2,060	3,000	3,200	3,360	3,360	3,360	4,110	5,110	6,110	7,110	7,210
\$40,000 - 49,999	1,020	2,220	3,160	3,360	3,520	3,520	4,270	5,270	6,270	7,270	8,270	8,370
\$50,000 - 59,999	1,020	2,220	3,160	3,360	3,520	4,270	5,270	6,270	7,270	8,270	9,270	9,370
\$60,000 - 69,999	1,020	2,220	3,160	3,360	4,270	5,270	6,270	7,270	8,270	9,270	10,270	10,370
\$70,000 - 79,999	1,020	2,220	3,160	4,110	5,270	6,270	7,270	8,270	9,270	10,270	11,270	11,370
\$80,000 - 99,999	1,020	2,820	4,760	5,960	7,120	8,120	9,120	10,120	11,120	12,120	13,150	13,450
\$100,000 - 149,999	1,870	4,070	6,010	7,210	8,370	9,370	10,510	11,710	12,910	14,110	15,310	15,600
\$150,000 - 239,999	2,040	4,440	6,580	7,980	9,340	10,540	11,740	12,940	14,140	15,340	16,540	16,830
\$240,000 - 259,999	2,040	4,440	6,580	7,980	9,340	10,540	11,740	12,940	14,140	15,340	16,540	17,590
\$260,000 - 279,999	2,040	4,440	6,580	7,980	9,340	10,540	11,740	12,940	14,140	16,100	18,100	19,190
\$280,000 - 299,999	2,040	4,440	6,580	7,980	9,340	10,540	11,740	13,700	15,700	17,700	19,700	20,790
\$300,000 - 319,999	2,040	4,440	6,580	7,980	9,340	11,300	13,300	15,300	17,300	19,300	21,300	22,390
\$320,000 - 364,999	2,100	5,300	8,240	10,440	12,600	14,600	16,600	18,600	20,600	22,600	24,870	26,260
\$365,000 - 524,999	2,970	6,470	9,710	12,210	14,670	16,970	19,270	21,570	23,870	26,170	28,470	29,870
\$525,000 and over	3,140	6,840	10,280	12,980	15,640	18,140	20,640	23,140	25,640	28,140	30,640	32,240

Single or Married Filing Separately

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$400	\$930	\$1,020	\$1,020	\$1,250	\$1,870	\$1,870	\$1,870	\$1,870	\$1,970	\$2,040	\$2,040
\$10,000 - 19,999	930	1,570	1,660	1,890	2,890	3,510	3,510	3,510	3,610	3,810	3,880	3,880
\$20,000 - 29,999	1,020	1,660	1,990	2,990	3,990	4,610	4,610	4,710	4,910	5,110	5,180	5,180
\$30,000 - 39,999	1,020	1,890	2,990	3,990	4,990	6,610	6,710	6,910	6,110	6,310	6,380	6,380
\$40,000 - 59,999	1,870	3,510	4,610	5,610	6,680	7,500	7,700	7,900	8,100	8,300	8,370	8,370
\$60,000 - 79,999	1,870	3,510	4,680	5,880	7,080	7,900	8,100	8,300	8,500	8,700	8,970	9,770
\$80,000 - 99,999	1,940	3,780	5,080	6,280	7,480	8,300	8,500	8,700	9,100	10,100	10,970	11,770
\$100,000 - 124,999	2,040	3,880	5,180	6,380	7,580	8,400	9,140	10,140	11,140	12,140	13,040	14,140
\$125,000 - 149,999	2,040	3,880	5,180	6,520	8,520	10,140	11,140	12,140	13,320	14,620	15,790	16,890
\$150,000 - 174,999	2,040	4,420	6,520	8,520	10,520	12,170	13,470	14,770	16,070	17,370	18,540	19,640
\$175,000 - 199,999	2,720	5,360	7,460	9,630	11,930	13,860	15,160	16,460	17,760	19,060	20,230	21,330
\$200,000 - 249,999	2,970	5,920	8,310	10,610	12,910	14,840	16,140	17,440	18,740	20,040	21,210	22,310
\$250,000 - 399,999	2,970	5,920	8,310	10,610	12,910	14,840	16,140	17,440	18,740	20,040	21,210	22,310
\$400,000 - 449,999	2,970	5,920	8,310	10,610	12,910	14,840	16,140	17,440	18,740	20,040	21,210	22,470
\$450,000 and over	3,140	6,290	8,880	11,380	13,880	16,010	17,510	19,010	20,510	22,010	23,380	24,680

Head of Household

Higher Paying Job Annual Taxable Wage & Salary	Lower Paying Job Annual Taxable Wage & Salary											
	\$0 - 9,999	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 39,999	\$40,000 - 49,999	\$50,000 - 59,999	\$60,000 - 69,999	\$70,000 - 79,999	\$80,000 - 89,999	\$90,000 - 99,999	\$100,000 - 109,999	\$110,000 - 120,000
\$0 - 9,999	\$0	\$760	\$910	\$1,020	\$1,020	\$1,020	\$1,190	\$1,870	\$1,870	\$1,870	\$2,040	\$2,040
\$10,000 - 19,999	760	1,820	2,110	2,220	2,220	2,390	3,390	4,070	4,070	4,240	4,440	4,440
\$20,000 - 29,999	910	2,110	2,400	2,510	2,680	3,680	4,680	5,360	5,360	5,730	5,930	5,930
\$30,000 - 39,999	1,020	2,220	2,510	2,790	3,790	4,790	5,790	6,640	6,840	7,040	7,240	7,240
\$40,000 - 59,999	1,020	2,240	3,530	4,640	5,640	6,780	7,980	8,860	9,060	9,260	9,460	9,460
\$60,000 - 79,999	1,870	4,070	5,360	6,610	7,810	9,010	10,210	11,090	11,290	11,490	11,690	12,170
\$80,000 - 99,999	1,870	4,210	5,700	7,010	8,210	9,410	10,610	11,490	11,690	12,380	13,370	14,170
\$100,000 - 124,999	2,040	4,440	5,930	7,240	8,440	9,640	10,860	12,540	13,540	14,540	15,540	16,480
\$125,000 - 149,999	2,040	4,440	5,930	7,240	8,860	10,860	12,860	14,540	15,540	16,830	18,130	19,230
\$150,000 - 174,999	2,040	4,460	6,750	8,860	10,860	12,860	15,000	16,980	18,280	19,580	20,880	21,980
\$175,000 - 199,999	2,720	5,920	8,210	10,320	12,600	14,900	17,200	19,180	20,480	21,780	23,080	24,180
\$200,000 - 449,999	2,970	6,470	9,060	11,480	13,780	16,080	18,380	20,360	21,660	22,960	24,250	25,360
\$450,000 and over	3,140	6,040	9,600	12,250	14,750	17,250	19,750	21,900	23,400	24,900	26,420	27,730

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MORTGAGE CREDIT CERTIFICATE PROGRAM

NOTICE OF CANCELLATION

Lender: _____

Applicant: _____ TDH#: _____

Subject Property Address: _____

TDHCA has received an MCC Compliance file on _____

Number of e-mails to Lender regarding outstanding deficiency _____

Date Notice sent to Lender _____

MCC Underwriter Certification? Yes No

In compliance with the Mortgage Credit Certificate Program, after several requests to address the outstanding deficiencies for the above MCC loan, this notice of cancellation is effective as of the date below. If these deficiencies are not remedied by the date below, TDHCA will not reinstate this loan and the issuance fee will be refunded back to your company.

Reason(s) for Cancellation:

- _____ Borrower is married – which means the NPS should have signed the Notice to Buyer; Applicant Affidavit
- _____ Affidavit of Seller – Not included with file
- _____ 3 years tax transcripts and/or signed tax returns were not included with the file 1003 reflects borrower married. (Hence NPS signature on Applicant Affidavit and Notice to Buyers)
- _____ 1003 and HUD-1 / Closing Disclosure were not included
- _____ Homebuyer Education Certificate of Completion
- _____ NPS needs to be added to eHousing system
- _____ Other

Effective Date of Cancellation: _____

By: _____

Name: _____

Title: _____