

MEMO

To: Housing Finance Authority of Broward County, Florida (HFA) Participating Lenders

Re: Mortgage Credit Certificate Program – Proposed Federal Tax Reform

Date: November 20, 2017

Dear Lenders:

Please be advised, the Mortgage Credit Certificate (MCC) program which provides benefits to first-time homebuyers and veterans by increasing home ownership affordability through a federal tax credit, is **proposed to be eliminated** by the United States Congress. The current draft of the tax legislation (H.R.1) will impact the availability of affordable housing programs serving both homeownership and rental markets. Should the tax legislation pass as proposed, it will eliminate the ability of housing finance agencies to issue MCCs on loans **after December 31, 2017**.

Each participating lender should anticipate how this proposed tax reform change may impact MCC-assisted loans not yet closed that are in its pipeline.

Due to the uncertainty of the proposed tax reform measures and the outcome of tax reform proposals, **we would recommend**, as a precaution:

- 1) Do not use the estimated MCC benefit for “qualifying purposes” at this time.
- 2) **Advise all customers IMMEDIATELY** of the proposed changes and the potential impact of the MCC no longer being available.
- 3) Advise customers that **if the MCC is not issued by the HFA on or before December 31, 2017 it will not be valid.**
- 4) As such, lenders using the MCC program are advised to have all **loans closed no later than December 22, 2017** and MCC **closing package** submitted to the HFA no later than December 27, 2017.
- 5) **In no instance can we guarantee the issuance of an MCC before the December 31, 2017** deadline due to volume, technical issues, and unforeseen circumstances outside of our control. We will however do everything we can to make it happen!

We appreciate your support in helping first-time homebuyers and veterans benefit from the MCC program. We will continue to monitor the progress of the proposed legislation and communicate updates as appropriate.

The current **legislation does not impact** MCCs currently issued and in circulation.

Please act quickly and advise customers (borrowers) of all potential impacts and ramifications.

Thank you,

Norman Howard
Housing Finance Authority of Broward County, Florida

