

**PROGRAM MANUAL
HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

Program Administered by:
Housing Finance Authority of Broward
County, Florida
110 N.E. 3rd Street, Suite 300
Ft. Lauderdale, FL 33301
(954) 357-4900

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM

TABLE OF CONTENTS

INTRODUCTION	1
DEFINITIONS	4
LOAN PROCESSING PROCEDURES AND PROGRAM ADMINISTRATION.....	7
A. Loan Origination and MCC Application.....	8
B. Review and Issuance of MCC Commitment Letter.....	10
C. Participant Loan Approval and Verification.....	11
D. Loan Closing and Submission of Final MCC Program Documents	11
E. Issuance of MCC	13
F. Suspended File; Resubmission of MCC Documents.....	13
G. Extensions of MCC Commitments	13
H. MCC Commitment Cancellations.....	13
I. MCC Commitment Amendments.....	14
J. Reissuance of MCC.....	14
K. Changes in Applicant’s Circumstances Prior to Closing.....	15
L. Record Keeping and Federal Report Filing.....	16
M. Revocation of MCCs	17
N. Curing Defects	17
O. Transfer of MCCs on Mortgage Assumptions	17
P. Post-Audit	17
Q. Notice of MCC Eligibility Denial	17
R. Recapture of MCC Tax Credit.....	18
S. Targeted Area Reservation	18
T. Qualified Veterans	18
APPLICANT AND LOAN APPROVAL REQUIREMENTS.....	18
A. Overview	18
B. Applicant Eligibility Requirements	19
C. Loan Requirements	22
EXHIBIT A - SCHEDULE OF PROGRAM FEES AND EXPENSES	A-1

APPENDICES

MCC Information Guide.....	Tab 1
MCC Worksheet.....	Tab 2
Request for MCC Commitment Letter.....	Tab 3
Mortgagor Affidavit	Tab 4
MCC Submission Cover Sheet	Tab 5
Program Income Affidavit.....	Tab 6
Seller/Builder Affidavit & GSE/Institutional Seller Affidavit.....	Tab 7
Certificate of Participant.....	Tab 8
Lending Best Practices Affidavit	Tab 9
Closing Affidavit.....	Tab 10
Notice of Potential Recapture Tax on Sale of Home	Tab 11
Program Extension Request Form.....	Tab 12
Notice of Denial of Eligibility for MCC	Tab 13
Affidavit of Cosigner/Guarantor	Tab 14
Refinancing of MCC Loan Application	Tab 15
Supplemental Instructions for Completing IRS Form W-4.....	Tab 16
Affidavit of Non-Occupying Spouse	Tab 17

PROGRAM MANUAL
HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM

INTRODUCTION

The Housing Finance Authority of Broward County, Florida (the "Authority") was duly created pursuant to the Florida Housing Finance Authority Law, Part IV, Chapter 159, Florida Statutes, as amended, and Ordinance No. 79-41 enacted by the Board of County Commissioners of Broward County on June 20, 1979, as amended (collectively, the "Act") for the purpose of alleviating a shortage of housing available at prices which many persons and families can afford.

The Authority is authorized by the Act to borrow money through the issuance of bonds for single family housing or, in lieu of issuing qualified mortgage bonds, to issue mortgage credit certificates to qualifying individuals.

The Authority has received private activity bond allocation for the issuance of single family mortgage revenue bonds. Pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), the Authority may make an election to issue mortgage credit certificates in lieu of the issuance of single family mortgage revenue bonds.

In furtherance of the purposes of the Act, the Authority has determined to implement a mortgage credit certificate program (the "Program") to assist persons of low and moderate income with the costs of acquiring and owning decent, safe and sanitary housing, and in connection therewith, has made an election under Section 25 of the Code to exchange \$140,000,000 of its private activity bond allocation for the Authority to issue mortgage credit certificates to persons of low and moderate income acquiring qualified owner-occupied residences.

Capitalized terms used in this Program Manual are defined under the caption "DEFINITIONS."

General Overview

A mortgage credit certificate (each an "MCC" and collectively or more than one (1), as the context requires, "MCCs") 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 not to exceed \$2,000.00 if the MCC rate exceeds twenty percent (20%). The MCC Rate may not be less than 10% and not greater than 50% and is subject to change from time to time. Thus, an Applicant with a \$150,000.00 mortgage and a thirty percent (30%) (assumed for purposes of this illustration) Mortgage Credit Certificate Rate would be eligible to receive a tax credit as follows:

Mortgage Amount:	\$150,000.00
Interest Rate:	4.5%*
Total Interest Paid:	\$6,700.00
First Year (Mortgage Credit Certificate Rate):	X 30%
Tax Credit:	\$2,000.00**
	*Assumed solely for illustration purposes
	**Maximum tax credit

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

During the first year of the Program, this Applicant would be entitled to a tax credit of \$2,000.00. 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 and have approximately \$166.00 per month in additional disposable income. Additionally, 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. (In the above example, the additional interest deduction would be approximately \$6,700.00 less \$2,000.00, or \$4,700.50)

The amount paid for an MCC is not refundable. 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 (3) years to be applied against future income tax liability. In addition, all or a portion of the MCC tax credit may be subject to recapture if the residence is sold within nine (9) years of purchase. This tax credit recapture is further explained in the Notice of Potential Recapture Tax on Sale of Home found at Tab 11 of this Program Manual.

Since the Authority will not make or hold these mortgages, the Authority 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 Participants participating in the Program. The Authority will receive executed certificates and Affidavits on each application from a Participant in order to determine eligibility for the Program. Participants will process mortgage loans of all types, using normal procedures, with additions to procedures at relevant points in order to satisfy Program requirements.

The volume of MCCs available in the Eligible Loan Area is determined by a procedure set forth in the Code. Under the Program, the Authority, as an issuer of mortgage revenue bonds, can trade \$1.00 of bond authority for \$0.25 of MCC authority. When the Authority initially elected to trade in \$140,000,000 of bond authority, it received \$35,000,000 of MCC authority. Each MCC uses up an amount of MCC authority equal to the amount of the mortgage loan multiplied by the MCC Credit Rate the Authority will allow (Presently established at not less than ten percent (10%) and not greater than fifty percent (50%)). An average \$150,000.00 mortgage amount uses up \$45,000.00 of MCC authority based on a thirty percent (30%) percent Mortgage Credit Certificate Rate. Based on this average MCC utilization rate, \$35,000,000 of MCC authority will serve approximately 778 Eligible Loan Area homeowners.

The Authority encourages all who believe they qualify to apply for an MCC at the offices of a Participant who can explain the Program, its requirements and its restrictions. Use of the MCC Information Guide and the MCC Worksheet included at Tab 1 and Tab 2, respectively, in this Program Manual can assist Participants and Applicants in determining whether or not an Applicant can qualify for the Program. The Participant 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 Participant must reject applicants who do not qualify under the restrictions of the Program.

\$7,000,000 of the MCC authority has been set aside for the first (1st) year of the Program to be used only 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 Authority, the Participant, 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 Authority may revise this Program Manual from time to time by issuing amendments hereto. The Authority will use its best effort to (i) maintain a list of parties who have received the Program Manual from the Authority, and (ii) keep an electronic mailing list so that any such amendments may be electronically mailed to them automatically. Note as the Program Manual will be readily available via the Authority's website and other means of distribution for which the Authority does not have information regarding the recipient, interested parties are encouraged to contact the Authority to assure inclusion within its electronic mailing list. Notwithstanding anything to the contrary in this Program Manual, the Authority shall in no way be liable for, and all parties on any such list described in this paragraph shall be considered to have waived any and all claims against the Authority for, the failure of the Authority to notify or send to such parties (i) any amendments to the Program Manual, and/or (ii) any information or developments pertaining to the Program Manual.

DEFINITIONS

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

Acquisition Cost. The term "Acquisition Cost" has the meaning given to that term 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. The cost of property such as furniture or appliances that are not fixtures under the laws of the State is not considered part of the Acquisition Cost unless the cost of acquiring such items is in excess of fair market value, in which case the amount of the excess must be included in the Acquisition Cost of the Residence. For example, if the Mortgagor agrees to purchase the refrigerator, washer and dryer from the Seller for \$1,000 more than the fair market value of such items, the additional \$1,000 must be included in the Acquisition Cost. In addition, if in connection with the purchase of a Residence the Mortgagor agrees to pay or assume liability for a debt of the Seller, the amount of such debt must be included as part of the Acquisition Cost. "Acquisition Cost" 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 Acquisition Cost); 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. For example, where the Applicant builds a Residence alone or with the help of Family members, the Acquisition Cost includes the cost of materials provided and work performed by subcontractors, whether or not related to the Mortgagor, but does not include the imputed cost of any labor actually performed by the Applicant or a member of the Applicant's Family in constructing the Residence. Similarly, where the Applicant purchases an incomplete Residence, the Acquisition Cost includes the cost of material and labor paid by the Applicant to complete the Residence, but does not include the imputed value of the Applicant's labor or the labor of the Applicant's Family in completing the Residence; (iii) the cost of land (other than land possessed under a Contract for Deed) which has been

owned by the Applicant for at least two (2) years prior to the date on which construction of the Residence begins and (iv) the amount of financing provided under a “qualified program” under Section 143(k)(10) of the Code, but only if the residence is located in a high housing cost area, as defined in Section 143(f)(5) of the Code.

This term is more fully described on Worksheet Two to the Mortgagor Affidavit contained at Tab 4 of this Program Manual. The Acquisition Cost Limits are set forth in Appendix A to the MCC Worksheet included as Tab 2 of this Program Manual.

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 or Mortgagor. 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 sixty (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 (3)-year period ending on the date of execution of the loan; provided, however, that the three (3)-year requirement does not apply to an Applicant who purchases a Residence located in a Targeted Area; (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 twenty-four (24) months of execution of the loan and having an original term not exceeding twenty-four (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 and who meets the criteria set forth in this Program Manual.

Authority. Housing Finance Authority of Broward County, Florida and its successors and assigns.

Eligible Loan Area. Broward County, Florida

Existing Housing. A Residence that has been previously occupied prior to loan commitment.

Family. Any person or persons living together not contrary to law, e.g. traditional families, two unmarried persons sharing the same Residence or a single person.

FICO Credit Score. A method of assessing credit risk based on the statistical probability of repayment of debt developed by Fair, Issac & Co. FICO Credit Scores assign relative risk rankings to applicants based on a statistical analysis of their credit histories. FICO Credit Scores range from 300 to 850.

Income. All income derived from whatever source of the Applicant and all members of the Family and anyone else who will occupy the Residence, calculated in accordance with Worksheet One to the Mortgagor Affidavit (Tab 4 of this Program Manual). The Income Limits are set forth in the MCC Information Guide.

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 unless the Mortgage Credit Certificate is equal to or less than twenty percent (20%).

Mortgage Credit Certificate Rate. For purposes of the Program, the Mortgage Credit Certificate Rate shall be not less than ten percent (10%) and not greater than fifty percent (50%). The Authority may, in its sole discretion and without advanced notice, change the Mortgage Credit Certificate Rate from time to time based on borrower demand and financial market conditions.

New Housing. A Residence 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.

Participant or Lender. An institutional lender regulated by state or federal law, or any other entity which in its regular course of business makes or facilitates the making of loans which would qualify for MCC assistance, is authorized to do business in the Eligible Loan Area, and who has entered into a 2018 MCC Program Participation Agreement with the Authority.

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. Housing Finance Authority of Broward County, Florida 2018 Mortgage Credit Certificate Program.

Program Manual. This Housing Finance Authority of Broward County, Florida 2018

Mortgage Credit Certificate Program, Program Manual, as revised and amended by the Authority from time to time.

Residence. The term “Residence” is more fully described in the Mortgagor Affidavit contained at Tab 4 of this Program Manual. A Residence includes a single-family house, condominium unit, multi-family dwellings of two (2), three (3) or four (4) units of which one is occupied by the Applicant or mobile home permanently affixed to real property. The term also includes any manufactured home which has a minimum of 400 square feet of living space and a minimum width of 102 inches and which is of a kind customarily used at a fixed location and permanently affixed thereto. The term Residence does not include recreational vehicles, campers, mobile 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.

State. The State of Florida.

Targeted Area. The Qualified Census Tracts identified in Appendix B to the MCC Worksheet (Tab 2 of this Program Manual) as it 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 Department of the Treasury (the “Treasury”) from time to time 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 Fannie Mae Conventional, Freddie Mac Conventional, FHA, VA, or USDA-RHS mortgage financing, or with the Authority’s prior written consent, other home mortgage financing allowed per the Program requirements at the mortgage lending institution of their choice participating in the Program before applying for an MCC. The initial Program requirements require a fixed-rate mortgage with a minimum term of fifteen (15) years.

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 Authority recognizes that there are procedural variations among the Participants; 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 Participant may in no event exceed the fees specified in this Program Manual. A Schedule of Program Fees and Expenses 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 Application

1. The Applicant applies for a loan from a Participant. The Participant may not accept an application from any of its employees nor any spouse or person related within the third degree of affinity (marriage) or consanguinity (blood) to any employee of the Participant.

2. The Participant gives the Applicant an MCC Information Guide that explains the Program and contains consumer information. (See Tab 1 of this Program Manual for the MCC Information Guide.) The MCC Information Guide is intended to (i) present certain facts to the Applicant concerning the restrictions, regulations, and prohibitions of the Program because of certain federal, state and Authority regulations, and (ii) 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 sole responsibility of the Participant to explain the terms and conditions of the Program to the Applicant, and to make sure that the Applicant receives a copy of the MCC Information Guide.

3. The Participant generally determines if the Applicant is a possible candidate for an MCC, based on preliminary indications of Income, Acquisition Cost, prior Ownership, tax liability, and other factors such as FICO Credit Scores. (Use of the MCC Worksheet found at Tab 2 of this Program Manual might be helpful in making this determination.)

4. No applications for an MCC under the Program can be taken from Applicants by Participants prior to December 1, 2018. All persons interested in making application for an MCC at a Participant must be considered on a first-come, first-served basis, and must have an application for a mortgage loan on file with the Participant. Participants must keep a log of all MCC applications received and the disposition of such applications.

5. As part of the loan application process, the Participant should have the Applicant sign the Mortgage Affidavit. (See Tab 4 of this Program Manual.) This document serves as the application and 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 Authority 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 a permissible exception applies).

- Area.
- (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 Acquisition Cost does not exceed the Acquisition Cost Limits.
 - (h) Certification that the Applicant was not forced to apply through a particular Participant.
 - (i) Certification that no interest is being paid to a related person.
 - (j) Acknowledgment by the Applicant that the MCC cannot be transferred without the prior written approval of the Authority in accordance with Program requirements.
 - (k) Certification that there are no allocations to particular developments as described in Treasury Regulation §1.25-3T(k).
 - (l) To the extent applicable, certificate of the Applicant's status as a Qualified Veteran.
 - (m) Acknowledgment by the Applicant that any material misstatement or fraud is made under penalty of perjury and the civil penalties provided herein.

As part of the loan application process, the Participant shall also confirm that the Acquisition Cost of the Residence certified to by the Applicant (see (g) above in this Section 5) in the Mortgage Affidavit (Tab 4 of this Program Manual) is consistent with the Acquisition Cost of the Residence provided by the Seller/Builder and/or GSE/Institutional Seller pursuant to Tab 7 attached to this Program Manual.

6. The Participant submits Request for MCC Commitment Letter (Tab 3 of this Program Manual), Mortgagor Affidavit with the four worksheets attached thereto (Tab 4 of this Program Manual) and the most recent three (3) years tax returns (if applicable) of Applicant to the Authority, along with the MCC Commitment Fee. The MCC Commitment Fee is non-refundable, and shall be paid by the Applicant, to the Participant, for payment to the Authority, on the Applicant's behalf. The MCC Commitment Fee may be adjusted from time to time by the Authority, in its sole discretion, without prior notice.

7. The Participant 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 16 of this Program Manual)

8. The Participant shall also provide the Applicant with the Notice of Potential Recapture Tax on Sale of Home (See Tab 11 of this Program Manual), which must be signed by the Applicant at or prior to closing.

9. A Participant may not remove a co-occupying spouse from an application for the purpose of qualifying the Applicant.

B. Review and Issuance of MCC Commitment Letter

1. The Authority reviews the Mortgagor Affidavit to determine whether or not it has been completed in accordance with this Program Manual and properly executed. The Authority will also approve Mortgagor Affidavits in the order of priority set forth herein.

2. If the Authority determines that the Mortgagor Affidavit is completed and has been properly executed, the Authority issues and sends to the Participant, by electronic mail, an MCC Commitment Letter within fifteen (15) business days of receipt of the Mortgagor Affidavit and Request for MCC Commitment Letter stating that the Applicant has been approved and that an MCC will be executed and delivered to the Applicant upon closing of the loan subject to completion of all of the remaining requirements of the Program.

3. The Authority will keep a running, cumulative-to-date total of MCC Commitments and MCCs issued, less the amount of any MCC Commitments which have expired or terminated. The MCC Commitment Letter will contain an expiration date of four months on a loan for New Housing and two months on a loan for Existing Housing.

4. When MCC Commitments have been issued under the Program which have effectively committed an aggregate total of seventy-five percent (75%) of the MCC authority for the Program, the Authority will prepare and use its best efforts to distribute a notice to all Participants and all other persons who subscribe to the Program Manual stating that seventy-five percent (75%) of the MCC authority has been utilized.

5. When MCC Commitments or MCCs have been issued under the Program which have effectively committed all of the MCC authority for the Program, the Authority shall hold each application received after such date on a waiting list in order of receipt without depositing the MCC Commitment Fee. Any such applications may be withdrawn at any time while they are on the waiting list prior to issuance of an MCC Commitment Letter. Once all of the MCC authority has been used, any remaining applications on the waiting list will be returned to the respective Participants for return to the respective Applicants.

6. MCC Commitments may not be transferred from one Participant to another. In the event an Applicant elects to change Participants, the MCC Commitment which has

been issued shall be revoked and a new application process must be commenced by the Applicant with the new Participant.

Notwithstanding anything to the contrary in this Program Manual, the issuance of an MCC Commitment only serves to reserve funding under the Program for a specific Applicant and does not entitle to the Applicant to an MCC until such time as all terms and requirements of the Program are satisfied in the sole judgement of the Authority.

C. Participant Loan Approval and Verification

1. The Participant requests the Applicant to supply the federal tax returns for the previous three (3) years to be included in the initial Request for MCC Commitment Letter (Tab 3 of this Program Manual) to the Authority along with the Mortgagor Affidavit. Such tax returns are not required for loans made in Targeted Areas or for an Applicant who is a Qualified Veteran.

2. The Participant performs normal loan approval or underwriting procedures.

3. The Participant 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 Participant 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.

4. In conjunction with the Participant's regular verification process, the Participant performs reasonable investigation as to whether the Program requirements have been met as required by regulations noted in the certificate of the Participant. Participants may verify these facts at different times and in various ways, depending upon the Participant's particular procedures for processing loans.

5. The Participant verifies that the Income Limits, Acquisition Cost Limits, and other non-credit Program requirements are met.

D. Loan Closing and Submission of Final MCC Program Documents

1. The Participant confirms that the MCC Commitment has not expired and closes the loan in the normal fashion with the Applicant.

2. Either the Participant or the closing agent submits to the Authority a completed and executed MCC Submission Package. (See Tab 5 of this Program Manual for the MCC Submission Cover Sheet and the list of MCC Submission Package exhibits.)

3. The MCC Submission Package 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

Authority. Original documents should be sent to the Authority, except as otherwise indicated. The eligibility of an Applicant shall be determined by the Participant. The Participant must review the MCC Submission Package 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.

4. The MCC Submission Package will specifically include the following documents:

(a) A Program Income Affidavit, with the required attachments, duly executed by the Applicant (See Tab 6 of this Program Manual for this document);

(b) The Seller/Builder Affidavit or GSE/Institutional Seller Affidavit, certifying the Acquisition Cost of the Residence and certain other matters contained therein (See Tab 7 of this Program Manual for these documents);

(c) A Certificate of Participant, certifying that the Participant has performed a reasonable investigation to make the required Program determinations (See Tab 8 of this Program Manual for this document). Further, by its submission, the Participant 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) The Closing Affidavit, executed by the escrow or closing agent or the Participant, attesting to the fact that the loan was closed and stating the final mortgage loan amount (See Tab 10 of this Program Manual for this document);

(e) The Notice of Potential Recapture Tax on Sale of Home, executed by the Applicant (See Tab 11 of this Program Manual for this document);

(f) The MCC Issuance Fee (subject to periodic revisions by the Authority, in its sole discretion, without prior notice), in the form of a check or money order made payable to the Authority is submitted with the Submission Package. The MCC Issuance Fee shall be paid by the Applicant, to the Participant, for payment to the Authority, on the Applicant's behalf. In addition to the MCC Issuance Fee and the other fees provided herein, the Participant may collect and retain at loan closing the MCC Handling Fee. 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. This requirement will be waived for Applicants who have owned a home within the past five (5) years; and

(h) The Lending Best Practices Affidavit, executed by the Participant (See

Tab 9 of this Program Manual for this document).

5. ALL DOCUMENTS MUST BE SUBMITTED TO THE AUTHORITY BY THE EARLIER OF (A) THIRTY (30) DAYS AFTER THE CLOSING DATE OR (B) WITHIN THIRTY (30) DAYS OF THE MCC COMMITMENT LETTER EXPIRATION DATE.

E. Issuance of MCC

The Authority confirms the completion of the Applicant's file, that the MCC Commitment Letter was issued, and that the loan was closed as evidenced by the MCC Submission Package, and that the Applicant has met the requirements for issuance of an MCC.

The Authority then forwards to the Applicant, with a copy to the Participant, an executed MCC dated as of the closing date of the loan. A copy of the MCC is retained by the Authority. No MCCs may be issued prior to December 1, 2018. No MCCs may be issued for loans having a closing date after December 31, 2020.

F. Suspended File; Resubmission of MCC Documents

If an MCC application or MCC Submission Package is incomplete or incorrect, the file will be suspended and the Participant will be given up to thirty (30) days from the date of initial contact by the Authority to submit missing and/or revised documentation (the "Initial Contact Date"). A Late Fee (described in Exhibit A to Program Manual) may be assessed to the Participant for MCC applications and/or MCC Submission Packages that remain incomplete or incorrect (as determined in the Authority's sole discretion) for more than thirty (30) days from the Initial Contact Date. Any resubmission of an MCC Application or MCC Submission Package that has been returned or denied by the Authority must include all information which the Authority has determined necessary for reconsideration. An MCC application or MCC Submission Package that is being submitted a second time will be reviewed in depth.

G. Extensions of MCC Commitments

1. In regard to any MCC Commitment Letter that is outstanding and a loan which will not close prior to the expiration date, an extension may be requested by the issuing Participant prior to the expiration date.

2. A two (2)-month extension will be given upon the Participant's submission of the Program Extension Request Form. (See Tab 12 of this Program Manual for a copy of the Program Extension Request Form.) Additional extensions may be granted if and when the Authority determines that extenuating circumstances exist. Expiration dates may be subject to additional federal requirements.

H. MCC Commitment Cancellations

The Participant should notify the Authority of any MCC Commitments to be canceled by submitting written notification to the Authority of same.

I. MCC Commitment Amendments

In the event of any change in the Residence address, increase in loan amount, or change in marital status of the Applicant which would necessitate the filing of an amended Mortgagor Affidavit and the revision of an MCC Commitment Letter, the Participant should submit a new Mortgagor Affidavit with the correct information and a cover letter referring to the MCC Commitment Number requesting a revision to the MCC Commitment.

J. Reissuance of MCC

The Authority 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 Authority 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 MCC credit 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 MCC 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 MCC rate of the original MCC.

(vii) Any additional requirements of the Code or Treasury regulations.

K. Changes in Applicant's Circumstances Prior to Closing

MCC Commitments are issued subject to the condition that all the requirements necessary for issuance of an MCC shall have been met prior to issuance of the MCC. The Participant must notify the Authority of any changes that affect the conditions under which the MCC Commitment was issued.

1. Changes in the Applicant's Financial Condition After Issuance of MCC Commitment and Prior to Closing

The eligibility of an Applicant for an MCC is based upon the Applicant's Annual Income and Family size, and the Authority will issue an MCC Commitment Letter based on such factors at that point in time. Changes in the Applicant's financial status or Family size occurring after the MCC Commitment Letter is issued will affect the validity of the MCC Commitment. Upward changes in annual Income, whether or not foreseen or predictable at the time of the issuance of the MCC Commitment and changes in the working status of a spouse from unemployed to employed will also affect the validity of an MCC Commitment. If the Applicant marries after issuance of the MCC Commitment Letter and prior to closing, the new spouse must satisfy the prior home Ownership requirements contained in the Mortgagor Affidavit, and the Participant must notify the Authority and submit a new Mortgagor Affidavit completed by both spouses with the MCC Submission Package. Any Income added to the Family Income previously declared because of a new spouse will affect the validity of the MCC Commitment.

2. Changes in Home Ownership Status, Acquisition Cost and Amount of Loan After Issuance of MCC Commitment Letter and Prior to Closing

If the Applicant acquires a present ownership interest in a Principal Residence prior to loan closing, the MCC Commitment will be revoked. If the total Acquisition Cost of the Residence purchased in connection with the MCC increases so as to exceed the Acquisition Cost Limitations set forth herein, the MCC Commitment will be revoked. If the amount of the loan increases, thereby causing an increase in the MCC credit amount, the Commitment will be revoked if the increase in MCC credit amount serves to increase the aggregate MCC credit amount of all MCCs issued by the Authority above the aggregate MCC credit limit imposed by law.

3. Other Changes in Circumstances After Issuance of MCC Commitment Letter and Prior to Closing; Post-Closing Changes in Circumstances

The MCC Commitment Letter is issued in reliance upon the Mortgagor Affidavit. The Participant must immediately notify the Authority in writing of any change in the circumstances upon which the MCC Commitment Letter was issued. If any other change of the circumstances upon which the MCC Commitment Letter was issued occur so that the MCC to be issued will not meet the requirements of a qualified MCC, the MCC Commitment

Letter will be revoked.

Following the loan closing, a spouse who previously satisfies the prior home Ownership requirements contained in the Mortgage Affidavit and ceases to occupy the Residence, shall complete an Affidavit of Non-Occupying Spouse. See the Affidavit of Non-Occupying Spouse at Tab 17 of this Program Manual.

L. Record Keeping and Federal Report Filing

1. For each calendar quarter (or such other period or frequency as may be required by Treasury regulations or any rules or laws to which the Authority is subject) during which the Authority 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 TIN (social security number or tax identification number) of the Authority.

(b) Date of election.

(c) The sum of the products of the certified indebtedness amount (loan amount), and the MCC rate, for each MCC issued.

(d) Name, address and TIN of each MCC holder where an MCC was revoked.

2. Annually (or such other period or frequency as may be required by Treasury regulations or any rules or laws to which the Authority is subject), the Authority must report to the Internal Revenue Service:

(a) The number of MCCs by Income and Acquisition Cost as required by IRS reporting regulations.

(b) The volume of MCCs by Income and Acquisition Cost as required by IRS reporting regulations.

3. For each calendar year (or such other period or frequency as may be required by Treasury regulations or any rules or laws to which the Authority is subject) during which it originates loans to Applicants obtaining MCCs, the Participant must file an annual report using IRS Form 8329. Prior to the filing deadline for such report, the Authority will assist in furnishing to the Participant the information in its records necessary for the Participant to complete IRS Form 8329.

4. For six (6) years, the Participant must retain:

(a) Name, address and TIN of each MCC holder.

(b) Name, address and TIN of the Authority.

(c) Date of loan, certified indebtedness amount, and MCC credit rate.

5. In January following each year during which MCCs are issued, the Authority 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.

M. 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.

N. Curing Defects

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

O. 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. Since an MCC will already be outstanding, an MCC Commitment Letter will not be issued, and all of the required Program documents will be submitted at one time with the MCC Submission Package. A single MCC Assumption Fee will be charged by the Authority in connection with such transfers, which fee may be adjusted from time to time by the Authority, in its sole discretion, without prior notice.

P. Post-Audit

The Authority may perform a random case post-audit of the Participant records.

Q. Notice of MCC Eligibility Denial

In the event a Participant determines that an Applicant is ineligible for an MCC Commitment or the issuance of an MCC, the Participant shall file a Notice of Denial of Eligibility for MCC form with the Authority. (See Tab 13 of this Program Manual for this document.) The Participant shall complete the Notice of Denial of Eligibility for MCC

stating the reason the Participant denied the Applicant's eligibility in the Program, and the Authority shall maintain a list of prospective Applicants that were denied eligibility in the Program.

R. Recapture of MCC Tax Credit

In the event an MCC holder sells his or her Principal Residence within nine (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 11 of this Program Manual for further information regarding tax credit recapture.

S. Targeted Area Reservation

For at least one (1) year after the commencement of the Program, the Authority will reserve twenty percent (20%) of the Authority's MCC authority for home mortgage loans in Targeted Areas. The Targeted Area reservation for the Authority's MCC Program equals \$7,000,000.

T. Qualified Veterans

A Qualified Veteran is exempt from the three (3)-year no prior home ownership requirement. The Qualified Veteran must (a) certify that he or she (i) has not previously obtained a mortgage loan financed by single family mortgage revenue bonds utilizing the exception set forth in Section 142(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, (b) complete Worksheet Four to the Mortgagor Affidavit (Tab 4) evidencing qualification as a veteran and (c) provide copies of discharge papers, if applicable.

APPLICANT AND LOAN APPROVAL REQUIREMENTS

A. Overview

For loans involving MCCs, the conventional 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 loan underwriting process is solely the responsibility of the Participant and the Authority does not direct or recommend any underwriting standards or practices. This statement is included solely for informational purposes.

The Applicant, Acquisition Cost 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, Participants and other parties to the transaction to complete and sign the appropriate Program documents and attest to their validity. The Participant will be required to submit certifications in which it will certify that, to the best of its knowledge, no material misstatements, appear in the Submission Documents. If the Participant becomes aware of misstatements, whether negligently or intentionally made, it must notify the Authority of such misstatements in writing immediately. The Authority reserves the right to take all appropriate actions including, if necessary, denial or revocation of the MCC. The Participant should also be aware, and inform the Applicant, that both federal and State 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, a Mortgagor Affidavit is required of each Applicant, and must be submitted to the Authority.

B. Applicant Eligibility Requirements

Similar to any normal mortgage loan, the Applicant must meet the credit and underwriting criteria established by the Participant 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 (3) 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 Participant must obtain from the Applicant an Affidavit to the effect that the Applicant had no Ownership interest in a Principal Residence at any time during the three (3)-year period prior to the date on which the loan is executed. This fact must be verified by the Participant through request for, and examination of, the Applicant's federal income tax returns for the preceding three (3) 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.

For purposes of the first-time homebuyer requirement, a Principal Residence includes a single-family house, condominium unit, mobile home, share of a housing cooperative, or occupancy of a unit in a two (2), three (3) or four (4) unit multi-family building owned by the Applicant. 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 Mortgagor Affidavit and provide the last three (3) years of federal income tax returns (or acceptable alternate exhibits — see below) attached to the Mortgagor Affidavit. In lieu of

actual copies of returns, Applicants who filed either 1040A or 1040EZ form income tax returns may substitute an original letter from the Internal Revenue Service stating the type of return filed by the Applicant for each tax year, the Applicant's filing status and adjusted gross income. To summarize this procedure as it applies to different cases:

(a) If the Applicant can produce copies of signed 1040A, 1040EZ or 1040 returns for the last three (3) years which show no deductions of interest or taxes for a Principal Residence, these forms must be submitted to the Participant and forwarded to the Authority with the Mortgagor Affidavit.

(b) In the event the Applicant has filed the 1040A or 1040EZ form for the preceding three years but cannot produce the signed copies of the returns, the Applicant may substitute an original tax account information letter from the Internal Revenue Service verifying the required facts.

(c) In the event the Applicant has filed the 1040 form for the preceding three years, completes and signs the other required Affidavits, but cannot produce the signed copies of the returns, the Authority will not issue the MCC until receipt of certified tax returns (including all schedules) from the IRS, which returns show the Applicant took no deduction of interest or taxes for a Principal Residence for the years in question. The certified tax returns can be requested from the IRS by the Applicant by using IRS Form 4506.

(d) In the unusual event the Applicant was not required by law to file federal income tax returns for any year during the preceding three (3) years, it will be necessary for the Applicant to so state on the Mortgagor Affidavit forwarded to the Authority by the Participant with the other Program documents.

(e) 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 Authority may, with respect to such year, rely on a Mortgagor 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. The Mortgagor Affidavit must be forwarded to the Authority with the Closing Affidavit and the other Program documents.

(f) If the loan is made in a Targeted Area or to a Qualified Veteran, the Applicant is not required to provide tax returns.

2. Principal Residence Requirement. The Applicant must use the Residence that involves the MCC as his or her Principal Residence. The Participant 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 (sixty (60) days) after the MCC is issued. This Affidavit further states that the MCC holder will notify the Participant and the Authority 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, among other circumstances, 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 Participant or the Authority 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 Authority.

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 \$1,000.00 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 \$10,000.00 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 Appendix A of the MCC Worksheet. These limits may be modified periodically.

7. Acquisition Cost Limits. Initially, the Acquisition Cost limits shall be as set forth in Appendix A of the MCC Worksheet, but these amounts are subject to revision 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 Acquisition Cost limits shall be made as of the date of issuance of the MCC. Any revisions of the Acquisition Cost limits by the Authority may rely on average area purchase price limitations published by the Treasury, the Authority, 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 by HUD-approved certified Homebuyer Education Providers, Online counseling offered via HUD-approved counseling agencies, and/or HUD-approved, Fannie Mae-approved or Freddie Mac-approved lender programs. The certificate of completion must be included in the Submission Package in order to satisfy this requirement. This requirement will be waived for Applicants who have owned a home within the past five (5) years.

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 twenty-four (24) months. The Participant 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 Participant 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 Participant 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 MCC, and any changes in federal, state or Authority policy that amends the requirements of the original MCC.

(c) Payment of the MCC Assumption Fee.

5. Term of Mortgage Loans. Each mortgage loan associated with an MCC shall have a fixed rate term equal to or greater than fifteen (15) years.

[REMAINDER OF DOCUMENT INTENTIONALLY LEFT BLANK]

EXHIBIT A TO PROGRAM MANUAL
SCHEDULE OF PROGRAM FEES AND EXPENSES

As of December 1, 2018; Subject to change by the
Authority, in its sole discretion, without prior notice

MCC Commitment Fee (non refundable) \$0.00

This non-refundable fee is submitted to the Authority with the Applicant's application through a Participant. Upon receipt of the fee and a qualifying application, the Authority will issue an MCC Commitment Letter.

MCC Issuance Fee \$175.00

This non-refundable fee is submitted to the Authority 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 Authority will issue an MCC to the borrower with a copy to the Participant.

MCC Handling Fee \$125.00

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

Program Participation Fee \$0.00

This one time, non-refundable fee is to be paid by the Participant and submitted with the 2018 MCC Program Participation Agreement to the Authority. The Participant's participation will be noted in all advertising and press releases concerning the Program, and Program Manual updates will be mailed to the Participant at no additional cost. The Program Participation Fee will be waived for Participants that have participated in one of the Authority's previous MCC Programs.

Late Fee \$75.00

This non-refundable fee may be charged to the Participant for (i) an MCC Submission Package that is sent to the Authority more than thirty (30) days after the date of closing, and/or (ii) the failure of the Participant to complete or correct (as determined in the sole discretion of the Authority) an incomplete or incorrect (as the case may be) MCC application and/or MCC Submission Package within thirty (30) days after initial contact by the Authority to submit missing and/or revised documentation.

MCC Reissuance Fee \$50.00

This non-refundable fee may be charged and retained by the Authority to compensate it for handling and processing the issuance of a reissued MCC pursuant to a mortgage refinancing.

MCC Assumption Fee

\$125.00

This non-refundable fee may be charged and retained by the Authority to compensate it for handling and processing the issuance of a new MCC pursuant to a loan assumption.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

MCC INFORMATION GUIDE

The Housing Finance Authority of Broward County, Florida (“Authority”) created its 2018 Mortgage Credit Certificate Program (the “Program”) for the residents of Broward County, Florida, to help make ownership of new or existing homes located in Broward County more affordable for individuals and families of low and moderate income. A Mortgage Credit Certificate (an “MCC”) increases a family's disposable income by reducing its federal income tax obligations. In order to participate in the Program, homebuyers must meet certain eligibility requirements, purchase a home and obtain a mortgage loan through a participating lender, a Program “Participant”. (Refer to the MCC Worksheet (Tab 2 of the Program Manual to which this MCC Information Guide is attached) to see if you meet the general requirements for participation in the Program.)

BACKGROUND - MORTGAGE CREDIT CERTIFICATES

What is a Mortgage Credit Certificate?

The mortgage credit certificate program was authorized by Congress in the 1984 Tax Reform Act as a means of providing housing assistance to families of low and moderate income. It is an alternative to the mortgage revenue bond (“MRB”) program.

The Mortgage Credit Certificate reduces the amount of federal income tax paid, giving more available income to qualify for a mortgage loan and assist with house payments.

Just as with mortgage revenue bonds, the MCC is (i) available to homebuyers who are first-time homebuyers (except as otherwise provided below), are buying their principal residence, and meet household income and home purchase price limits, and (ii) subject to recapture.

What does the MCC do?

The federal government allows each homeowner to claim an itemized income tax deduction for the amount of interest paid each year on a mortgage loan. A “deduction” reduces the amount of income that is taxed. The MCC program takes the mortgage interest paid and turns a portion of the interest paid into a “tax credit”. A “tax credit” is subtracted from the actual amount of federal tax for which the taxpayer is liable. A “tax credit” provides a dollar-for-dollar reduction in federal taxes owed. Since the credits apply for the life of the mortgage, MCC's can save homebuyers thousands of dollars as long as the certificate holder lives in the property as their principal residence. MCC's can be used with all loan types EXCEPT an MRB loan and a qualified veterans mortgage bond loan.

What is the MCC Rate?

The initial amount determined by the Authority of the MCC in this program is a rate of not less than ten percent (10%) and not greater than fifty percent (50%). The Authority reserves the right to amend the MCC rate. Such amendments would apply to those loans reserved after the amendment. After any such amendment, if funds are added to available proceeds as the result of loans not meeting the processing timelines, such funds will be available at the rate prescribed by the amendment.

What is the dollar amount of an MCC to the homeowner?

The amount of mortgage credit depends on the amount of interest paid on the mortgage loan. However, the amount of mortgage credit cannot exceed the amount of annual federal income tax liability. All or a portion of the unused mortgage credit may be carried forward for up to three years to offset future income tax liability.

What is the lender involvement?

Participants/lenders basically are making mortgage loans - just like they do every day. So a Mortgagor can use any of the lender products available, provided they meet the Program requirements (with the exception of MRB and qualified veterans mortgage bonds) in the marketplace. Participants retain the servicing on the loan. The Participant is responsible for, among other things, (i) filing an annual form for each year in which they originate loans with MCC benefits, and (ii) keeping certain records regarding the MCC. The annual form will be forwarded via email by the Authority for execution by the Participant.

How will a Mortgage Credit Certificate assist with the home purchase?

Based on a mortgage loan of \$150,000.00 originated on January 1, at an interest rate of four and one-half percent (4.5%) for thirty (30) years, in the first (1st) year the mortgage interest is approximately \$6,700.00. A Mortgagor receives a federal income tax credit of \$2,000.00 (maximum tax credit for MCCs in excess of twenty percent (20%) of mortgage interest paid). If annual federal income tax is \$2,000.00 or more after all other credits and deductions have been subtracted, Mortgagor receives the total benefit of the MCC. The balance of the interest paid, or approximately \$4,700.00 still qualifies as an itemized deduction in addition to the real estate taxes paid.

To receive immediate benefit from the MCC, Mortgagors file a revised W-4 withholding form, and their federal tax withholding would be reduced by \$166.00 per month (\$2,000.00 divided by 12). Mortgagors should consult their tax advisor prior to filing a revised W-4 withholding form.

If federal tax liability is less than \$2,000.00 (assume it is only \$1,500.00 for this example), then the federal income tax is reduced for that year by \$1,500.00. The other \$500.00 of unused credit may be claimed on tax returns within the next three (3) years.

For the loan in this example, the monthly payment of principal and interest is \$760.03. Reducing federal taxes with an MCC credit provides \$166.66 more in income each month to put toward the mortgage payment. From other sources the Mortgagor now needs \$593.37 (\$760.03 minus \$166.66 income from tax reduction) toward the \$760.03 monthly payment.

The benefit of the MCC is recognized by FHA, VA, mortgage insurers, etc. They all may have different formulas that allow the consideration of the MCC for underwriting purposes, but they all recognize the benefit.

Homebuyer Benefit

The MCC will reduce the amount of income taxes due to the federal government; however, the tax benefit cannot exceed the amount of federal taxes owed for the year after other credit and deductions have been taken. Instead, the tax credits can be carried forward three (3) years until used.

Mortgagors will have to adjust federal income tax withholding in order to receive the MCC benefit on a monthly basis. This adjustment is accomplished by the Mortgagor speaking to their payroll department at their place of employment. By reducing monthly withholding, they will have more disposable (after tax) income with which to make mortgage payments.

The benefit of the MCC program continues as long as the buyers continue to own and occupy the property.

What does the Homeowner have to do to claim the benefit with the IRS?

Each year the homeowner files Form 8396 with their federal income tax return. The form is available on the IRS website.

Special Rules

There are special rules regarding refinancing. The Mortgagor should contact the Participant (or their then-current lender if different from the Participant) prior to refinancing its existing mortgage loan.

These instructions are for your information only. The Housing Finance Authority of Broward County, Florida 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.

PROGRAM SUMMARY

Authority: Housing Finance Authority of Broward County, Florida

Program Administrator: Housing Finance Authority of Broward County, Florida

The Program: A Mortgage Credit Certificate (MCC) entitles the Mortgagor to a federal income tax credit. A tax credit represents a reduction of actual federal income taxes due. The Mortgagor may use the credit each year they continue to live in the home purchased in the Program as long as they have the mortgage loan.

Eligible Area: Broward County, Florida

Mortgagors: Each Mortgagor must be a first-time homebuyer. This requirement does not apply to Mortgagors (i) purchasing in a Targeted Area or (ii) receiving a qualified Home Improvement Loan or a qualified Rehabilitation Loan or (iii) who are Qualified Veterans.

Income Limits: Household income may not exceed 100% of median for 1-2 person households or 115% for 3 or more person households in non-Targeted Areas and 120% of median for 1-2 person households or 140% of median for 3 or more person households in Targeted Areas.

Qualified Property: The home purchased in the Program must be a one-to-four family residence. If a 2-4 unit dwelling, the buyer must occupy one of the units as its principal residence and the home must be at least five (5) years old. A home may be detached, one unit of a duplex, a townhouse or condominium unit. Manufactured housing qualifies if the unit has at least 400 square feet of living space, is more than 102 inches wide and is of a kind customarily used at a fixed location. It must be attached to real property. Land may not exceed that necessary to maintain basic livability.

Acquisition Limits: The acquisition limit (total sales price) cannot exceed 90% of the safe harbors for non-Targeted Areas and 110% for Targeted Areas.

Qualified Loans: Loans must be for the acquisition of property. Participating lenders may originate loans from their menu of loan options to Mortgagors and may be FHA, VA, USDA/RD or conventional loans which meet the Program requirements.

Targeted Areas: Census tracts 103.04, 204.12, 303.01, 304.02, 308.01, 414, 415, 416, 417, 503.09, 507.02, 603.02, 603.03, 603.04, 604.03, 1002.01, 1005.01, 1005.02 and 9800.*

*Subject to periodic adjustment by the United States Department of Housing and Urban Development and/or the United States Department of the Treasury.

Home Improvement Loans: Home Improvement Loans of up to \$15,000 must substantially improve or protect the livability or energy efficiency of the home, such as new or renovated plumbing or wiring, renovation of the kitchen, or a new or improved heating or cooling system. Swimming pools, tennis courts, hot tubs or other recreational or entertainment facilities do not qualify.

Qualified Rehabilitation: Qualified Rehabilitation Loans are acquisition and rehabilitation or rehabilitation of a home for which the buyer is the first (1st) resident following rehabilitation. In order for a rehabilitation loan to qualify, (a) there must be a period of at least twenty (20) years between the date on which the structure was first used and the date on which the physical work of rehabilitation began; (b) fifty percent (50%) or more of the existing external walls of the structure are retained in place as external walls in the rehabilitation process; (c) seventy-five percent (75%) or more of the existing external walls of the structure are retained in place as internal or external walls; (d) seventy-five percent (75%) or more of the existing internal structure framework of the structure is retained in place; and (e) the total expenditures for the rehabilitation equals twenty-five percent (25%) or more of the Mortgagor's "adjusted basis" in the residence.

Qualified Veteran: A Qualified Veteran means a person 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 or a loan which utilized an MCC program using the veteran's exception to the three (3)-year requirement set forth in Section 143(d)(2)(D) of the Code. The Qualified Veteran must provide true and correct copies of their discharge or release papers, which demonstrate that such discharge or release was other than dishonorable.

Program End Date: December 31, 2020

Occupancy: Mortgagors are required to occupy the property purchased in the Program within sixty (60) days of closing.

Recapture: Mortgage loans originated under the Program are subject to the recapture provision in accordance with Section 143(m) of the Internal Revenue Code. The recapture tax is similar to a prepayment penalty but is imposed by the IRS to recapture some of the cost savings realized by the homebuyer through the Program. Recapture tax may be imposed if the property is sold within nine (9) years of purchase, and the amount depends upon profit realized from the sale, but in no event will exceed fifty (50%) of the homeowner's gain on the sale or 6.25% of the origination loan amount. The amount of the tax also depends upon the level of increase in the homebuyer's income.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

MCC WORKSHEET

You may be eligible to receive from the HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA and your Participant, a TAX CREDIT that reduces your federal income taxes dollar for dollar and still be able to receive a tax deduction for the remaining portion of the interest paid on your home mortgage loan.

Generally, you qualify if you have not owned a home during the last three (3) years (unless the home you purchase is located in a Targeted Area or you are a Qualified Veteran) and can answer "Yes" to the following:

	Yes	No
1. Is your current annual gross income less than the applicable amount shown on Appendix A hereto?	_____	_____
2. Do you plan to occupy the home purchased within sixty (60) days of the loan closing?	_____	_____
3. Is the Acquisition Cost of your home less than the applicable amount shown on Appendix A hereto?	_____	_____
4. Can you produce copies of signed tax returns or tax transcripts for the last three (3) years or show that you filed either a 1040A or 1040EZ form of tax return or that you meet one of the exceptions referenced above to the first-time homebuyer requirement?	_____	_____
5. Have you completed a loan application with a Participant?	_____	_____

If you answered YES to all of these questions, you probably qualify for a Mortgage Credit Certificate.

PLEASE NOTE: Mortgage Credit Certificates cannot be used in connection with a loan refinancing the existing balance of a loan you already have (except an interim construction loan) or with a loan which is part of a tax-exempt or veterans' bond program.

Complete the following Mortgage Tax Credit Calculations:

Loan Amount	\$ _____
(times % interest rate of your loan)	X _____
Approximate Annual Interest	_____
(times MCC credit rate of __%*)	X _____
Approximate Annual Mortgage Tax Credit	\$ _____

PLUS, in addition to taking the Mortgage Tax Credit dollar for dollar from the federal income taxes you owe each year, under current tax laws, you also can deduct the interest paid on your loan each year (less an amount equal to the Mortgage Tax Credit) and your property taxes. If you think you qualify, go to your Participant for further information.

This worksheet is for informational purposes only and the calculation methodology may change over the course of the Program. You should consult your own tax advisor with respect to the federal income tax implications of an MCC to your particular situation.

**Subject to periodic adjustment.*

APPENDIX A

PROGRAM INCOME AND ACQUISITION COST LIMITS

As of June 27, 2018*

<u>Purchase Price Limit</u>	<u>Non-Targeted</u>	<u>AMFI*</u>	<u>Targeted</u>	<u>AMFI*</u>
One Unit	\$ 317,647		\$ 388,235	
Two Units	\$ 406,634		\$ 496,998	
Three Units	\$ 491,524		\$ 600,752	
Four Units	\$ 610,849		\$ 746,593	
Income Limits				
Families 1 or 2 Persons	\$ 80,800	100%	\$ 96,960	120%
Families 3 or More Persons	\$ 92,920	115%	\$ 113,120	140%

*Subject to periodic adjustment. Initial Area Median Family Income (AMFI) reflects high housing cost adjustment.

**APPENDIX B
TARGETED AREAS 2018 MCC PROGRAM**

The determination of the Qualified Census Tracts in Broward County was made by the United States Department of Housing and Urban Development and the United States Department of the Treasury based on criteria in the 2010 Census and Section 143 of the Internal Revenue Code. Neither the Housing Finance Authority of Broward County, Florida (the "Authority") or Broward County, Florida participated in the determination of the Qualified Census Tracts although the Participants and/or the Authority may rely thereon.

Qualified Census Tracts/Federally Designated Targeted Areas

Broward County, Florida Federally Designated Targeted Areas are identified as: **103.04, 204.12, 303.01, 304.02, 308.01, 414, 415, 416, 417, 503.09, 507.02, 603.02, 603.03, 603.04, 604.03, 1002.01, 1005.01, 1005.02 and 9800.***

*The Qualified Census Tracts listed above are subject to adjustment by the United States Department of Housing and Urban Development and/or the United States Department of the Treasury.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM
REQUEST FOR MCC COMMITMENT LETTER**

Date: _____ MCC Commitment Fee (\$0*)

Participant: _____

Participant Address: _____

Phone: _____ Fax: _____

Contact: _____ Email: _____

Applicant(s): _____

Soc. Sec. No. _____ Soc. Sec. No. _____

Property Address: _____

Property City: _____ Zip Code: _____

Loan Amount: _____ Census Tract: _____

Property: New/Existing Targeted Area: Yes/No

First-Time Homebuyer: Yes/No Qualified Veteran: Yes/No

Mortgage Term: _____ Years

Annual Income: _____ Applicable Annual Income Limit: _____

Acquisition Cost: _____ Applicable Limit on Acquisition Cost: _____

Anticipated Closing Date: _____

DOCUMENTS ENCLOSED:

- | | |
|---|--|
| <input type="checkbox"/> Mortgage Affidavit | <input type="checkbox"/> Three (3) Years Tax Returns |
| <input type="checkbox"/> Worksheet #1 | <input type="checkbox"/> Worksheet #3 |
| <input type="checkbox"/> Worksheet #2 | <input type="checkbox"/> Worksheet #4 |

The Housing Finance Authority of Broward County, Florida will issue an MCC Commitment Letter within fifteen (15) business days and will deliver via electronic mail the MCC Commitment Letter to the address listed above.

Housing Finance Authority of Broward County, Florida Phone: (954) 357-4900
110 N.E. 3rd Street, Suite 300 Ft. Lauderdale, FL 33301 Fax: (954) 357-8221
Attention: Norman Howard [Email: nhoward@broward.org](mailto:nhoward@broward.org)

*Subject to periodic adjustment by the Authority, in its sole discretion.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

MORTGAGOR AFFIDAVIT

STATE OF FLORIDA)

BROWARD COUNTY)

The undersigned Applicant (whether one or more), the proposed purchaser(s) or owner(s) of the Residence located in the Broward County, Florida described below (the "Residence") and an Applicant under the Housing Finance Authority of Broward County, Florida's ("Authority") 2018 Mortgage Credit Certificate Program (the "Program"), does hereby depose and say, under penalty of perjury and the civil penalties outlined herein, that each of the following statements are true, correct and complete in all respects:

1. **Income.** (a) My current Annualized Gross Income, when added to the aggregate current Annualized Gross Monthly Income of all persons who intend to reside with me in the Residence is _____. [See Worksheet One attached hereto].

(b) I agree to furnish true and accurate copies of federal income tax returns for the past three years, as signed and filed with the Internal Revenue Service, for myself and all persons intending to reside with me in the Residence. I hereby authorize the above Participant to review such returns to verify the statements set forth herein, and I hereby authorize the Authority and its agents to review such returns as may be necessary to process my application for a Mortgage Credit Certificate ("MCC") under the Program. In lieu of providing copies of tax returns, I may submit original tax account information letters from the Internal Revenue Service showing that I filed Form 1040A or 1040EZ tax returns for the years in question and stating my filing status and adjusted gross income. *Not applicable if the Residence is located in a Targeted Area or is a Qualified Veteran.*

2. **Tax Returns.** The following federal income tax return information is accurate for all persons intending to reside with me in the Residence described on the Mortgagor Affidavit:

CHECK WHICH APPLIES:

Attached are true and accurate copies of federal income tax returns for the past three years, as signed and filed with the IRS.

Attached is the original tax account information letter from the IRS verifying the type of returns filed, filing status and adjusted gross income for the past three (3) years. These

letters may be used in lieu of furnishing copies of tax returns for persons who filed either Form 1040A or 1040EZ tax returns.

I have not filed my Federal income tax return for the preceding year with the IRS. I am not entitled to claim deductions for taxes or interest in indebtedness with respect to property constituting my Principal Residence for the preceding calendar year. This statement may be furnished during the period between January 1 and February 15 when the loan has not yet been executed.

The loan is for a Residence located in a Targeted Area, and, as such, I am not required to provide copies of tax returns.

The loan is for a Qualified Veteran, and, as such, I am not required to provide copies of tax returns.

3. Family Size. The number of persons constituting my family who will reside in the Residence (together with any other persons who will reside in the Residence) is _____

4. Location of Residence. The Residence is located within Broward County, Florida.

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

_____ New Housing _____ Existing Housing

(b) The "Acquisition Cost" of the Residence (as determined in accordance with Worksheet Two attached hereto) is \$_____. I understand that the term "Acquisition Cost" includes: (i) all amounts paid either in cash or in kind, by me (or by a related party or for my benefit) to the Seller (or to a related party or for Seller's benefit) as consideration for the Residence; (ii) if the Residence is incomplete, the reasonable cost of completing it; and (iii) if the Residence is being purchased subject to a ground lease, the capitalized value of the ground rent. I understand further that "Acquisition Cost" does not include: (i) settlement and financing costs (such as title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and points paid by me (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 settlement and financing costs for a home mortgage loan in this area; or (ii) the value of any services to be performed by me or my family members (including brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants only) to complete the Residence; or (iii) the cost of the land on which the Residence is located if I owned such land at least two (2) years prior to the commencement of construction of the Residence.

(c) Worksheet Two attached hereto sets forth an accurate calculation of the "Acquisition Cost" of the Residence.

6. Principal Residence. (a) I intend to occupy the Residence as my “Principal Residence” within a reasonable time (not to exceed sixty (60) days) following the execution of the loan to provide financing on the Residence. I understand that the term “Principal Residence” means a home which, depending on all of the facts and circumstances (including the good faith intent of the occupant), is occupied by me primarily for residential purposes. I understand further that a “Principal Residence” does not include a home used as an investment property or a recreational home or a home which is used primarily in a trade or business (as evidence by the use of more than fifteen percent of the total floor space in a trade or business). I agree to notify the Authority immediately if at any time the Residence ceases to be my Principal Residence.

(b) I do not intend to claim, with respect to the Residence, any deductions pursuant to the Internal Revenue Code for expenses incurred in connection with the business use of a home.

7. Prior Ownership of a Residence. Either (a):

(i) I have not had a present ownership interest in a “Principal Residence” at any time during the three (3)-year period ending on the date of the execution of the loan. I understand that the term “Principal Residence” has the same meaning set forth in the preceding paragraph, and I understand further that 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 stockholder in a cooperative; a life estate, a land contract or contract for deed 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; but that “present ownership interest” does not include a remainder interest, a lease with or without an option to purchase, a mere expectancy to inherit, the interest that a person acquires upon the execution of a real estate purchase contract, or any interest in other than a “Principal Residence”;

(ii) Worksheet Three attached hereto sets forth an accurate statement of the places at which I have resided during the past three (3) years and an explanation of the rental or other arrangements under which I have resided at such places; and

(iii) My federal income tax returns for the past three (3) years, as signed and filed with the Internal Revenue Service, reflect that I have not claimed deductions during the past three (3) years for real property taxes or interest on a loan with respect to a “Principal Residence”; or

(b) The Residence is located in a Targeted Area.

(c) I am a Qualified Veteran.

8. Veteran Applicant. (a) I am a “veteran” (as defined in 38 U.S.C. Section 101)

who has not previously obtained a mortgage loan financed by single family mortgage revenue bonds utilizing the veteran exception set forth on Section 143(d)(2)(D) of the Internal Revenue Code as of 1986, as amended, as demonstrated on Worksheet Four attached hereto; and (b) attached hereto are true and correct copies of my discharge papers.

9. New Loan. Except as set forth below, the proceeds of the loan will not be used to replace an existing mortgage on the Residence to which I am a party or upon which I am an obligor. At no time prior to the date hereof have I been a party to a mortgage on the Residence (whether in the form of a deed of trust, conditional sales contract, pledge, agreement to hold title in escrow or other form of owner financing), other than a construction loan, construction bridge loan or other temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty-four (24) months from the date of execution of the loan and having an original term not exceeding twenty-four (24) months, which will be paid with the proceeds of the loan.

If the proceeds of the loan will be used to replace a construction loan, construction bridge loan or other temporary initial construction financing, describe such financing in the space below, specifying the source, purpose and the term of such financing:

10. Prohibited Mortgages. No portion of the loan on the Residence shall be provided from the proceeds of a qualified mortgage bond or a qualified veterans' mortgage bond.

11. Size of Property; Income from Property. The real estate associated with the Residence is not greater than the normal and usual size of a lot within the area and is not in excess of that necessary to maintain the basic livability of the Residence. I do not expect to derive any income from the real estate associated with the Residence.

12. Other Owners of Residence. There are no persons who have or who are expected to have a "present ownership interest" (as defined in paragraph 4 hereof) in the Residence following execution of the loan who have not executed this Affidavit or one substantially the same as this Affidavit.

13. Verification. I understand that the Participant, the Internal Revenue Service, Housing Finance Authority of Broward County, Florida and/or their authorized representatives, intend to conduct investigations in order to verify the truth and completeness of the statements set forth herein. I hereby agree to provide access to such information, past income tax returns, canceled checks or receipts evidencing payment of rent, utility statements, employment records and similar data, as may be necessary in connection with such verification procedures, and authorize the disclosure of such information to the parties listed above.

14. Revocation of MCC. I understand 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

me from participation in this Program, the MCC issued to me may be immediately revoked.

15. Qualification for Program. I qualify in all respects as an Applicant under the Program. I have been furnished a copy of the MCC Information Guide and am familiar with and understand the provisions of the Program.

16. No Other Applications. I have not made application to and been rejected by another Participant for an MCC under the Program for a loan similar in type and amount, and I have not been the recipient of an MCC under the Program.

17. Participant. I have not been required to seek financing for the purchase of the Residence through any particular Participant.

18. Assumption. I understand in the event that I sell this Residence at any time and desire to have my MCC transferred pursuant to the transfer provisions of the Program that (a) the person assuming my loan must qualify as an Applicant, (b) the "Acquisition Cost" may not exceed the maximum "Acquisition Cost" then applicable to Existing Housing, and (c) all other Program requirements must be satisfied, including without limitation, the payment of all applicable assumption fees.

19. Tax Credit Recapture. I understand in the event I sell this Residence within the nine (9) year period following the issuance of an MCC, all or a portion of the tax credit utilized under the Program will be subject to recapture pursuant to the provisions of Section 143(m) of the Internal Revenue Code.

20. Family Members. I further swear and affirm that I am not an employee of, nor am I the spouse of an employee of, the Participant or related within the third degree of affinity (marriage) or consanguinity (blood) to an employee of the Participant.

21. Interest to Related Persons. No interest on the loan is being paid to a "related person" to the Applicant, as that term is defined in Section 144(a)(3)(A) of the Internal Revenue Code and the regulations promulgated pursuant thereto. Such a "related person" does not have, and is not expected to have, an interest as a creditor in the loan.

22. Condition to Issuance of MCC. I understand that the Authority's ability to issue an MCC in connection with the mortgage loan is contingent upon the availability of funds at the time of reservation, including the requirement that the Authority has made an election with the IRS to issue MCCs.

23. Penalty. The statements set forth herein are made under penalty of perjury and the following civil penalties: Any material misstatement in any Affidavit or certificate 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 United States Department of the Treasury or the Internal Revenue Service of \$1,000.00; and any such material misstatement due to my fraud shall result in a civil penalty fee payable to the United States Department of the Treasury or

the Internal Revenue Service of \$10,000.00. I understand that perjury is a felony offense punishable by fine or imprisonment, or both.

24. Attachments. All documents attached hereto (and any documents submitted to supplement and/or complete the application) are true and correct and not misleading in any material respect.

[SIGNATURE PAGE TO FOLLOW]

Name(s) of Applicant:

Signature(s) of Applicant:

THE STATE OF _____)
COUNTY OF _____)

SUBSCRIBED AND SWORN to before me on this ____ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

**WORKSHEET ONE
CURRENT ANNUALIZED GROSS MONTHLY INCOME**

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

<u>Name</u>	<u>Relationship to Application</u>	<u>Ages</u>	<u>Social Security No.</u>

In determining gross monthly income, the income of the mortgagor(s) and anyone who is expected to live in the residence must be taken into account.

2. The name and address of the employer(s) of each of the above persons who is 18 years of age or older and his or her gross monthly income is as follows:

<u>First Name (from above)</u>	<u>Employer and Address</u>	<u>Gross Monthly Income*</u>
Total Income:		

The Annualized Gross Monthly Income for all of the above persons [the total gross monthly income from Section 2 above multiplied by twelve (12)] is \$____. [Insert this figure in the blank in Section 1(a) of the Mortgagor Affidavit.]

*Gross monthly income shall include all current or anticipated wages and salaries, over time

pay, part time employment compensation, commissions, fees, tips and bonuses, and other compensation for personal services, before payroll deductions, net income from the operation of a business or profession (without deducting expenditures for business expansion or amortization of capital indebtedness or an allowance for depreciation of capital assets), any interest, dividends, royalties, and other net income of any kind from any investment or from real or personal property (without deducting expenditures for amortization of capital indebtedness or an allowance for depreciation of capital assets), all income received from social security, annuities, insurance policies, retirement funds, pensions, Veterans Administration (VA) compensation, disability, or other benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of periodic payments, payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay, the maximum amount of welfare assistance or any other form of public assistance available to the above persons, periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the Residence, all regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the Residence) who is the head of the household or spouse or other person whose dependents' are residing in the Residence, and any earned income tax credit to the extent it exceeds income tax liability.

**WORKSHEET TWO
ACQUISITION COST**

1. Amount paid for the Residence, in cash or in kind, by Applicant to the Seller (including any amount which Seller is required to pay as a real estate commission or loan discount points): _____

2. Amount paid for the Residence, in 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, including the cost of any necessary alterations or improvements (specify the nature of such alterations or improvements): _____

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. Total Acquisition Cost: _____

(Total of Lines 1, 2, 3, and 4)[Insert this figure in Paragraph 5(b) of the Mortgagor Affidavit]:

**WORKSHEET THREE
PRIOR RESIDENCES**

[NOT REQUIRED FOR A RESIDENCE LOCATED IN A TARGETED AREA OR FOR A QUALIFIED VETERAN]

Provide residential history for the previous three (3)-year period. During the last three (3) years I have either:

(1) Lived as a tenant at the following address(es) for the following periods of time:

Address: _____ Landlord: _____

City: _____ From: _____

Phone No.: _____ To: _____

(Include area code)

Address: _____ Landlord: _____

City: _____ From: _____

Phone No.: _____ To: _____

(Include area code)

Address: _____ Landlord: _____

City: _____ From: _____

Phone No.: _____ To: _____

(Include area code)

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

(2) Lived with the following members of my family (without having a "present ownership interest" in the Residence) at the following address(es) for the following period(s) of time:

Name(s) of family members: _____

Relationship: _____

Address: _____ City: _____

_____ Phone No:

_____ From:

_____ To:

(Mo/Yr)

(Mo/Yr)

**WORKSHEET FOUR
FOR QUALIFIED VETERANS ONLY**

Qualification as "Veteran"
within the meaning of 38 U.S.C. Section 101

In order to qualify as a "veteran" within the meaning of 38 U.S.C. Section 101, both (1) and (2) below must be satisfied.

I certify that the following is true:

(1) Applicant must have served in the active military, naval or air service in one of the following capacities (must mark (a), (b) or (c)):

(a) **Active duty** in one of the following manners:

- (i) full-time duty (other than active duty for training) in the Armed Forces (United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including the reserve components thereof);
- (ii) full-time duty (other than for training purposes) as a commissioned officer of the Regular or Reserve Corps of the Public Health Service (on or after July 29, 1945, or before that date if under circumstances affording entitlement to "full military benefits");
- (iii) full-time duty as a commissioned officer of the National Oceanic and Atmospheric Administration or its predecessor the Coast and Geodetic Survey (on or after July 29, 1945, or before that date if while on transfer to one of the Armed Forces or if while assigned to duty on a project for one of the Armed Forces in an area determined by Secretary of Defense to be of immediate military hazard during time of war or national emergency declared by President or if in the Philippine Islands on December 7, 1941 and continuously in such islands thereafter; or
- (iv) service as a cadet in the United States Military, Air Force or Coast Guard Academy, or as a midshipman at the United States Naval Academy; or
- (v) authorized travel to or from such duty or service listed in (a)(i) through (iv) above.

- (b) **Active duty for training** in one of the following manners if the member was disabled during such period from a disease or injury incurred or aggravated in the line of duty (specifically excludes any duty performed as a temporary member of the Coast Guard Reserve):
 - (i) full-time duty for training purposes in the Armed Forces Reserves (Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, Coast Guard Reserve, Army National Guard of the United States and Air National Guard of the United States);
 - (ii) full-time duty for training purposes as a commissioned officer of the Reserve Corps of the Public Health Service (on or after July 29, 1945, or before that date if under circumstances affording entitlement to "full military benefits";
 - (iii) full-time duty for members of the Army National Guard or Air National Guard of any State under Title 32, Section 316 (detail of members of Army National Guard for rifle instruction of civilians), Section 502 (required drills and field exercises), Section 503 (participation in field exercises), Section 504 (National Guard schools and small arms competitions), or Section 505 (Army and Air Force schools and field exercises);
 - (iv) duty performed as a member of a Senior Reserve Officers' Training Corps program when ordered to such duty for the purposes of training or a practice cruise under Chapter 103 of Title 10 for a period of not less than 4 weeks and which must be completed by the member before the member is commissioned; or
 - (v) authorized travel to or from such duty listed in items (b)(i) through (iv) above.

- (c) **Inactive duty training** in one of the following manners if the member was disabled during such period from an injury incurred or aggravated in the line of duty or from an acute myocardial infarction, a cardiac arrest or a cerebrovascular accident occurring during such training (specifically excludes any work or study performed in connection with correspondence courses, attendance at an educational institution in an inactive status or duty performed as a temporary member of the Coast Guard Reserve):
 - (i) duty (other than full-time duty) prescribed for Reserves (Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, Coast Guard Reserve, Army National Guard of the United States,

Air National Guard of the United States and commissioned officers of the Reserve Corps of the Public Health Service) by the Secretary concerned under Section 206 of Title 37 or any other provision of law;

- (ii) special additional duties authorized for Reserves (Army Reserve, Naval Reserve, Marine Corps Reserve, Air Force Reserve, Coast Guard Reserve, Army National Guard of the United States, Air National Guard of the United States and commissioned officers of the Reserve Corps of the Public Health Service) by an authority designated by the Secretary concerned and performed by them on a voluntary basis in connection with prescribed training or maintenance activities of the units to which they are assigned; or
 - (iii) training (other than active duty for training) by a member of, or applicant for membership (as defined in Section 8140(g) of Title 5) in the Senior Reserve Officers' Training Corps prescribed under Chapter 103 of Title 10.
- (2) Applicant has been discharged or released from the service referenced in (1) above under conditions other than dishonorable, including retirement or the satisfactory completion of the period of active military, naval or air service required if, due to enlistment or re-enlistment, discharge or release at the time of such completion was not awarded but was earned and would have been awarded under conditions other than dishonorable.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY,
FLORIDA 2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

MCC SUBMISSION COVER SHEET

Date: _____

Applicant: _____

Soc. Sec. No. _____

Property Address: _____

Property City/Zip Code: _____

MCC Commitment Number: _____

MCC Commitment Expiration Date: _____

Purchase Price: _____

Loan Amount: \$ _____

Loan Maturity Date: _____

Type of Loan: _____ VA _____ FHA _____ Conventional _____ USDA-RHS

Participant: _____

Participant Contact: Phone: _____

Email: _____

Fax: _____

Participant Loan Reference Number: _____

% of AFMI _____ Family Size: _____

Property Type:

- | | | | |
|--------------------------|------------------------|--------------------------|------------|
| <input type="checkbox"/> | Single Family Detached | <input type="checkbox"/> | Town House |
| <input type="checkbox"/> | Manufactured Housing | <input type="checkbox"/> | Condo |

Documents Submitted (check applicable):

_____	Program Income Affidavit
_____	Seller/Builder Affidavit or GSE/Institutional Seller Affidavit
_____	Certificate of Participant
_____	Lending Best Practices Affidavit
_____	Closing Affidavit
_____	Notice of Potential Recapture Tax on Sale of Home
_____	Settlement Statement (HUD-1)
_____	Credit Analysis Worksheet
_____	Certificate of Completion of approved pre-purchase homebuyer education course, if applicable

The following fee(s) must be submitted with the MCC Submission Package, which fee(s) is/are payable by check or money order to the Housing Finance Authority of Broward County, Florida (the "Authority").

MCC Issuance Fee - \$175.00*

Late fee, if required - \$75.00*

Housing Finance Authority of Broward County, Florida
110 N.E. 3rd Street, Suite 300
Ft. Lauderdale, FL 33301
Attention: _____
Telephone: (954) 357-4900

*Subject to periodic adjustment by the Authority, in its sole discretion.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE**

PROGRAM INCOME AFFIDAVIT

The undersigned Applicant (whether one or more) under the Housing Finance Authority of Broward County, Florida's ("Authority") 2018 Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury and the civil penalties provided herein, that each of the following statements are true, correct and complete in all respects:

1. Current Income. Attached is a true and correct copy of the credit analysis worksheet, or comparable instrument (the "Credit Analysis Worksheet"), prepared by the Participant in determining my gross monthly income. I hereby certify that the gross monthly income stated on the Credit Analysis Worksheet is a true and accurate statement of my income and the income of all persons age 18 or older who intend to reside with me in the Residence, except as noted below [indicate in the space provided any additional monthly income not stated on the Credit Analysis Worksheet such as alimony, child support, income of other adult family members, etc.]:

My total annualized gross monthly income (twelve (12) times the sum of my gross monthly income stated on the Credit Analysis Worksheet and any additional monthly income stated above) is \$ _____

2. All documents attached hereto (and any documents submitted to supplement and/or complete the application) are true and correct and not misleading in any material respect.

3. 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 United States Department of the Treasury or the Internal Revenue Service of \$1,000.00; and any such material misstatement due to my fraud shall result in a civil penalty fee payable to the United States Department of the Treasury or the Internal Revenue Service of \$10,000.00. I understand that perjury is a felony offense punishable by fine or imprisonment, or both.

Name(s) of Applicant: _____

Signature(s) of Applicant: _____

STATE OF FLORIDA)
BROWARD COUNTY)

SUBSCRIBED AND SWORN to before me on this ___ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

MCC Commitment No: _____

Applicant: _____

Participant: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

SELLER/BUILDER AFFIDAVIT

The undersigned, the proposed Seller (whether one or more) of a Residence located in the Eligible Loan Area described below (the "Residence") to the above Applicant for which a Mortgage Credit Certificate is being sought under the Housing Finance Authority of Broward County, Florida's ("Authority") 2018 Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury, that each of the following statements are true, correct and complete in all respects:

1. Location of Residence. The Residence is located within Broward County, Florida (the "Eligible Loan Area") at: _____
(Property Address)

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

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

_____ a newly constructed Residence which has never been occupied;

_____ or an existing Residence which has been occupied previously;

_____ or incomplete or under construction; or

_____ located on leased land.

The "Acquisition Cost" to the Applicant (as determined in accordance with the Acquisition Cost Worksheet attached hereto) is \$_____. I understand that the term "Acquisition Cost" includes:(a) all amounts paid either in cash or in kind, by the Applicant (or by a related party or for the benefit of the Applicant) to me (or to a related party or for my

benefit) as consideration for the Residence; (b) if the Residence is incomplete, the reasonable cost of completing it; and (c) if the Residence is being purchased subject to a ground lease, the capitalized value of the ground rent. I understand further that "Acquisition Cost" does not include: (i) settlement and financing costs (such as title and transfer fees, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and points paid by the Applicant (but not points paid by me) and other similar costs) but only to the extent that such amounts do not exceed the usual and reasonable settlement and financing costs for a home mortgage loan in this area; or (ii) the value of any services to be performed by the Applicant or the Applicant's family members (include the Applicant's brothers and sisters (whether by whole or half blood), spouse, ancestors and lineal descendants only) to complete the Residence; or (iii) the cost of the land on which the Residence is located if the Applicant owned such land at least two (2) years prior to the commencement of the construction of the Residence.

(b) The Worksheet attached hereto sets forth an accurate calculation of the "Acquisition Cost" of the Residence to the Applicant.

4. Verification. I understand that the above Participant, the Internal Revenue Service, Housing Finance Authority of Broward County, Florida and/or their respective authorized representatives, may conduct investigations in order to verify the truth and completeness of the statements set forth herein. I hereby agree to provide access to such information, including my records pertaining to the Residence, as may be necessary in connection with such verification procedure.

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

Name(s) of Seller: _____ Signature(s) of Seller: _____

STATE OF FLORIDA)
BROWARD COUNTY)

SUBSCRIBED AND SWORN to before me on this ___ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

**ACQUISITION COST
WORKSHEET**

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, including the cost of any necessary alterations or improvements (specify the nature of such alterations or improvements): _____

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. Total Acquisition Cost: _____

(Total of Lines 1, 2, 3, and 4) [Insert this figure on Page 1 of the Seller/Builder Affidavit to which this Acquisition Cost Worksheet is attached]:

MCC Commitment No: _____

Applicant: _____

Participant: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

GSE/INSTITUTIONAL SELLER AFFIDAVIT

The undersigned, the proposed Seller of a Residence located in the Eligible Loan Area described below (the "Residence") to the above Applicant for which a Mortgage Credit Certificate is being sought under the Housing Finance Authority of Broward County, Florida's ("Authority") 2018 Mortgage Credit Certificate Program, does hereby depose and say, under penalty of perjury, that each of the following statements are true, correct and complete in all respects:

1. Location of Residence. The Residence is located within Broward County, Florida (the "Eligible Loan Area") at: _____

(Property Address)

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

_____ a newly constructed Residence which has never been occupied;

_____ or an existing Residence which has been occupied previously;

_____ or incomplete or under construction; or

_____ located on leased land.

The "Acquisition Cost" to the Applicant is \$_____ (as determined in accordance with the Acquisition Cost Worksheet attached hereto). All consideration exchanged between the parties in connection with the purchase and sale of the Residence shall be reflected on the HUD-1 settlement statement signed by the parties at the closing of the transaction.

Name(s) of Seller: _____

Signature(s) of Seller: _____

STATE OF FLORIDA)
BROWARD COUNTY)

SUBSCRIBED AND SWORN to before me on this ___ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

**ACQUISITION COST
WORKSHEET**

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, including the cost of any necessary alterations or improvements (specify the nature of such alterations or improvements): _____

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. Total Acquisition Cost: _____

(Total of Lines 1, 2, 3, and 4) [Insert this figure on Page 1 of the GSE/Institutional Seller Affidavit to which this Acquisition Cost Worksheet is attached]:

MCC Commitment No: _____

Applicant: _____

Participant: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

CERTIFICATE OF PARTICIPANT

I, the undersigned authorized officer of the above Participant, do hereby certify, represent and warrant to the Housing Finance Authority of Broward County, Florida (the "Authority"), that:

1. I have read the Mortgagor Affidavit of the above Applicant, the Program Income Affidavit, and the Closing Affidavit, and, if applicable, the Seller/Builder Affidavit or GSE/Institutional Seller Affidavit and the Notice of Potential Recapture Tax on Sale of Home which were executed in connection with the Mortgage Credit Certificate Application made by the above Applicant and submitted to the Authority. Prior to the execution of such documents, I reviewed the contents thereof with the Applicant, and if applicable, the Seller and the closing agent, respectively.

2. (a) Attached is a true and correct copy of the credit analysis worksheet, or similar document, prepared in connection with the subject loan. The credit analysis worksheet accurately reflects the information the Participant has obtained concerning the gross monthly income of the Applicant, and the Participant has complied with the requirements of the Program Manual in verifying the accuracy of such information.

(b) Based upon the credit analysis worksheet, the additional income, if any, disclosed by the Applicant on the Program Income Affidavit and the Participant's review of the Applicant's federal income tax return, Form W-2 or verification of income from third parties such as employers or state agencies paying unemployment compensation, to the Participant's best knowledge and belief, the Applicant's annualized gross monthly income, when added to the aggregate annualized gross monthly income of all persons who intend to reside with the Applicant in the Residence, is \$_____. The Participant certifies that such amount is within the required limit set forth in the Program Manual and MCC Information Guide

3. The Residence is located within Broward County, Florida.

4. I have conducted or have caused to be conducted an investigation regarding the truth of the facts set forth in such Affidavits, the nature of which investigation is as follows: (DESCRIBE DETAILS OF INVESTIGATION)

5. **NOTE: This Paragraph 5 shall be deleted in its entirety in the case of an Applicant who is (i) acquiring a Residence in a Targeted Area, or (ii) a Qualified Veteran.** The investigation described in paragraph 4 hereof complies with the requirements of the Program Manual, and such investigation included an examination of copies of income tax returns for the past three (3) years provided by the Applicant which were filed with the Internal Revenue Service (or tax account information letters from the Internal Revenue Service covering such years), and the returns or information furnished indicated that during the preceding three (3) years the Applicant did not claim deductions for taxes or interest on indebtedness with respect to the real property constituting a Principal Residence of the Applicant. [In the event that the Applicant was not required to file a federal income tax return for all three of the years preceding the execution of the loan, the Participant must make sure that the Program Income Affidavit executed by the Applicant states that fact.]

6. No facts have come to my attention as a result of such investigation or otherwise which would cause me to disbelieve or doubt the truth of the Mortgagor Affidavit of the above Applicant or the Program Income Affidavit, or, if applicable, the Seller/Builder Affidavit or the Closing Affidavit, or any portion of any of such Affidavits.

7. All terms used herein shall have the respective meanings assigned to them in the Program Manual.

8. The Participant has not originated a loan for the Residence for an employee of the Participant or a person related within the third degree of affinity (marriage) or consanguinity (blood) of said employee.

9. The loan is secured by a valid lien on a Residence, which, to the knowledge of the Participant is occupied by or is to be occupied by the Applicant as his or her Principal Residence, is made in accordance with the Program Manual, and is not for the purpose of refinancing any existing loan on any such property (other than a construction period loan, construction bridge loan, or similar temporary initial construction financing initially incurred for the sole purpose of acquiring the Residence and initially incurred within twenty-four (24) months of execution of the loan and having an original term not exceeding twenty-four (24) months).

10. The fees and charges collected by the Participant for the loan are in compliance with the Program Manual. The amounts collected by the Participant to reimburse the Participant for reasonable and customary charges paid or incurred for hazard or mortgage insurance premiums, surveys, title insurance, appraisal fees, abstract and attorneys' fees, recording or registration charges, escrow fees, file preparation fees, application fees, credit reports, and similar charges do not exceed the reasonable and customary amounts charged by the Participant for mortgage loans not made in connection with the Program.

11. To the best knowledge of the Participant, the Applicant has not conveyed the Applicant's right, title or interest to or in the property to any party other than a trust for the benefit of such Applicant and/or members of such Applicant's immediate family.

12. No portion of the financing of the Residence has come from the proceeds of qualified mortgage bonds or qualified veterans' mortgage bonds.

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

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 20__.

Participant

By: _____

Name: _____

Title: _____

MCC Commitment No: _____

Applicant: _____

Participant: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

LENDING BEST PRACTICES AFFIDAVIT

To help protect consumers from abusive lending practices, the Housing Finance Authority of Broward County, Florida (the "Authority") is promoting anti-predatory lending policies for the loans originated under the Authority's 2018 Mortgage Credit Certificate Program (the "MCC Program"). The Authority identifies and promotes responsible lending practices that help borrowers become successful, long-term homeowners. The Authority is committed to working with responsible Participants serving the needs of borrowers with less-than-perfect credit.

The following is a summary of the Authority's lending guidelines, based on lending guidelines promulgated by Fannie Mae and Freddie Mac, for the MCC Program:

- **Suitability** -- For loans originated under the MCC Program, the Authority expects that borrowers will receive the best mortgage rate available, and commensurate with the borrowers' overall risk profile, at the time of the borrowers' loans.
- **Steering** -- For loans originated under the MCC Program, the Authority expects that Participants will have determined the borrower's ability and willingness to repay the mortgage debt regardless of the underwriting method the Participant uses. In addition, Participants should have practices and procedures to offer mortgage applicants the full range of products for which they qualify, and should specifically avoid the steering of borrowers to high-cost products that are designed for less creditworthy borrowers if the applicants can qualify for lower-cost products. Similarly, consumers who seek financing through a Participant's higher-priced subprime lending channel should be offered (or directed toward) the Participant's standard mortgage product line if they are able to qualify for one of the standard products.
- **Excessive Fees** -- Participants should have their own guidelines and policies that address the fees that originators and brokers can charge a borrower when a mortgage is originated and should apply those policies consistently. For loans originated under the MCC Program, the points and fees charged to a borrower should not exceed five percent (5%) of the loan amount.
- **Prepaid Single Premium Credit Life Insurance Policies** -- For loans originated under the MCC Program, the Authority will not permit any mortgages for which a prepaid single-premium credit life insurance policy was sold to the borrower in connection with the origination of the mortgage loan, regardless of whether the premium is financed in the mortgage amount or paid from the borrower's funds. This does not apply to credit life

insurance policies that require separately identified premium payments on a monthly or annual basis or to prepaid hazard, flood, or mortgage insurance policies.

- Prepayment Penalties -- Fannie Mae will only consider allowing prepayment penalties under the terms of a negotiated contract, and where the Participant adheres to the following criteria: a mortgage that has a prepayment penalty should provide some benefit to the borrower (such as a rate or fee reduction for accepting the prepayment premium); the borrower also should be offered the choice of another mortgage product that does not require payment of such a premium; the terms of the mortgage provision that requires a prepayment penalty should be adequately disclosed to the borrower; the prepayment penalty should not be charged when the mortgage debt is accelerated as the result of the borrower's default in making his or her mortgage payments, and prepayment penalty terms shall not exceed three years.
- Full-file Credit Reporting – The Authority believes that it is important for a borrower's entire payment history to be reported to the credit repositories since that gives a borrower who has a good payment record more opportunities to obtain new financing (and better mortgage terms) when the need arises. Therefore, Participants must report on the status of any MCC loan that they are servicing each month to the credit repositories.
- Servicing Practices -- Servicers maintain escrow deposit accounts for the monthly deposit of funds to pay taxes, ground rents, mortgage insurance premiums, etc. The Authority suggests the use of escrow accounts for borrowers with blemished credit records to protect them from additional risk of default.

By its execution below, the undersigned Participant certifies compliance with the Authority's lending policy described above in connection with the referenced MCC Commitment.

NAME OF PARTICIPANT

By: _____

Name: _____

Title: _____

Date: _____

MCC Commitment No: _____

Applicant: _____

Participant: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM
CLOSING AFFIDAVIT**

THE STATE OF FLORIDA)
BROWARD COUNTY)

The undersigned, in connection with the Housing Finance Authority of Broward County, Florida's (the "Authority") 2018 Mortgage Credit Certificate Program, hereby certifies, with respect to the closing of the loan pertaining to the Residence purchased or owned by the above Applicant, that the attached closing statements are true and correct copies of the closing statements prepared and delivered in connection with the following transaction:

SELLER/BUILDER: _____

PURCHASER: _____

LENDER: _____

PROPERTY: _____

FINAL MORTGAGE
LOAN AMOUNT: _____

REFINANCING: _____NO _____YES¹

LENDER OR CLOSING AGENT

(Name of Firm)

By: _____

Name: _____

Title: _____

SUBSCRIBED AND SWORN to before me on this ___ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

¹ For refinancings, the Participant or Closing Agent, as applicable, certifies that \$_____ is the outstanding balance on the loan associated with the existing MCC.

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

NOTICE OF POTENTIAL RECAPTURE TAX ON SALE OF HOME

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

Because you are receiving a Mortgage Credit Certificate in connection with your mortgage loan, you are receiving the benefit of a credit against your federal income taxes. If you sell or otherwise dispose of your home during the next nine (9) years, this benefit may be recaptured and you may have to pay back all or a part of the federal mortgage subsidy you received by increasing your federal income tax for the year in which you sold or disposed of your home. The recapture applies, however, only if you sell your home at a gain and your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the Internal Revenue Service at the time you sell your home to determine the amount, if any, of the recapture tax. Along with this Notice of Potential Recapture, you are being given additional information necessary to calculate the recapture tax.

**NOTICE TO MORTGAGOR OF MAXIMUM RECAPTURE TAX AND OF METHOD TO
COMPUTE RECAPTURE TAX ON SALE OF HOME**

A. Introduction.

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

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

- (a) You dispose of your home later than nine (9) years after you close your mortgage loan;
- (b) Your home is disposed of as a result of your death;
- (c) You transfer your interest in your home to your spouse or to your former spouse incident to a divorce and no gain or loss is included in or deducted from your income on your federal income tax return; or
- (d) You dispose of your home at a loss.

B. Maximum Recapture Tax. The Maximum Recapture Tax that you may be required to pay as an addition to your federal income tax is \$_____. This amount is 6.25% of the highest principal amount of your mortgage loan and is your "federally subsidized amount" with respect to the loan.

C. Actual Recapture Tax. The actual recapture tax, if any, can only be determined when you sell your home, and is calculated in the manner set forth in Part II of IRS Form 8828, Recapture of Federal Mortgage Subsidy (attached as Page 3 to this Tab 11), as may be amended by the Department of Treasury from time to time.

D. Limitations and Special Rules on Recapture Tax.

(1) If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture taxes as if you had sold your home for its fair market value at the time of the disposition.

(2) If your home is destroyed by fire, storm, flood or other casualty, there generally is no recapture tax if, within two (2) years after the end of the tax year when the destruction happened, you replace the home (for use as your principal residence) on the original site of the home financed with your original federally subsidized mortgage loan.

(3) In general, except as provided in future regulations, if two (2) or more persons own a home and are jointly liable for the federally subsidized mortgage loan, the actual recapture tax is determined separately for each person based on the interest of each in the home.

(4) If you repay your loan in full or refinance other than with reissuance of an MCC within the first four (4) years after you close your subsidized mortgage loan and you sell or otherwise dispose of your home during the nine (9)-year recapture period, your holding period percentage may be reduced under the special rule in Section 143(m)(4)(C)(ii) of the Internal Revenue Code.

(5) Other special rules may apply in particular circumstances. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 143(m) of the Internal Revenue Code generally.

Received by Applicant On: _____

Applicant's Signature

Applicant's Signature

Form 8828 (Rev. March 2010) Department of the Treasury Internal Revenue Service (50)	Recapture of Federal Mortgage Subsidy ▶ Attach to Form 1040. ▶ See separate instructions.	OMB No. 1545-0074 Attachment Sequence No. 64
--	---	--

Name(s)	Social security number (as shown on page 1 of your tax return)
---------	--

Part I Description of Home Subject to Federally Subsidized Debt

1 Address of property (number and street, city or town, state, and ZIP code)

2 Check the box that describes the type of federal subsidy you had on the loan for your home.

a Mortgage loan from the proceeds of a tax-exempt bond

b Mortgage credit certificate

Note. If neither box applies, you are not subject to recapture tax on the sale or other disposition of your home. **Do not** complete this form.

3 Name of the bond or certificate issuer

	State Political subdivision (city, county, etc.)	Agency, if any
--	--	----------------

4 Name and address of original lending institution

5 Date of closing of the original loan

	Month	Day	Year
--	-------	-----	------

Note. If the date of closing of the loan was before January 1, 1991, recapture tax does not apply. **Do not** complete this form. If you (1) checked the box on line 2b (mortgage credit certificate), (2) refinanced your home, and (3) received a reissued mortgage credit certificate, see **Refinancing your home** on page 1 of the instructions.

6 Date of sale or other disposition of your interest in the home

	Month	Day	Year
--	-------	-----	------

7 Number of years and full months between original closing date (line 5) and date of sale or disposition (line 6):

	Years	Full months
--	-------	-------------

8 Date of full repayment of the original loan including a refinancing other than one for which a replacement mortgage credit certificate was issued (see instructions)

	Month	Day	Year
--	-------	-----	------

Part II Computation of Recapture Tax

9 Sales price of your interest in the home sold or disposed of (see instructions)	9	
10 Expenses of sale. Include sales commissions, advertising, legal fees, etc.	10	
11 Amount realized. Subtract line 10 from line 9	11	
12 Adjusted basis of your interest in the home sold or disposed of (see instructions)	12	
13 Gain or (loss) from sale or disposition. Subtract line 12 from line 11. If a loss, stop here and attach this form to your Form 1040. You do not owe recapture tax	13	
14 Multiply line 13 by 50% (.50)	14	
15 Modified adjusted gross income (see instructions)	15	
16 Adjusted qualifying income (see instructions)	16	
17 Subtract line 16 from line 15. If zero or less, stop here and attach this form to your Form 1040. You do not owe recapture tax	17	
18 Income percentage. If the amount on line 17 is \$5,000 or more, enter "100." Otherwise, divide the amount on line 17 by \$5,000 and enter the result as a percentage. Round to the nearest whole percentage	18	%
19 Federally subsidized amount (see instructions)	19	
20 Holding period percentage (see instructions)	20	%
21 Multiply line 19 by the percentage on line 20	21	
22 Recapture amount. Multiply line 21 by the percentage on line 18	22	
23 Tax. Enter the smaller of line 14 or line 22. Also, include this amount on the line for total tax on Form 1040. For details, see the Instructions for Form 1040	23	

MCC Commitment No: _____
Applicant: _____
Participant: _____
Original Expiration Date: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE**

PROGRAM EXTENSION REQUEST FORM

The above Applicant and Participant are hereby requesting a two (2)-month extension of the MCC Commitment referenced above.

The undersigned Applicant and Participant certify that this is the first Program Extension Request Form submitted concerning the above-referenced MCC Commitment or, if any prior extensions have been granted, attached hereto is a description of the extenuating circumstances necessitating this Request sworn to by the Applicant before a notary public.

DATED: _____

Applicant(s): _____

(Participant)

By: _____
Name: _____
Title: _____

THIS EXTENSION REQUEST FORM MUST BE SUBMITTED RECEIVED BY THE HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA PRIOR TO THE EXPIRATION DATE OF THE MCC COMMITMENT.

ISSUANCE OF EXTENSION

The above referenced MCC Commitment is hereby extended to _____.

**HOUSING FINANCE AUTHORITY OF
BROWARD COUNTY, FLORIDA**

By: _____

Name: _____

Date: _____

Title: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

NOTICE OF DENIAL OF ELIGIBILITY FOR MCC

To: Housing Finance Authority of Broward County, Florida
110 N.E. 3rd Street, Suite 300
Ft. Lauderdale, FL 33301
Attention: Norman Howard

Applicant: _____

Soc. Sec. No.: _____

Residence Address: _____

Has an MCC Commitment Letter been issued? Yes No

If Yes, what is the MCC Commitment #: _____

In compliance with the Mortgage Credit Certificate Program Manual, this Notice of Denial of Eligibility for MCC is being provided to the Housing Finance Authority of Broward County, Florida (the "Authority"). The above named Applicant has been determined to be ineligible for the issuance of an MCC under the Authority's 2018 Mortgage Credit Certificate Program (the "Program") for the following reasons [check all that apply]:

_____ Loan withdrawn by applicant or will not close using an MCC.

_____ Applicant's current ANNUALIZED GROSS MONTHLY INCOME exceeds the Program income limits.

_____ The ACQUISITION COST of the Residence exceeds the applicable Program limits.

_____ Applicant does not meet the FIRST-TIME HOMEBUYER requirement or an exception thereto.

_____ Applicant's mortgage will be funded from a QUALIFIED MORTGAGE BOND or a QUALIFIED VETERANS' MORTGAGE BOND program.

_____ The loan proceeds will be used to REPLACE AN EXISTING MORTGAGE (other than a construction period loan or bridge loan or similar temporary financing on the Residence).

_____ The SIZE OF THE PROPERTY is greater than the normal and usual size of a lot in the area and in excess of that necessary for the basic livability of the Residence.

_____ Applicant intends to derive INCOME FROM THE REAL ESTATE associated with the Residence.

This information is being tendered to the Authority for the sole purpose of compliance with the Program Manual and is not to be used for any other purpose.

DATED: _____

(Participant)

By: _____

Name: _____

Title: _____

Name of Applicant: _____

Social Security No: _____

Reference No: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM
AFFIDAVIT OF COSIGNOR/GUARANTOR**

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT.
READ IT CAREFULLY BEFORE SIGNING.**

THE STATE OF _____)
COUNTY OF _____)

I, the undersigned, an obligor on a note (the "Note") made in connection with a mortgage loan (the "Mortgage Loan") in the amount of \$_____ from _____ the ("Participant") under the Housing Finance Authority of Broward County, Florida's 2018 Mortgage Credit Certificate Program, hereby certify that I am executing the Note solely for purposes of providing additional security for the Mortgage Loan.

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

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

Cosigner/Guarantor

Date

THE STATE OF _____)
COUNTY OF _____)

SUBSCRIBED AND SWORN to before me on this _day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM
REFINANCING OF MCC LOAN APPLICATION
(REQUEST FOR NEW MCC)**

Borrower(s): _____

Residence Address: _____

MCC Commitment Number: _____

Balance Owed on Original Loan: \$ _____

New Loan Amount: \$ _____

Original Loan Amount: \$ _____

Refinanced Loan Maturity: _____

Closing Date of Refinancing: _____

Participant: _____

Participant Loan Reference: _____

Attachments: Original Mortgage Credit Certificate (keep a copy for your files).

Copy of closing statement

MCC Reissuance Fee - \$50.00*

The undersigned borrower (whether one or more), being the owner(s) of the above residence (the "Residence"), and the holder of a Mortgage Credit Certificate (the "MCC") issued in connection with the Housing Finance Authority of Broward County, Florida's 2018 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. (You may not refinance points, insurance premiums, taxes or other closing costs as part of your new loan amount unless permitted by federal law or regulation.)

4. **MCC Credit Rate.** The new MCC will be at the same credit rate as the original MCC.

*Subject to periodic adjustment by the Authority, in its sole discretion.

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 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 United States Department of the Treasury or the Internal Revenue Service of \$1,000.00, and any such material misstatement due to my fraud shall result in a civil penalty fee payable to the United States Department of the Treasury or the Internal Revenue Service of \$10,000.00. I understand that perjury is a felony offense punishable by fine or imprisonment, or both.

Signature(s) of Borrower:

THE STATE OF _____)
COUNTY OF _____)

SUBSCRIBED AND SWORN to before me on this ___ day of _____, 20__.

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

ATTACH THE ORIGINAL MCC CERTIFICATE AND A COPY OF YOUR CLOSING STATEMENT TO THIS FORM AND MAIL TO:

Housing Finance Authority of Broward County, Florida
110 N.E. 3rd Street, Suite 300
Ft. Lauderdale, FL 33301
Attention: Norman Howard

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM
SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING IRS FORM W-4**

The MCC tax credit, at ___% (subject to periodic adjustment), is very similar to the credit which may be taken for child or dependent care expenses which ranges from twenty percent (20%) to thirty percent (30%) depending upon income. Although a separate line on the W-4 form is not provided for the MCC credit, you may use line G for this purpose.

If you anticipate at least \$1,500.00 of mortgage interest during the year, you may enter "1" on line G. If you anticipate paying more than \$3,000.00 in mortgage interest during the year, you may enter "2" on line G. 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 is included solely for illustrative purposes and shows how you might calculate the amount of mortgage interest you will pay during the year:

Mortgage balance at beginning of year:	\$150,000.00
Interest rate on mortgage loan:	4.50%
Estimated annual interest paid:	\$6,700.00
Mortgage Term:	30 Years

The actual amount of interest paid will be somewhat smaller because with each monthly payment your mortgage balance normally decreased during the year.

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 ___% of your mortgage interest (depending on 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. If you have any questions concerning completion of the form, your payroll clerk should be able to assist you.

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 Form 8396 and file it with your tax return.

These instructions are for your information only. The Housing Finance Authority of Broward County, Florida 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.

Name of Applicant: _____

Social Security No: _____

MCC Commitment No: _____

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
2018 MORTGAGE CREDIT CERTIFICATE PROGRAM**

AFFIDAVIT OF NON-OCCUPYING SPOUSE

**THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS LEGAL AFFIDAVIT.
READ IT CAREFULLY BEFORE SIGNING.**

I, the undersigned, an obligor on a note (the "Note") made in connection with a mortgage loan (the "Mortgage Loan") in the amount of \$_____ from _____ ("Participant") under the Housing Finance Authority of Broward County, Florida's 2018 Mortgage Credit Certificate Program, hereby certify that I have executed the Note solely for purposes of complying with the State of Florida law pertaining to a married couple.

I further certify that I have no other financial or ownership interest in the property being purchased, which is located at _____ (the "Property") and subject to the Mortgage Loan. I also certify that I reside at _____ and have no intention to and will not occupy the Property as a permanent residence.

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

Non-Occupying Spouse:

Name

Signature

Date

THE STATE OF _____)
COUNTY OF _____)

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

Notary Public, State of Florida
(typed or Printed Name)
My Commission Expires:

EXHIBIT "C"

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
MORTGAGE CREDIT CERTIFICATE PROGRAM, SERIES 2018
MORTGAGE CREDIT CERTIFICATE

This Mortgage Credit Certificate No. _____ is issued effective _____, by the Housing Finance Authority of Broward County, Florida (the "Authority") whose address is 110 Northeast Third Street, Suite 210, Fort Lauderdale, Florida 33301, Tax Identification Number 59-2269454, to:

Name(s): _____

Soc. Sec. Nos.: _____

Address: _____

THE MORTGAGE CREDIT RATE IS _____ PERCENT (___%).

Pursuant to the closing certificate as of the date below, the CERTIFIED INDEBTEDNESS AMOUNT with respect to which this Certificate is issued is \$_____.

The EXPIRATION DATE of this Certificate, which is also the date such indebtedness matures is _____.

The AVERAGE AREA PURCHASE PRICE applicable to the Residence is \$_____.

The ACQUISITION COST of the Residence with respect to which this Certificate is issued is \$_____.

The Residence with respect to which this Certificate is issued is (check one): located in a Targeted Area, being purchased by a Qualified Veteran, or is not located in a Targeted Area.

The Certificate holder meets the requirements of Internal Revenue Code §25(c)(2)(A)(iii)(IV), relating to income, and I, the undersigned, certify under penalties of perjury that I have determined to the best of my ability that this Certificate meets the following requirements, as applicable: Treasury Regulations §1.25-3T(d), relating to residence; §1.25-3T(e), relating to ownership interests within the 3-year prior period; §1.25-3T(f), relating to acquisition costs; §1.25-3T(g), relating to new mortgages; §1.25-3T(i), relating to prohibited mortgages; §1.25-3T(j), relating to particular lenders; §1.25-3T(k), relating to allocations to particular developments; and §1.25-3T(n), relating to interest paid to related persons and whether the Residence in connection with which this Certificate is issued is a Targeted Area Residence.

This Certificate may be transferred only after issuance of a new Certificate by the Authority.

Housing Finance Authority of Broward County, Florida

By: _____

Ralph Stone, Executive Director

Date: _____

(FORM OF CERTIFICATE)
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: a) if the MCC rate is equal to or less than twenty percent (20%), the rate listed within the MCC times the annual interest paid on the mortgage loan or b) if the rate is greater than twenty percent (20%), the lesser of: i) the MCC rate times the annual interest paid on the mortgage loan described on the face of this MCC or ii) \$2,000.00. 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 (3) 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 sixty (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 of this MCC 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 fifteen percent (15%) of the total floor space in a trade or 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 (3)-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 consisting of two (2), three (3) or four (4) units 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 participating in the Program (“Participant”). The decision to make a loan is completely within the discretion of the Participant to whom the application for a mortgage loan is submitted. The Authority 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 twenty-four (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 (in writing) the Authority and the Participant 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. The Income Limits may be subject to adjustment at any time.

ACQUISITION COST LIMITS. The acquisition cost 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.

TRANSFERABILITY. This MCC is not assumable and is transferable only upon application to the Authority. As a condition precedent to the Authority’s consideration of the MCC holder’s transfer of the MCC, 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 and all 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 (i.e., You may not refinance points, insurance premiums, taxes or other costs as part of your new loan amount), unless (i) otherwise permitted by federal law or regulation, and (ii) such excess in the refinancing loan amount is reviewed and approved by Bond counsel acceptable to the Authority.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

EXHIBIT "D"
MORTGAGE CREDIT CERTIFICATE COMMITMENT LETTER

MCC Commitment No.: _____
Expiration Date: _____
Applicant: _____
Participant: _____
Loan Amount: _____

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
MORTGAGE CREDIT CERTIFICATE PROGRAM, SERIES 2018

TO THE ABOVE APPLICANT AND LENDER:

An Application in the form of an Affidavit of Applicant and related documentation for the Housing Finance Authority of Broward County, Florida (the "Authority") Mortgage Credit Certificate Program, Series 2018 (the "Program"), has been received by the Authority and reviewed for its compliance with the terms and conditions of the Program. The Authority has determined that the Applicant has complied with the initial requirements of the Program.

Subject to completion of the remaining terms and conditions to the issuance of a Mortgage Credit Certificate pursuant to the Program Manual, the Authority will execute and deliver a Mortgage Credit Certificate to the Applicant for a loan amount not to exceed the above-indicated sum. Such Mortgage Credit Certificate will be dated as of the date of closing the loan. A copy of such Mortgage Credit Certificate shall be furnished to the Participant for its records, and a second copy shall be retained by the Authority.

The terms of this Mortgage Credit Certificate Commitment Letter are governed by the Program Manual, which is incorporated herein by reference as if fully set forth at length. THIS COMMITMENT WILL EXPIRE ON THE EXPIRATION DATE INDICATED ABOVE, WHICH IS TWO (2) MONTHS FROM THE DATE HEREOF, IF THE LOAN IS BEING MADE FOR THE PURCHASE OF EXISTING HOUSING OR FOUR MONTHS FROM THE DATE HEREOF IF THE LOAN IS BEING MADE FOR THE PURCHASE OF NEW HOUSING. If you require an extension, an Extension Request Form must be filed prior to the Expiration Date, or you may lose this Commitment.

PLEASE BE SURE to submit all required Mortgage Credit Certificate Submission Documents to the Authority within thirty (30) days prior to the Expiration Date, unless an extension has been approved.

DATED: _____

HOUSING FINANCE AUTHORITY OF BROWARD
COUNTY, FLORIDA

By: _____
Name: _____
Title: _____

NOTICE: Your Mortgage Credit Certificate is 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 (9) years from the date of purchase. See the Tax Credit Disclosure Notice to Applicant provided by your Participant for more details.