

NOTICE TO PUBLIC AND ALL INTERESTED MORTGAGE LENDERS

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY SINGLE FAMILY MORTGAGE CREDIT CERTIFICATE PROGRAM

The Housing Finance Authority of Broward County, Florida (the "Issuer"), hereby announces its intention to continue its program to reduce home loan financing costs within Broward County, Florida (the "County"). No sooner than 90 days following the publication of this Notice, the Issuer intends to establish a mortgage credit certificate program which will entitle first-time homebuyers (as described in Paragraph 2 below) and borrowers of qualified home improvement loans (as described in Paragraph 8 below) and qualified rehabilitation loans (as described in Paragraph 9 below) to a federal income tax credit (the "Program"). A tax credit is a direct reduction of taxes due. Under the Program, eligible homebuyers would receive a mortgage credit certificate entitling such homebuyers to reduce their federal taxes by ten percent (10%) to fifty percent (50%) (such percentage to be determined by the Issuer on a case by case basis) of the amount of interest paid on their home loan (not to exceed \$2,000 per year if the credit percentage exceeds 20%). The tax credit is available each year that the borrower continues to live in the home financed under the Program.

In order to qualify for the Program, federal law requires that a homebuyer satisfy each of the following guidelines:

1. *Principal Residence.* The homebuyer must occupy the home financed under the Program as his/her principal residence within a reasonable period, not to exceed 60 days, after the financing is provided. A principal residence is a home occupied primarily for residential purposes. A principal residence does not include a home used as an investment property, as a recreation home or a home 15% or more of the total area of which is used in a trade or business.

2. *First-Time Homebuyer.* Each homebuyer must be a first-time homebuyer. Any person who has not owned his/her principal residence at any time during the three years prior to closing a loan financed in connection with the Program is considered a first-time homebuyer. This requirement does not apply to a) loans in certain areas designated as targeted areas (collectively, the "Targeted Area"), b) qualified home improvement loans, or c) qualified rehabilitation loans.

3. *Purchase Price.* Under the Program, the purchase price for residences may not exceed 90% (110% with respect to residences located in Targeted Areas) of the average area purchase price applicable to the residence. For this purpose, the "average area purchase price" is based upon the average purchase price of single family residences determined pursuant to applicable federal law with respect to both new and existing one, two, three and four unit residences. The current maximum purchase prices for homes under the Program are as follows:

<u>New and Existing Homes</u>	<u>Non-Targeted Area *</u>	<u>Targeted Area *</u>
One Unit	<u>\$317,647</u>	<u>\$388,235</u>
Two Units	<u>\$406,634</u>	<u>\$496,998</u>
Three Units	<u>\$491,524</u>	<u>\$600,752</u>
Four Units	<u>\$610,849</u>	<u>\$746,593</u>

* These limitations are subject to adjustment periodically without further notice.

4. *New Mortgage.* The mortgage loan financed in connection with the Program is required to be a new mortgage loan and may not replace a prior mortgage loan on the home (whether or not previously repaid). This requirement does not apply to: a) construction period loans, b) bridge loans or similar temporary initial financing, and c) in the case of qualified rehabilitation loans, an existing mortgage, shall not be treated as being used to acquire or replace an existing mortgage. Generally, temporary initial financing is any financing which has a term of 24 months or less.

5. *Income.* Under the Program, the maximum family income for households of 3 or more persons may not exceed 115% (140% with respect to residences located in Targeted Areas) of the applicable median family income. For a family of 2 or fewer persons, the maximum family income may not exceed 100% (120% with respect to residences located in Targeted Areas) of the applicable median family income. The current limits on annual gross income for households under the Program are as follows:

	<u>Non-Targeted Area *</u>	<u>Targeted Area *</u>
Families of 1 or 2 persons	<u>\$80,800</u>	<u>\$96,960</u>
Families of 3 or more persons	<u>\$92,920</u>	<u>\$113,120</u>

* These limitations reflect adjustments for High Housing Cost areas. These limitations are subject to adjustment periodically without further notice. Gross income includes salary and wages, including overtime, as well as dividends, alimony, public assistance, social security, unemployment compensation and investment income.

6. *One- to Four-Family Home.* The residence financed in connection with the Program must be a one- to four-family residence. A one-family residence includes a detached home, one unit of a duplex, a townhouse or a condominium unit. Manufactured housing or mobile homes qualify only if the unit has at least 400 square feet of living space, if it is more than 102 inches wide and if it is of a kind customarily used at a fixed location. If the residence is a two- to four-family residence, one unit of the residence must be the principal residence of the owner of the units and (with limited exceptions) the residence must have been first occupied for residential purposes at least five years prior to closing the loan financed in connection with the Program. Land adjoining the home is considered part of the home only if it maintains the home's livability and is not, other than incidentally, a source of income to the owner.

7. *Program Area.* In order to be eligible for a certificate, the home financed in connection with the Program must be located in the County.

8. *Home Improvement Loans.* Home Improvement loans of up to \$15,000 are also eligible for a mortgage credit certificate. To qualify, the home improvements 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. Installation of a swimming pool, tennis court, hot tub or other recreational and entertainment facilities will not qualify.

9. *Qualified Rehabilitation Loans.* Qualified rehabilitation loans are also eligible for a mortgage credit certificate. Qualified rehabilitation loans are owner-financing provided in connection with a qualified rehabilitation or the acquisition of a residence with respect to which there has been a qualified rehabilitation, but only if the mortgagor to whom such financing is provided is the first resident of the residence after the completion of the rehabilitation. A "qualified rehabilitation" is a rehabilitation of a building that meets certain specific requirements as to the building's age, the amount of the structure retained in place and the expenditures for the rehabilitation as a percentage of the mortgagor's basis in the residence.

Until the earlier of: a) the date the total credit authority is exhausted, b) December 31, 2020 if the Program commences in 2018, or c) December 31, 2021 if the Program commences in 2019, under the Program, mortgage credit certificates will be issued to eligible borrowers on a first-come, first-served basis. For one year after the date on which the Issuer begins to accept applications for mortgage credit certificates under the Program, 20% of the aggregate amount of mortgage credit certificates under the Program shall be set aside and allocated for loans for residences located in Targeted Areas. The mortgage credit certificates are available in connection with any type of mortgage loan (except loans from tax-exempt bond programs), including fixed rate and adjustable rate mortgages. Any lending institution is eligible to provide mortgage loans in connection with the Program as long as such lending institution is willing to follow Program requirements. The Issuer reserves the right to, without further notice, further limit the types of mortgage loans acceptable within the Program to the extent allowable under federal law. This notice contains only a summary of the requirements under the Program. Applications and more detailed information about the Program are available at the address for the Issuer listed below.

The Issuer intends to maintain a list of single family mortgage lenders that will participate in the Program by making loans to qualified holders of these mortgage credit certificates. Any lender interested in appearing on this list or in obtaining additional information regarding the Program should contact the Housing Finance Authority of Broward County, Florida, 110 N.E. 3rd Street, Suite 300, Ft. Lauderdale, FL 33301, (954) 357-4900 or (954) 357-4925.

Lenders that have submitted a fully executed Program Participation Agreement on or before the first day of the Program, which is expected to commence between October 1, 2018 and January 30, 2019, will be included in the initial list of participating lenders, which is expected to be made available on or about October 1, 2018. The list of participating lenders will be updated

as deemed appropriate by the Issuer but no less than annually. All lenders are advised that holders of mortgage credit certificates are not required to obtain financing from lenders on the list.

Please be advised that the Issuer does not provide tax advice. Should you have any questions about how your taxes will be affected as a result of participation in the Program, please consult with your tax accountant or the Internal Revenue Service.

The Issuer does not discriminate against any person because of race, color, religion, sex, including gender identity or expression, sexual orientation, disability, familial status, ancestry, age, marital status, or HIV infection.

This notice is published in satisfaction of the requirements of Section 25 of the Internal Revenue Code and Treasury Regulation Section 1.25-3T(j)(4) issued thereunder regarding the public notices prerequisite to the issuance of mortgage credit certificates and to maintaining a list of participating lenders.

One Day, Friday, June 29, 2018

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