

MCC Tax Credit

<p>Description:</p>	<p>The Homebuyer Tax Credit Program, referred to as the Mortgage Credit Certificate (MCC), is a federal initiative designed to grant borrowers annual tax savings of up to \$2,000. Through an MCC, eligible homebuyers experience reduced federal income tax obligations, achieved by converting a portion of their mortgage interest payments into a valuable tax credit. Please note: to work with the borrower directly, you need to be a participating MCC Lender</p> <p>This program cannot be combined with our Home First mortgage programs.</p>
<p>Term:</p>	<ul style="list-style-type: none"> • Maximum term not to exceed 30 years. • MCC must be issued at time of purchase. • Homebuyer tax credit can be claimed each year provided the homebuyer lives in the home, as their primary residence, and pays mortgage interest. • If borrower refinances, the MCC <u>must</u> be reissued.
<p>Eligible Homebuyers:</p>	<ul style="list-style-type: none"> • Must be a first-time homebuyer, which is defined as not having present ownership interest in a principal residence within 3 years prior to the date the mortgage is executed. Present ownership includes: outright ownership, joint tenancy, tenancy in common, tenancy by entirety, a community property interest, the interest of a tenant shareholder in a cooperative, a life estate or contract for deed. • Homebuyers buying in a Targeted Area do not have to be first-time homebuyers. • Must meet current MCC Program Income and Purchase Price Limits. • Owner must occupy the principal residence. • Borrowers with non-occupant cosigners would not be eligible for the program.
<p>Eligible Properties:</p>	<ul style="list-style-type: none"> • New or existing single-unit homes, condos/PUDs and manufactured homes on their own land or located in a NH Housing approved cooperative (ROCs) • Max 5.99 acres; larger tracts need to be pre-approved (See Land Use Borrower Affidavit)
<p>Income Calculation Methodology:</p>	<ul style="list-style-type: none"> • Mortgage underwriting guidelines are independent of the MCC qualifications. • Income limits as currently published by NH Housing • Verification of income for ALL Mortgagors, and any other person who is expected to both live in the home and be secondarily liable on the Mortgage, must include: <ul style="list-style-type: none"> • Gross Wages and Other Compensation (evidenced by most recent 30-days' paystubs); • SSI and SSDI; • Alimony and Child Support • VA Benefits; • Pension/Annuity; • Unemployment Compensation; • Self-Employment (Current year-to-date business profit and loss statement) • Max 15% home deduction allowable (residence using more than <u>15% of the total area</u> of which is reasonably expected to be used primarily in a trade or business <u>will not</u> satisfy the program requirements • Other – See Gross Annual Income Calculation Worksheet
<p>Required forms:</p>	<ul style="list-style-type: none"> • MCC Applicant(s) Affidavit and Recapture Notification • MCC Program Disclaimer • Certificate of Completion of the online Homebuyer Tax Credit Training (prior to closing) • Applicant(s) Closing Affidavit • Seller(s) Affidavit • Lender's Closing Certificate <p>See Application with a NHHFA First Mortgage Checklist</p> <ul style="list-style-type: none"> • MCC Participating Lender submits/uploads application package via NH Housing's Document Delivery Portal (Virpack) <p>See Application without a NHHFA First Mortgage Checklist (Stand-Alone)</p> <ul style="list-style-type: none"> • MCC Participating Lenders submits/uploads application package via NH Housing's Document Delivery Portal (Virpack) • Non-Participating Lenders submit application package via mail and/or secure email.

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MCC Rate:	<ul style="list-style-type: none"> NH Housing has set the tax credit between 25% - 50% <ul style="list-style-type: none"> Loans less than \$140,000 – 50% MCC Rate \$140,001 to \$160,000 – 45% MCC Rate \$160,001 to \$200,000 – 35% MCC Rate Loans great than \$200,000 – 25% MCC Rate The credit is taken as a percentage of mortgage interest paid. <ul style="list-style-type: none"> Mortgage amount x loan interest = annual mortgage interest paid. Annual Mortgage interest paid x annual tax credit = annual mortgage interest paid. Max tax credit is \$2,000, which cannot be exceeded in any given tax year. See Estimate Your Potential Homebuyer Tax Credit 																				
Loan and Rate Requirements	<ul style="list-style-type: none"> Fixed rate cannot exceed New Hampshire Housing's highest published rate. <ul style="list-style-type: none"> See daily rate sheet: https://www.gonewhampshirehousing.com/rates. Eligible Mortgage must be a fixed-rate fully amortizing mortgage or an eligible adjustable-rate mortgage. Adjustable rate must have an initial mortgage interest rate, on the date the rate is locked, that is equal to or less than the New Hampshire Housing's lowest posted interest rate at time of MCC reservation. Lenders must sign a HBTC Variance for Adjustable-Rate Mortgages (ARMs) in order to participate in the ARMs program. Adjustable-rate mortgages must have an initial rate period, maximum rate adjustment and a maximum total rate adjustment consistent with the following table: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #D9E1F2;">Rate Period</th> <th colspan="2" style="background-color: #D9E1F2;">Interest Rate Caps</th> </tr> <tr> <th style="background-color: #D9E1F2;">Initial Rate Period</th> <th style="background-color: #D9E1F2;">Adjustments After Initial Period</th> <th style="background-color: #D9E1F2;">Maximum First Rate Adjustment</th> <th style="background-color: #D9E1F2;">Maximum Total Rate Adjustment</th> </tr> </thead> <tbody> <tr> <td>5 years</td> <td>Each year after initial</td> <td>Equal to or less than 3%</td> <td>Equal to or less than 6%</td> </tr> <tr> <td>7 years</td> <td>Each year after initial</td> <td>Equal to or less than 3%</td> <td>Equal to or less than 6%</td> </tr> <tr> <td>10 years</td> <td>Each year after initial</td> <td>Equal to or less than 5%</td> <td>Equal to or less than 6%</td> </tr> </tbody> </table>	Rate Period		Interest Rate Caps		Initial Rate Period	Adjustments After Initial Period	Maximum First Rate Adjustment	Maximum Total Rate Adjustment	5 years	Each year after initial	Equal to or less than 3%	Equal to or less than 6%	7 years	Each year after initial	Equal to or less than 3%	Equal to or less than 6%	10 years	Each year after initial	Equal to or less than 5%	Equal to or less than 6%
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Mortgage Refinancing (with existing MCC):	<ul style="list-style-type: none"> Loans with existing MCCs must be reissued. Reissued MCC entirely replaces the existing MCC and original/existing MCC must be returned to NH Housing MCC must be reissued no later than one year after the effective date of the refinancing. MCCs are not transferable to other people or properties. Property must continue to be the MCC holder's principal owner-occupied residence. Fee applies - See MCC Fees. 																				
Reservation:	<ul style="list-style-type: none"> Participating MCC Lenders must reserve MCC prior to closing through Lender Online Portal Non-participating Lenders must use MCC Reservation form and submit request to mcc@nhhfa.org 																				
Fees:	<ul style="list-style-type: none"> See MCC Fee Table for the Homebuyer Tax Credit Program <p>NOTE:</p> <ul style="list-style-type: none"> MCC fees with a NH Housing loan must be disclosed on Final CD if fee is to be net-funded at time of purchase. MCC fees for applications without a NH Housing loan (stand-alone MCC) must be mailed to the attention of the MCC Program at: NHHFA, PO Box 5087, Manchester, NH 03108 																				
Homebuyer Education:	<ul style="list-style-type: none"> Borrower must complete New Hampshire Housing's online MCC Homebuyer Tax Credit training course prior to closing. Education can be found here: Online Education Homebuyer education is required for at least 1 Borrower. 																				
Recapture Tax:	<ul style="list-style-type: none"> In certain circumstances, Eligible Homebuyers may be subject to pay Recapture Tax at time of sale if (1) property is sold within 9 years (from date of purchase), (2) there is a gain on sale of property and (3) income exceeds the federal qualifying limits at time of sale. All 3 must occur to be subject to the Recapture Tax. Borrower(s)' income would first have to reach the limits for when they purchased, and then exceed that by 5% each year (based on the number of years after purchase). Depending on when the property is sold will determine the year of disposition 																				

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	<ul style="list-style-type: none">• Borrowers receive a table for the Federal Recapture Income Limits at time of MCC issuance.• See Notice to Applicant(s) Potential Recapture Tax/Federal Recapture Requirement Income Limits
Questions:	<ul style="list-style-type: none">• Do you have questions on this program? Please contact mcc@nhhfa.org