

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**MCC MANUAL**



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### MISSISSIPPI HOME CORPORATION

#### MORTGAGE CREDIT CERTIFICATE MANUAL

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**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION I**  
**INTRODUCTION**

## SECTION I - INTRODUCTION

The purpose of this MCC Manual is to describe the Mortgage Credit Certificate (“MCC”) Program; set forth the relevant Mississippi Home Corporation (the “Corporation”) and Federal restrictions; identify the respective roles of the Corporation, the Lender, the borrower, and the seller; and to detail the processing procedures. The loan processing documents, and Federal regulations are included for reference.

The MCC Program was authorized by Congress in 1984 and is codified as Section 25 of the Internal Revenue Code of 1986 (the “Code”). Congress intended the MCC Program as a means of providing housing assistance to low and moderate-income homebuyers. The Corporation has elected to allocate a part of its Mortgage Revenue Bond authority for single-family housing toward the MCC Program. This Program is being made available through participating Mississippi Lenders on a first-come, first-serve basis, subject to certain targeting requirements imposed by the Code and more fully described herein.

A MCC operates as a federal income tax credit. The amount of credit is established by the credit rate of the MCC that in turn, is set by the Corporation. The Code permits the Corporation to issue MCC’s credit rate, from ten percent (10%) to fifty percent (50%). Effective April 8, 2014, MHC has elected to issue certificates at 40% for qualified conventional single family and manufactured housing. The MCC reduces the federal income taxes of eligible homebuyers purchasing qualified residences, thereby making more funds available for the house payments. For example, a homebuyer having a mortgage amount of \$100,000.00 at a conventional interest rate of 4.50% for thirty years will have first year interest of approximately \$4,500.00. On an MCC having a credit rate of forty percent (40%), the amount of the tax credit for the first year is \$1,800 (40% of \$4,500). If the federal income tax liability for the homeowner in this first year were \$1,800 or more then the federal taxes would be reduced by \$1,800, a saving of \$150.00 each month. Use of the MCC will reduce correspondingly the mortgage interest rate deduction for Federal tax purposes. (For calculating the MCC amount refer to form MCC004.)

The benefits to the homeowner cannot exceed the amount of Federal taxes owed after all other credits and deductibles have been considered. The homeowner may reduce the amount of monthly federal income tax withheld by filing a revised IRS W-4 Employees Withholding Allowance Certificate, in order to have more disposable income with which to make loan payments. Also, the homeowner can carry forward for the next three years any unused portion of the credit but must use the current years MCC first before carrying forward the additional amount. A purchaser of a new or existing single-family residence may apply for an MCC through a participating Lender at the time of obtaining financing. An MCC cannot be issued to a homebuyer who is refinancing an existing mortgage or land contract. A borrower may not combine the benefits of a mortgage revenue bond loan with an MCC.

The Corporation is simply a conduit for the granting of the MCC. The Corporation will not make or hold MCC-assisted mortgage loans and will not underwrite the loans. The Lenders participating in the Program will perform all underwriting and execution of required Corporation and Federal certifications or affidavits under Corporation agreement. For purposes of the MCC Program, participating Lenders (based on the executed MCC Lenders Participation Agreement) will be acting as independent contractors. The Corporation will receive executed certifications and affidavits from the lender in order to determine the Borrowers qualifications and eligibility. The Lender may process financing of any conforming loan type using normal procedures, with additional procedures at relevant points in order to satisfy MCC requirements.

The Corporation will charge each borrower a non-refundable MCC reservation fee of \$300.00. If using with MHCs Smart6 program, the fee is still applicable.

The Corporation encourages anyone who believes that they qualify to apply for an MCC, after the Lender has explained the program and its restrictions. However, the Lender must be able to understand and explain relevant Corporation and Federal regulations and requirements, so that both buyer and seller are aware of these restrictions before the application is taken. The Lender must decline those MCC applications where the applicant does not qualify under the restrictions of the Program.

The Corporation may revise this MCC Manual from time to time by issuing program bulletins.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION II**  
**DEFINITIONS**

## SECTION II - DEFINITIONS

As used in this Manual, the following words and terms have the meanings set forth:

ANNUAL FAMILY INCOME: Annual Family Income means the current annualized family income at the time of mortgage loan closing, as determined in accordance with the IRS Code. Annual Family Income means, with respect to a person, the Gross Monthly Income, multiplied by twelve (12), of all borrowers and any other person(s) who is expected to live in the residence being financed, except a person who is under 18 years of age or a full-time student (but income of the head of the household's spouse who is expected to live in the residence shall be taken into account), or any other person who is expected to both live in the residence being financed and to be secondarily liable on the Mortgage Loan, all as determined in accordance with Section II-Request for Conditional Commitment (MCC002). For purposes of this definition, Gross monthly Income includes the sum of monthly gross pay; and additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, VA compensation, and net rental income; and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trust, and income received from business activities or investments). Overtime pay and bonuses must be projected in an amount consistent with the earnings history of each household member.

Gross Monthly Income shall NOT include casual, sporadic or irregular gifts; amounts that are specifically for or in reimbursement of medical expenses; inheritances; insurance payments (including payments under health and accident insurance and workmen's compensation, other than payments in lieu of earnings); settlement for personal or property losses; amounts of educational scholarships paid directly to the student or to the educational institution and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment, but in either case only to the extent used for such purpose; special pay to a serviceman head of a family who is away from home and exposed to hostile fire; foster child care payments; the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged for allotments; payments received pursuant to participation in ACTION volunteer programs; and income from the employment of children (including foster children) under the age of 18 years.

ACQUISITION COST: Acquisition cost has the meaning given that term under the Internal Revenue Code (IRC) Section 143(k) (3) and the Federal regulations; however, home purchase price limits for the Program are set by the Mississippi Home Corporation. SEE SCHEDULE OF MAXIMUM ACQUISITION LIMITS (Exhibit B).

Acquisition Cost shall include the following:

- (i) All amounts paid, either in cash or in kind, by the Borrower(s) or anyone acting on Borrower's behalf to the Seller (or related party for the benefit of the Seller) as consideration for the residence, but not including usual and reasonable settlement costs.
- (ii) If a residence is incomplete, the reasonable cost of completing the residence;

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however, it shall not include the value of services performed by the mortgagor or members of the mortgagor's family in completing the residence.

AFFIDAVITS: An affidavit filed in connection with the Program shall be made under oath and subject to the penalties of perjury.

BORROWER: The buyer of a Single-Family Residence.

CERTIFICATIONS: A certification filed in connection with the Program shall be made under oath and subject to the penalties of perjury.

CERTIFIED INDEBTNESS AMOUNT: This is the loan amount for acquisition of a taxpayer's principal residence as specified in the MCC. The maximum amount may not exceed the applicable requirements of FHA, VA, Rural Development, Fannie Mae, or Freddie Mac as the case may be, as of the Closing Date of the Mortgage Loan. The amount of a Mortgage Loan may not exceed the Acquisition limit of the related Residence except by the amount of the FHA MIP, VA funding fee, Rural Development Guarantee fee, Fannie Mae and Freddie Mac PMI financed in the Mortgage Loan.

CODE: The Internal Revenue Code of 1986, as amended, and any rules or regulations promulgated thereunder.

CORPORATION: The Mississippi Home Corporation.

DATE OF CLOSING: The date the Lender disburses funds under the Note.

DATE OF ISSUANCE: The date of closing.

ELIGIBLE BORROWER AND FAMILIES: A person or persons and a family or families (i) intending to principally and permanently reside in a household in a Single-Family Residence within a reasonable period (not to exceed sixty (60) days) following the closing of the Mortgage Loan, (ii) whose Annual Family Income does not exceed the limitations contained in the Schedule of Income Limits, as may be amended the Corporation from time to time, and (iii) who is a First-Time Homebuyer unless the Single-Family Residence is located within a Target Area.

EXISTING PROPERTY: A property which has been previously occupied or new (never occupied) properties more than one year old.

FIRST-TIME HOMEBUYER: A buyer of a residence who has not has an ownership interest in a principal residence (including personal property) at any time during the three-year period ending on the date the Loan is closed.

INVITATION: The Corporations invitation to lending institutions to participate in the MCC Program.

IRC: Internal Revenue Code of 1986

IRS: Internal Revenue Services

ISSUER: The Mississippi Home Corporation (“Corporation”).

LAND CONTRACT: An agreement to transfer title to a property once the conditions of the contract have been fulfilled.

LENDER: A lending institution or entity (i) which has been doing business on a regular basis in the State for no less than twelve (12) months and is currently participating in the local private home lending market, (ii) which can make the representations, warranties and covenants set forth in the Lenders Participation Agreement and (iii) which has agreed to participate in the Program pursuant hereto and to the Invitation.

MANUFACTURED HOUSING: A structure defined by, and constructed in accordance with, the National Manufactures Housing Construction and Safety Standards of 1974, as amended and manufactured after June 14, 1976.

MCC RESERVATIONS REQUEST: See Section III - Reservation Procedure in MCC Procedure Manual. (Form - MCC 000).

MORTGAGE REVENUE BOND: A qualified mortgage revenue bond as defined in the Internal Revenue Code of 1986.

NEW CONSTRUCTION: Single-Family residences less than one year old and never occupied.

NOTE: The written instrument executed to evidence the borrower’s obligation to repay the Loan.

OWNERSHIP INTEREST: 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 land contract.

PRINCIPAL RESIDENCE: Housing which the eligible borrower intends to occupy as a primary residence and which is not to be used in a trade or business, or as an investment property.

PROGRAM: The Corporations program of issuing Mortgage Credit Certificates pursuant to the Invitation and the Lenders Participation Agreement.

PROGRAM ADMINISTRATOR: The Program Administrator is the Mississippi Home Corporation (referred herein as the “Corporation”).

PROHIBITED MORTGAGE: A prohibited mortgage is a mortgage where all or any portion of the

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financing if provided from the proceeds of a qualified mortgage revenue bond as defined under I.R.C Section 143(a) and the Federal regulations pertaining to qualified mortgage bonds.

PROPOSED CONSTRUCTION: Single Family Residence on which construction has not yet begun as of the date of loan closing.

RELATED PERSON DEFINITION: A “Related Person” can be a blood relative, partnership or corporation of which 50% of the capital interest is owned by the individual applying for an MCC. (For a detailed definition refer to Exhibit E.)

PURCHASE PRICE: The maximum Purchase Price, which may be paid by an Eligible Borrower to acquire a Residence, shall be in accordance with the Schedule of Maximum Acquisition Limits (Exhibit B). It is anticipated that new federal safe harbor ceilings for maximum Purchase Prices applicable to the Program will be published from time to time in the future. Due to federal requirements, the maximum Purchase Prices may be raised or lowered in accordance with such publication and from time to time in the future. The Corporation will notify participants of any changes during the term of the Program.

SINGLE FAMILY RESIDENCE: An owner-occupied residential dwelling unit located in the State, including stock held by a tenant shareholder in a cooperative housing corporation and manufactured housing which has a minimum of 400 square feet of living space and a minimum width in excess of 102 inches and which is of a kind customarily used at a fixed location, which is not deemed personal property under state law, and which otherwise meets the Lender requirements.

TARGET AREAS: Those census tracts and areas of the State, which constitute qualified census tracts or areas of chronic economic distress within the meaning of Section 143 of the Code.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION III**  
**RESERVATION PROCEDURES**

### SECTION III      RESERVATION PROCEDURE:

The Corporation will issue a limited amount of MCC's as specified in the Invitation. MCC's will be issued on a first come, first-serve basis in the following manner, unless such procedure is changed with respect to a particular phase of the Program by the terms of an Invitation.

#### A. Normal Procedure:

Prior to making a reservation request, the Lender must have taken a Mortgage Loan application from a potential Eligible Borrower who has furnished the Lender an earnest money sales agreement or construction contract entered into by the seller/builder of a Residence and the eligible borrower. Lenders are responsible for making a preliminary determination, before a Reservation of MCC is requested, that the potential eligible borrower will qualify for the Mortgage Loan amount requested to be reserved. The preliminary determination should include an analysis of income and current debts, utilizing information, which is available at the time.

The Corporation will process reservations in the order that they are received/uploaded. If the Reservation & Commitment package is complete and in compliance with the provisions of the Code and the applicable Invitation, the Corporation will issue MCC's to the extent of the Corporations authority. An incomplete reservation will not be considered or processed until it is completed.

#### B. Reservation of MCC's:

Reserve loan through MHC's Internet Loan Reservation Site at [www.mshomecorp.com](http://www.mshomecorp.com) by going to the Lender Login link found on the home page.



Lender  
Login

After logging in, select New Loan Registration and select Mortgage Credit Certificate link. Either complete the 5 loan data screens or do a data import of your DU, LPA or GUS file then go to the last screen and click Submit to obtain your MCC Reservation Confirmation for upload to MHC as a part of the Reservation Package documentation. Upon entering the loan information, you will receive a Reservation Confirmation reflecting the MCC Reservation number. There will be no restrictions as to the total number of reservations of MCC's issued to any Lender. Hand or mail delivery or fax requests for reservations will not be accepted unless MHC's online system is down for more than 48 hours. As each request is taken, the Corporation will monitor the number of confirmed requests to comply with the requirements of the IRC that twenty percent (20%) of the MCC's be reserved for at least one (1) year for

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Target Areas. For the first six (6) months after the date on which the Corporation first begins to accept reservations for MCC's, 20% of the aggregate amount of MCC's available through the program shall be set aside by the Corporation and allocated to Homebuyers purchasing in a Target designated area. This could result in a non-target reservation request being placed on a waiting list for funding when the Target Area requirement has not been met. The Corporation may, at its sole discretion, continue to accept commitment reservation requests, in the manner specified above, even though the available funds may be fully reserved. These reservation requests may be eligible for issuance on a first come, first-serve basis under any future MCC program. If using MCC with the Smart6 program, you will also reserve a new first mortgage loan under Smart6. MHC sets Smart6 rates daily.

Lender has 10-calendar days to upload the Reservation Package documentation. If using with the Smart6 program, all Reservation package documents must be uploaded to the Smart6 loan record.

C. Document Delivery:

The Lender must upload the following documents to the Corporations online Reservation system under Document Images within ten calendar days from the date of Reservation: (1) MCC Reservation Confirmation; (2) MCC Reservation Checklist; (3) Executed copy of the Loan Application; (4) Executed copy of the complete Sales Contract including addendums; (5) Executed Notice to Mortgagor Regarding Potential Recapture Tax Form; (6) Copy of Homebuyer Education Certificate and (7) copy of the Preliminary Closing Disclosure, applicable only when using with the Housing Assistance for Teachers ("HAT") program. The Lender must also have the \$300.00 MCC non-refundable fee paid online at the "Pay Program Fee" link found under the Lender Resources link on MHC's website and the Lender must upload the MCC Fee Receipt to the loan under the Document Image link. If using the MCC with the Smart6 program, the MCC fee receipt is to be uploaded to the Smart6 loan record. The reservation fee is applicable when using MCC with the Smart6 product.

Failure to upload the requested documentation to the Corporation within the time specified may result in cancellation of the MCC reservation of funds. The Lender will have forty-five (45) days from the date of reservation on New/Existing properties or one hundred and twenty (120) days on a proposed construction reservation to complete the requirements for issuance of the Mortgage Credit Certificate and close the loan. If using MCC with the Smart6 program, all Reservation package documents must be uploaded to the Smart6 loan record.

D. Reservation Modification:

Each Lender may request a change in the Reservation of MCC subject to the following guidelines:

- (a) Any changes must be made under the Application link up until the Corporation receives the Reservation package documents. If changes need to be made after the Corporation receives the Reservation package, Lender must complete and upload a Notification of Change (MCC 009) form to the loan

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record and the Corporation will make the changes, if approved by the Corporation, and then will add a condition to the loan to upload a new Reservation Confirmation to the record.

- (b) Mortgage amount reductions will require prior approval of the Corporation upon receiving the uploaded Notification of Change form and revised loan documents.
- (c) Mortgage amount increases will require prior approval of the Corporation upon receiving the uploaded Notification of Change form and revised loan documents and will be subject to availability of tax credits.
- (d) Changes in property address will be acceptable but will require the Corporations prior approval upon receiving the uploaded Notification of Change form and revised loan documents.

E. Reservation Expiration:

Each reservation of MCC will expire as follows:

- (a) Newly constructed Residences (less than one (1) year old and never occupied) and existing homes will expire in forty- five (45) days from date of reservation.
- (b) Proposed construction residences commitments will expire in one hundred and twenty (120) days from date of reservation.

Extensions of the expiration date may be granted on a case-by-case basis at the sole discretion of the Corporation. All extensions must be requested by uploading the Notification of Change form (MCC 0009) and paying a \$50 extension fee and uploading the extension fee receipt that must be paid online to provide an additional thirty (30) day extension.

At no time shall the expiration date of a Reservation of MCC extend beyond the final date of the MCC Election period.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CERTIFICATE PROGRAM**  
**SECTION IV**  
**LOAN PROCESSING PROCEDURE AND PROGRAM ADMINISTRATION**



## SECTION IV LOAN PROCESSING PROCEDURES AND PROGRAM ADMINISTRATION

The Corporation is the Program Administrator for MCC's for the State. The Corporation will delegate part of the administrative role to participating Mississippi Lenders through a Lender Participation Agreement.

Prospective borrowers may apply for Mortgage Credit Certificates in conjunction with a standard mortgage loan application. The MCC processing is designed to complement the Lenders regular credit and underwriting procedures. Since the Corporation is not part of the decision-making process on credit, the Corporation under the Equal Credit Opportunity Act requires no formal notice of rejection of a MCC. The Corporation recognizes that there will be procedural variations amount participating Lenders; consequently, the procedures outlined here are meant to suggest, not mandate, a particular sequence of events. However, the responsible party must at some point complete ALL of the elements of the processing sequence noted below.

The Corporation will maintain a list of MCC participating Lenders and can be found on the Corporations website under the Homebuyers tab. The Corporation will update this list as new Lenders sign up to participate or choose to no longer offer the MCC product.

### A. LOAN ORIGINATION AND MCC RESERVATION:

- A1. Borrower applies for mortgage financing from a participating lender. Only the Mortgage Revenue Bond (MRB7) program or the refinancing of the Borrower's existing mortgage cannot be used with this program. The MRB Smart6 program is allowable with the MCC program.
- A2. Lender determines if a loan applicant is eligible for an MCC based on preliminary information obtained on annual income, acquisition cost, prior home ownership, and other factors. The applicant need not have a federal tax liability, either present or projected, to qualify for a MCC.
- A3. Lender provides Borrower with an MCC Program Description and Disclosure (MCC 001) and a Commitment Application and Certification (MCC 002) that explains the MCC Program and contains guidelines for potential Borrowers; Lender advises the Borrower to carefully study his/her present and anticipated federal income tax estimates to judge the amount of the tax liability to determine the benefit of the MCC Program.
- A4. As part of the loan reservation process, the Borrower completes and signs the MCC Commitment Application and Certification (MCC 002). The Commitment Application and Certification contains certain certifications required by the Corporation and Federal MCC regulations.

These are:

- (a) Certification by Borrower that the residence will be used as the MCC holder's principal residence.
- (b) Certification by Borrower that the Borrower has not owned a principal residence during the preceding 3-year period (not required for a purchase in a Targeted Area).
- (c) Certification by Borrower and property seller that the Acquisition Cost does not exceed the Acquisition Cost limits as established.
- (d) Certification by Borrower that the mortgage being acquired will not be used to replace or acquire an existing mortgage.
- (e) Certification by Borrower that the loan applied for does not constitute a Prohibited Mortgage.
- (f) Certification by Borrower that the Borrower was not forced to apply through a particular lender.
- (g) Certification by Borrower that the Borrowers gross Annual Family income does not exceed permitted income limits.
- (h) Certification by Borrower that no interest is being paid to a Related Person.
- (i) Certification by Borrower that the MCC cannot be transferred or assumed.

A5. To reserve an MCC, see Section III (Reservation Procedures). Subject to the provisions of Section A6, the reservations will expire in forty-five (45) days for existing property or one hundred twenty (120) days for loans under construction.

A6. To avoid cancellation of the reservation, the Corporation must receive within ten calendar days the following by uploading on website:

- (a) Executed copy of the sales contract.
- (b) Copy of the Loan Application signed by Borrower(s) and originator.
- (c) \$300.00 MCC non-refundable fee (Submitted on MHC's website, [www.mshomecorp.com](http://www.mshomecorp.com) –Lenders – Pay Program Fee link). Fee is applicable if using with the Smart6 and would be uploaded to the Smart6 loan reservation record.
- (d) Executed recapture form (see A7 for Recapture Tax form instructions).

- (e) Copy of Homebuyer Education Certificate.

If using with the Smart6 program, follow the Smart6 program manual guidelines found under the Smart6 Lender Resources link on the Corporations website.

A7. Determination of Recapture:

In 1990 Congress passed a law that provides for a "Recapture Tax" on the gain from the sale of a residence financed with Mortgage Revenue Bond Proceeds. The recapture tax applies to all loans closed on or after January 1, 1991. The Recapture Tax is an additional tax liability payable with the homeowner's federal tax in accordance with Internal Revenue Code of 1986.

Generally, recapture is due on the sale or disposition of the property, however, no recapture is due if:

- the property is transferred to a spouse or former spouse as a result of divorce,
- the property is transferred as result of your death,
- involuntary transfer of property due to destruction by fire or other casualty will not trigger recapture as long as a replacement home is purchased,
- there is no gain on the sale of the property,
- your income in the year you sell the property does not exceed the modified adjusted gross, or
- Sell occurs ten (10) years after the loan was closed.

**Why is recapture involved?**

The objective of recapture is to enable the federal government to collect (recapture) the subsidy received by the borrower.

**NOTE:** If the Borrower has in-depth questions on recapture, he/she should see their tax accountant.

**Calculation of Recapture Tax:**

The maximum recapture that can ever be paid is the lessor of 6.25% of the original mortgage amount or 50% of the gain on the sale of the property.

The actual recapture is calculated when the residence is sold. To calculate the actual recapture tax, you need the following information:

- Original loan amount
- Original borrower income when loan was made
- Program income limit when the loan was made
- Number of years the loan was held
- Borrowers adjusted gross income from tax returns
- Borrowers gain on the sale of the house

**Steps in calculating recapture:**

- Calculate the maximum recapture by multiplying the original mortgage loan amount by the maximum recapture percentage of 6.25%

Loan amount \_\_\_\_\_ X 6.25% = \_\_\_\_\_ (maximum recapture)

- Find the holding period percentage. To do this round **up** the number of years the loan was held, (i.e., if held for 6 years and 2 months the holding period would be based on 7 years or 60 % of the maximum recapture.

**Years held and appropriate percentages:**

Year 1	20% of the maximum recapture
Year 2	40 % of the maximum recapture
Year 3	60% of the maximum recapture
Year 4	80 % of the maximum recapture
Year 5	100 % of the maximum recapture
Year 6	80 % of the maximum recapture
Year 7	60 % of the Maximum recapture
Year 8	40 % of the maximum recapture
Year 9	20 % of the maximum recapture
Year 10	Recapture no longer applicable

Maximum recapture from step 1 \_\_\_\_\_ X \_\_\_\_\_ (holding period percentage) =  
 \_\_\_\_\_ **maximum recapture for holding period.**

- Adjust the income limit that was in effect at the time the loan was made upward by **105%** each year the loan was held. This is referred to as the Modified Adjusted Gross Income.

Example:      34,700.00 \* **105%** = 36,435.00 (year one)  
                     36,435.00 \* **105%** = 38,256.75 (year two)  
                     38,256.75 \* **105%** = 40,169.59 (year three)

If the program limit at the time you closed your loan was \$34,700.00 and you held the mortgage for three years and the number of persons in the household remained the same as when purchased, then your modified adjusted gross income would be \$40,169.59.

- If your actual gross income at the time you sell the property is less than the modified adjusted gross calculation shown above, then you pay no recapture. If your actual gross income exceeds the modified adjusted gross by less than \$5,000 then divide the difference in the actual income and modified adjusted gross by 5,000 to obtain your income percentage. If your adjusted income is equal to or exceeds the modified adjusted income by \$5000 your income percentage is 100%.
- Multiply the income percentage by the maximum recapture for the holding period. The results equal the maximum recapture the Borrower would owe.

**WORKSHEET:**

Original Loan Amount: \_\_\_\_\_

Adjusted Gross Income per Tax Returns: \_\_\_\_\_

Program Income Limit at time loan closed: \_\_\_\_\_

Number of year's loan held (round up): \_\_\_\_\_

Borrowers gain on the sale: \_\_\_\_\_

\_\_\_\_\_ (Original Loan Amount) \* 6.25% = \_\_\_\_\_ (maximum recapture)

\_\_\_\_\_ (Maximum recapture) \* \_\_\_\_\_ (holding period percentage)

= \_\_\_\_\_ (Maximum recapture for holding period)

To calculate the modified adjusted income, multiply the program income limit by **105%** for each year loan was held.

No. Of Years	Family Size/Original Limit	
	2 or Less	3 or more
0	_____	_____
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____

Enter adjusted gross income from tax returns: \_\_\_\_\_

Minus modified adjusted income: \_\_\_\_\_  
= \_\_\_\_\_

Divide results by \$5000 to obtain income percentage: \_\_\_\_\_

Multiply the maximum recapture for the holding period by income percentage to obtain the Maximum recapture to be paid. \_\_\_\_\_

**IN NO EVENT MAY THE AMOUNT OF RECAPTURE EXCEED 50% OF THE GAIN ON THE SALE OR DISPOSITION OF THE PROPERTY!**

- A8. The Corporation initiated a computer file on the case, records the MCC reservation on the computerized reservation system by Borrower name and the MCC Reservation Number; and records the estimated loan amount, reservation date and expiration date.
- A9. Lender completes the remainder of the normal mortgage application process and sends to the Corporation by uploading the Conditional Commitment Package documents (see Section VII).

Based on the representations in the Signed Commitment Application and Certification and the required additional information listed in Section VII, the Corporation will issue an MCC Conditional Commitment. With regards to Existing Property and New Construction, the conditional commitment will expire forty-five (45) days from date of issuance. Conditional commitments for which construction is proposed will expire one hundred and twenty (120) days from date of conditional commitment issuance.

Extensions of the expiration date may be granted on a case-by-case basis at the sole discretion of the Corporation; at no time shall the expiration date extend beyond the final date of the MCC origination period. Refer to the MCC Program Invitation for the specific date.

NOTE: All extension requests must be in writing by using the Notification of Change form being uploaded online along with the appropriate extension fee of \$50.00.

- A10. The Corporations computer system will maintain a total of MCC amount reserved to monitor the loan amounts and control the amount of MCC's issued. The loan amount cannot exceed the amount the Corporation has available for the Program. This system will ensure that at least 20% of the MCC's available are provided to Target Area residences and will also monitor any other specific set aside portion of the Program.

B. MCC FEE AND CREDIT UNDERWRITING

- B1. The MCC Fee is a mandatory one-time charge of \$300.00. This fee is non-refundable and is paid from the Corporations website under Lender Resources link – Pay Program fee. The receipt would then be uploaded to the MCC loan record or in the case the MCC is being used with the Smart6 program and the fee receipt would be uploaded to the Smart6 loan record.
- B2. Lender performs normal mortgage underwriting procedures, except that the Lender may at its discretion consider the value of the MCC when determining the amount of income available for the monthly housing payment in order to determine the Borrowers qualifications. The Lender determines general acceptability in accordance

with applicable Fannie Mae, Freddie Mac, Rural Development, FHA, VA and private mortgage insurance standards and industry underwriting guidelines.

- B3. Lender performs the customary verifications for loan underwriting, in conjunction with the Lenders regular verification process, and as required by the MCC Lender Participation Agreement. The Lender performs a reasonable investigation as to whether the MCC Program requirements have been met.

Lenders may verify facts at different times and in various ways, depending upon the Lenders procedures for processing loans.

- B4. Lender verifies that income limits, purchase price limits and other MCC requirements are met. If using MCC with the Smart6 program, all MCC requirements must be met, therefore the Smart6 program guidelines are no longer valid.

- B5. Lender completes all other mortgage underwriting and verification steps.

C. LOAN CLOSING:

- C1. Lender confirms that the MCC Conditional Commitment has not expired.
- C2. Lender closes the loan in the normal procedure.
- C3. Lender uploads on our website to the Corporation after loan closing the following documents (also applicable if using the MCC with the Smart6 program):
- (a) Transmittal Checklist,
  - (b) Executed Borrowers Closing Affidavit (MCC 005),
  - (c) Copy of the executed Note,
  - (c) Copy of the executed Mortgage,
  - (e) Copy of the executed Closing Disclosure (Buyer & Seller), and
  - (f) Any additional documentation listed on the MCC Conditional Commitment.

D. ISSUANCE OF THE MORTGAGE CREDIT CERTIFICATE:

- D1. Upon receipt of the required closing documents, the Corporation will issue the Mortgage Credit Certificate. The Corporation will send a letter and the original Certificate to the Borrower at the property address of the Principal Residence. The Corporation will also send a copy to the designated contact person for the Lender.

E. RECORD KEEPING AND FEDERAL REPORTING:

- E1. The Lender must file an annual summary report using IRS Form 8329. The report is required to be filed only once annually for each MCC Issue. The Lender can print their own 8329 from MHCs online portal. It is the Lenders responsibility to cross check the computer print-out to be sure is it correct and to execute and file the required IRS form 8329. The Corporation does not require a copy of the executed Form 8329 to be sent back to MHC.
- E2. For six (6) years, the Lender must retain:
- (a) Name, address, social security number or tax identification number (TIN).
  - (b) Name, address, TIN of Issuer: MHC TIN #64-0644578  
Mississippi Home Corporation  
735 Riverside Drive  
Jackson, MS 39202
  - (c) Date of loan, certified indebtedness amount, and MCC Rate.
  - (d) All Reservation package, Conditional Commitment package and Closing Package documents.

F. REVOCATIONS:

- F1. Revocation occurs when the residence for which the MCC was issued ceases to be the Borrowers principal residence.
- F2. A Borrower will have an MCC revoked if the Borrower does not meet the requirements to continue to hold an MCC, i.e.:
- (1) not more that 15% of the square footage of the house may be used for business purposes,
  - (2) the property must continue to be the primary residence of the mortgagor (not rented), or
  - (3) any further regulatory or statutory requirements applicable by their borrowers.
- F3. Revocation will occur on the discovery of any material misstatement, whether negligent or fraudulent. Lender must notify the Corporation in writing of any discovery of material misstatements.



G. POST-ISSUANCE AUDIT:

- G1. MHC will perform a random post-audit of Lender records pertaining to MCC-assisted mortgages.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION V**  
**BORROWER, PURCHASE PRICE, AND MORTGAGE UNDERWRITING**  
**REQUIREMENTS HOME ACQUISITION LOANS**

## SECTION V. BORROWER, PURCHASE PRICE, AND MORTGAGE UNDERWRITING REQUIREMENTS FOR HOME ACQUISITION LOANS

### A. OVERVIEW:

For loans involving MCC's, conventional underwriting standards for housing expense and debt ratios may be modified to recognize the benefit of the MCC derived Federal income tax credit. The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans involving MCC's. These are available separately as policy statements from the mortgage lending industry.

It will be necessary for all Borrowers and Program participants to complete and sign the appropriate MCC Program documents and attest to their validity. The Lender will certify that to the best of its knowledge no material misstatements appear in the application and Program documents. If the Lender becomes aware of misstatements, whether negligently or intentionally made, it must notify the Corporation immediately in writing.

The Corporation will take all appropriate actions including, if necessary, denial or cancellation of the MCC. The Lender should also be aware, and inform the Borrower, that Federal law provides for fines and criminal penalties for misrepresentations made in connections with participation in the Program.

Under the MCC Program (i) a MCC may not be joined with a Mortgage Revenue Bond loan (MRB7) but can be used with the MRB Smart6 program, (ii) or used in conjunction with the refinancing of a current mortgage loan, (iii) can be used with any federal grant program and (iv) all loans must be new mortgages. The MCC Program allows the use of a financing instrument being used in the financial marketplace, and does not place restrictions on loan term, amortization methods, or interest rates.

### B. BORROWER ELIGIBILITY REQUIREMENTS:

The Homebuyer must meet the credit and underwriting criteria established by the participating Lender who provides the loan.

Based on relevant IRS regulations, Borrowers must also meet the following requirements specific to MCC's for home acquisition loan:

1. Three-year, no prior home ownership requirement. Except where a MCC reservation is being made for a MCC loan in a Target Area, the borrower or no other person in the household cannot have had an ownership interest in a principal residence at any time during the preceding three years, ending on the date the mortgage is executed.

This requirement qualifies the Borrower as a First-Time Homebuyer for Federal regulations and other household members. The Lender must obtain

from the Borrower(s) a certification to this effect and a occupying Non-Borrower(s), if applicable. The Lender must verify Borrowers first time home ownership status by examining the Borrowers most recent Federal tax return, credit report and Fraud Guard or equivalent report and other household members returns and statements. This examination will determine whether the Borrower has claimed a deduction for interest or taxes on property that was the Borrowers principal residence.

The three-year, first-time homebuyer requirement does not have to be met if the residence for which a mortgage loan reservation is being made is in a Target Area or if the Borrower is a Veteran in service or honorably discharged.

Note: All IRS guidelines must be met when putting the Smart6 program with the MCC program.

2. Principal Residence Requirement. The Borrower must intend to use the residence that involves the MCC as a Principal Residence. The Lender must obtain from the Borrower a certification stating intent to use the residence as a Principal Residence within sixty (60) days after the MCC is issued. This certification further states that the Borrower will notify the Lender and the Corporation if the residence ceases to be their principal residence. If the MCC is placed with the Smart6 program, the Borrower must repay the Corporation the full \$6,000 during the 1<sup>st</sup> mortgage term either at due-on-sale, refinance, non-occupying the residence or 1<sup>st</sup> mortgage paid-in-full.
3. Borrower(s) Income Limits. The Borrowers projected gross taxable annual household income may not exceed the limits established for that county. If using MCC with Smart6, all the IRS regulations must be met.
4. Cosigners and Guarantors. Lenders are permitted to accept cosigners and guarantors on behalf of the Eligible Borrowers, provided that the following conditions are met: (i) such cosigner/guarantor is acting in such capacity solely for purpose of providing additional security for the Mortgage Loan, (ii) such cosigner/guarantor had no Present Ownership Interest or other financial interest in the Residence, (iii) such cosigner/guarantor has no intention to and will not occupy the residence as a permanent residence, and (iv) such cosigner/guarantor is permitted by applicable Lender loan requirements.
5. Revocation. A borrower will have his MCC revoked if the Borrower does not meet the requirements for a qualified MCC. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent. Revocation will occur if the residence to which the MCC relates ceases to be the Borrowers Principal Residence. Once revoked, the MCC cannot be revived.

6. Penalties for Misstatement. If any Borrower makes a material misstatement in any affidavit or certification made in connection with the reservation for, or the issuance of, a MCC and such misstatement is due to negligence of that Borrower, that person will lose their eligibility to participate in the MCC Program, be subject to recapture of past tax benefits, interest, and penalties. A material misstatement negligently made will also constitute a federal violation punishable by a fine of \$1,000.

If any Borrower makes a material misstatement in any affidavit or certification made in connection with a reservation for, or issuance of, and MCC and such misstatement is fur to fraud, then any MCC issued shall be automatically null and void without the need for further action on behalf of the Corporation. In addition, a material misstatement fraudulently made will constitute a federal violation punishable by a fine of \$10,000 and any other criminal penalty imposed by law.

C. ACQUISITION COST REQUIREMENTS:

The residence being financed must meet the Acquisition Cost limits set forth in the Schedule of Maximum Purchase Prices (Exhibit B). The original loan amount cannot exceed the Acquisition limit, nor can the sales price exceed the appraised value.

D. MORTGAGE REQUIREMENTS:

1. New Mortgage Requirements. A Mortgage Credit Certificate cannot be issued in conjunction with the acquisition or replacement of the Borrower's existing mortgage or land contract. However, a certificate can by used in conjunction with the replacement of construction period loans or bridge loans of a temporary nature. The Construction loan or bridge loan terms can be no longer than twenty-four (24) months.
2. Prohibited Mortgages. A Mortgage Credit Certificate cannot be used in conjunction with a Mortgage Revenue Bond (e.g., MRB7 Corporation bond loan). The Lender must obtain from the Borrower a certification that no portion of the financing for acquisition of the residence in connection with which the Certificate is issued is provided from a Mortgage Revenue Bond (MRB7 product). This certification is in the Commitment Application and Certification (MCC 002).
3. No Interest Paid to Related Persons. None of the interest on the certified indebtedness amount can be paid to a person who is a related person to the Certificate holder, as the term "Related Person" is defined in Exhibit E. The Lender must obtain from the Borrower a certification that a related person does not have, and is not expected to have, an interest as a creditor in the

certified indebtedness amount. This certification is in the Commitment Application and Certification (MCC 002).

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION VI**  
**INCOME GUIDELINES**

## SECTION VI INCOME GUIDELINES

### A. BACKGROUND:

The Corporation is relying on Lenders and Borrowers to provide correct information on income, first-time homeownership, and purchase price and owner occupancy.

Each Lender and Borrower provides information and signed certifications that are specific about the information provided and its correctness. In the event of false statements or fraud, substantial penalties may be levied.

In cases that have complicated calculations, Lenders are encouraged to communicate with the Corporation to assure themselves that the calculations are within the guidelines.

### B. INCOME RESTRICTIONS:

The income limits are the same as those established for the MRB7 program. Refer to the Lenders/Realtors – Lender Resources – MCC Lender Resources link on MHC’s website for income limits by county & number of persons in the household based at time of the Corporations loan approval and loan closing.

- (1) Annual Family Income: Defined as the current annualized family income at the time of the mortgage closing.

Current Year - shall mean January 1 through December 31.

- (2) Information with respect to Gross Monthly Income may be obtained from available loan documents which include but are not limited to Verifications of Employment dated less than one (1) month prior to the Corporations loan approval on New/Existing or four (4) months on Construction loans prior to closing, recent pay stub (within a 30-day period of the Corporations receipt), loan application, tax returns, and W-2 forms.

Any Gross Monthly Income not included on the loan documents MUST be included in determining Gross Monthly Income such as child support, alimony, rental income, etc.

PLEASE NOTE THE CORPORATION WILL CALCULATE THE MINIMUM INCOME AVAILABLE TO THE BORROWER DURING THE CURRENT YEAR WHETHER OR NOT IT WAS USED FOR LOAN QUALIFICATION AND WILL ANALYZE THIS TOTAL FIGURE.

- (3) Current Annualized Income - To determine income, the Lender verifies the Gross Monthly Income and multiplies the figure by twelve (12) to determine the current



annualized income (Jan 1 – Dec 31). The following tax compliance guidelines should be used in determining the current annualized income:

- \*\* If the prospective Borrower has additional earned income and has a history of such earning, then the income is to be calculated as permanent income.
  - \*\* If the income is earned only within the current year and has no history, nor will it continue after closing, then the total income generated during that time will be averaged, which can then be added to the Gross Monthly Income. If earned because of working overtime, a statement, on letterhead stationery, from the Borrowers employer stating the overtime will not continue is required but the amount of overtime earned up to the time overtime is expected to end then will be added to overall annual income.
  - \*\* When calculating additional or other income, it is important to calculate the income on a pro-rated, monthly basis. This will assist in calculating the current annualized income accurately.
- (4) Overtime- Income earned from overtime will be included if the Borrower has a history of such income or the income was earned during the current year. A statement from the employer MUST explain how much additional overtime is expected, if any, and what rate of pay. If the pay stub or VOE indicate overtime, a monthly average (15 months to a 27- month period) is determined to calculate the annual overtime amount.
- (5) Bonus- The gross amount of recurring bonus before any payroll deduction is to be included in the income calculation for Annual Family Income if:
- (a) The bonus is part of a collective bargaining agreement and must be paid; or
  - (b) The bonus is included in the computation of income by the employer or if there is a history of bonuses.

If there is a history of bonuses but the applicant does not know if a bonus is planned, nor does the employer divulge its plans for a bonus nor the projected amount, the Lender is to use an average of past years bonuses to calculate income. A bonus history for tax compliance purposes is to be considered one year or more.

(c) The bonus is not to be included in Annual Family Income if the bonus is totally discretionary by the employer, there is no previous bonus history, and the wages of the applicant are the basic source of income. If the pay stub or VOE indicate a bonus, a monthly average (15 months to a 27- month period) is determined to calculate the annual bonus amount.

- (6) Self-Employed- Lenders should watch for all types of self-employment (i.e., 1099 income received from employer run through Schedule 6, Form 2107, etc.)

The procedure to calculate Annual Family Income for self-employed borrowers is the same as under the respective FHA, VA, Rural Development, Fannie Mae, or Freddie Mac conventional underwriting guidelines. As in standard underwriting, depreciation and depletion are to be “added back” to determine annual income. Tax returns and a self-employed cash flow analysis are required for all self-employed borrowers.

- (7) Interest, Dividend and Royalty Income- Interest, dividend and royalty earnings are considered income.

Interest earning from IRA’s and 401K’s need not be included.

- (8) Rental Property or Contract Income - Net rental income is to be calculated in both Gross Monthly Income and Annual Family Income.

The use of standard underwriting criteria and procedures to document this income is acceptable. Depreciation is not usually considered in the calculation for net rental income. Therefore, it is not necessary to consider depreciation. The vacancy factor that is standard for Fannie Mae, Rural Development, FHA, VA, and Freddie Mac loans is acceptable when calculating net rental income.

Contract income is to be used in calculating both monthly and Annual Family Incomes.

Contracts that have underlying mortgages need only use the net to Borrowers in calculating both monthly and Annual Family Incomes.

- (9) Pension and Stock Withdrawals- Withdrawal of principal funds from pension or stock sources is not considered income. However, annuity or interest payments under a pension or stock investment program are considered income.

- (10) Child Support- Income received as child support as verified by divorce decree or court order must be included in the Annual Family Income calculation. A Child Support Statement (MCC 012) must also be completed and executed.

- (11) Miscellaneous Income-

(a) Education Grants- The portion of the income from Grants that is used for living expenses is to be added to the Annual Family Income.

(b) Car Allowance- Income received from employers for a car allowance must be included in the Annual Family Income calculation if the Borrower has no

accounting responsible to their company.

Example- If the Borrower receives \$300 per month from his employer for car allowance and is not required to file a mileage/expense report monthly then the income must be included in the Annual Family Income calculation.

- (c) Capital Gains/Losses- Both the taxable and non-taxable portions of capital gains are to be included, as income if a history of these incomes exists. If the two-year average results in a gain, then it must be added to Gross Monthly Income, and losses are to be disregarded (losses cannot be used to reduce Gross Monthly Income).
- (d) Lump Sum Payments- Lump sum payments, including but not limited to, inheritance, re-enlistment bonuses, and disbursements from insurance policies does not have to be included in the Annual Family Income calculation. If the income is received in any other form other than lump sum (i.e., monthly, or annual), it must be treated as permanent income and added to the Annual Family Income calculation.

Examples:

Permanent Seasonal Income

Include part-time or seasonal employment in calculating Annual Family Income if the Borrower works every summer. If the Borrower worked for three months and earned an average of \$3,600.00, divided by 12 months equals \$300.00 per month to the Gross Monthly Income. Multiply by 12 to determine the Annual Family Income.

Seasonal/Temporary Income

Include short-term part-time or seasonal employment in calculating Annual Family Income. If for example, the Borrower earned \$1,000 during the application period by painting either part-time or full-time, monthly Family Income is calculated by dividing the \$1,000 by 12 or \$83.33 per month. Multiply by 12 to determine the Annual Family Income.

Interest/Dividend Income

Borrower has \$10,000.00 in liquid assets. Total closing costs and down payment are estimated to be \$4,900.00. The liquid assets at closing are estimated to be \$5,100.00. Calculate the interest/dividend income at the annual passbook rate for the account. Include this income in Annual Family Income.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION VII**  
**MCC SUBMISSION PROCEDURES**

## SECTION VII

## MCC SUBMISSION PROCEDURES

In order to simplify the submission procedure, the Lender follows and uses the MCC Transmittal Checklist (Exhibit O). At each submission, make a copy of the completed form for your file before uploading to the Corporation.

### A. SUBMISSION PROCEDURES

#### STEP 1. ONLINE WEBSITE RESERVATIONS FOR MCCS:

To reserve an MCC the Lender will go to [www.mshomecorp.com](http://www.mshomecorp.com) – Click on the Lender Login link found on the homepage or select “Lenders/Realtors” – “Lender Resources” - “Lender Login”. Select MCC then New Loan Registration to provide the information needed to receive a Reservation Confirmation and complete the required documents. For specific information see Section III Reservation Procedure in this MCC Manual.

The Corporation must receive within 10- calendar days, the following uploaded documents into the online registration system:

- (1) MCC Reservation Confirmation,
- (2) MCC Transmittal Checklist (Exhibit O),
- (3) Executed copy of sales contract,
- (4) Copy of the loan application signed by the Borrower(s) and Lender,
- (5) \$300.00 MCC non-refundable fee receipt (paid online – MHC Website under Lender Resources “Pay Program Fee” link),
- (6) Executed Notice to Mortgagor Regarding Potential Recapture Tax (Exhibit P) and
- (7) Copy of Homebuyer Education Counseling Certificate.

The MCC Reservation number will be issued at this time and should be used on all affidavits, certificates, and all future inquiries. If using the Housing Assistance for Teachers (HAT) program, the Lender must also upload a copy of the HAT Loan Agreement signed by the Teacher and the School Superintendent or Board Member then mail the original document to the Corporation Attn: Single- Family, 735 Riverside Dr., Jackson, MS 39202). If using MCC with Smart6, the Lender must also reserve the 1<sup>st</sup> mortgage loan under Smart6, then upload all MCC & Smart6 Reservation documents to the Smart6 loan record.

#### STEP 2. SUBMISSION PROCEDURE FOR MCC CONDITIONAL COMMITMENT:

The MCC Conditional Commitment submission package must be uploaded and contain the following executed documents:

- (1) MCC Transmittal Checklist (Exhibit O),
- (2) FHA Transmittal, VA Loan Analysis or Fannie Mae 1008, whichever is applicable,
- (2) Executed MCC Disclosure (MCC 001),
- (4) Executed Commitment Application and Certification (MCC 002),
- (5) Copy of the most recent Federal Tax return/Transcript or wet signed 1040's with schedules, for all applicable Household Members (Target Counties and Veterans are exempt from first-time homebuyer rule, but returns are still required.),
- (6) Automated Underwriting Findings,
- (7) Copy of Credit Report for all Borrowers,
- (8) Copy of Fraud Guard or equivalent Report with Ownership/Occupancy module for all Borrowers,
- (9) Non-Borrower Certification (MCC 011) to be executed by any of age household occupant that is not a borrower,
- (10) Child Support Statement (MCC 012), if applicable,
- (11) Verification(s) of employment (written or verbal) and current pay stub(s), or executed current wet signature P&L and 2 years tax transcripts for self-employment,
- (12) Copy of Veteran's DD2-14 if discharged (if applicable),
- (13) Income Calculation Worksheet (MCC 008),
- (14) Copy of Appraisal,
- (15) Copy of Deed and Invoice (Manufactured Housing, if applicable),
- (16) MCC Worksheet (MCC 004),
- (17) Attorney Information Form (MCC 010),

- (18) Exception Documentation, if applicable,
- (19) MHC wet signature Letter of Explanation, if applicable,
- (20) Notification of Change Form (MCC 009), if applicable,
- (21) 203(k) Maximum Mortgage Worksheet, if applicable.

If complete and accurate information is received at this time. the loan status will be updated to a MCC Conditional Commitment and the Lender must print the Commitment for their file for future potential audits and for FHA mortgage insurance, if using FHA loan type.

B. COMMITMENT FOR A MORTGAGE CREDIT CERTIFICATE

1. ISSUANCE:

The Corporation will review each MCC submission package for acceptability and completeness. Acceptable MCC submissions will be kept on optical file at the Corporation and the MCC certificate will be sent directly to the Borrower with a copy being sent to the applicable contact of the originating Lender.

2. EXTENSION AND RECERTIFICATION OF HOUSEHOLD INCOME:

Regarding any MCC Conditional Commitment that is outstanding and will not close on or prior to the expiration date, an extension must be requested PRIOR to the expiration date. The extension request is requested by uploading the Notification of Change form and extension fee receipt of \$50.00 paid online at MHCs website – Lenders/Realtors – Lender Resources link. It will be at the sole discretion of the Corporation to grant the extension. Once the Corporation makes the extension, the Lender will be notified via email that a condition applies to have a new Reservation Confirmation uploaded to the loan record.

The Borrower and Lender should understand that the Borrowers household income MUST be within the program income limits as of the date of the loan closing. The Borrower must certify, and the Lender must verify that the Borrowers income is in compliance with the Program income limits in each case where an extension is granted. The Borrowers Closing Affidavit (MCC 006) requires that any changes in income have been verified by the Corporation prior to the actual closing.

3. CANCELLATIONS:

The Lender must notify the Corporation of conditional commitments to be canceled by first uploading the Notification of Change Form (#7 marked with Reason for Cancellation) then going back to the loan and selecting “Cancel Application or

Commitment”. The \$300.00 MCC reservation fee is non-refundable.

STEP 3. POST CLOSING SUBMISSIONS:

Within 30-calendar days after the loan has closed, the participating Lender will upload the following executed documents to the Corporation under the MCC loan record:

- (1) Transmittal Checklist.
- (2) Executed Borrowers Closing Affidavit (MCC 005),
- (3) Copy of the executed first mortgage note,
- (4) Copy of the executed first mortgage Deed of Trust,
- (5) Copy of executed Closing Disclosure (Buyer & Seller),

C. CHANGES PRIOR TO CLOSING:

MCC Conditional Commitments are issued upon the Lenders certification that all the requirements necessary for issuance of a qualified certificate have been met. The Lender must contact the Corporation regarding any changes that affect the conditions under which the conditional commitment was issued.

1. CHANGES IN THE BORROWER’S FINANCIAL OR MARITAL STATUS AFTER ISSUANCE OF THE CONDITIONAL COMMITMENT AND PRIOR TO CLOSING.

The eligibility of a Borrower for a MCC is based upon the Borrowers current projected income. The Corporation will issue a commitment, valid for up to 45 days for Existing Property from the reservation date, provided the annual Election deadline has not expired, and based on facts as represented to the Corporation as of the date of the Conditional Commitment.

For Proposed construction the Corporation will issue a commitment, valid for 120 days from the reservation date, provided the annual Election deadline has not expired, and based on facts as represented to the Corporation as of the date of the Conditional Commitment.

The determination of compliance with the income limits made and substantiated at the time of the loan application or MCC Conditional Commitment must be updated by a certification of the Borrower executed at the loan closing certifying to the continued compliance with the income limit.

If the Borrower marries after issuance of the Conditional Commitment and prior to



closing, the new spouse must satisfy the prior homeownership requirements contained in the affidavits and certifications and must execute all affidavits and certifications. The Lender must obtain the information necessary for the new spouse prior to closing and upload to the loan record for the Corporation to review again for approval to close.

2. CHANGES IN HOMEOWNERSHIP STATUS, ACQUISITION COST AND AMOUNT OF MORTGAGE LOAN AFTER ISSUANCE OF CONDITIONAL COMMITMENT AND PRIOR TO CLOSING.

If the Borrower(s) acquires a present ownership interest in a principal residence prior to loan closing, the Conditional Commitment shall be revoked unless the property to be purchased with the use of the MCC-assisted mortgage is in a Target Area. If the total Acquisition Cost of the residence purchase in connection with the MCC increases to exceed the Acquisition cost limitations set forth herein, the Conditional Commitment shall be revoked.

IF THE AMOUNT OF THE MORTGAGE LOAN INCREASES BETWEEN THE TIME OF RESERVATION AND CLOSING, THEREBY CAUSING AN INCREASE IN THE CREDIT AMOUNT, THE CORPORATION WILL HONOR AN INCREASE ONLY IF THE CORPORATION HAS THE REMAINING ALLOCATION AVAILABLE AND IF MHC HAS RECEIVED CONTACT OF THE INCREASE LOAN AMOUNT PRIOR TO CLOSING OF THE LOAN. APPROVAL OF THE INCREASE WILL BE AT THE CORPORATION'S SOLE DISCRETION.

D. LEGAL SEPARATION, PRE-NUPTIAL AGREEMENTS:

Legal separation agreements are not acceptable documentation in the determination of separated Borrower's eligibility. MCC compliance requires verification of the spouse's income and property ownership status. Lenders must treat separated borrowers or non-borrower spouse, as both being in the household and meet the income and property guidelines. Pre-nuptial agreements are not acceptable in cases where Borrowers have filed joint tax returns and mortgage interest deductions have been realized at any time in the three previous years.

E. PROPERTY ELIGIBILITY:

The Corporation has established guidelines for use in determining if a property qualifies as a Single-Family Residence for MCC qualifying purposes.

1. If a residence meets one or more of the following criteria, the property is NOT eligible for the Program:
  - a. The residence contains more than one self-sufficient unit (self-sufficient

meaning kitchen, bath and living unit).

- b. More than one service meter supports the entire property.
  - c. Property is rented or otherwise used in a trade or business, or as an investment property or recreational home.
- 2. Properties that are questionable, as a Single-Family Residence will require a statement from the city or county submitted to the Corporation, as applicable, which confirms that the property is a single-family residence as per the Code.
  - 3. If the land has been owned less than two years from the date construction begins on a residence (whether financed with proceeds of the MCC loan), Acquisition Cost Limits for Maximum Purchase Price is determined by adding the cost of the land to the cost of the improvements.

In cases where the land is received through inheritance or as a gift, Acquisition Cost Limits for Maximum Purchase Price is determined by adding the value of the land to the cost of the improvements.

- 4. If a Borrower has owned the land for more than two years prior to the date construction begins on a residence, Acquisition Cost Limits for Maximum Purchase Price is based on the cost of improvements only.
- 5. If the dwelling is a manufactured home and does not meet the requirements it will not be an eligible property.
  - a. A minimum of 400 square feet of living space
  - b. A minimum width in excess of 102 inches
  - c. Permanently affixed on borrower's land
  - d. Must be constructed in accordance with the National Manufactured Housing Safety Act of 1974 and constructed after June 14, 1976.
  - e. Meets any overlays of the Lender and/or investor for the mortgage loan
- 6. Split county Target Area Map(s) – See MHC's website [www.mshomecorp.com](http://www.mshomecorp.com) – Lenders/Realtors – Lender Resources - MCC Lender Resources link.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION VIII**  
**REPORTING PROCEDURE**

## SECTION VIII      REPORTING PROCEDURE:

The Corporation will utilize the following procedures for transmitting reports as required for the MCC Program:

The Corporation will mail a Transmittal Letter of Mortgage Credit Certificate to Holder(s) directly to the homebuyer along with the original Mortgage Credit Certificate upon MCC issuance.

A Transmittal of MCC and Explanation of Reporting will be sent to the designated contact person for each Lender with every MCC issued. The originating Lender of the MCC-assisted mortgage loan is required by the Internal Revenue Service to file a one-time report on or before January 31 of the MCC's granted for that calendar year. MHC will generate the IRS filing form 8329 along with a list of loans that MHC has issued a MCC. The letter explains the reporting procedure and will be sent no later than the end of the first week in January of the following year.

### A.      IRS FORMS

#### IRS FORM 8329:

This form is to be used by the Lenders of Certified Indebtedness (MCC Loan Amount) to provide the IRS with information regarding issuance of MCC's under Section 25 of the Code. (Exhibit J)

The Lender must file this form before the 31st of January following the close of the calendar year the Lender made the Certified Indebtedness loans.

#### IRS FORM 4506:

This form is to be used to obtain a copy of a tax form if the Borrower cannot furnish copies of filed tax returns. (Exhibit M)

#### IRS FORM 8330:

The issuer of the MCC Certificate (MHC) completes and sends to the IRS to provide the IRS with information required by Section 25 of the code. Each Issuer that elected to issue MCC's must file Form 8330 for each issue of MCC's (Exhibit N).

This Issuer form must be filed on a quarterly basis beginning with the quarter in which the election was made. The return is due on the following dates:

#### FOR QUARTER ENDING:

March 31st.  
June 30th.  
September 30th.  
December 31st.

#### FORM 8330 IS DUE BY:

April 30th.  
July 31st.  
October 31st.  
January 31st.

IRS FORM 1040:

The homeowner files this in a regular manner. The MCC credit is required to be listed on the tax form.

If additional information is required, the IRS has Tax Information for Homeowners can be obtained from the IRS or updated IRS Publication, if applicable.

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE PROGRAM**  
**SECTION IX**  
**MCC PROGRAM DOCUMENTS**

## MCC PROGRAM DOCUMENTS

MCC DISCLOSURE *	MCC001
MCC COMMITMENT APPLICATION AND CERTIFICATION *	MCC002
MCC WORKSHEET (Conventional & Manufactured Housing) *	MCC004
MCC BORROWER CLOSING AFFIDAVIT *	MCC005
INCOME CALCULATION WORKSHEET*	MCC008
NOTIFICATION OF CHANGE FORM *	MCC009
ATTORNEY & FINAL LOAN DETAIL INFORMATION*	MCC010
MHC LETTER OF EXPLANATION.....	No Form #
MCC SCHEDULE OF INCOME LIMITS (Online website).....	EXHIBIT A
MCC MAXIMUM ACQUISITION LIMITS.....	EXHIBIT B
MCC MORTGAGE CREDIT CERTIFICATE.....	EXHIBIT C
MCC RELATED PERSON DEFINITION.....	EXHIBIT D
MCC OWNERSHIP INTEREST DEFINITION.....	EXHIBIT E
MCC CONDITIONAL COMMITMENT.....	EXHIBIT F
MCC TRANSMITTAL LETTER TO HOMEBUYER.....	EXHIBIT G
MCC IRS MORTGAGE INTEREST CREDIT (IRS FORM)*.....	EXHIBIT H
MCC TRANSMITTAL LETTER TO LENDER.....	EXHIBIT I
MCC LENDER INFORMATION RETURN FOR MCC (IRS FORM).....	EXHIBIT J
MCC IRS EMPLOYEE'S WITHHOLDING ALLOWANCE (IRS FORM).....	EXHIBIT K
MCC IRS FORM 1040.....	EXHIBIT L
MCC REQUEST FOR COPY OF TAX FORM (IRS FORM).....	EXHIBIT M
MCC IRS ISSUER'S INFORMATION RETURN (IRS FORM).....	EXHIBIT N
MCC TRANSMITTAL CHECKLIST FOR LENDER.....	EXHIBIT O
MCC FEDERAL RECAPTURE TAX REQUIREMENTS.....	EXHIBIT P
MCC NON-BORROWER CERTIFICATION.....	EXHIBIT Q
MCC CHILD SUPPORT STATEMENT.....	EXHIBIT R

\* Available through MHC's Online Registration site

**NOTE: E-Signatures are allowed when the E-Signature Authorization Form is provided as Exception or Miscellaneous documentation. MHC requires wet signatures on 1040, P&L or MHC LOE.**

EXHIBIT A

MCC SCHEDULE OF INCOME LIMITS  
(SEE MHC WEBSITE – [www.MSHOMECORP.COM](http://www.MSHOMECORP.COM))



## EXHIBIT B

### MCC MAXIMUM ACQUISITION LIMITS

MCC TARGET/NON-TARGET COUNTY ACQUISITION LIMITS

TARGETED AREAS:

\$309,000

NON-TARGETED AREAS:

\$258,000

Revision 12/2/2019

EXHIBIT C

SAMPLE MCC MORTGAGE CREDIT CERTIFICATE

**MISSISSIPPI HOME CORPORATION**  
**MORTGAGE CREDIT CERTIFICATE**  
**Mortgage Credit Certificate No. is 23682**

1. This Mortgage Credit No. 23682 is issued effective this day of 08/23/2001 by the Mississippi Home Corporation (the "Corporation"), P.O. Box 23369, Jackson, MS, 39225, TIN No. 64-0644578.
2. This Certificate is issued pursuant to the Corporation's election not to issue qualified mortgage bonds.
3. This Certificate has been issued in reliance upon the affidavits and supporting documents of the buyer and Seller of the Residence and the Certification of the Lender that all conditions required for the issuance of a qualified Mortgage Credit Certificate have been met.
4. The Certificate is issued to:  
NAME (S) SS#: JANE DOE 123-45-6789  
ADDRESS: 735 RIVERSIDE DRIVE  
JACKSON, MS 39202
5. who shall be known as the holder.
6. This Certificate shall, subject to applicable Federal law as amended from time to time, entitle the Holder to a Federal Income Tax Credit equal to 40% of the annual interest paid on the Certified Indebtedness amount of: \$81,047.00, which consists of financing (the "Mortgaged Loan") received from THE MORTGAGE CONNECTION INC who shall be known as the Lender.
7. The Certificate is to be used in connection with the acquisition of a Single Family Residence (the "Residence") located at: 735 RIVERSIDE DRIVE JACKSON, MS 39202
8. The acquisition cost for the residence is \$81,700.00, and the average area purchase price of the county in which the residence is located is \$132,333.00
9. This Certificate meets the requirements of:  
a. Temporary IRS Regulation Section 1.25-3T (d) relating to residence;  
b. Temporary IRS Regulation Section 1.25-3T (e) relating to 3-year requirement;  
c. Temporary IRS Regulation Section 1.25-3T (g) relating to new mortgage requirements;  
d. Temporary IRS Regulation Section 1.25-3T (i) relating to prohibited Mortgages;  
e. Temporary IRS Regulation Section 1.25-3T (k) relating to interest paid to related persons;  
f. Temporary IRS Regulation Section 1.25-3T (l) relating to particular lender;  
g. Temporary IRS Regulation Section 1.25-3T (m) relating to allocations to particular persons;  
h. Internal Revenue Code of 1986, Section 259 (e)(2)(IV).
10. The residence in connection with which this Certificate is issued is located in a Target Area.
11. The Loan was closed on 06/29/2001.
12. This Certificate shall expire upon the earlier of revocation, repayment of the Indebtedness Amount or the date on which the Residence ceases to be the Holder's principal residence.
13. This Certificate is not transferable.
14. If the Corporation becomes aware that a material misstatement, whether negligent or intentional, has been made in the application for this Certificate, this Certificate shall automatically be null and void without any need for further action on the part of the Mississippi Home Corporation.
15. Under penalty of perjury, I hereby declare that to the best of my knowledge and belief, the determinations required by the Temporary Regulations, as identified in paragraphs 8 and 9 of this Certificate, have been made.

**MISSISSIPPI HOME CORPORATION**

Scott Spivey, Executive Director

## EXHIBIT D

### MCC RELATED PERSON DEFINITION

**RELATED PERSON DEFINITION**

“Related person” means persons with any relationship which would result in disallowance of losses under Subsection 267 and 707 (b) of the Internal Revenue Code of 1986 (“Code”).

The expanded definition of “related person” is as follows:

1. Members of a family, including only a person’s brothers and sisters (whether by whole or half-blood), spouse, ancestors, and lineal descendants;
2. An individual and a corporation more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by or for such individual;
3. As partnership and an individual owning, directly or indirectly, more than 50% of the capital interest or profits interest in such partnership;
4. Two corporations which are members of the same controlled group, defined as:
  - (a) a parent-subsiary controlled group of corporations connected through stock of each corporation (other than the common parent corporation), possessing at least 50% of the total combined voting power or value of all classes of stock, is owned by one or more of the other corporations in the group, and the common parent corporation owns (including through constructive ownership by attribution under SS1563[e] of the Code) stock possessing at least 50% of the total combined voting power or value of all classes of stock of at least one of the other corporations;
  - (b) a brother-sister controlled group of corporations consisting of two or more corporations of which stock possessing at least 50% of the total combined voting power or value is owned by five or fewer individuals, estates or trusts (including constructive ownership by attribution), and such persons own stock possessing at least 50% of the total combined voting power or value of all classes of stock of each corporation, taking into account only stock ownership that is identical as to each corporation; or
  - (c) a combined group of parent-subsiary or brother-sister corporations;
5. Two partnerships in which the same persons own, directly or indirectly, more than 50% of the capital interest or profit interests;
6. A grantor and a fiduciary of any trust;
7. Fiduciaries of two trusts of which the same person is grantor;

8. A fiduciary and a beneficiary of any trust;
9. A fiduciary of one trust and a beneficiary of another trust, if the same person is grantor of both trusts;
10. A fiduciary of a trust and a corporation of which more than 50% in value of the outstanding stock is owned, directly or indirectly, by or for the trust or a grantor of the trust;
11. A person and a tax-exempt organization which is controlled, directly or indirectly, by such person or, if such person is an individual, by members of such person's family (as defined above);
12. A corporation and a partnership if the same persons own more than 50% of the value of the outstanding stock of the corporation and more than 50% of the capital interest in the partnership;
13. Two subchapter S corporations if the same persons own more than 50% in value of the outstanding stock of each corporation; and
14. A subchapter S corporation and a regular C corporation if the same persons own more than 50% in value of the outstanding stock of each corporation.

The foregoing relationship rules are applied based upon constructive ownership of stock as follows:

1. stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be constructively owned proportionately by or for its shareholders, partners, or beneficiaries;
2. an individual who owns stock by members of his family (as defined above);
3. an individual who owns stock directly (but not constructively through family members) in a corporation constructively owns any stock owned, directly or indirectly, by or for his partners;
4. for purposes of determining constructive ownership of stock, only stock constructively owned because of family relationship shall be treated as actually owned for purposes of 1., 2., and 3.; and
5. similar principles apply in determining constructive ownership of interest in a partnership, except that there shall be no attribution between partners, and interests owned by a corporation shall be constructively owned by shareholders owning, directly or indirectly, 5% or more in value of the outstanding stock.

## EXHIBIT E

### MCC OWNERSHIP INTEREST DEFINITION



## EXHIBIT E

### OWNERSHIP INTEREST DEFINITION

Examples of interests which constitute present ownership interests in a principal residence and thus would result in a potential homebuyer **FAILING** to meet the First-time Homebuyer requirements include the following:

1. Fee Simple;
2. Joint tenancy, a tenancy in common, or tenancy by the entirety, or a community property interest; or
3. The interest of a tenant shareholder in a cooperative;
4. A life estate;
5. A real estate contract or bond for deed contract (i.e., a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later date); and
6. An interest held in trust for the Mortgagor (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Buyer; and
7. A lease with an option to purchase for a nominal sum.
8. Title to person property.

Examples of interest which **do not** constitute present ownership interest and **would not** result in a Borrower failing to meet the First-time Home buyer requirements are:

1. A remainder interest;
2. A lease with or without an option to purchase;
3. A mere expectancy to inherit an interest in a principal residence;
4. The interest that a purchaser of a residence acquires on execution of a purchase contract; and
5. An interest in other than a principal residence during the previous three years. For example, owning a vacation home or rental property would not disqualify a Borrower.

EXHIBIT F

MCC SAMPLE CONDITIONAL COMMITMENT

**Exhibit F**

***SAMPLE***  
**Mississippi Home Corporation**

Mortgage Credit Certificate

MHC Reservation #:

Participant Name:

Mortgagor Name:

Property Address:

**THIS IS A CONDITIONAL COMMITMENT ONLY**

CHANGES IN CIRCUMSTANCES MAY DISQUALIFY A BORROWER OR PROPERTY FROM THE MORTGAGE CREDIT CERTIFICATE PROGRAM (MCC). ADDITIONAL DISCOVERY OF ANY MISSTATEMENT BY BORROWER, LENDER OR SELLER, WHETHER NEGLIGENTLY OR FRAUDULENTLY MADE WILL REVOKE THIS CONDITIONAL COMMITMENT.

A forty percent (40%) for a single-family residence or for a manufactured home Mortgage Credit Certificate will, upon evidence of compliance with the Mortgage Credit Certificate program requirements, be issued to the Certified Indebtedness Amount of \$ \_\_\_\_\_.

After the loan closes, the following documents must be submitted online to MHC within thirty (30) days from the loan closing date in order to issue the Borrowers Certificate:

1. Executed Mortgage Credit Certificate Program Data Summary (MCC007)
2. Executed Borrower's Closing Affidavit (MCC005)
3. Copy of Note
4. Copy of Mortgage
5. Copy of Final Executed Closing Disclosure

MISSISSIPPI HOME CORPORATION

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Betty C. Temple-Putnam,  
Sr. Vice President of Single-Family Program Operations

February 23, 2023

*Disclaimer: Mississippi Home Corporation and your lender cannot predict what Congress, or the IRS might do regarding the Tax Reform Bill that could eliminate the Mortgage Credit Certification (MCC) program. Therefore, while you may want to reserve your MCC now, Mississippi Home Corporation and your lender makes no promise about whether the MCC Program will be available to provide you with an MCC and its benefits in the event your loan does not close on or prior to 12/31/2017. Therefore, Mississippi Home Corporation and your lender have no liability whatsoever for any action taken by Congress or the IRS.*

EXHIBIT G

MCC TRANSMITTAL LETTER TO HOMEBUYER

February 23, 2023

«MortgagorFirstName» «MortgagorLastName»  
«CoMortgagorName»  
«PropertyAddStreetNumber» «PropertyAddStreet1»  
«PropertyAddCity», «PropertyAddState» «PropertyAddZip»

**RE: MORTGAGE CREDIT CERTIFICATE**

Dear «MortgagorFirstName» «MortgagorLastName» «CoMortgagorName»:

Congratulations, you have been approved for a Mortgage Credit Certificate that will entitle you to a federal tax credit that can reduce the amount of federal income taxes you pay.

Attached to this letter, is your MORTGAGE CREDIT CERTIFICATE that entitles you to this federal tax credit. You should read this Certificate and keep it with your tax records, as you will need it each year when your income tax return is prepared.

To claim this federal tax credit on your income tax returns you must complete, each year, IRS Form 8396, Mortgage Interest Credit, and attach it to your Form 1040. IRS form 8396 for the appropriate year can be obtained from the Internal Revenue Service. You will need to obtain the current year form from the Internal Revenue Service located nearest you. We suggest you use a professional preparer to assist you in completing your federal income tax return to help you obtain the maximum benefit from this tax credit.

You may wish to realize the benefit of this tax credit each month by filing a revised W-4 with your employer. We recommend that you discuss this method in which to achieve this benefit each month with your tax preparer and your employer. A credit worksheet has been enclosed for your convenience.

**Please notify this office immediately upon the selling or refinancing of this property.** If you have any questions regarding this matter, please do not hesitate to contact MHC at (601) 718-4642.

Sincerely,

Nedra Patton  
Vice President  
Single Family Program Operations

Enclosures

EXHIBIT H  
MCC IRS MORTGAGE INTEREST CREDIT  
(IRS FORM)

Form **8396**Department of the Treasury  
Internal Revenue Service (99)**Mortgage Interest Credit**(For Holders of Qualified Mortgage Credit Certificates Issued by  
State or Local Governmental Units or Agencies)► Information about Form 8396 and its instructions is at [www.irs.gov/form8396](http://www.irs.gov/form8396).

► Attach to Form 1040 or 1040NR.

OMB No. 1545-0074

**2016**Attachment  
Sequence No. **138**

Name(s) shown on your tax return

Your social security number

Enter the address of your main home to which the qualified mortgage certificate relates if it is different from the address shown on your tax return.

Name of Issuer of Mortgage Credit Certificate

Mortgage Credit Certificate Number

Issue Date

**Before you begin Part I**, figure the amounts of any of the following credits you are claiming: Credit for the elderly or the disabled, alternative motor vehicle credit, and qualified plug-in electric drive motor vehicle credit.**Part I Current Year Mortgage Interest Credit**

<b>1</b>	Interest paid on the certified indebtedness amount. If someone else (other than your spouse if filing jointly) also held an interest in the home, enter only your share of the interest paid . . . . .	<b>1</b>		
<b>2</b>	Enter the certificate credit rate shown on your <b>mortgage credit certificate</b> . <b>Do not</b> enter the interest rate on your home mortgage . . . . .	<b>2</b>		%
<b>3</b>	If line 2 is 20% or less, multiply line 1 by line 2. If line 2 is more than 20%, or you refinanced your mortgage and received a reissued certificate, see the instructions for the amount to enter . <b>You must reduce your deduction for home mortgage interest on Schedule A (Form 1040) by the amount on line 3.</b>	<b>3</b>		
<b>4</b>	Enter any 2013 credit carryforward from line 16 of your 2015 Form 8396 . . . . .	<b>4</b>		
<b>5</b>	Enter any 2014 credit carryforward from line 14 of your 2015 Form 8396 . . . . .	<b>5</b>		
<b>6</b>	Enter any 2015 credit carryforward from line 17 of your 2015 Form 8396 . . . . .	<b>6</b>		
<b>7</b>	Add lines 3 through 6 . . . . .	<b>7</b>		
<b>8</b>	Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet (see instructions) . . . . .	<b>8</b>		
<b>9</b>	<b>Current year mortgage interest credit.</b> Enter the smaller of line 7 or line 8. Also include this amount in the total on Form 1040, line 54, or Form 1040NR, line 51. Check box c on that line and enter "8396" in the space next to that box . . . . .	<b>9</b>		

**Part II Mortgage Interest Credit Carryforward to 2017. (Complete only if line 9 is less than line 7.)**

<b>10</b>	Add lines 3 and 4 . . . . .	<b>10</b>		
<b>11</b>	Enter the amount from line 7 . . . . .	<b>11</b>		
<b>12</b>	Enter the <b>larger</b> of line 9 or line 10 . . . . .	<b>12</b>		
<b>13</b>	Subtract line 12 from line 11 . . . . .	<b>13</b>		
<b>14</b>	<b>2015 credit carryforward to 2017.</b> Enter the <b>smaller</b> of line 6 or line 13 . . . . .	<b>14</b>		
<b>15</b>	Subtract line 14 from line 13 . . . . .	<b>15</b>		
<b>16</b>	<b>2014 credit carryforward to 2017.</b> Enter the <b>smaller</b> of line 5 or line 15 . . . . .	<b>16</b>		
<b>17</b>	<b>2016 credit carryforward to 2017.</b> Subtract line 9 from line 3. If zero or less, enter -0- . . . . .	<b>17</b>		

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 62502X

Form **8396** (2016)

## General Instructions

### Future Developments

For the latest information about developments related to Form 8396 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form8396](http://www.irs.gov/form8396).

### Purpose of Form

Use Form 8396 to figure the mortgage interest credit for 2016 and any credit carryforward to 2017.

### Who Can Claim the Credit

You can claim the credit only if you were issued a qualified Mortgage Credit Certificate (MCC) by a state or local governmental unit or agency under a qualified mortgage credit certificate program.



*Homestead Staff Exemption Certificates, and certificates issued by the Federal Housing Administration, Department of Veterans Affairs, and Farmers Home Administration do not qualify for the credit.*

The home to which the certificate relates must be your main home and also must be located in the jurisdiction of the governmental unit that issued the certificate.

If the interest on the mortgage was paid to a related person, you cannot claim the credit.

### Refinanced Mortgage

You can refinance your mortgage without losing this credit if your existing MCC is reissued and the reissued certificate meets all of the following conditions.

- It must be issued to the holder(s) of the existing certificate for the same property.
- It must entirely replace the existing certificate. The holder cannot retain any portion of the outstanding balance of the existing certificate.
- The certified indebtedness on the reissued certificate cannot exceed the outstanding balance shown on the existing certificate.
- The credit rate of the reissued certificate cannot exceed the credit rate of the existing certificate.
- The reissued certificate cannot result in a larger amount on line 3 than would otherwise have been allowable under the existing certificate for any tax year.

For each tax year, you must determine the amount of credit that you would have been allowed using your original MCC. To do this, multiply the interest that was scheduled to be paid on your original mortgage by the certificate rate on your original MCC. The result may limit your line 3 credit allowed when you have a reissued MCC, even if your new loan has a lower interest rate.

If the certificate credit rates are different in the year you refinanced, attach a statement showing separate calculations for lines 1, 2, and 3 for the applicable parts of the year when the original MCC and the reissued MCC were in effect. Combine the amounts from both calculations for line 3. Enter that total on line 3 of the form and enter "see attached" on the dotted line next to line 2.

For more details, see Regulations section 1.25-3(p).

### Recapture of Credit

If you buy a home using an MCC and sell it within 9 years, you may have to recapture (repay) some of the credit. See Pub. 523, Selling Your Home, and Form 8828, Recapture of Federal Mortgage Subsidy.

### Additional Information

See Pub. 530, Tax Information for Homeowners, for more details.

## Specific Instructions

### Part I—Current Year Mortgage Interest Credit

#### Line 1

Enter the interest you paid during the year on the loan amount (certified indebtedness amount) shown on your MCC. In most cases, this will be the amount in box 1 on Form 1098, Mortgage Interest Statement, or on a similar statement you received from your mortgage holder. If the loan amount on your MCC is less than your total mortgage loan, you must allocate the interest to determine the part that relates to the loan covered by the MCC. See Pub. 530 for an example of how to allocate the interest.

#### Line 2

The certificate credit rate cannot be less than 10% or more than 50%.

#### Line 3

If you refinanced, see *Refinanced Mortgage* on this page.

If the certificate credit rate shown on line 2 is more than 20%, multiply line 1 by line 2, but do not enter more than \$2,000 on line 3. If you and someone else (other than your spouse if filing jointly) held an interest in the home, the \$2,000 limit must be allocated to each owner in proportion to the interest held. See *Dividing the Credit* in Pub. 530 for an example of how to make the allocation.

**Reduction of home mortgage interest deduction on Schedule A (Form 1040).** If you itemize your deductions on Schedule A, you must reduce the amount of home mortgage interest you would otherwise deduct on Schedule A by the amount on Form 8396, line 3, and report the reduced amount on Schedule A. You must do this even if part of the amount on line 3 is carried forward to 2017.

### Line 8—Credit Limit Worksheet

#### Keep for Your Records

1. Enter the amount from Form 1040, line 47, or Form 1040NR, line 45 . . . . . 1. \_\_\_\_\_
2. **Form 1040 filers:** Enter the amounts from Form 1040, lines 48 through 51; line 12 of the Line 11 Worksheet in Pub. 972; Form 5695, line 30; Form 8910, line 15; Form 8936, line 23; and Schedule R (Form 1040A or 1040), line 22.  
**Form 1040NR filers:** Enter the amounts from Form 1040NR, lines 46 through 48; line 12 of the Line 11 Worksheet in Pub. 972; Form 5695, line 30; Form 8910, line 15; and Form 8936, line 23. 2. \_\_\_\_\_
3. Subtract line 2 from line 1. Enter this amount on Form 8396, line 8. If zero or less, enter -0- here and on Form 8396, lines 8 and 9, and go to Part II of Form 8396 . . . . . 3. \_\_\_\_\_

\*If you are filing Form 2555 or Form 2555-EZ, enter instead the amount, if any, from line 13 of the Child Tax Credit Worksheet in Pub. 972. If you are not claiming the child tax credit, you do not need Pub. 972.

### Part II—Mortgage Interest Credit Carryforward to 2017

If the amount on line 9 is less than the amount on line 7, you may have an unused credit to carry forward to the next 3 tax years or until used, whichever comes first. The current year credit is used first and then the prior year credits, beginning with the earliest prior year.

If you have any unused credit to carry forward to 2017, keep a copy of this form to figure your credit for 2017.



*If you are subject to the \$2,000 credit limit because your certificate credit rate is more than 20%, no amount over the \$2,000 limit (or your prorated share of the \$2,000 if you must allocate the credit) may be carried forward for use in a later year.*



EXHIBIT I

MCC TRANSMITTAL LETTER TO LENDER

## Exhibit I

February 23, 2023

«ORIGINATOR»  
«Originator\_Contact»  
«Originator\_Address»  
«Originator\_Branch\_City», «Orig\_Branch\_State» «Originator\_Zip»

**RE: MORTGAGE CREDIT CERTIFICATE (MCC)**  
**«MortgagorFirstName» «MortgagorLastName»**  
**MCC «LoanNumber»**

Dear «Originator\_Contact»:

IRS regulations require that you retain on your books and records the information listed below for six (6) years following the year in which the mortgage loan was made to the above-named person(s). All the information listed below is on the attached copy of the MCC; therefore, all you need to do is retain the copy of the MCC for the required time period. The information required to be retained by you, is as follows:

1. Name, address, and tax identification number of the Holder of the MCC.
2. Name, address, and tax identification number of the issuer of the MCC.
3. The date the mortgage loan was closed, the mortgage loan amount (certified Indebtedness amount), and the Certificate Credit Rate.

IRS regulations require that you file IRS Form 8329, Lender's Information Return for Mortgage Credit Certificates (MCC's) for all mortgage loans you made during the calendar year which were the subject of a Mortgage Credit Certificate. This report must be filed with the IRS on or prior to January 31 of the year following the calendar year to which the report relates. The Mississippi Home Corporation (MHC) can have more than one issuance for MCC's per year. Therefore, the IRS requires that you file a separate Form 8329 for each MCC issue, if applicable. This is a one-time report that is not repeated in subsequent years for the same mortgage loans. MHC will provide a computer print-out of all MCC assisted mortgage loans issued by you for the calendar year and attach the IRS Form 8329 for your completion.

**Page 2**

Mortgage Credit Certificate  
Mississippi Home Corporation

If the computer print-out is consistent with your records, you may execute the IRS Form 8329 and send it to The Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255, no later than January 31.

If you sell or assign the mortgage loan to another financial institution, you are still required to retain the records described above and file the IRS Form 8329.

If you have any questions regarding this matter, please do not hesitate to contact us.

Sincerely,

Nedra Patton  
Vice President  
Single Family Program Operations

Enclosure

EXHIBIT J

MCC LENDER INFORMATION RETURN FOR MCC  
(IRS FORM 8329)

Form **8329**  
(Rev. October 2012)  
Department of the Treasury  
Internal Revenue Service

**Lender's Information Return for  
Mortgage Credit Certificates (MCCs)**  
For calendar year ending \_\_\_\_\_

OMB No. 1545-0922

► Information about Form 8329 and its instructions is at [www.irs.gov/form8329](http://www.irs.gov/form8329).

**Part I Reporting Authority**

Lender's name		Employer identification number
Lender's address (number, street, or P.O. box no., if mail is not delivered to street address)		Room/suite
City, town, or post office, state, and ZIP code		

**Part II Issuing Authority**

Issuer's name		Employer identification number
Issuer's address (number, street, or P.O. box no., if mail is not delivered to street address)	Room/suite	Election date
City, town, or post office, state, and ZIP code		Nonissued bond amount

**Part III Recipients of Mortgage Credit Certificates (If more than five recipients, see instructions.)**

(a) Name(s)	(b) Address Do not use a P.O. box number.	(c) Social Security Number(s)
1		
2		
3		
4		
5		

**Part IV Computation of the Total Amount of Mortgage Credit Certificates (Note: Match the information entered on each line with information entered on each corresponding line in Part III.)**

(d) Date of Issue of MCC	(e) Certified Indebtedness Amount of Each MCC Issued	(f) Certificate Credit Rate	(g) Amount of MCC Issued (column (e) x column (f))
1			
2			
3			
4			
5			
6 Total amount of MCCs issued. (See instructions.)			►

**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than representative of lender) is based on all information of which preparer has any knowledge.

► Signature of authorized representative of lender Date Title

**Paid  
Preparer  
Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ►	Firm's EIN ►			
Firm's address ►	Phone no.			

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13902F

Form **8329** (Rev. 10-2012)

## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Any person who makes a loan that is a "certified indebtedness amount" on any mortgage credit certificate (MCC) must maintain books and records of the activity and file Form 8329. (See Temporary Regulations section 1.25-8T(a).)

A separate Form 8329 must be filed for each issue of MCCs for which the lender made mortgage loans during the calendar year. Each issue of MCCs corresponds to the MCC program relating to the nonissued bond amount that was the subject of the election made on the election date. Both the nonissued bond amount and the election date are to be provided in Part II of this Form 8329.

## Future Developments

For the latest information about developments related to Form 8329 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form8329](http://www.irs.gov/form8329).

## Purpose of Form

Form 8329 is used by lenders of certified indebtedness amounts to provide the IRS with information regarding the issuance of MCCs under section 25.

The MCC must be issued under a program that meets the residence requirements of section 143(c). Under these requirements, the residence must: (1) be a single-family residence that can reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided, and (2) be located in the jurisdiction of the authority issuing the certificate. See section 25(c)(2) for additional requirements.

## Who Must File

Any person who makes a loan that is a certified indebtedness amount on any MCC must file Form 8329.

## When To File

File Form 8329 by January 31 following the close of the calendar year in which the lender made certified indebtedness loans.

The IRS may grant an extension of time to file Form 8329 if there is reasonable cause for not filing on time.

## Where To File

File Form 8329 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

## Penalty

Any person required to file Form 8329 may be subject to a \$200 penalty for each form that is not filed by the due date. The maximum penalty is \$2,000.

## Definitions

**Mortgage Credit Certificate.** A mortgage credit certificate is a certificate issued under a "qualified mortgage credit certificate program" by the state or political subdivision having the authority to issue qualified mortgage bonds to provide financing for the acquisition, qualified rehabilitation, or qualified home improvement of a taxpayer's principal residence. For more information, see section 25(c)(1).

**Qualified mortgage credit certificate program.** A qualified mortgage credit certificate program is a program established for any calendar year by a state or political subdivision that is authorized to issue qualified mortgage bonds under section 143 (and for which there has been an appropriate allocation of state volume cap for that calendar year under section 146) but elected instead to issue mortgage credit certificates. (See section

**Aggregate amount.** The aggregate amount (the certified indebtedness times the certificate credit rate for each MCC, totaled for all mortgage credit certificates issued under a single MCC program), may not exceed 25% of the nonissued bond amount for which the election not to issue bonds was made. See section 25(d)(2).

**Certified indebtedness amount.** The certified indebtedness amount is the amount of indebtedness specified in the MCC and incurred by a taxpayer:

- To acquire his or her principal residence,
- To make qualified home improvements on that residence, or
- To make a qualified rehabilitation of that residence.

**Certificate credit rate.** The certificate credit rate is the rate specified by the issuer on the MCC. However, the rate cannot be less than 10% nor more than 50%. For other limitations, see Temporary Regulations section 1.25-2T(b).

## Specific Instructions

### Part I. Reporting Authority

Provide information about the mortgage lender.

### Part II. Issuing Authority

Provide information about the mortgage credit certificate issuer.

**Election date.** Enter the date the issuing authority elected to issue MCCs in lieu of qualified mortgage bonds for the MCC program that included the amounts listed in Part IV, column (e).

**Nonissued bond amount.** Enter the total amount of qualified mortgage bonds (as defined in section 143(a)(1) and the related regulations) that the issuer has authority to issue but elected instead on the election date to convert into authority to issue MCCs.

### Part III. Recipients of Mortgage Credit Certificates

**Column (a).** Enter the name(s) of the MCC holder(s) to whom the lender made certified indebtedness loan(s) during the calendar year. If an MCC lists more than one holder, enter all of the holders on one line.

**Column (b).** Enter the number and street, city, state, and ZIP code of the property for which the MCC was issued. Do not use a P.O. box number.

**Column (c).** Enter the social security number(s) of the holder(s) listed on the MCC.

### Part IV. Computation of the Total Amount of Mortgage Credit Certificates

**Column (d).** Enter the date the issuing authority issued the certificate for the amount included in column (e). Do not give the date the loan was made nor the date when any preliminary approval to issue an MCC was given by the issuer.

If the loan is for a reissued MCC as permitted by the regulations, the date of the reissued certificate should be given, preceded by the word "Reissued." For example, "Reissued, July 25, 2008."

**Column (f).** Enter the certificate credit rate for each MCC.

**Column (g).** For each certificate amount listed in column (e), multiply by the certificate credit rate associated with that certificate shown in column (f).

**Line 6.** This is the aggregate amount of MCCs issued (Part IV, column (g)) in connection with the lender's loans relating to the issuer's MCC program for the calendar year. The total should reflect all of the MCCs described on the lender's Form 8329, including any attachments, for the MCC program for the calendar year.

## Additional Entries

If the lender must report on more than 5 mortgage credit certificates, it should report these additional certificates on an attached statement formatted like Form 8329.

Instead of formatting its own statement, the lender may use one Form 8329 as a transmittal document and use additional Forms 8329 as statements. In such a case, draw an "X" across the 5 lines of Parts III and IV of the Form 8329 used as a transmitting document. Complete the remainder of this Form 8329, making certain that all mortgage credit certificate amounts reported in all the statements in Part IV, column (g) are totaled for line 6 of the transmittal document. Sign only the transmittal Form 8329 and indicate in the top margin the number of Forms 8329 attached to this Form 8329.

On the attached Forms 8329, show the lender's name and employer identification number in Part I and enter mortgage credit certificate information on the 5 lines of Parts III and IV.

## Signature

Form 8329 must be signed by an authorized representative of the lender.

## Paid Preparer Use Only

Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the lender, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return. A paid preparer cannot use a social security number in the paid *Paid Preparer Use Only* box. The paid preparer must use a preparer tax identification number (PTIN). If the paid preparer is self-employed, the preparer should enter his or her address in the box. The paid preparer must:

- Sign the return in the space provided for the preparer's signature,
- Enter the preparer information, and
- Give a copy of the return to the lender.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . . . 3 hr., 35 min.

**Learning about the law or the form** . . . . . 1 hr., 5 min.

**Preparing and sending the form to the IRS** . . . . . 1 hr., 12 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W-CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the form to this address. Instead, see *Where To File* on this page.

EXHIBIT K  
MCC IRS EMPLOYEE'S WITHHOLDING ALLOWANCE  
(IRS FORM W-4)

# Form W-4 (2016)

**Purpose.** Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

**Exemption from withholding.** If you are exempt, complete only lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2016 expires February 15, 2017. See Pub. 505, Tax Withholding and Estimated Tax.

**Note:** If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

**Exceptions.** An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

**Basic instructions.** If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

**Head of household.** Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

**Tax credits.** You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

**Nonwage income.** If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

**Two earners or multiple jobs.** If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

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

**Check your withholding.** After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2016. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

**Future developments.** Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at [www.irs.gov/w4](http://www.irs.gov/w4).

## Personal Allowances Worksheet (Keep for your records.)

<p><b>A</b> Enter "1" for <b>yourself</b> if no one else can claim you as a dependent . . . . . <b>A</b> _____</p> <p><b>B</b> Enter "1" if:           { • You are single and have only one job; or           • You are married, have only one job, and your spouse does not work; or           • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. } . . . . . <b>B</b> _____</p> <p><b>C</b> Enter "1" for your <b>spouse</b>. But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . <b>C</b> _____</p> <p><b>D</b> Enter number of <b>dependents</b> (other than your spouse or yourself) you will claim on your tax return . . . . . <b>D</b> _____</p> <p><b>E</b> Enter "1" if you will file as <b>head of household</b> on your tax return (see conditions under <b>Head of household</b> above) . . . . . <b>E</b> _____</p> <p><b>F</b> Enter "1" if you have at least \$2,000 of <b>child or dependent care expenses</b> for which you plan to claim a credit . . . . . <b>F</b> _____          (Note: Do <b>not</b> include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)</p> <p><b>G</b> <b>Child Tax Credit</b> (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information.          • If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then <b>less</b> "1" if you have two to four eligible children or <b>less</b> "2" if you have five or more eligible children.          • If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child . . . . . <b>G</b> _____</p> <p><b>H</b> Add lines A through G and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.) ► <b>H</b> _____</p>	<p>For accuracy, complete all worksheets that apply. {</p> <p>• If you plan to <b>itemize or claim adjustments to income</b> and want to reduce your withholding, see the <b>Deductions and Adjustments Worksheet</b> on page 2.</p> <p>• If you are <b>single and have more than one job</b> or are <b>married and you and your spouse both work</b> and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the <b>Two-Earners/Multiple Jobs Worksheet</b> on page 2 to avoid having too little tax withheld.</p> <p>• If <b>neither</b> of the above situations applies, <b>stop here</b> and enter the number from line H on line 5 of Form W-4 below.</p>
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Separate here and give Form W-4 to your employer. Keep the top part for your records.

<b>Form W-4</b> Department of the Treasury Internal Revenue Service		<b>Employee's Withholding Allowance Certificate</b> ► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.		OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2016</div>
1 Your first name and middle initial		Last name		2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.		
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ► <input type="checkbox"/>		
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	6 Additional amount, if any, you want withheld from each paycheck	5	6 \$	
7 I claim exemption from withholding for 2016, and I certify that I meet <b>both</b> of the following conditions for exemption. • Last year I had a right to a refund of <b>all</b> federal income tax withheld because I had <b>no</b> tax liability, <b>and</b> • This year I expect a refund of <b>all</b> federal income tax withheld because I expect to have <b>no</b> tax liability. If you meet both conditions, write "Exempt" here . . . . . ► 7				
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.				
Employee's signature (This form is not valid unless you sign it.) ►		Date ►		
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)	10 Employer identification number (EIN)	

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 10220Q

Form **W-4** (2016)



**Deductions and Adjustments Worksheet****Note:** Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1	Enter an estimate of your 2016 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1952) of your income, and miscellaneous deductions. For 2016, you may have to reduce your itemized deductions if your income is over \$311,300 and you are married filing jointly or are a qualifying widow(er); \$285,350 if you are head of household; \$259,400 if you are single and not head of household or a qualifying widow(er); or \$155,650 if you are married filing separately. See Pub. 505 for details.	1	\$	
2	Enter: $\left\{ \begin{array}{l} \$12,600 \text{ if married filing jointly or qualifying widow(er)} \\ \$9,300 \text{ if head of household} \\ \$6,300 \text{ if single or married filing separately} \end{array} \right\}$	2	\$	
3	<b>Subtract</b> line 2 from line 1. If zero or less, enter "-0-"	3	\$	
4	Enter an estimate of your 2016 adjustments to income and any additional standard deduction (see Pub. 505)	4	\$	
5	<b>Add</b> lines 3 and 4 and enter the total. (Include any amount for credits from the <i>Converting Credits to Withholding Allowances for 2016 Form W-4</i> worksheet in Pub. 505.)	5	\$	
6	Enter an estimate of your 2016 nonwage income (such as dividends or interest)	6	\$	
7	<b>Subtract</b> line 6 from line 5. If zero or less, enter "-0-"	7	\$	
8	<b>Divide</b> the amount on line 7 by \$4,050 and enter the result here. Drop any fraction	8		
9	Enter the number from the <b>Personal Allowances Worksheet</b> , line H, page 1	9		
10	<b>Add</b> lines 8 and 9 and enter the total here. If you plan to use the <b>Two-Earners/Multiple Jobs Worksheet</b> , also enter this total on line 1 below. Otherwise, <b>stop here</b> and enter this total on Form W-4, line 5, page 1	10		

**Two-Earners/Multiple Jobs Worksheet** (See *Two earners or multiple jobs* on page 1.)**Note:** Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1	Enter the number from line H, page 1 (or from line 10 above if you used the <b>Deductions and Adjustments Worksheet</b> )	1	
2	Find the number in <b>Table 1</b> below that applies to the <b>LOWEST</b> paying job and enter it here. <b>However</b> , if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than "3"	2	
3	If line 1 is <b>more than or equal to</b> line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. <b>Do not</b> use the rest of this worksheet	3	
<b>Note:</b> If line 1 is <b>less than</b> line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.			
4	Enter the number from line 2 of this worksheet	4	
5	Enter the number from line 1 of this worksheet	5	
6	<b>Subtract</b> line 5 from line 4	6	
7	Find the amount in <b>Table 2</b> below that applies to the <b>HIGHEST</b> paying job and enter it here	7	\$
8	<b>Multiply</b> line 7 by line 6 and enter the result here. This is the additional annual withholding needed	8	\$
9	Divide line 8 by the number of pay periods remaining in 2016. For example, divide by 25 if you are paid every two weeks and you complete this form on a date in January when there are 25 pay periods remaining in 2016. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	9	\$

**Table 1**

Married Filing Jointly		All Others	
If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above
\$0 - \$6,000	0	\$0 - \$9,000	0
6,001 - 14,000	1	9,001 - 17,000	1
14,001 - 25,000	2	17,001 - 26,000	2
25,001 - 27,000	3	26,001 - 34,000	3
27,001 - 35,000	4	34,001 - 44,000	4
35,001 - 44,000	5	44,001 - 75,000	5
44,001 - 55,000	6	75,001 - 85,000	6
55,001 - 65,000	7	85,001 - 110,000	7
65,001 - 75,000	8	110,001 - 125,000	8
75,001 - 80,000	9	125,001 - 140,000	9
80,001 - 100,000	10	140,001 and over	10
100,001 - 115,000	11		
115,001 - 130,000	12		
130,001 - 140,000	13		
140,001 - 150,000	14		
150,001 and over	15		

**Table 2**

Married Filing Jointly		All Others	
If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above	If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above
\$0 - \$75,000	\$610	\$0 - \$38,000	\$610
75,001 - 135,000	1,010	38,001 - 85,000	1,010
135,001 - 205,000	1,130	85,001 - 185,000	1,130
205,001 - 360,000	1,340	185,001 - 400,000	1,340
360,001 - 405,000	1,420	400,001 and over	1,600
405,001 and over	1,600		

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

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

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

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

EXHIBIT L

MCC IRS FORM 1040A

(Go to <https://www.irs.gov/forms>)

EXHIBIT M

MCC REQUEST FOR COPY OF TAX FORM  
(IRS FORM 4506) GO TO IRS FORMS WEBSITE PAGE

EXHIBIT N

MCC IRS ISSUER'S INFORMATION RETURN  
(IRS FORM 8330)



**8330**  
Form  
(Rev. October 2012)

Department of the Treasury  
Internal Revenue Service

# **Issuer's Quarterly Information Return for Mortgage Credit Certificates (MCCs)**

► Information about Form 8330 and its instructions is at [www.irs.gov/form8330](http://www.irs.gov/form8330).

OMB No. 1545-0922

Calendar quarter ending: ☐ March ☐ June ☐ September ☐ December Year ►

## **Part I Reporting Authority**

Issuer's name		Employer identification number
Issuer's address (number and street or P.O. box no., if mail is not delivered to street address)	Room/suite	Election date
City, town, or post office, state, and ZIP code		Nonissued bond amount
Is this the final return to be filed for this MCC program? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

## **Part II Computation of the Total Amount of Mortgage Credit Certificates**

	(a) Certified Indebtedness Amount of Mortgage Credit Certificates	(b) Certificate Credit Rate	(c) Amount of Mortgage Credit Certificates Issued (column (a) x column (b))
1			
2			
3			
4			
5			
6			
7	Total amount of MCCs issued during the current calendar quarter (add lines 1 through 6)		
8	Total amount of MCCs issued for all prior quarters for the MCC program related to the nonissued bond amount in Part I . . . . .		
9	Aggregate amount of MCCs issued for this MCC program (add lines 7 and 8) . . . . .		
10	Does line 9 exceed 25% of the nonissued bond amount in Part I? (If "Yes," see instructions.) . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

## **Part III Revocation of Qualified Mortgage Credit Certificates**

Name	Address	Social Security Number

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than representative of issuer) is based on all information of which preparer has any knowledge.			
	Signature of authorized representative of issuer		Date	Title
<b>Paid Preparer Use Only</b>	Print/type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN
	Firm's name ►	Firm's EIN ►		
	Firm's address ►	Phone no.		

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13905M

Form **8330** (Rev. 10-2012)



## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Section 25 permits issuers that have authority to issue qualified mortgage bonds (as defined in section 143) to elect to issue MCCs in lieu of qualified mortgage bonds. See Temporary Regulations section 1.25-4T(c)(2) for more details.

## Future Developments

For the latest information about developments related to Form 8330 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form8330](http://www.irs.gov/form8330).

## Purpose of Form

Form 8330 is used by issuers (states and political subdivisions) of MCCs to provide the IRS with information required by section 25 and Temporary Regulations section 1.25-8T(b).

## Who Must File

Each issuer that elected to issue MCCs must file Form 8330 for each qualified mortgage credit certificate program.

## When To File

File Form 8330 on a quarterly basis beginning with the quarter in which the election was made.

The return for each MCC program is due as follows:

For the quarter ending:	Form 8330 is due by:
March 31 . . . . .	April 30
June 30 . . . . .	July 31
September 30 . . . . .	October 31
December 31 . . . . .	January 31

The IRS may grant an extension of time to file Form 8330 if there is reasonable cause for not filing on time.

**Last Form 8330 for a program.** In the quarter in which the last qualified MCC that may be issued under a program is in fact issued, the issuer should check the box marked "Yes" in Part I relating to a final return for this MCC program. Thereafter, the issuer is not required to file any subsequent reports with respect to that MCC program. See *Qualified mortgage credit certificate program* in the definitions below.

**Reissued MCCs.** Do not report a reissued MCC on Form 8330. A reissued MCC is considered to be a continuation of the original MCC. It is reported by the lender of the replacement loan on Form 8329, Lender's Information Return for Mortgage Credit Certificates (MCCs).

**Aggregate number of Forms 8330 filed per program.** Certificates under an MCC program may be issued for indebtedness that is incurred up to the close of the 2nd calendar year following the calendar year for which the issuing authority made the election to issue MCCs in lieu of qualified mortgage bonds. Thus, there may be as many as 12 consecutive quarterly reports to be filed by the issuer for a particular MCC program. See section 25(e)(3)(B).

**Multiple Forms 8330 filed for a quarter.** More than one Form 8330 may be filed for a particular quarter for an issuer if the issuer had more than one MCC program in operation during a calendar quarter. This may occur where more than one election was made during a calendar year, or where certificates still remain to be issued under one MCC program, after an election has been made creating another program.

## Where To File

File Form 8330 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201.

## Penalty

Any person who is required to file Form 8330 and who does not file that return by the due date or does

not include all the MCCs issued on a timely filed return is subject to a penalty. The penalty is \$200 for each MCC required to be reported on Form 8330. The maximum penalty is \$2,000.

## Definitions

**Mortgage credit certificate.** A mortgage credit certificate is a certificate issued under a "qualified mortgage credit certificate program" by the state or political subdivision having the authority to issue qualified mortgage bonds to provide financing for the acquisition, qualified rehabilitation, or qualified home improvement of a taxpayer's principal residence. For more information, see section 25(c)(1).

**Qualified mortgage credit certificate program.** A qualified mortgage credit certificate program is a program established for any calendar year by a state or political subdivision that is authorized to issue qualified mortgage bonds under section 143 (and for which there has been an appropriate allocation of state volume cap for that calendar year under section 146), but elected instead to issue mortgage credit certificates. (See section 25(c)(2) for additional requirements.)

**Aggregate amount.** The aggregate amount (the certified indebtedness times the certificate credit rate for each MCC, totaled for all mortgage credit certificates issued under a single MCC program), may not exceed 25% of the nonissued bond amount for which the election not to issue bonds was made. See section 25(d)(2).

**Certified indebtedness amount.** The certified indebtedness amount is the amount of indebtedness specified in the MCC and incurred by a taxpayer:

- To acquire his or her principal residence,
- To make qualified home improvements on that residence, or
- To make a qualified rehabilitation of that residence.

**Certificate credit rate.** The certificate credit rate is the rate specified by the issuer on the MCC. However, the rate cannot be less than 10% nor more than 50%. For other limitations, see Temporary Regulations section 1.25-2T(b).

## Specific Instructions

### Part I. Reporting Authority

**Election date.** Enter the date the issuer elected to issue MCCs in lieu of qualified mortgage bonds.

**Nonissued bond amount.** Enter the total amount of qualified mortgage bonds (as defined in section 143(a)(1), and the related regulations) that the issuer has authority to issue but elected instead to convert into authority to issue MCCs. The amount of qualified mortgage bonds that an issuer elected not to issue may not exceed the issuer's applicable limit (as determined under section 146(d)).

### Part II. Computation of the Total Amount of Mortgage Credit Certificates

List only the MCCs issued under the program elected for the nonissued bond amount shown in Part I. File a separate Form 8330 for each separate program that is still open.

**Column (a).** Enter the certified indebtedness amount for each MCC issued under the qualified MCC program.

**Column (b).** Enter the certificate credit rate associated with each MCC entered in column (a).

**Column (c).** For each certificate amount listed in column (a), multiply by the certificate credit rate associated with that certificate (column (b)) and enter the result in column (c).

If additional space is needed, attach a separate statement in the same format as lines 1 through 6 of Part II of this Form 8330. Include the total amount of the MCCs listed on the separate statements only on line 7 of the Form 8330. You may use an unsigned copy of a Form 8330 as the separate statement.

**Line 8.** Include the total amount of MCCs issued for all prior quarters under the MCC program elected for the nonissued bond amount shown in Part I, whether or not issued during the current calendar year.

**Line 9.** Enter the aggregate, as of the end of the quarter, of amounts for all certificates issued for the MCC program elected for the nonissued bond amount shown in Part I.

**Line 10.** If the amount on line 9 exceeds 25% of the nonissued bond amount shown in Part I, see section 25(f) and Temporary Regulations section 1.25-5T(d) for the appropriate calculation to reduce the following year's bond volume cap under section 146(d).

## Part III. Revocation of Qualified Mortgage Credit Certificates

Identify each holder of a qualified MCC that was revoked during the calendar quarter. For more information, see Temporary Regulations section 1.25-3T(m).

## Signature

Form 8330 must be signed by an authorized representative of the issuer.

## Paid Preparer Use Only

Anyone who prepares the return but does not charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the issuer, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return must sign it and fill in the other blanks in the *Paid Preparer Use Only* area of the return. A paid preparer cannot use a social security number in the paid Paid Preparer Use Only box. The paid preparer must use a preparer tax identification number (PTIN). If the paid preparer is self-employed, the preparer should enter his or her address in the box. The paid preparer must:

- Sign the return in the space provided for the preparer's signature,
- Enter the preparer information, and
- Give a copy of the return to the issuer.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws.

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . . . 4 hr., 32 min.

**Learning about the law or the form** . . . . . 1 hr., 23 min.

**Preparing and sending the form to the IRS** . . . . . 1 hr., 31 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave, NW, IR-6526, Washington, DC 20224. Do not send the tax form to this address. Instead, see *Where To File* on this page.

EXHIBIT O

MCC TRANSMITTAL CHECKLIST FOR LENDER



**EXHIBIT O**

**MISSISSIPPI HOME CORPORATION  
MORTGAGE CREDIT CERTIFICATE TRANSMITTAL CHECKLIST**

**MCC Reservation #** \_\_\_\_\_

**Borrower:** \_\_\_\_\_

**Co-Borrower:** \_\_\_\_\_

**STEP 1 -- RESERVATION PACKAGE:**

- \_\_\_\_\_ MCC Reservation Confirmation
- \_\_\_\_\_ MCC Checklist (Exhibit O)
- \_\_\_\_\_ MCC Non-refundable \$300.Reservation Fee & Fee Receipt – (Pay online, not applicable when using with Smart Solution)
- \_\_\_\_\_ Copy of executed Loan Application
- \_\_\_\_\_ Copy of executed Sales Contract
- \_\_\_\_\_ Executed Potential Recapture Disclosure Form (Exhibit P)
- \_\_\_\_\_ Copy of Homebuyer Education Certificate
- \_\_\_\_\_ Copy of HAT Loan Agreement and Preliminary Closing Disclosure (HAT Only-Mail Original Agr. to MHC Attn: SF)

**MHC must receive the uploaded Reservation Package documents & Reservation fee (paid online) within 10 business days from the date of reservation.**

**Step 2 -- CONDITIONAL COMMITMENT PACKAGE:**

- \_\_\_\_\_ Transmittal Checklist (Exhibit O)
- \_\_\_\_\_ FHA Transmittal or VA Loan Analysis or Fannie Mae 1008
- \_\_\_\_\_ Executed MCC Disclosure (MCC 001)
- \_\_\_\_\_ Executed Commitment Application and Certification (MCC 002, Parts I and II)
- \_\_\_\_\_ Copy of most recent Federal Tax return/Transcript or signed 1040's with schedules, for all applicable Household Members( Target Counties and qualified Veterans are exempt from first-time homebuyer rule)
- \_\_\_\_\_ Automated Underwriting Findings
- \_\_\_\_\_ Copy of Credit Report for all Borrower's
- \_\_\_\_\_ Copy of Fraud Guard or equivalent Report with Ownership/Occupancy module for all Borrower's
- \_\_\_\_\_ Non-Borrower Certification (MCC 011, if applicable)
- \_\_\_\_\_ Child Support Statement (MCC 012, if applicable)
- \_\_\_\_\_ Verification of Employment & current pay stub(s)
- \_\_\_\_\_ Copy of Veteran's DD2-14 if discharged (if applicable)
- \_\_\_\_\_ Income Calculation Worksheet (MCC 008)
- \_\_\_\_\_ Appraisal (URAR & Conditional/CRV) [Conventional Single Family]
- \_\_\_\_\_ Copy of Deed and Invoice (Manufactured Housing, if applicable)
- \_\_\_\_\_ Mortgage Credit Certificate Worksheet (MCC 004)
- \_\_\_\_\_ Attorney Information Form (MCC 010)
- \_\_\_\_\_ Exception Documentation
- \_\_\_\_\_ MHC Letter of Explanation, if applicable
- \_\_\_\_\_ Notification of Change Form (MCC 009)
- \_\_\_\_\_ 203(k) Maximum Mortgage Worksheet, if applicable

**MHC must receive the uploaded Conditional Commitment Package documents within at least 3 business days prior to the closing date.**

**STEP 3 -- CLOSING PACKAGE:**

- \_\_\_\_\_ MCC Checklist (Exhibit O)
- \_\_\_\_\_ Executed Mortgage Credit Certificate Program Data Summary (MCC 007)
- \_\_\_\_\_ Executed Borrower's Closing Affidavit (MCC 005)
- \_\_\_\_\_ Copy of executed Note
- \_\_\_\_\_ Copy of executed Deed of Trust
- \_\_\_\_\_ Copy of executed Closing Disclosure (Buyer & Seller)

**MHC must receive uploaded documents within 30 days from loan closing date.**

Rev. 11/17/2022

EXHIBIT P

MCC FEDERAL RECAPTURE TAX REQUIREMENTS

**NOTICE TO MORTGAGOR  
REGARDING  
POTENTIAL RECAPTURE TAX**

**This notice applies only to mortgage loans closed on or after January 1, 1991.**

In 1990, Congress passed a law which states that homeowners who receive a loan financed from the sale of mortgage revenue bonds, may be required to repay a portion of the gain, if any, on the sale or disposition of the property. Because of this law, homeowners may be required to pay a "recapture tax" on the gain, from the sale of the property. The "recapture" amount paid would be used in calculating the homeowner's federal tax liability and would be payable with the homeowner's federal tax in accordance with the Internal Revenue Code of 1986.

The "recapture tax" is based on the gain, from the sale or disposition of the property. There is no "recapture tax" if there is no gain on the sale of the property, or if the property is sold nine (9) or more years after the date the loan is closed. There is no recapture tax, if at the time you sell the property your income is below federal qualifying limits. These limits are adjusted for inflation and family size.

**The maximum recapture amount is equal to 6.25% of the original principal amount of the loan.**

Principal Mortgage Amount	X 6.25 % =	Maximum Recapture Amount
Year 1	20% =	_____
Year 2	40% =	_____
Year 3	60% =	_____
Year 4	80% =	_____
Year 5	100% =	_____
Year 6	80% =	_____
Year 7	60% =	_____
Year 8	40% =	_____
Year 9	20% =	_____

**In no event may the amount of the recapture exceed fifty (50%) percent of the gain on the sale or disposition of the property.** If the recapture amount calculated above exceeds fifty (50%) percent of the gain on the sale of the property, the mortgageor's liability is automatically reduced to fifty (50%) of such gain.

The maximum recapture amount is adjusted to reflect the holding period of the residence financed. If the sale occurs within the nine (9) year period, beginning on the date of the loan closing, the recapture amount is equal to the product of the maximum recapture and above percentages. Other special rules may apply in particular circumstances, including, without limitations, if you refinance your home. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when refinance, sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 43(m) of the Internal Revenue Code generally.

The recapture amount may also be reduced or eliminated based on a comparison of the Mortgageor's "modified adjusted gross income" for the year in which the sale takes place. The modified adjusted gross income is equal to the federal adjusted gross income increased by any earned tax exempt interest and decreased by the gain on the sale of the residence.

The adjusted qualifying income for each year is set forth below. If the mortgageor's modified adjusted gross income in one year of the sale of the residence falls below the adjusted qualifying, the recapture amount is eliminated.

COUNTY \_\_\_\_\_

Number of full years after loan closing	Family Size Original Limit	
	[ 2 or less in family]	[3 or more in family]
County Limit	\$ _____	_____
0	_____	_____
1	_____	_____
2	_____	_____
3	_____	_____
4	_____	_____
5	_____	_____
6	_____	_____
7	_____	_____
8	_____	_____
9	_____	_____

I have completed the portions of this Notice relating to the maximum recapture amount.

\_\_\_\_\_  
Authorized Officer of the Mortgage Lender or Servicer

I understand and acknowledge the potential for recapture as explained above.

\_\_\_\_\_  
Mortgagor

\_\_\_\_\_  
Co-Mortgagor

\_\_\_\_\_  
Date

EXHIBIT Q

MCC NON-BORROWER CERTIFICATION

NON-BORROWER CERTIFICATION

Non-Borrower Name: \_\_\_\_\_

I hereby give the lender originating a Mississippi Home Corporation Mortgage Revenue Bond or Mortgage Credit Certificate authorization to verify my income and provide that verified information to Mississippi Home Corporation for the purposes of accessing the compliance qualification of the purchase of the property located at:

Property Address: \_\_\_\_\_

Eligible borrowers and adult occupants must be first time homebuyers unless the property is located in a Target area. I hereby certify that I am not obligated on the note but will be occupying the property. or filed a mortgage interest deduction within the last three (3) years on my federal income tax returns, if applicable.

I understand that "present ownership" includes ordinary ownership (a fee simple interest), a joint tenancy, a tenancy in common, a tenancy by the entirety, an interest in a cooperative, a life estate, a conditional land sale contract, a lease with options to purchase or an interest in trust established by myself or some other person. No ownership interest has occurred in a principal interest during the prior three (3) years, unless the property is located within a "Targeted Area" or otherwise exempt from this requirement under federal law or filed a mortgage interest deduction within the last three (3) years on my federal income tax returns, if applicable.

**Non-Borrower understands that it is a federal offense to knowingly make a false statement in Mortgagor's application or otherwise to secure this loan. (See Title 18, United States Code, Section 1014.) Non-Borrower has read the information herein carefully to ensure that the information is true and complete prior to signing this certification. Non-Borrower understands that the information provided in the application and certification is subject to verification by the Mississippi Home Corporation.**

\_\_\_\_\_  
Signature of Non-Borrower

\_\_\_\_\_  
Date

EXHIBIT R

MCC CHILD SUPPORT STATEMENT

## CHILD SUPPORT STATEMENT

MHC Reservation #: \_\_\_\_\_

Mortgagor(s): \_\_\_\_\_

Property Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

I hereby certify that I \_\_\_\_do, \_\_\_\_do not receive child support for the below-listed dependent(s). If the answer is "I *do*" receive child support, provide the divorce decree with child support settlement showing the amount of support received. If there was no marriage then indicate the child's below and the amount of support received for each child and provide the court settlement.

<u>Child's Name</u>	<u>If never married, the amount of Monthly Support</u>
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_____ Please print	_____ Age	\$_____ 
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_____ Please print	_____ Age	\$_____ 
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_____ Please print	_____ Age	\$_____ 
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_____ Please print	_____ Age	\$_____ 
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_____ Please print	_____ Age	\$_____ 
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_____ Mortgagor	_____ Date
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_____ Co-Mortgagor	_____ Date
-----------------------	---------------

_____ Occupying Non-Borrower	_____ Date
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Mortgagor (s) and/or Occupying Non-Borrower understands that it is a federal offense to knowingly make a false statement in Mortgagor's application or otherwise to secure this loan. (See Title 18, United States Code, Section 1014.) Mortgagor has read the information herein carefully to ensure that the information is true and complete prior to signing this statement. Mortgagor understands that the information provided by Mortgagor in this application and statement is subject to verification by the Mississippi Home Corporation.