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**MISSISSIPPI HOME CORPORATION**

**MORTGAGE CREDIT CERTIFICATE MANUAL**

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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 taken into account. 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 Smart Solution program, the fee is waived by the Corporation.

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 of in kind, by the Borrower(s) or anyone acting on Borrowers 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;
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 that 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 Corporation’s 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
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. If the Reservation 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 Corporation’s 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 by going to “Lenders” link then selecting the “Lender Login” link. 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 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.
C. **Document Delivery:**

Beginning on a date to be designated by the Corporation, the participating Lenders may request reservations of MCC’s as follows:

(a) Go to the Corporation’s website at [www.mshomecorp.com](http://www.mshomecorp.com). Select “Lender Login link” or select “Lenders/Realtors” link then “Lender Login” link and selecting “Mortgage Credit Certificate” program and complete the following information:

- The Lenders name, Lender number and branch location of the Lender Requesting a Reservation of MCC
- Eligible Borrower & Co-Borrower name, number of wage earners, number in household, Social Security Number, Home and Work Phone numbers
- Complete Property address, Appraised Value and Date, Property, New, Existing, etc., Year Built, Number of Bedrooms and Square Footage
- Loan Application Date
- Estimated Date of Closing
- Purchase Price
- Loan Amount (including MIP, PMI or VA Funding Fee)
- Location: Target or Non-Target
- Loan Type: FHA, VA, Rural Development Guaranteed loan, Fannie Mae or Freddie Mac (Fannie Mae loans are not allowed when using the MCC program with the Smart Solution program) Conventional Fixed or ARM (ARMs are not allowed when using the Smart Solution program).
- Property Type
- Property status: Existing, New or Proposed Construction
- Borrower & Co-Borrower(s) information & projected annual income.

All this information is on the MCC Reservation Form MCC 000. Upon entering this information, you will be assigned a Reservation number & receive a Reservation Confirmation. The Lender must upload the following documents along with the printed Index sheets on the Corporations online Reservation system within ten (10) business days from the date of Reservation: (1) MCC Reservation Confirmation; (2) MCC Reservation Checklist; (3) MCC Reservation Form; (4) Executed copy of the Loan Application; (5) Executed copy of the complete Sales Contract including
addendums; (6) Executed Notice to Mortgagor Regarding Potential Recapture Tax Form; (7) Copy of Homebuyer Education Certificate and (8) 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 (only applicable if the reservation is Standalone) and the Lender must upload the MCC Fee Receipt, if applicable. The reservation fee is not applicable when is using with the Smart Solution 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, unless using with the Smart Solution product (see Section III (E) below).

D. Reservation Modification:

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

(a) All changes must be submitted online to MHC up until the loan Reservation package is received. After that MHC must make any changes if approved by the Corporation.

(b) Mortgage amount reductions will require prior approval of the Corporation.

(c) Mortgage amount increases will require prior approval of the Corporation after loan approval and will be subject to availability of tax credits.

(d) Changes in property address will be acceptable but will require the Corporation’s 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. If using the MCC with the Smart Solution product, the expiration date reverts to thirty (30) days from the date of reservation (see Smart Solution Procedure Manual).

(b) Proposed construction residences commitments will expire in one hundred and twenty (120) days from date of reservation. If using the MCC with the Smart Solution product, the expiration date reverts to thirty (30) days from expiration date reverts to thirty (30) days from
the date of reservation (see Smart Solution Procedure Manual).

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 and if using MCC standalone reservation, a $50 extension fee must be paid online to provide an additional thirty (30) day extension.

If using the MCC and Smart Solution, a one-time fifteen (15) day extension can be granted with no fee, but additional 15-days is considered a thirty (30) day MCC/Smart Solution extension is .25% of the full loan amount and is paid online. At no time shall the expiration date of a Reservation of MCC extend beyond the final date of the MCC Election period.
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 will provide the list to prospective Borrowers upon request and can also be found on the Corporations website. The Corporation will update this list regularly.

A. LOAN ORIGINATION AND MCC RESERVATION:
   
   A1. Borrower applies for mortgage financing from a participating lender. Any type financing is acceptable. Only the mortgage revenue bond or the refinancing of the Borrower’s existing mortgage cannot be used with this 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, in order to qualify for an 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 in order 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 three (3) business days the following by uploading on website:

(a) The MCC Reservation form (see MCC 000 Reservation Form.)

(b) Executed copy of the sales contract.

(c) Copy of the Loan Application signed by Borrower(s) and originator.

(d) $300.00 MCC non-refundable fee (Submitted on MHC’s website, www.mshomecorp.com –Lenders – Pay Program Fee link). Fee is waived if using with Smart Solution product.

(e) Executed recapture form (see A7 for Recapture Tax form instructions).
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 lesser 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.

  Year’s 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.

<table>
<thead>
<tr>
<th>No. Of Years</th>
<th>Family Size/Original Limit</th>
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<td>2 or Less</td>
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<td>9</td>
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</tbody>
</table>

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. ___________________________
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 Corporation’s 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.

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.

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:

(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, 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 Corporation will send to each Lender a computer printout of each MCC issued for that Lender, along with the IRS Form 8329. It is the Lender’s responsibility to cross check the computer print-out to be sure it is 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 Borrower’s 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) an MCC may not be joined with a MHC Bond loan, (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. There are no restrictions regarding the type of financing the Lender uses. 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, 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. The Lender must obtain from the Borrower an affidavit
to this effect. The Lender must verify Borrowers first time home ownership status by examining the Borrowers Federal tax return, credit report and Fraud Guard or equivalent report. 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.

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.

3. **Borrower(s) Income Limits.** The Borrowers projected gross taxable annual household income may not exceed the limits established for that county.

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 connections 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.

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 be 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. 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. 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).
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 MRB program. Refer to the Lenders/Realtors – MCC Lender Resources link on MHC’s website for income limits by county.

(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 four (4) months prior to closing, recent pay stub (within a 30-day period), 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. 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 Borrower’s 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.

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 in order to calculate the annual overtime amount.

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 in order to calculate the annual bonus amount.

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.

(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 uses the Transmittal Checklist. At each submission, make a copy of the completed form for your file. Then when you are ready to submit the next step, just pull your copy and fill in the date and the next applicable Step that is being submitted.

A. SUBMISSION PROCEDURES

STEP 1. ONLINE WEBSITE RESERVATIONS FOR MCCS:

To reserve an MCC the Lender will go to www.mshomecorp.com – Select “Lenders” – “Lender Login” with the information completed on the MCC Reservation Form (MCC 000). For specific information see Section III Reservation Procedure in this MCC Manual.

The Corporation must receive within three (3) working days, the following uploaded documents via website:

(1) A copy of the MCC Reservation Form (MCC 000),
(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 (paid online – MHC Website or waived if using the Smart Solution program along with the MCC program),
(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.

STEP 2. SUBMISSION PROCEDURE FOR MCC CONDITIONAL COMMITMENT:

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

(1) MCC Transmittal Checklist (Exhibit O),
(2) FHA Transmittal, VA Loan Analysis or Fannie Mae 1008, whichever is applicable;

(3) Executed MCC Disclosure (MCC 001),

(3) Executed Commitment Application and Affidavit (MCC 002),

(4) Copy of most recent Federal Tax return/Transcript or signed 1040’s with schedules, for all applicable Household Members (Target Counties and Veterans are exempt from first-time homebuyer rule.),

(5) Automated Underwriting Findings,

(6) Copy of Fraud Guard or equivalent Report with Ownership/Occupancy module for all Borrowers,

(7) Non-Borrower Certification,

(8) Verification(s) of employment (written or verbal) and current pay stub(s), or executed current P&L and 2 years tax transcripts for self-employment,

(9) Copy of Veteran’s DD2-14 if discharged (if applicable),

(10) Income Calculation Worksheet (MCC 008),

(11) Copy of Appraisal,

(12) Copy of Deed and Invoice (Manufactured Housing, if applicable),

(13) MCC Worksheet (MCC 004),

(14) Attorney Information Form (MCC 010),

(15) Exception Documentation,

(16) MHC Letter of Explanation,

(17) Notification of Change Form (MCC 009, if applicable),

(18) 203(k) Maximum Mortgage Worksheet (if applicable)

If complete and accurate information is received that at this time, the MCC Conditional Commitment will be issued.
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 file at the Corporation and the MCC certificate will be sent directly to the borrower with a copy being sent to the contact person of the originating Lender.

2. EXTENSION AND RECERTIFICATION OF HOUSEHOLD INCOME:

Regarding any MCC Conditional Commitment that is outstanding and will not close prior to the expiration date, an extension may be requested PRIOR to the expiration date. The extension request is requested by uploading the Notification of Change form and pay the extension fee of $50.00 online. It will be at the sole discretion of the Corporation to grant the extension.

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 be noted.

3. CANCELLATIONS:

The Lender must notify the Corporation of conditional commitments to be canceled by uploading the Notification of Change Form. The $300.00 MCC reservation fee is non-refundable.

STEP 3. POST CLOSING SUBMISSIONS:

Immediately after the loan has closed, the participating Lender will submit the following executed documents to the Corporation:

(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,
C. CHANGES PRIOR TO CLOSING:

MCC Conditional Commitments are issued upon the Lender's 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 an MCC is based upon the Borrower's current projected income. The Corporation will issue a commitment, valid for up to 45 days for Existing Property and New Construction from the reservation date, provided the annual 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 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 must execute all affidavits and certifications. The Lender must obtain the information necessary for the new spouse prior to closing and send the Corporation these documents with a cover letter.

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.

D. LEGAL SEPARATION, PRE-NUPTIAL AGREEMENTS:

Legal separation agreements are not acceptable documentation in the determination of separated Borrowers eligibility. MCC compliance requires verification of the spouse’s income and property ownership status. Lenders must treat separated borrowers, as both Borrowers and the income and property guidelines must be met. 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.

6. Split county Target Area Map(s) – See MHC’s website [www.mshomecorp.com](http://www.mshomecorp.com) – Lenders/Realtors – 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:

<table>
<thead>
<tr>
<th>FOR QUARTER ENDING:</th>
<th>FORM 8330 IS DUE BY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31st.</td>
<td>April 30th.</td>
</tr>
<tr>
<td>June 30th.</td>
<td>July 31st.</td>
</tr>
<tr>
<td>September 30th.</td>
<td>October 31st.</td>
</tr>
<tr>
<td>December 31st.</td>
<td>January 31st.</td>
</tr>
</tbody>
</table>
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 RESERVATION FORM *......................................................... MCC000
MCC DISCLOSURE *................................................................. MCC001
MCC COMMITMENT APPLICATION AND AFFIDAVIT *..................... 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
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 WITHOLDING 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

* Available through MHC’s Online Registration site
EXHIBIT A

MCC SCHEDULE OF INCOME LIMITS
(SEE MHC WEBSITE – 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
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-subsidiary 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-subsidiary 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
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
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

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

April 23, 2020

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
April 23, 2020

«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,

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

Enclosures
EXHIBIT H

MCC IRS MORTGAGE INTEREST CREDIT
(IRS FORM)
Form 8396
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.
Attach to Form 1040 or 1040NR.

Exhibit II

Name 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.

<table>
<thead>
<tr>
<th>Name of Issuer of Mortgage Credit Certificate</th>
<th>Mortgage Credit Certificate Number</th>
<th>Issue Date</th>
</tr>
</thead>
</table>

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**

1. 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 . . . .

2. Enter the certificate credit rate shown on your mortgage credit certificate. Do not enter the interest rate on your home mortgage . . . .

3. 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 released certificate, see the instructions for the amount to enter.

   You must reduce your deduction for home mortgage interest on Schedule A (Form 1040) by the amount on line 3.

4. Enter any 2013 credit carryforward from line 16 of your 2015 Form 8396 . . . .

5. Enter any 2014 credit carryforward from line 14 of your 2015 Form 8396 . . . .

6. Enter any 2015 credit carryforward from line 17 of your 2015 Form 8396 . . . .

7. Add lines 3 through 6 . . . .

8. Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet (see instructions) . . . .

9. Current year mortgage interest credit. 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 61. Check box 0 on that line and enter "8396" in the space next to that box . . . .

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

10. Add lines 3 and 4 . . . .

11. Enter the amount from line 7 . . . .

12. Enter the larger of line 9 or line 10 . . . .

13. Subtract line 12 from line 11 . . . .

14. 2015 credit carryforward to 2017. Enter the smaller of line 8 or line 13 . . . .

15. Subtract line 14 from line 13 . . . .

16. 2014 credit carryforward to 2017. Enter the smaller of line 5 or line 15 . . . .

17. 2016 credit carryforward to 2017. Subtract line 9 from line 3. If zero or less, enter 0 . . . .

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

Future Developments
For the latest information about developments related to Form 8836 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8836.

Purpose of Form
Use Form 8836 to figure the mortgage interest credit for 2016 and any credit carried forward 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 reused and the reused 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 certificate issued by the reissuer cannot exceed the outstanding balance shown on the existing certificate.
- The rate of the reissued certificate cannot exceed the rate of the existing certificate.
- The reissued certificate cannot result in a larger amount on line 3 than would otherwise be 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 reused 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 2 and 3 for the applicable parts of the year when the original MCC and the reused 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 sell a home using an MCC and sell it within 9 years, you may have to recapture (pay) 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 8836, 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 8, or Form 1040-NR, line 8.
2. Enter the amounts from Form 1040, lines 4 through 12, and Schedule A
3. Subtract line 1 from line 2. Enter this amount on Form 8836, line 8. If zero or less, enter “0- none.”

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 pro-rated 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
April 23, 2020

«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.
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,

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

Enclosure
EXHIBIT J

MCC LENDER INFORMATION RETURN FOR MCC
(IRS FORM 8329)
Form 8329
Lender's Information Return for Mortgage Credit Certificates (MCCs)

For calendar year ending [ ]

Information about Form 8329 and its instructions is at www.irs.gov/form8329.

Part I Reporting Authority

<table>
<thead>
<tr>
<th>Lender's name</th>
<th>Employer identification number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Lender's address (number, street, or P.O. box no., if mail is not delivered to street address)

City, town, or post office, state, and ZIP code

Part II Issuing Authority

<table>
<thead>
<tr>
<th>Issuer's name</th>
<th>Employer identification number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Issuer's address (number, street, or P.O. box no., if mail is not delivered to street address)

Room/suite

Election date

Nonissuance bond amount

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

<table>
<thead>
<tr>
<th>(a) Name(s)</th>
<th>(b) Address</th>
<th>(c) Social Security Number(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Do not use a P.O. box number.)</td>
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<tr>
<td>1</td>
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<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.)

<table>
<thead>
<tr>
<th>(d) Date of issue of MCC</th>
<th>(e) Certified Issuance Amount of Each MCC Issued</th>
<th>(f) Certificate Credit Pmts</th>
<th>(g) Amount of MCC Issued (column (e) x column (f))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total amount of MCCs issued. (See instructions.)

Signature of authorized representative of lender

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

For Paperwork Reduction Act Notice, see instructions.
Form 8929 (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 8929. (See Temporary Regulations section 1.28-91.)

A separate Form 8929 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 resulting in the nonassumed bond amount that was the subject of the election made on the election date. Both the nonassumed bond amount and the election date are to be included in Part I of this Form 8929.

Future Developments
For the latest information about developments related to Form 8929 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8929.

Purpose of Form
Form 8929 is used by lenders of certified indebtedness amounts to provide information regarding the issuance of MCCs under section 25.

The MCC must be issued under a program that meets the mortgage requirements of section 143(a). Under these requirements, the lender must: (a) be a single-family residence that can reasonably be expected to become the principal residence of the mortgagee within a reasonable time after the financing is provided, and (b) be located in the jurisdiction where the mortgagee is issuing the certificate. (See section 25(e)(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 8929.

When To File
File Form 8929 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 8929 if there is reasonable cause for not filing on time.

Where To File
File Form 8929 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84601.

Penalty
Any person required to file Form 8929 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(d)(1).

Qualified mortgage credit certificate program. A qualified mortgage credit certificate program is a program established 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 148(b) and elected instead to issue mortgage credit certificates. (See section 25(e)(1).)

Aggregate amount. The aggregate amount (the certified indebtedness amount) on any mortgage credit certificate issued under a single MCC program may not exceed 25% of the nonassumed bond amount for which the election not to issue bonds was made. (See section 25(e)(2).

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

(a) To acquire his or her principal residence,
(b) To make qualified home improvements on that residence,
(c) 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% or more than 50%. For other limitations, see Temporary Regulations section 1.28-1(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.

Electrical data. Enter the data the issuing authority elected to issue MCCs in lieu of qualified mortgage bonds for the MCC program that includes the amounts listed in Part IV column (a).

Nonassumed bond amount. Enter the total amount of qualified mortgage bonds (as defined in section 143(a)(3)) and the related obligations that the issuer has authority to issue but elected instead 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 holders to whom the lender made certified indebtedness loans during the calendar year. If an MCC has 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 mortgage 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 data the issuing authority issued the certificate for the amount included in column (a). Do not give the data the loan was made nor the date when any prepayment is paid to issue an MCC was given by the issuer.

If this loan is not a qualified MCC, as permitted by the regulations, the date of the requested certificate should be given, provided by the word “Receved.” For example, “Received, July 25, 2005.”

Column (e), enter the certificate credit rate for each MCC.

Column (f), for each certificate amount listed in column (a), multiply the certificate credit rate associated with that certificate shown in column (e).

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 8929, 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 those additional certificates on an attached statement formatted like Form 8929.

Instead of formatting its own statement, the lender may use one Form 8929 as a transmittal document and use additional Forms 8929 as transmittals. In such a case, draw an “X” across the 5th lines of Parts II and IV of the Form 8929 used as a transmittal document. Complete the remainder of the Form 8929, 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 8929 and indicate in the top margin the number of Forms 8929 attached to the Form 8929.

On the attached Forms 8929, 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 8929 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, an agent, full-time employee of the lender, such as a clerk, secretary, etc., should not sign.

Generally, anyone who is paid to prepare a return may not sign and will be subject to the Penalty of Perjury Law. Use Form 8929 only for the return. A paid preparer cannot use a social security number in the 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’s information.

• 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 the information. We need it to ensure that you are complying with these laws.

We are not required to provide the information on a form that is required by the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to or drawn on 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, SEOWI-CAMP-S.4-1111 Constitution Ave. NW, IR-6346, Washington, DC 20224. Do not send the form to this address. Instead, see Where To File on this page.

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EXHIBIT K
MCC IRS EMPLOYEE’S WITHOLDING 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, and 5 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 an exemption from withholding if your income exceeds $1,000 and includes more than $100 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
• is a veteran
• will claim adjustments to income tax credits or earned income credits, on his or her tax return

Personal Allowances Worksheet (Keep for your records.)

**A** Enter “1” for yourself if no one else can claim you as a dependent.

**B** Enter “1” if: 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.

**C** Enter “1” for your spouse. 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.)

**D** Enter number of dependents (other than your spouse or yourself) you will claim on your tax return.

**E** Enter “1” if you file as head of household on your tax return (see conditions under Head of Household above)

**F** Enter “1” if you have at least $2,000 of child or dependents care expenses for which you plan to claim a credit.

(Note: Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)

**G** Child Tax Credit (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 “0” if you have two or four eligible children or less “2” if you have five or more eligible children.

**H** If your total income will be between $70,000 and $84,000 ($100,000 and $115,000 if married), enter “1” for each eligible child.

For accuracy, complete all worksheets that apply.

Separate here and give Form W-4 to your employer. Keep the top part for your records.

Employee’s Withholding Allowance Certificate

**Form W-4**

Department of the Treasury Internal Revenue Service

CMB No. 1549-0074

2016

1. Your first name and middle initial
2. Last name
3. Social security number

Home address (number and street or rural route)

City or town, state, and ZIP code

□ Single □ Married □ Married, but withholding at Single rate.

Note: If married, but legally separated, or spouse is a nonresident alien, check the “Single” box.

4. If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1240 for a replacement card.

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

7. I claim exemption from withholding for 2016, and certify that I meet both of the following conditions for exemption.
• Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and
• This year I expect a refund of all federal income tax withheld because I expect to have no tax liability.

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

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

Cat. No. 162320C

Form W-4 (Rev. 1-16)
**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%, social security, and miscellaneous deductions. For 2016, you may have to reduce your itemized deductions if your income is over $11,600 and you are married filing jointly or qualify as a qualified widow, $269,000 if you are single and not head of household, or qualify as a single or married individual, or $125,600 if you are married filing separately. See Pub. 505 for details.

2. Enter:
   - If head of household, $9,000
   - If single or married filing separately, $6,000

3. Subtract line 2 from line 1. If zero or less, enter "-0." (Do not use the rest of this worksheet.)

4. Enter an estimate of your 2016 adjustments to income and any additional standard deduction (see Pub. 505).

5. Subtract line 3 from line 4.

6. Divide the amount on line 7 by $4,000 and enter the result here. Drop any fraction.

7. Enter the result from the Personal Allowances Worksheet, line H, page 1.

8. Add the total on line 7 from line 6. If zero or less, enter "-0." (Do not use the rest of this worksheet.)

9. Multiply line 7 by 0.25. Enter the result here. Drop any fraction.

10. Add the total on line 8 from line 7. If you plan to use the Two-Earners/Multiple Jobs Worksheet, also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1.

**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 Deductions and Adjustments Worksheet).

2. Enter the wage from Table 1 below that applies to the LOWEST paying job and enter it here. However, if you are married filing jointly and wages from the highest paying job are $65,000 or less, do not enter more than $10,000. (Do not use the rest of this worksheet.)

3. If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here if zero, enter "-0." or on Form W-4, line 5, page 1. Do not use the rest of this worksheet.

4. Enter the wage from Table 2 below that applies to the HIGHEST paying job and enter it here.

5. Multiply line 7 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 1, page 1. This is the additional amount to be withheld from each paycheck.

**Table 1**

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>If wages from LOWEST paying job are:</td>
<td>Enter on line 2 above</td>
</tr>
<tr>
<td>$0 - $6,000</td>
<td>0</td>
</tr>
<tr>
<td>$6,001 - 12,000</td>
<td>1</td>
</tr>
<tr>
<td>$12,001 - 25,000</td>
<td>2</td>
</tr>
<tr>
<td>$25,001 - 50,000</td>
<td>3</td>
</tr>
<tr>
<td>$50,001 - 100,000</td>
<td>4</td>
</tr>
<tr>
<td>$100,001 - 175,000</td>
<td>5</td>
</tr>
<tr>
<td>$175,001 - 250,000</td>
<td>6</td>
</tr>
<tr>
<td>$250,001 - 375,000</td>
<td>7</td>
</tr>
<tr>
<td>$375,001 - 500,000</td>
<td>8</td>
</tr>
<tr>
<td>$500,001 - 625,000</td>
<td>9</td>
</tr>
<tr>
<td>$625,001 - 750,000</td>
<td>10</td>
</tr>
</tbody>
</table>

**Table 2**

<table>
<thead>
<tr>
<th>Married Filing Jointly</th>
<th>All Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>If wages from HIGHEST paying job are:</td>
<td>Enter on line 7 above</td>
</tr>
<tr>
<td>$0 - $15,000</td>
<td>$0</td>
</tr>
<tr>
<td>$15,001 - 30,000</td>
<td>1</td>
</tr>
<tr>
<td>$30,001 - 60,000</td>
<td>2</td>
</tr>
<tr>
<td>$60,001 - 120,000</td>
<td>3</td>
</tr>
<tr>
<td>$120,001 - 160,000</td>
<td>4</td>
</tr>
<tr>
<td>$160,001 - 200,000</td>
<td>5</td>
</tr>
<tr>
<td>$200,001 - 250,000</td>
<td>6</td>
</tr>
<tr>
<td>$250,001 - 375,000</td>
<td>7</td>
</tr>
<tr>
<td>$375,001 - 500,000</td>
<td>8</td>
</tr>
<tr>
<td>$500,001 - 625,000</td>
<td>9</td>
</tr>
<tr>
<td>$625,001 - 750,000</td>
<td>10</td>
</tr>
<tr>
<td>$750,001 - 1,000,000</td>
<td>11</td>
</tr>
<tr>
<td>$1,000,001 and over</td>
<td>12</td>
</tr>
</tbody>
</table>

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 6102 and 6109 require you to provide this information to your employer. Your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being taxed as a single person who does not qualify for withholding allowances. Providing false information may subject you to penalties. This use of information includes giving it to the Department of Justice for civil and criminal litigation, to state, local and tribal governments to enforce federal income tax laws, to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is submitted 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)
**Request for Copy of Tax Return**

Do not sign this form unless all applicable lines have been completed.

Request may be rejected if the form is incomplete or illegible.

For more information about Form 4506, visit www.irs.gov/forms4506.

---

1a Name shown on tax return. If a joint return, enter the name shown first.

1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)

2a If a joint return, enter spouse's name shown on tax return.

2b Second social security number or individual taxpayer identification number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)

4 Previous address shown on the last return filled if different from line 3 (see instructions)

5 If the tax return is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.

---

Caution: If the tax return is being mailed to a third party, ensure that you have filled in lines 6 and 7 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps protect your privacy. Once the IRS discloses your tax return to the third party listed on line 6, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your return information, you can specify this limitation in your written agreement with the third party.

6 Tax return requested. Form 1040, 1120, 941, etc. and all attachments as originally submitted to the IRS, including Form(s) W-2, schedules, or amended returns. Copies of Forms 1040, 1040A, and 1040EZ are generally available for 7 years from filing before they are destroyed by law. Other returns may be available for a longer period of time. Enter only one return number. If you need more than one type of return, you must complete another Form 4506.

Note: If the copies must be certified for court or administrative proceedings, check here

7 Year or period requested. Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than eight years or periods, you must attach another Form 4506.

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8 Fee. There is a $50 fee for each return requested. Full payment must be included with your request or it will be rejected. Make your check or money order payable to “United States Treasury.” Enter your SSN, ITIN, or EIN and “Form 4506 request” on your check or money order.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Cost for each return</td>
</tr>
<tr>
<td>b</td>
<td>Number of returns requested on line 7</td>
</tr>
<tr>
<td>c</td>
<td>Total cost. Multiply line 8a by line 8b</td>
</tr>
</tbody>
</table>

---

Cautions: Do not sign this form unless all applicable lines have been completed.

**Signature of taxpayer(s).** I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax return requested. If the request applies to a joint return, at least one spouse must sign. If signed by a corporate officer, 1 percent or more shareholder, partner, managing member, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506 on behalf of the taxpayer.

Note: For tax returns being sent to a third party, this form must be received within 120 days of the signature date.

☐ Signatory attests that he/she has read the attestation clause and upon so reading declares that he/she has the authority to sign the Form 4506. See instructions.

---

**Phone number of taxpayer on line 1a or 2a**

**Signature Here**

Signature (see instructions) Date

Title if line 1a above is a corporation, partnership, estate, or trust

Spouse's signature Date

---

For more information, see page 2.
Future Developments

For the latest information about Form 4506 and its instructions, go to www.irs.gov/form4506. Information about any recent developments affecting Form 4506, Form 4506-T and Form 4506-T-EZ will be posted on that page.

General Instructions

Caution: Do not sign this form unless all applicable lines have been completed.

Purpose of form. Use Form 4506 to request a copy of your tax return. You can also designate on line 8 a third party to receive the tax return.

How long will it take? It may take up to 75 calendar days for us to process your request.

Tip. Use Form 4506-T, Request for Transcript of Tax Return, to request tax return transcripts, tax account information, W-2 information, 1099 information, verification of nonfiling, and records of account.

Automated transcript request. You can quickly request transcripts by using our automated self-help service tools. Please visit us at IRS.gov and click on “Get a Tax Transcript...” or call 1-800-908-9946.

Where to file. Attach payment and mail Form 4506 to the address below for the state you lived in, or the state your business was in, when that return was filed. There are two address charts: one for individual returns (Form 1040 series) and one for all other returns.

If you are requesting a return for more than one year or period and the chart below shows two different addresses, send your request to the address based on the address of your most recent return.

Chart for individual returns (Form 1040 series)

If you filed an individual return and lived in:

<table>
<thead>
<tr>
<th>State/Region</th>
<th>Mail to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama, Kentucky, Louisiana, Mississippi, Tennessee, Texas, a foreign country, American Samoa, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or APO/FPO address</td>
<td>Internal Revenue Service RAVS Team P.O. Box 7073 Austin, TX 78739</td>
</tr>
<tr>
<td>Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming</td>
<td>Internal Revenue Service RAVS Team Stop 7006 Fresno, CA 93701</td>
</tr>
<tr>
<td>Connecticut, Delaware, District of Columbia, Georgia, Maine, Maryland, Massachusetts, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, Virginia, West Virginia</td>
<td>Internal Revenue Service RAVS Team Stop 6705 P-6 Kansas City, MO 64109</td>
</tr>
</tbody>
</table>

Specific Instructions

Line 1a. Enter your employer identification number (EIN) if you are requesting a copy of a business return. Otherwise, enter the first social security number (SSN) or your individual taxpayer identification number (ITIN) shown on the return. For example, if you are requesting Form 1040 that includes Schedule C (Form 1040), enter your SSN.

Line 3. Enter your current address. If you use a P.O. box, please include it in this line 3.

Line 4. Enter the address shown on the last return filed different from the address entered on line 3. Note: If the addresses on lines 3 and 4 are different and you have not changed your address with the IRS, use Form 8822, Change of Address. For a business address, use Form 8822-B, Change of Address or Responsible Party - Business.

Signature and date. Form 4506 must be signed and dated by the taxpayer listed on line 1a or 2a. If you completed line 5 requesting the return be sent to a third party, the IRS must receive Form 4506 within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines are completed before signing.

You must check the box in the signature area to acknowledge you have the authority to sign and request the information. The form will not be processed and returned to you if the box is unchecked.

Individuals. Copies of jointly filed tax returns may be furnished to either spouse. Only one signature is required. Sign Form 4506 exactly as your name appeared on the original return. If you changed your name, also sign your current name.

Corporations. Generally, Form 4506 can be signed by (1) an officer having legal authority to bind the corporation, (2) any person designated by the board of directors or other governing body, or (3) any officer or employee on written request by any principal officer and attested to by the secretary or other officer. A bona fide shareholder or record owner owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506 but must provide documentation to support the requester's right to receive the information.

Partnerships. Generally, Form 4506 can be signed by any person who was a member of the partnership during any part of the tax period requested on line 7.

All others. See section 6104(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if it has been foreclosed, executed, receivership, or administrator is acting for the taxpayer.

Note: If you are heir at law, Next of Kin, or Beneficiary, you must be able to establish a material interest in the estate or trust.

Documentation. For entities other than Individuals, you must attach the authorization document. For example, this could be the letter from the principal officer authorizing an employee of the corporation or the bank's custodian of records to act on an estate.

Signature by a representative. A representative can sign Form 4506 for a taxpayer only if this authority has been specifically designated to the representative on Form 2848, line 5, Form 2848 showing the delegation must be attached to Form 4506.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to establish your right to gain access to the requested return(s) under the Internal Revenue Code. We need this information to properly identify the return(s) and respond to your request. If you request a copy of a tax return, sections 6103 and 6109 require you to provide this information, including your SSN or EIN, to process your request. If you do not provide this information, we may not be able to process your request. Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice, to law enforcement agencies and criminal litigation, and to states, the District of Columbia, and U.S. commonwealths and possessions for use in enforcing federal tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal non-tax 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 section 6103.

The time needed to complete and file Form 4506 will vary depending on individual circumstances. The estimated average time is: Learning about the law or the form, 10 min.; Preparing the form, 16 min.; Copying, assembling, and sending the form to the IRS, 10 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506 simpler, we would be happy to hear from you. You can write to:

Internal Revenue Service
Tax Forms and Publications Division
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 N

MCC IRS ISSUER’S INFORMATION RETURN
(IRS FORM 8330)
Form 8330

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

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

City, town, or post office, state, and ZIP code

Nonissued bond amount

Is this the final return to be filed for this MCC program? [ ] Yes [ ] No

Part II Computation of the Total Amount of Mortgage Credit Certificates

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

Part III Revocation of Qualified Mortgage Credit Certificates

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Social Security Number</th>
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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 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

Paid Preparer Use Only

Print type preparer's name [ ]

Preparer's signature [ ]

Date

Check [ ] if self-employed

PTIN [ ]

Firm's name [ ]

Firm's EIN [ ]

Firm's address [ ]

Phone no. [ ]

For Paperwork Reduction Act Notice, see instructions.
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 144) to elect to issue MGCs in lieu of qualified mortgage bonds. See Temporary Regulations section 1.25-1T(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.

Purpose of Form
Form 8330 is used by issuers (states and political subdivisions) of MGCs to file with the IRS with information required by section 25 and Temporary Regulations section 1.25-1T(b).

Who Must File
Each issuer that elects to issue MGCs 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:
- 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 a 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 in section 1.25-2(b).

Issued MGCs. Do not report a reassigned MGC on Form 8330. A reassigned MCC is considered to be a continuation of the original MCC. It is reported by the lender of the replacement loan on Form 8330, Lender’s Issuer’s Return for Mortgage Credit Certificates (MCCs).

Aggregate number of Forms 8330 filed per program. Further, issuers with more than one MCC program may be issued for indebtedness that is increased up to the dates of the first calendar year following the calendar year for which the issuing authority made the election to issue MGCs 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 1.25-2(b).

Multiple Forms 8330 filed for a quarter. More than one Form 8330 may be filed for a particular quarter for all issuers 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 covering another program.

Where To File
File Form 8330 with the Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84401.

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 $250.00 for each MCC required to be reported on Form 8330. The maximum penalty is $2,500.

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, rehabilitation, or qualified home improvement of a taxpayer’s principal residence. For more information, see section 25B(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 144 (and for which there has been an appropriate allocation of authority to that calendar year under section 144), but elected instead to issue mortgage credit certificates. (See section 25B(3) for additional requirements.)

Aggregate amount. The aggregate amount (the certificated indebtedness times the credit rate) for each MCC, totaled for all mortgage credit certificates issued under a single MCC program, may not exceed 5% of the nonassessed bond amount for which the election not to issue bonds was made. See section 25B(3).

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

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

Credit rate. The credit rate is the rate specified by the issuer on the MCC. However, the rate cannot be less than 10% or more than 60%. For other limitations, see Temporary Regulations section 1.25-2(b).

Specific Instructions
Part I. Reporting Authority
Election data. Enter the date the issuer elected to issue MGCs in lieu of qualified mortgage bonds. Newly issued MGCs. Enter the total amount of qualified mortgage bonds (as defined in section 144B(2) and the related regulations) that the issuer has authority to issue but elected instead to convert into authority to issue MGCs. The amount of qualified mortgage bonds that the issuer elected not to issue may not exceed the issuer’s applicable limit (as determined under section 144B(2)).

Part II. Computation of the Total Amount of Mortgage Credit Certificates
List only the MCCs issued under the program elected for the nonassessed bond amount shown in Part I. File a separate Form 8330 for each 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 credit rate associated with each loan described in column (a).

Column (c). For each certificate amount listed in column (b), multiply the credit rate certificate amount 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 this Form 8330. You may also submit an unsigned copy of a Form 8330 as the separate statement.

Line 8. Enter the total amount of MCCs issued for all prior quarters under the MCC program elected for the nonassessed 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 nonassessed bond amount shown in Part I.

Line 10. If the amount on Line 9 exceeds 25% of the nonassessed bond amount shown in Part I, see section 25B and Temporary Regulations section 1.25-2 for the appropriate calculation to reduce the following year’s bond volume cap under section 144C.

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 1.25-2(c).

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 file it in the other blanks in the Paid Preparer’s 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 taxpayer identification number (TIN). If the paid preparer is self-employed, the preparer should enter his or her EIN in the box. The paid preparer must:

- Sign the return in the space provided for the preparer’s signature.
- Enter the preparer’s 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 this 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, 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., 26 min.
- Preparing and sending the form to the IRS: 1 hr., 21 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, SECVCPMP-TSM-4, 111 Constitution Ave., NW, IR 4200, Washington, DC 20224. Do not send the tax form to this address. Instead, see Where To File on this page.
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 Reservation Form (MCC 000)
___ 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 Preliminary Closing Disclosure (HAT Only)

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 Affidavit (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 Borrowers
___ Copy of Fraud Guard or equivalent Report with Ownership/Occupancy module for all Borrowers
___ Non-Borrower Certification
___ 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

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

Rev. 12/12/2019
EXHIBIT P

MCC FEDERAL RECAPTURE TAX REQUIREMENTS
EXHIBIT 9

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 in the time you sold the property your income is below certain 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.

\[
\text{Principal Mortgage Amount} \times 0.0625 = \text{Maximum Recapture Amount}
\]

In an event 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 exceed fifty (50%) percent of the gain on the sale of the property, the mortgagee'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 limitation, if you refinance your home. You may wish to consult with a tax advisor or the local office of the Internal Revenue Service when refinancing, sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. See Section 6a3(m) of the Internal Revenue Code generally.

The recapture amount may also be reduced or eliminated based on a comparison of the Mortgagee's modified adjusted gross income for the year in which the sale takes place. This 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 mortgagee'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

<table>
<thead>
<tr>
<th>Number of full years</th>
<th>Family Size</th>
<th>Original Limit</th>
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<tbody>
<tr>
<td>after loan closing</td>
<td>[2 or less in family]</td>
<td>[3 or more in family]</td>
</tr>
<tr>
<td>County Limit</td>
<td>3.00</td>
<td>3.00</td>
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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

REVISED: 04/97