



**SOUTH CAROLINA STATE HOUSING FINANCE  
AND DEVELOPMENT AUTHORITY**

**MORTGAGE CREDIT CERTIFICATE  
PROGRAM MANUAL**

South Carolina State Housing Finance and Development Authority  
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## SECTION 1

### INTRODUCTION

DEFINITIONS RELATING TO DEFINED TERMS CONTAINED IN THIS PROGRAM GUIDE ARE CONTAINED IN APPENDIX A—DEFINED TERMS.

#### **Purpose**

The purpose of this Program Guide is to describe the MCC Program as established by the Authority. It also will identify the respective roles of the Authority, the Lender, the Eligible Holder (including a Co-Eligible Holder if applicable) and the Seller. MCC processing documents and other forms are included for reference.

Mortgage credit certificate programs such as the MCC Program were authorized by Congress in the 1984 Tax Reform Act. The MCC Program is intended to comply with the requirements of Section 25 of the Code and the Treasury Regulations promulgated thereunder. The MCC Program permits Lenders to offer MCCs, subject to MCC Program guidelines, to Eligible Holders, for the purpose of acquiring a Principal Residence. Lenders will be given the opportunity to enter into a **Lender Participation Agreement (SC MCC-201)** with the Authority and a list of Lenders will be maintained on the Authority's web site and updated at least annually.<sup>1</sup>

#### **The Mortgage Credit Certificate (MCC)**

An MCC allows an Eligible Holder to claim a federal income tax credit. The MCC reduces an Eligible Holder's federal income taxes and, in effect, creates additional disposable cash resources for the Eligible Holder to be used for any purpose. The Authority offers a 30% federal income tax credit amount, up to a maximum of \$2,000 annually.<sup>2</sup> For example, an Eligible Holder with a loan amount of \$250,000 at an interest rate of 6.25% for 30 years pays approximately \$15,625 of interest in the first year. With a 30% MCC, this Eligible Holder receives a direct federal income tax credit of \$2,000 (30% x \$15,625= \$4,687.50; however, the maximum federal income tax credit amount is \$2,000 annually). The Eligible Holder can reduce the amount of monthly federal income tax withheld by filing a revised IRS Form W-4 Employee's Withholding Certificate in order to have more disposable cash resources to be used by the Eligible Holder for any purpose.<sup>3</sup>

The annual benefit to the Eligible Holder will be the lesser of the federal income tax credit amount or the amount of federal income taxes owed after all other credits and deductions have been taken. The maximum federal income tax credit amount is \$2,000 annually.<sup>4</sup> The MCC is good for the life of the loan as long as the Eligible Holder occupies the property as his/her Principal Residence.<sup>5</sup> Should he/she cease to occupy the property as his/her primary Principal Residence, the MCC is revoked, and in some circumstances, a portion of the credit taken in prior years will be subject to inclusion in the taxable income of the Eligible Holder in the year the Eligible Holder ceases to occupy the property.<sup>6</sup> See Section 7.

An MCC cannot be issued to an Eligible Holder who is assuming or replacing an existing mortgage, except in the case of construction loan mortgages, similar temporary initial financing, or in connection with certain owner-financing.<sup>7</sup> An MCC cannot be used with a loan that is financed by an Authority tax-exempt qualified mortgage revenue bond or a tax-exempt qualified Veterans' mortgage bond.<sup>8</sup>

#### **The Authority**

The Authority was created in 1971 as a public body corporate and politic and as an agency of the State by an amendment to the Housing Authorities Law of South Carolina. The Authority was vested with the rights, powers, and duties held by local housing authorities within the State, including the right and power, among other things, to

investigate housing conditions, to acquire, own, and lease personal property, to construct, reconstruct, and operate housing developments, to borrow money and issue bonds and, generally, to aid in planning and constructing low income rental housing developments. Statutes were enacted in 1974 and 1976 to expand the powers of the Authority. Such statutes, however, were declared unconstitutional by the South Carolina Supreme Court, initially because they permitted the use of State tax revenues for the payment of the Authority's bonds and subsequently because certain provisions requiring legislative approval of the Authority regulations, held unconstitutional, could not be severed from the remaining legislation. The present Act, containing no such provisions, was enacted in 1977. The South Carolina Supreme Court upheld the constitutionality of the present Act on August 10, 1978, in *Bauer v. South Carolina State Housing Authority*, 246 S.E.2d 869 (S.C. 1978). By Act 538 enacted on May 18, 1988 the Authority's name was changed to the South Carolina State Housing Finance and Development Authority.

The Authority has office hours between 8:00 a.m. and 5:00 p.m., Monday through Friday. The telephone number is (803) 896-9001 and the FAX number is (803) 551-4938. The Authority's mailing address for documents is:

South Carolina State Housing Finance and Development Authority  
Attn: MCC Program  
300-C Outlet Pointe Blvd.  
Columbia, South Carolina 29210

The Program Guide, which includes forms, can be obtained by accessing the Authority's Lender web portal, Lender Online, at <https://lol.schousing.sc.gov>.

Lenders must use the Lender Online system to review the status of an MCC. It can be accessed via <https://lol.schousing.sc.gov>

THE MATERIAL CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS TO ASSIST THE ELIGIBLE HOLDER IN UNDERSTANDING THE EFFECT OF THE MCC ON THE ELIGIBLE HOLDER'S FEDERAL INCOME TAXES. THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) WAS DRAFTED BY THE AUTHORITY AND ITS COUNSEL AND INFORMATION PROVIDED HEREIN IS TAKEN FROM SOURCES BELIEVED TO BE RELIABLE, BUT IS NOT NECESSARILY COMPLETE AND THE ACCURACY OF THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) CANNOT BE GUARANTEED. ANY INFORMATION PRESENTED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS SUBJECT TO CHANGE WITHOUT NOTICE. THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) OR ON ANY RELATED LINKS OF THE AUTHORITY IS PRESENTED FOR DISCUSSION PURPOSES TO BE USED BY A TAXPAYER AND HIS OR HER OWN PERSONAL TAX ADVISOR. SOME OF THE MATERIAL CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS COMPLICATED. AS SUCH, TAXPAYERS AND THEIR ADVISORS MAY UTILIZE THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) AT THEIR OWN RISK AND FOR DISCUSSION PURPOSES ONLY. TAXPAYERS ARE ADVISED TO RETAIN THEIR OWN TAX AND INVESTMENT ADVISORS AND SHOULD NOT RELY ON THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) WITHOUT THE GUIDANCE OF APPROPRIATE COMPETENT ADVISORS.

## SECTION 2

### ELIGIBILITY GUIDELINES<sup>9</sup>

Lenders must review the Eligible Holder Requirements in Section 2.1 and Property Requirements in Section 2.2 below to ensure the eligibility of a potential Eligible Holder.

## Section 2.1 Eligible Holder Requirements

As with any conventional mortgage loan program, the Eligible Holder must meet credit and underwriting criteria established by the Lender. To qualify for an MCC, an Eligible Holder must also meet the following requirements which are based on the applicable federal and state regulations:

- (a) The Eligible Holder must possess an Ownership Interest in and occupy the residence as a Principal Residence within 60 days after loan closing.<sup>10</sup> The Eligible Holder must notify the Lender and the Authority if he/she ceases to occupy the property as the Principal Residence. At that time, the MCC will be revoked and the Eligible Holder is no longer eligible for the MCC federal income tax credit.
- (b) The Eligible Holder does not have a Prior Home Ownership Interest.<sup>11</sup>

There are two exceptions to this requirement: (i) the Principal Residence purchased is in a Targeted Area;<sup>12</sup> and (ii) the Eligible Holder is a Veteran who purchase a home under a one-time exception allowance.<sup>13</sup> The one-time exception is available for a Veteran, defined as a person who served in active duty of the United States Armed Forces or Reserves, and who was discharged or released therefrom under conditions other than dishonorable.

*Note: Even though an Applicant may be exempt from this requirement, the MCC Compliance Income and Acquisition Cost limits still apply.*

- (c) The Eligible Holder must meet Household Income limits for the MCC Program and Lenders must calculate income by using the procedures of this section. The income of **all borrowers and any other person(s) who is expected both to live in the residence being financed and to be secondarily liable on the mortgage** will be included in calculations to determine eligibility for participation in the MCC Program. The procedures described below are intended to calculate Compliance Income.<sup>14</sup> The income limits can be found on the Lender Online system at <https://lol.schousing.sc.gov>.

All Household Income being earned as of the date of the loan application will be counted when underwriting and determining Compliance Income with respect to an MCC.<sup>15</sup> Income calculations for compliance underwriting are different from qualifying income calculations for mortgage loan credit underwriting (i.e., FHA, VA, USDA, Conventional).<sup>16</sup> Lenders should always ask the Applicants to disclose their current base income (before any payroll deductions). **Current base income includes income from primary and part-time jobs at the time of application and also all other income received.** This information must be used for compliance underwriting. All income is projected for 12 months to calculate Compliance Income (regardless of its likelihood to continue).

The Lender should also ask the **all borrowers and any other person(s) who is expected both to live in the residence being financed and to be secondarily liable on the mortgage** for specific other income. Examples include but are not limited to the following: alimony, annuities, auto allowance, bonuses, child support, commission, disability or death benefits, dividends, education benefits used for subsistence, interest, income received from business activities or investments, income received from trusts, inheritances (if received on a continuous basis), insurance policies (if received on a continuous basis), net rental income, overtime, pensions, public assistance, recurring monetary contributions regularly received from persons not living in the unit, royalties, severance pay, shift differential, sick pay, social security benefits, special pay and allowances of a member of the armed forces (excluding hazardous duty pay), tips, unemployment benefits, VA compensation and workers compensation.

Read further for more specific details on certain types of Compliance Income. Types of income not listed in this Program Guide but disclosed by Applicants should also be counted. Contact the Authority with specific questions.

- **Salaried Base Pay.** The Lender will use each Applicant’s verified gross annual income for calculation of Compliance Income for salaried Applicants. When the verified gross income disclosed does not agree with the gross income on the Applicant’s pay stub, the Lender’s file must be documented with the gross income that was applicable at the time of MCC application and an explanation should be in the Lender’s file stating why there is a variance.

Verifications of employment are used to determine the Compliance Income of a salaried Applicant. The Lender must compare the current annual salary with year-to-date earnings and with the Applicant’s current pay stubs to note any discrepancies. Lender should investigate discrepancies and document the file appropriately.

- **Self-Employment Income – More than two years.** The Lender must calculate gross annual income for self-employed Applicants by averaging the reported net income for the previous two calendar years’ Federal Income Tax Materials and year-to-date income. Year-to-date earnings will be taken from a current, signed year-to-date (based on most recent quarter) profit and loss statement (may be self-prepared).

*Example:*

2023 net earnings from Schedule C (12-month period)		\$ 33,000.00
2024 net earnings from Schedule C (12-month period)		\$ 38,000.00
2025 net earnings for 9 months from profit and loss statement		\$ 36,000.00
2023 earnings		\$ 33,000.00
2024 earnings	+	38,000.00
2025 year-to-date earnings	+	<u>36,000.00</u>
	=	\$107,000.00
\$107,000 ÷ 33 months = \$3,242 x 12 months	=	<u>\$ 38,904.00</u>

If the sum of the self-employed income from the past two years and year-to-date equals a negative income figure, the Lender should treat the sum as a \$0 for the purpose of calculating Compliance Income.

- **Self-Employment Income - Less than two years.** If the Applicant has been self-employed for less than two years, the Applicant must submit to the Lender, in addition to personal Federal Income Tax Materials, a current, signed year-to-date (based on most recent quarter) profit and loss statement (may be self-prepared). The Lender must calculate gross annual income by averaging the reported net income from the most recent calendar year Federal Income Tax Materials and/or the current, signed year-to-date profit and loss statement for the period of time that the Applicant has been self-employed.

If the sum of the self-employed income from the past year and year-to-date equals a negative income figure, the Lender shall treat the sum as a \$0 for the purpose of calculating Compliance Income.

The partnership or corporate federal income tax return, together with all schedules, must be submitted with the MCC application if the Applicant is a 25% or greater partner in a partnership or has a 25% or greater interest in a small corporation (i.e., assets of one million dollars or less).

If the Federal Income Tax Materials indicate that the Applicant was self-employed, full time or part time in the prior year, the Applicant must provide a signed statement indicating he/she is no longer self-employed. The statement should verify that the last date of self-employment ceased prior to the date of the application.

- **Part-Time Salary Income.** Part-time salary income must be included when calculating the Applicant's gross annual income if the Applicant is employed at a part-time job at the time of MCC application. It is considered current income.

The Lender must calculate income based on what the Applicant is making at the time of MCC application if the part time employer verifies a specific hourly rate and gives the specific number of hours worked (or states the monthly amount). The Lender must ensure that year-to-date figures equal this amount. If not, the file must be documented as to the reason for the discrepancy. If the part-time employer does not state a specific hourly rate and gives the specific number of hours worked (or states the monthly amount), the Lender must average past year and year-to-date earnings and project the income on an annual basis.

*Example:*

Part-time employer states \$7.50 per hour for 15 hours per week and the year-to-date figures verify this.

$\$7.50 \text{ hourly rate} \times 15 \text{ hours} \times 52 \text{ weeks} = \$5,850 \text{ annual income.}$

Part-time employer states \$7.50 per hour but does not state the hours worked. The date of employment was February 19, 2021, and the date of verification of employment was October 22, 2021. The year-to-date earnings were \$3,806. The number of weeks between from February 19, 2021 and October 22, 2021 is 35 weeks.

$\$3,806 \text{ year-to-date earnings} \div 35 \text{ weeks} \times 52 \text{ weeks} = \$5,655 \text{ annual income.}$

- **Part-Time Self-Employed Income.** The Lender must use the self-employed income method to calculate compliance income if the Applicant is self-employed on a part-time basis at the time of MCC application in addition to full time salaried employment. This can be detected when the Federal Income Tax Materials are reviewed. The part time self-employment income is calculated in the same way as when the Applicant is self-employed on a full-time basis.

When Federal Income Tax Materials indicate a history of self-employment and the Applicant indicates that he/she no longer works the self-employment job, the Lender must submit a signed statement from the Applicant verifying when the self-employment ceased.



- **Commission Income.** Income for an individual earning through commissions will be calculated as it is for a self-employed Applicant (past two years and year-to-date average).

Income for commissions received in addition to a base salary (or a “guaranteed” draw) is treated as “other income”. Average commissions earned during the past year and year-to-date are used to project commission income.

- **Bonus and Overtime Income.** The Lender must average past year and year-to-date bonus and/or overtime income. If the Applicant was not employed full time for twelve months during the past year, the Applicant’s income should be averaged using the applicable number of months.
- **Dividends and Interest Income.** The Lender must average past year and year-to-date dividend and interest income. The Federal Income Tax Materials will indicate dividend and interest income received for the prior tax calendar year. The Applicant should furnish copies of bank statements, or other documentation to substantiate year-to-date dividend and interest income.
- **Child Support and Alimony Income.** The Lender should request a copy of the Applicant’s recorded Separation Agreement and/or Divorce Decree. If there are no recorded or filed copies of the Separation Agreement and/or Divorce Decree, the Lender must submit a copy of the recorded Separation Agreement and/or Divorce Decree before the Authority will issue a **Conditional Commitment (SC MCC-306)** approval.

The Lender must use the monthly amount of child support or alimony indicated in the recorded Separation Agreement and/or Divorce Decree. In the event there is no recorded Separation Agreement and/or Divorce Decree or other legal agreement verifying child support, the issue of child support must be addressed by having the occupant complete the applicable questions in the Child Support Income Certification section on the **Applicant Program Certifications (SC MCC-106)**.

- **Social Security Income.** The Lender must annualize gross benefits based on the benefit letter from the Social Security Administration. Social Security benefits include payments received by adults on behalf of minors for their own support.
- **Other Income Excluded.** The following types of income can be excluded in determining Compliance Income of an Applicant’s income eligibility for the MCC Program:<sup>17</sup> amounts of educational scholarships paid directly to the student or to the educational institution; amounts paid by the federal government to a Veteran for use in meeting the costs of tuition, fees, books and equipment; amounts that are specifically for reimbursement of business and/or educational expenses; one-time sign-on bonus; lump sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and workmen’s compensation), capital gains, and settlement for personal or property losses; payments received for the care of foster children; sporadic or irregular gifts; and amounts that are specifically for or in reimbursement of the cost of medical expenses.

(d) Verification, Changes & Recertification

The Lender should review copies of the verification of employment (written or verbal, most recent calendar year IRS Form W-2s, pay stubs and copies of additional income verifications to substantiate income calculations, for example, social security award letter, retirement, National Guard or Reserve income, child support, etc.). The pay stub must clearly indicate all sources of income (i.e., shift

differential, overtime, etc.) and verify total year to date earned income. If the employer does not issue pay stubs it will be necessary to obtain a copy of the latest payroll ledger on company letterhead, signed by a company official.

The Applicant must submit a complete copy of the most recent calendar year IRS Form W-2s. The sum of the IRS Form W-2s must match the Federal Income Tax Materials. No IRS Form W-2s are required for the two previous years. The Lender must document the employment dates for all employers represented on the most recent Federal Income Tax Materials. Verbal verification of employment is acceptable.

The Lender should consult the Authority prior to submitting the underwriting file regarding future employment (e.g., full-time student not employed at time of application, but for whom an employer has promised a job position), changes in employment (e.g., Applicant relocating and changing jobs), and pay structure changes (e.g. Applicant is going from a commissioned job to straight salary, or part-time to full-time) for a Compliance Income determination.

In the case of an Applicant beginning his/her job after the date of closing, the requirements differ (see below) depending on the amount of cash reserves left after closing. In all cases, the Lender must review documentation from the new employer stating the amount of employment income and the beginning employment date.

If the Applicant does not have sufficient cash reserves left after closing to make all of the mortgage payments prior to his/her receipt of the first paycheck, the Applicant must submit a copy of the first pay stub prior to issuance of the MCC.

If the Applicant does have sufficient cash reserves left after closing to make all of the mortgage payments prior to the receipt of his/her first paycheck, no further documentation is required.

If the loan is scheduled to close 120 days or more after the period ending date of the latest pay stub, the Applicant's income must be verified again by the Lender and a **Recertification of Income (SC MCC-303)** form must be submitted to the Authority prior to closing. The Lender must receive a new updated pay stub (or payroll ledger) reflecting current year-to-date earnings for salaried employees and a more current profit and loss statement for a self-employed Applicant. Other income must be verified again by the Lender as well as the Applicant's base income.

## **Section 2.2 Property Requirements**

The Acquisition Cost of a home financed with the assistance of an MCC cannot exceed the established limits for State properties. Acquisition Cost is generally based on the sales price. The limits for Acquisition Cost are subject to change and can be found on the Lender Online system located at <https://lol.schousing.sc.gov>.<sup>18</sup>

The residence must be located in the State<sup>19</sup> and must be eligible for insurance under the FHA, VA, USDA or Conventional Loan guidelines.

Some living units include Unfinished Square Footage. The cost to finish this space, whether or not the work is actually to be done, must be added to the sales price to arrive at the Acquisition Cost.<sup>20</sup>

The Lender may use the appraiser's cost estimation for completion. The **Request for Conditional Commitment (SC MCC-103)** and the **Seller Affidavit (SC MCC-105)** must include this cost.

The Lender reviews a copy of the appraisal for compliance underwriting.

#### Property Types Allowed

- Single Family Detached Homes
- Condominiums/PUDs approved by Fannie Mae or Freddie Mac, or insurer (FHA, VA, or USDA)
- Townhomes
- Any Manufactured Home (Mobile Home) eligible for insurance under FHA, VA, USDA or Conventional Loan guidelines

For any properties involving more than two acres or an additional lot, the MCC Submission Package needs to include documentation verifying the additional land or lot is needed to reasonably maintain the basic livability of the residence or cannot be sub-divided and built on. The documentation will be reviewed by the Authority to determine acceptability prior to approval of the MCC.

No more than 15%<sup>21</sup> of the total area of the Principal Residence can be used for:

- The principal place of business for, or in connection with, any trade or business on an exclusive and regular basis.<sup>22</sup>
- A place of business that is used exclusively and on a regular basis for the purpose of meeting or dealing with patients, clients or customers in the normal course of trade or business.<sup>23</sup>
- A place that is used on a regular basis where the inventory is held for use in the trade or business of selling products at wholesale or retail but only if the residence is the sole fixed location of such trade or business.<sup>24</sup>
- Rental to any person for a period in excess of 15 days in any calendar year. This includes rental to a roommate. Roommate rental is assumed to be using more than 15% of the residence for business purposes.<sup>25</sup>
- A place that is used on a regular basis in the trade or business of providing day care for children, or for individuals who have attained the age of 65 years, or for individuals who are physically or mentally incapable of caring for themselves.<sup>26</sup>

The mortgage loans are also subject to the FHA 203(b) maximum mortgage limits.<sup>27</sup>

An appraised value (excluding closing costs) that exceeds 115% of the sales price must include documentation verifying why the property is being sold below market value. Documentation will be collected by the Lender and reviewed for acceptability by the Authority on a case-by-case basis.

### Section 2.3 Financing Requirements

- Underwriting Standards.** For loans involving MCCs, underwriting standards are modified to recognize the benefit of the MCC derived from the federal income tax credit. The secondary mortgage market and the mortgage insurance industry have established underwriting policies for loans involving MCCs.
- New Mortgage Loan Requirement.** An MCC cannot be issued in connection with an assumption of an existing mortgage loan. However, an MCC can be used in connection with the replacement of construction loans. The term of any applicable construction loan must be 24 months or less.

Construction-to-permanent loans may utilize the MCC Program. The federal income tax credit is based on the modified (permanent) rate and is used only for the mortgage interest on the permanent loan. The MCC will be dated the date of conversion.

- (c) **Loans Not Eligible for an MCC.** An MCC cannot be used in connection with a qualified mortgage revenue bond, a qualified Veterans' mortgage bond, a Federal Housing Administration (FHA) 203(k) Program loan or with a USDA 502 Direct loan. The Lender must obtain from the Applicant, in the MCC Affidavits, a statement that no portion of the financing is from a qualified mortgage revenue bond, a qualified Veterans' mortgage bond, an FHA 203(k) Program loan or from a USDA 502 Direct loan.
- (d) **Subordinate Financing.** An MCC can only be a component of the first mortgage financing.

*Example:*

1st Mortgage	=	\$90,000
2nd Mortgage	=	\$10,000

MCC benefit is based on the \$90,000 first mortgage loan amount only. The benefit does not apply to subordinate liens (i.e. the \$10,000 second mortgage loan amount in this example).

- (e) **Assumption of MCC - Assisted Mortgage Loan**<sup>28</sup> An existing MCC may not be assumed by a new Eligible Holder.

## SECTION 3

### LENDERS

#### Section 3.1 Lender Qualifications<sup>29</sup>

Lenders are encouraged to have the following attributes:

- (a) Are approved as a Fannie Mae or Freddie Mac seller/servicer in good standing (if originating Conventional Loans);
- (b) Are approved as an FHA mortgage originator (if originating FHA loans);
- (c) Are approved as a VA mortgage originator (if originating VA loans);
- (d) Are approved as a USDA mortgage originator (if originating USDA loans);
- (e) Have an office located in the State that has originated residential mortgages for at least one year;
- (f) Are capable of originating, processing, underwriting, closing and funding the loan;
- (g) Are in compliance with applicable minimum capital requirements imposed by federal banking laws and regulations;
- (h) Are not under supervisory control of, or subject to, enforcement proceedings by federal banking regulators with respect to any violations or alleged violations of federal banking laws or regulations; and

- (i) Have executed an **MCC Lending Partner Application (SC MCC-200)** and a **Lender Participation Agreement (SC MCC-201)** and remitted the required Lender fees set forth therein.

### **Section 3.2 Lender Responsibilities**

The MCC Program is available on a loan-by-loan, first-come, first-served basis.

The Authority offers a lock-in period equal to the shorter of 90 days or the expiration of the second year following the year in which the Authority elected to issue the series of MCCs. The Authority will establish the applicable lock-in period upon submittal through the Lender Online system. The applicable lock-in period shall be made available to the Lender via the Lender Online system. The Lender must submit the MCC Submission Package to the Authority in accordance with Section 4.4 within 30 days of the expiration date.

### **Section 3.3 MCC Processing Fees**

The Authority charges a non-refundable MCC processing fee of \$500. Any party can pay the fee for the transaction; however, the Authority must be paid by a Lender check from an account of the Lender or by certified check with the MCC Submission Package. The Lender may charge up to an additional amount of \$500. If the MCC Submission Package is delivered later than 30 days after the expiration date of the applicable lock-in period, mandatory extension fees will be charged.

The Authority may charge a late fee of up to \$100, per month, for all incomplete files. The Lender must use procedures which will ensure accurate closing documentation is received in order for the Authority to disclose the **Notice to Eligible Holder of Potential Recapture of Federal Subsidy (SC MCC-304)**.

A complete listing of all fees is set forth in Appendix D. All fees are waivable by the Authority in its sole discretion. None of the fees imposed on the Lender can be reimbursed by the Applicant.

### **Section 3.4 Record Retention and IRS Reporting<sup>30</sup>**

The Authority will perform random post issuance reviews of Lender records pertaining to MCCs. Therefore, the Lender is required to maintain a copy of the entire MCC Submission Package, all of the information described in Section 4.3 and all supporting documents for a period of 36 months.

The Lender must retain for six years for IRS purposes<sup>31</sup> (i) the name, address, and social security number of the Eligible Holder; (ii) the name, address, and Taxpayer Identification Number of the issuer of the MCC (i.e. the Authority); and (iii) the loan date, Certified Indebtedness Amount and credit rate.

The Lender must file a report to the IRS each calendar year using **IRS Form 8329 (SC MCC-203)**. The Authority will assist the Lender in preparing **IRS Form 8329 (SC MCC-203)** by furnishing a computer printout of all MCCs closed during the calendar year. This report is based on all MCC Submission Packages for which the Authority has received and issued an MCC. Remember that in order for this report to be accurate, the Lender must have all MCC Submission Packages on MCCs issued during the prior calendar year submitted to the Authority by January 15 in order for future MCCs to be issued.

## **SECTION 4**

### **MCC PROCESSING STEPS**

## Section 4.1 General

The Authority will issue MCCs for eligible loans that are originated by Lenders. MCC eligibility includes compliance with federal and state requirements. Applicants apply for the MCC Program through an approved Lender. Lenders will reserve the MCC in Lender Online system located at <https://lol.schousing.sc.gov>. The Authority compliance review is done after the Lender's regular underwriting procedures. If the loan meets the applicable compliance underwriting guidelines of the Lender, the Lender's underwriter issues a loan approval, subject to the Authority's approval of the MCC.

MCC Submission Packages should be submitted as early as possible to allow sufficient time for the Authority to review the file and for the Lender to make corrections. The Authority will review files on a first-come, first-served basis within three to five business days of receipt, The Authority will notify the Lender with approval or denial of the MCC.

## Section 4.2 MCC Origination

The Authority requires all Applicants and Non-Borrower Occupants to sign Authority MCC documents. The Authority does not allow a power of attorney to be used for the Affidavits. The Compliance Certification for Non-Borrower Occupant on the **Applicant Program Certifications (SC MCC-106)** form must be properly executed by a spouse or other adult who will be residing in the property to be purchased. The Non-Borrower Occupant must execute all Authority documents.

The Authority recognizes that there are procedural variations among Lenders; consequently, the procedures outlined here only suggest the sequence of events.

- (a) Applicant reviews MCC Program Guide and schedules an appointment with a Lender.
- (b) Lender determines if an Applicant is eligible for the MCC Program based on preliminary information for Household Income derived from the **Income Calculation Worksheet (SC MCC-401)**, Acquisition Cost derived from the **Request for Conditional Commitment (SC MCC-103)** and Prior Home Ownership Interest derived from the **Request for Conditional Commitment (SC MCC-103)**.
- (c) If the preliminary screening indicates that the Applicant is a potential Eligible Holder, the Lender takes a formal application through the Lender Online system located at <https://lol.schousing.sc.gov>. The Lender obtains normal information, as well as Federal Income Tax Materials for the previous three calendar years (except for cases in Targeted Areas or which meet the Veterans' exemption, in which case the Lender obtains only the previous calendar year's Federal Income Tax Materials), and provides to the Applicant the **Preliminary Notice to Applicants of Potential Recapture of Federal Subsidy (SC MCC-107)**.  
  
If mortgage interest or real estate taxes are shown on Federal Income Tax Materials, the Applicant must write a letter of explanation as well as furnish sufficient documentation to support the explanation. See **Federal Income Tax Worksheet (SC MCC-400)** for tips on reviewing Federal Income Tax Materials.
- (d) After the application has been taken, the Lender will access Lender Online system <https://lol.schousing.sc.gov> and input the reservation information by completing the Lender Online system reservation request.

The Authority maintains a current cumulative total of reserved MCCs and is limited by law to a specific amount of MCC federal income tax credits that can be allocated to Eligible Holders. Lenders should promptly advise the Authority of reservation cancellations on Applicants when loans are withdrawn.

- (e) Lender obtains a recorded Separation Agreement and/or Divorce Decree if the Applicant or Co-Applicant has been married within the last three years or receives alimony or child support. The recorded document must state the Applicant is able to purchase real estate without intervention of the other party to obtain clear title to the property. The Applicant should contact an Authority underwriter if he/she has any questions.

If a previous spouse owned a home prior to the marriage and the Applicant only had a marital interest, the Authority would need documentation verifying that the Applicant has not had a Prior Home Ownership Interest. Acceptable documentation would include a 3-year title search on the marital home.

- (f) Lender verifies that the Applicant's Household Income derived from the **Income Calculation Worksheet (SC MCC-401)**, Acquisition Cost derived from the **Request for Conditional Commitment – Mortgage Affidavit and Borrower Certification (SC MCC-103)**, and Prior Home Ownership Interest derived from the **Request for Conditional Commitment (SC MCC-103)** requirements are met. Applicant's income must be verified again if the loan closes 120 days after the period ending date of the latest pay stub.
- (g) Lender obtains the Applicant(s) signature(s) on the **IVES Request for Transcript of Tax Return (IRS Form 4506-C) (SC MCC-108)**, as part of the Authority's quality assurance program. Both forms must also be dated.
- (h) Lender completes the verification process and the Applicant signs and dates the **Request for Conditional Commitment (SC MCC-103)**. The **Request for Conditional Commitment – Mortgage Affidavit and Borrower Certification (SC MCC-103)** includes the following requirements:
  - (i) Certification that the residence will be used as the Applicant's Principal Residence within 60 days after the day of loan closing.
  - (ii) Certification that the Applicant has not had a Prior Home Ownership Interest. This is not required for the purchase of a home in a Targeted Area or where the Applicant meets the Veterans' exemption.
  - (iii) Certification that the Acquisition Cost does not exceed the Acquisition Cost limits.
  - (iv) Certification that the Applicant's gross annual income does not exceed permitted income limits.
  - (v) Certification that no mortgage interest from the loan is being paid to a Related Person.
  - (vi) Acknowledgment that any material misstatement or fraudulent statement is made under penalty of perjury.
- (i) Lender completes the **Seller Affidavit (SC MCC-105)** and obtains the Seller's signature. Be aware of the following requirements on the Seller's signature.

- (i) All Sellers must sign the **Seller Affidavit (SC MCC-105)**. The Authority is unable to accept a power of attorney. A relocation company is authorized to sign a **Seller Affidavit (SC MCC-105)**. Active duty military personnel will be reviewed on a case by case basis.
  - (ii) If signed by a company official, the signature line must include the name of the selling company and the title of the individuals signing the **Seller Affidavit (SC MCC-105)**.
  - (iii) If the **Seller Affidavit (SC MCC-105)** is executed by an estate, the Authority must have a copy of the signed and stamped Certificate of Appointment appointing the Personal Representative of the estate. The Certificate of Appointment can be obtained by the Personal Representative or from the county probate court.
  - (iv) Acknowledgment that any material misstatement or fraudulent statement is made under penalty of perjury.
- (j) Prior to submitting the file to the Lender's underwriter, the processor should enter the appraisal, credit data information and print the **Underwriter Data Summary and Approval (SC MCC-102)** form. The **Underwriter Data Summary and Approval (SC MCC-102)** form is included in the MCC Submission Package to the Lender's underwriter and to the Authority.
  - (k) For all loans, the Lender's underwriter must review the file for MCC compliance issues. Once satisfied all industry underwriting and MCC compliance requirements have been met, the Lender's underwriter must sign the **Underwriter Data Summary and Approval (SC MCC-102)** form at the bottom left hand side. The Lender issues its approval, subject to the Authority's approval of the MCC.
  - (l) After the loan is approved by the Lender's underwriter, an MCC Submission Package is sent to the Authority. The **MCC Submission Package Checklist (SC MCC-101)** should be included in the MCC Submission Package. See Section 4.3 for more information.
- Note: The **Underwriter Data Summary and Approval (SC MCC-102)** form must be signed by the Lender's underwriter in all cases prior to the Authority's review of the MCC Submission Package.*
- (m) Lender will close the loan only *after* Authority approval of the MCC. A loan must never be closed prior to the Authority's approval of the MCC, or the Applicant will not qualify for an MCC. The Authority does not allow dry closings.
  - (n) Lender must submit a completed MCC Submission Package to the Authority for review within 30 days of the expiration date of the lock-in period established on the Lender Online system.
  - (o) The Authority will issue an MCC and forward a copy of it to the Lender upon review and approval of the MCC Submission Package.
  - (p) The Authority will mail the **Notice of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home (SC MCC-305)** to the Eligible Holder within 90 days of loan closing, along with the MCC Certificates.
  - (q) A late fee of up to \$100, per month, will be collected from the Lender if the Authority does not receive the MCC Submission Package or additional corrections within 30 days from the expiration date. This fee cannot be collected, directly or indirectly, from the Applicant.



### Section 4.3 MCC Submission Package

Once the loan is approved by the Lender's underwriter, the Lender forwards to the Authority an MCC Submission Package consisting of the following documents in a folder in the order specified:

1. **MCC Submission Package Checklist (SC MCC-101)** (*original*);
2. Agency Underwriting and Transmittal Summary
  - FNMA 1008, FHA 92900LT or a VA Loan Analysis
3. **Request for Conditional Commitment – Mortgage Affidavit and Borrower Certification (SC MCC-103)** (*original*)
4. Verification of employment and current pay stubs on all Eligible Holders and income receiving occupants; pay stubs must cover most recent 30-day period and contain year to date (YTD) totals
5. Verification of prior employment to match the most recent calendar year's IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s (all income receiving occupants)
6. Signed **Seller Affidavit (SC MCC-105)** (*original*)
7. **Income Calculation Worksheet (SC MCC-401)** and **Calculation of Business Use Worksheet (SC MCC-402)**, if applicable
8. **Mortgage Credit Certificate Tax Credit Worksheet (SC MCC-403)**
9. Unless otherwise noted in program documentation, copy of **three** most recent Federal Income Tax Materials with all schedules and IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s for all income receiving household occupants (*except for cases in Targeted Counties or which meet the Veterans' exemption – only the current year Federal Income Tax Materials are required*)
10. **Federal Income Tax Worksheet (SC MCC-400)**
11. **Federal Income Tax Affidavit (SC MCC-109)** – applicable if closing occurs between January 1 and February 15
12. Recorded Separation Agreement and/or Divorce Decree (*copy*) if applicable
13. **Preliminary Notice to Applicants of Potential Recapture of Federal Subsidy (SC MCC-107)** (*original*)
14. **Request for Transcript of Tax Return (IRS Form 4506-C) (SC MCC-108)** (*original*)<sup>15</sup>.
15. Copy of executed sales contract
16. Copy of signed 1003 loan application
17. **Declaration of Citizenship Status (SC MCC-111)** must be executed for all household applicants including those under 18 years of age

The Authority reviews the MCC Submission Package for completeness and determines whether all necessary Affidavits are properly executed. Adequate time should be allowed between submission and when approval is required for the Lender to supply additional or corrected information.

Additional documentation must be received in a reasonable amount of time (normally two weeks) in order to issue an approval or denial.

If the MCC Submission Package is acceptable, the Lender is notified via email of the MCC approval which will include the **Conditional Commitment (SC MCC-306)**.

The **Conditional Commitment (SC MCC-306)** states that the Authority will issue an MCC in a specified amount from the Lender on evidence of compliance with the MCC Program requirements and the closing of the mortgage loan. The **Conditional Commitment (SC MCC-306)** will reflect the percent of federal income tax credit to be issued.

#### **Section 4.4 Lender Closing Package**

Lender receives the executed **Conditional Commitment (SC MCC-306)** from the Authority. A loan should never be closed without the Authority's **Conditional Commitment (SC MCC-306)**. Conditions that need to be addressed prior to closing the loan will be listed on the bottom of the **Conditional Commitment (SC MCC-306)**. Until these conditions are cleared by the Authority, the MCC will not be issued.

Lender closes the loan in the normal procedure making sure to obtain as part of the Lender closing package the following Authority Affidavits:

- **Lender Closing Affidavit (SC MCC-302)** - Please note that any Co-Applicant's or Non-Borrower Occupant's name must appear on the Lender Closing Affidavit. The Social Security number of all Co-Applicants must also be shown.
- **Eligible Holder/Co-Occupant Closing Affidavit (SC MCC-301)** - Please note that any Co-Eligible Holder's or Non-Borrower Occupant's name must appear on the Affidavit and all adult occupants must sign this form.

After loan closing, SC Housing requires submission of a Closed Loan Package. The following documentation must be submitted to SC Housing within **30 days** of loan closing. Upon review of acceptable documentation the SC Mortgage Tax Credit Certificate will be mailed to the Eligible Holder and copy will be forwarded to the lender.

- Closing Package Checklist (SC MC-300) (*original*)
- Lender check payable to the South Carolina State Housing Finance and Development Authority for the following fees:
  - MCC Issuance Fee of \$500
  - MCC Extension Fee (*if applicable*)
  - MCC Modification Fee (*if applicable*)
- Eligible Holder check payable to the South Carolina State Housing Finance and Development Authority for the following fee:
  - MCC Reissuance Fee of \$250 if loan is a refinance

- **Eligible Holder/Co-Occupant Closing Affidavit (SC MCC-301)** (*original*)
- **Lender Closing Affidavit (SC MCC-301)**
- **Recertification of Income (SC MCC-303)** (*original*) if the loan closed more than 120 days after the date of the last paystub provided at the time of conditional approval
- Original Recapture Notice signed by Eligible Holder(s)

#### **Section 4.5 Construction-to-Permanent Transactions**

A construction-to-permanent loan is acceptable under the MCC Program. The Lender must be aware that the income verifications can be no older than 120 days prior to the conversion date. Recertification may be necessary. The Lender closing package must contain a copy of the executed conversion document for the loan. The federal income tax credit cannot be applied to the construction loan interest. The federal income tax credit can be used only on the interest after conversion or permanent financing of the loan is in place.

### **SECTION 5**

#### **PROGRAM COMPLIANCE**

The Lender is responsible for ensuring the Eligible Holder's compliance with various MCC Program requirements, including the first-time homebuyer requirement. The first-time homebuyer requirement does not apply if the residence purchased is in a Targeted Area or meets Veterans' exemption requirements. Cosigners are not subject to the first-time homebuyer and income limits; therefore, it is not necessary for Cosigners to sign the Authority documents. Cosigners do not take title to the property; however, Cosigners must sign the Promissory Note and are not allowed to sign the mortgage.

#### **Section 5.1 Submitting Federal Income Tax Returns**

To meet the first-time homebuyer requirement, **all borrowers and any other person(s) who is expected both to live in the residence being financed and to be secondarily liable on the mortgage** must submit to the Lender the last three calendar years of signed federal income tax returns, including IRS Form 1040A, IRS Form 1040EZ, Telefile tax record or IRS Form 1040 federal income tax returns with all schedules showing no deductions for interest or taxes for a Principal Residence (except for cases in Targeted Areas or which meet the Veterans' exemption, in which case the Lender obtains only the previous calendar year's federal income tax returns). The Authority requires a copy of all of the most recent calendar year's IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s. No IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s are required for the previous two years.

*Note: IRS Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, cannot be used in lieu of the actual federal income tax return.*

If mortgage interest or real estate taxes are shown, the Applicant must write a letter of explanation as well as furnish sufficient documentation to support the explanation. The Lender includes this documentation to the Authority in the MCC Submission Package.

#### **Section 5.2 If Signed Federal Income Tax Returns Are Not Available**

If the Applicant is unable to provide signed federal income tax returns for the MCC Submission Package, the following steps must be taken:

- (a) If the Applicant is unable to produce signed federal income tax returns, the Authority will accept a copy of the IRS Return Transcript for any calendar year during the last three years (except for cases in Targeted Areas or which meet the Veterans' exemption, in which only the previous calendar year's IRS Return Transcript). IRS Return Transcripts for the previous calendar year are generally not available from the IRS until 60 days after the date of filing. In all cases, the Authority reserves the right, for any reason, to request signed federal income tax returns in addition to IRS Return Transcripts.
- (b) If the Applicant was not required by law to file federal income tax returns for any calendar year during the last three years, the Lender must check 4(c) on the Request for **Conditional Commitment (SC MCC-103)**. The form should include the specific reason that the Applicant was not required to file. As an alternative, the Lender can provide the **Federal Income Tax Affidavit (SC MCC-109)** executed by the Applicant with item 1(a) completed. Include this document in the MCC Submission Package.
- (c) If the loan is to close between January 1 and February 15 and the Applicant has not yet filed a federal income tax return for the preceding year, the Lender must complete 4(d) on the **Request for Conditional Commitment (SC MCC-103)** for the preceding year. As an alternative, the Lender can provide the **Federal Income Tax Affidavit (SC MCC-109)** executed by the Applicant with item 1(b) completed. These sections on both forms state that the Applicant is not entitled to claim deductions for taxes or interest on a Principal Residence for the preceding calendar year.
- (d) If MCC approval was issued by the Authority prior to year-end and the loan does not close, the **Conditional Commitment (SC MCC-306)** becomes null and void. If the loan is closing between January 1 and February 15 and the Applicant has not filed a current calendar year federal income tax return, the Lender must resubmit the **Request for Conditional Commitment (SC MCC-103)** with item 4(d) completed or provide the **Federal Income Tax Affidavit (SC MCC-109)** executed by the Applicant with item 1(b) completed. The Authority will review and issue a new **Conditional Commitment (SC MCC-306)**.
- (e) If the MCC is approved by the Authority between January 1 and February 15, and the loan closes after February 15, the **Conditional Commitment (SC MCC-306)** becomes null and void. The Lender must submit the prior calendar year's Federal Income Tax Materials. The Authority will review and issue a new **Conditional Commitment (SC MCC-306)**.

### Section 5.3 Changes in Eligible Holder Status

All Authority requirements must be met at the time of loan application. Income and Principal Residence requirements must be met by all Mortgagors (those signing the mortgage) and any other person (i.e. fiancée) who is expected to occupy the Principal Residence being financed, including income received by any Household member who is 18 years of age or older (except a full-time dependent student), even if they will not be secondarily liable for the loan. The **Applicant Program Certifications (SC MCC-106)** must also be completed.

Any changes that occur between the time of loan application and closing may impact eligibility for the MCC Program. If changes occur after issuance of the **Conditional Commitment (SC MCC-306)** and prior to closing, the **Conditional Commitment (SC MCC-306)** is automatically revoked. Please contact the Authority concerning changes in Applicant, Household size and property status.

The Applicant's income must be verified again with a **Recertification of Income (SC MCC-303)** including an updated written or verbal verification of employment and pay stubs, if more than 120 days have elapsed between the loan application and closing. The Applicant's re-verified income must not exceed the income limits stated in Section 2.

## Section 5.4 Modification of MCCs

The Lender must notify the Authority by email of any modification to the reservation submitted on the Lender Online system by completing the **Request for MCC Modification (SC MCC-307)**.

## Section 5.5 Penalties

**Misstatements** - A material misstatement made in connection with an MCC may constitute a federal violation punishable by fines or by criminal penalties. In addition, any material misstatement or any false statement which affects eligibility for an MCC will result in denial of an application for an MCC. If an MCC has been issued prior to discovery of the false statement, which is due to fraud, then any MCC issued will automatically become null and void without any need for further action on the part of the Authority.

**Revocation** - The MCC will be revoked if the Eligible Holder no longer meets the requirements for a qualified MCC. Revocation will occur on the discovery of any material misstatement, whether negligent or fraudulent. An MCC is subject to revocation by the Authority if the provisions relating to the residence requirement, relating to the 3-year requirement, relating to the new mortgage requirements, relating to prohibited mortgages, relating to particular lenders, relating to allocations to particular developments, relating to interest paid to related persons, relating to the purchase price requirements, relating to the income requirements and limitations, relating to the portion required to be placed in targeted areas and relating to the non-transferability are not met. An MCC will be considered automatically revoked when the residence to which such MCC relates ceases to be the Eligible Holder's Principal Residence. In the event the other listed requirements are not met, the Authority will revoke the Eligible Holder's MCC by providing written notice to the Eligible Holder and the Internal Revenue Service of such revocation as may be required by the Regulations.

## SECTION 6

### REFINANCING GUIDELINES

The Treasury Regulations require that the re-issued MCC be, in effect, a continuation of the existing MCC. The Authority may re-issue MCCs provided that specific requirements are met.<sup>32</sup>

## Section 6.1 How It Works

The Eligible Holder must provide the Authority with the following documentation in order to begin the re-issue process:

- (a) Copy of the payoff statement from the prior lender confirming the outstanding principal balance as of the date of the refinancing.
- (b) Copy of the executed Promissory Note and executed HUD-1 Settlement Statement for the new loan.
- (c) \$250 in a non-refundable certified check to process the request. The Authority will not accept personal checks.
- (d) **Owner Occupancy Certification (SC MCC-110)**.

The Authority will make every effort to timely process the information on a first-come, first-served basis. However, a guarantee cannot be made since new loans will receive underwriting priority.

The re-issued MCC must be kept in a safe place. It will be proof that the Eligible Holder is entitled to receive the credit each year for the remaining term of the original mortgage while the Eligible Holder occupies the property.

## **Section 6.2 Refinancing Requirements**

- (a) The certified mortgage indebtedness set forth on the re-issued MCC will be the outstanding principal balance of the prior loan as of the date of the refinance.<sup>33</sup>
- (b) The re-issued MCC will only be issued to the Eligible Holder of the original MCC and for the same property, provided the holder still occupies it as a Principal Residence.<sup>34</sup>
- (c) The re-issued MCC will expire on the final payment date for the prior mortgage loan.<sup>35</sup>
- (d) The re-issued MCC federal income tax credit rate will not be changed and the re-issued MCC will only be re-issued to the Eligible Holder of the original MCC.<sup>36</sup>
- (e) The re-issued MCC will state that the credit allowable will not exceed the credit that would otherwise have been allowable to the holder under the original MCC for any taxable calendar year.<sup>37</sup>
- (f) Requests in which the Eligible Holder is refinancing will only be processed for fixed rate loans being refinanced into another fixed rate loan.
- (g) The Authority will process one re-issuance request per Eligible Holder.
- (h) The MCC will not be re-issued later than one year after the date of the refinance.

## **Section 6.3 Certified Indebtedness Amount**

The Certified Indebtedness Amount set forth on the Eligible Holder's re-issued MCC is equal to the outstanding principal amount of the Eligible Holder's prior loan at the time of refinancing.<sup>38</sup> If the amount that the Eligible Holder borrowed to refinance exceeded the outstanding principal amount of the Eligible Holder's loan at the time of refinancing (which typically would be the case if the Eligible Holder financed the closing costs), the Certified Indebtedness Amount set forth on the Eligible Holder's re-issued MCC will be less than the principal amount of the Eligible Holder's new mortgage loan.<sup>39</sup> The federal income tax laws only allow a federal income tax credit for interest paid with respect to the Certified Indebtedness Amount, which in such case will generally be less than the actual amount of interest paid in any tax calendar year on the Eligible Holder's new mortgage loan.<sup>40</sup>

The interest eligible for application of the federal income tax credit may not exceed the interest paid or accrued in each tax calendar year with respect to the Certified Indebtedness Amount.

The federal income tax laws also provide that the federal income tax credit allowable under a re-issued MCC cannot exceed the federal income tax credit that would otherwise have been allowable to the holder under the prior MCC for any calendar year.<sup>41</sup> In order to comply with this provision, the Eligible Holder's re-issued MCC expires on the final payment date for the Eligible Holder's prior loan. If the term of the Eligible Holder's new loan exceeds the term of his/her prior loan, the Eligible Holder's right to receive a federal income tax credit under his/her re-issued MCC will expire prior to the final payment date for the Eligible Holder's new loan.<sup>42</sup>

To help the Eligible Holder determine the amount of interest that is eligible for application of the federal income tax credit, we will provide the Eligible Holder with an amortization schedule showing the monthly interest payments with respect to the Certified Indebtedness Amount set forth in the Eligible Holder's new loan. It will be necessary for the Eligible Holder to compare the amount of interest eligible for credit under the re-issued MCC to the interest that would otherwise be eligible for the federal income tax credit under the Eligible Holder's prior MCC and apply the federal

income tax credit rate to the lower of the two amounts. The Authority cannot provide the Eligible Holder with an amortization schedule for his/her prior loan for the purposes of making this determination.

## SECTION 7

### TAX INFORMATION/RECAPTURE

#### Section 7.1 Disclaimers

THE MATERIAL CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS TO ASSIST THE ELIGIBLE HOLDER IN UNDERSTANDING THE EFFECT OF THE MCC ON THE ELIGIBLE HOLDER'S FEDERAL INCOME TAXES. THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) WAS DRAFTED BY THE AUTHORITY AND ITS COUNSEL AND INFORMATION PROVIDED HEREIN IS TAKEN FROM SOURCES BELIEVED TO BE RELIABLE, BUT IS NOT NECESSARILY COMPLETE AND THE ACCURACY OF THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) CANNOT BE GUARANTEED. ANY INFORMATION PRESENTED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS SUBJECT TO CHANGE WITHOUT NOTICE. THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) OR ON ANY RELATED LINKS OF THE AUTHORITY IS PRESENTED FOR DISCUSSION PURPOSES TO BE USED BY A TAXPAYER AND HIS OR HER OWN PERSONAL TAX ADVISOR. SOME OF THE MATERIAL CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) IS COMPLICATED. AS SUCH, TAXPAYERS AND THEIR ADVISORS MAY UTILIZE THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) AT THEIR OWN RISK AND FOR DISCUSSION PURPOSES ONLY. TAXPAYERS ARE ADVISED TO RETAIN THEIR OWN TAX AND INVESTMENT ADVISORS AND SHOULD NOT RELY ON THE INFORMATION CONTAINED IN THE PROGRAM GUIDE (INCLUDING ANY ATTACHMENTS) WITHOUT THE GUIDANCE OF APPROPRIATE COMPETENT ADVISORS.

#### Section 7.2 Eligible Holder Program Information

##### Mortgage Interest Credit Value to the Eligible Holder

The value of the MCC varies based on whether a homeowner claims the standard deduction or itemizes his/her deductions. Generally, a homeowner who claims the standard deduction will be able to claim the MCC federal income tax credit to reduce his/her federal income tax liability. Generally, a homeowner who itemizes his/her deductions is allowed to claim 100% of their mortgage interest as an itemized federal income tax deduction. Itemized deductions are recorded on IRS Schedule A and transferred to IRS Form 1040 to reduce the amount of income used to calculate federal income taxes. A homeowner who itemizes his/her deductions must reduce the mortgage interest claimed by the amount of the 30% MCC.

*Example:*

Adjusted Gross Income	\$34,000
Mortgage interest deduction	- \$ 4,000
Income used to calculate taxes	\$30,000
Taxes owed (10% tax rate)	\$ 3,000

With a 30% MCC credit, 30% of the \$4,000 (\$1,200) is taken as a credit, while the remaining 70%, (\$2,800) is a deduction. For example:

Income	\$34,000
Mortgage Interest deduction	- \$ 2,800 (\$4,000 minus 30% of \$4,000)
Income used to calculate taxes	\$31,200
Taxes owed (10% tax rate)	\$ 3,120
Apply 30% MCC credit	- \$ 1,200 (30% of \$4,000)
Taxes after MCC Credit	\$ 1,920

The example shows that the 30% credit, after taking into account the reduced mortgage interest deduction, will lower the tax liability by \$1,080.

The MCC federal income tax credit is available as long as the Eligible Holder has the original loan and occupies the home as a Principal Residence. The amount of federal income tax credit is limited to \$2,000 annually. The amount of the MCC federal income tax credit that can be utilized in a year is also limited to the income tax liability of a homeowner (i.e., the MCC federal income tax is not a refundable tax credit).<sup>43</sup> If a homeowner is unable to utilize the MCC federal income tax due to the tax liability limit, the unused credit can be carried forward for up to three years.<sup>44</sup>

### **“Claiming” the Federal Income Tax Credit**

By filing a revised IRS Form W-4 Employee’s Withholding Certificate with the Eligible Holder’s employer, the Eligible Holder can change his/her monthly tax withholding and may receive the benefit of the MCC federal income tax credit amount on a monthly basis rather than “claiming” it on his/her tax return. The Eligible Holder’s employer withholds less tax from the Eligible Holder’s paycheck over the calendar year, so that the Eligible Holder can use the money to help pay a monthly house payment.

Whether the Eligible Holder changes his/her monthly withholding or not, the Eligible Holder will get the total amount of federal income tax credit, it is just a matter of when as long as the federal income tax credit does not exceed the amount of federal income taxes owed on IRS Form 1040 after all other credits and deductions have been taken.

However, the Eligible Holder’s Lender may require that the Eligible Holder revise his/her monthly federal income tax withholding so that he/she will have sufficient funds with which to make his/her loan payment. To do this, the Lender may ask the Eligible Holder to revise his/her IRS Form W-4 Employee’s Withholding Certificate and submit it to the Eligible Holder’s employer prior to loan closing.

### **Lender Responsibilities**

1. The Lender must provide the following information to the Eligible Holder:
  - a. A completed **Mortgage Credit Certificate Tax Credit Worksheet (SC MCC-403)** which provides an estimate of the first calendar year’s federal income tax credit;
  - b. Recent IRS Form W-4 Employee’s Withholding Certificate



- c. Recent IRS Form 8396, Mortgage Interest Credit
  - d. A copy of the **Conditional Commitment (SC MCC-306)** from the Authority which verifies that the Eligible Holder has conditionally been approved for an MCC.
2. The Lender must advise the Eligible Holder if they are required to revise the IRS Form W-4 Employee's Withholding Certificate prior to closing, or if it is optional.

### **Eligible Holder Responsibilities**

1. The Eligible Holder must complete the IRS Form W-4 Employee's Withholding Certificate if necessary to qualify for the loan or as may be requested by the Lender.
2. Assuming the Eligible Holder completed item 1 above, the Eligible Holder must give the original IRS Form W-4 Employee's Withholding Certificate to their employer.
3. At the end of the calendar year, the Eligible Holder must obtain IRS Form 8396. The form must be completed and the federal income tax credit amount from IRS Form 8396 must be entered on IRS Form 1040 (30% of the annual loan interest, up to \$2,000.00). See the **Mortgage Credit Certificate Tax Credit Worksheet (SC MCC-403)** for the Eligible Holder's federal income tax credit rate. The Eligible Holder may also enter 70% of the annual mortgage interest on IRS Form 1040 Schedule A as an itemized deduction.
4. The MCC is mailed to the Lender and Eligible Holder once the Authority has received an acceptable Lender closing package delivered by the Lender. The MCC must be kept in a safe place. It will be proof that the Eligible Holder is entitled to receive the federal income tax credit each calendar year for the life of the loan.

### **Section 7.3 Recapture**

Congress enacted legislation in 1988, subsequently amended in October of 1990, to recapture some or all the subsidy from first time homebuyers who receive qualified mortgage bond assistance after January 1, 1991.<sup>45</sup> This includes all buyers who use Authority MCCs.<sup>46</sup> The purpose of recapture is to retrieve the subsidy from owners who receive rapid income increases after they purchase their home and, as a result, do not need the subsidy to remain homeowners. Recapture became effective for all loans closed after December 31, 1990.

Recapture with respect to an MCC applies to all Authority MCCs. The maximum recapture will occur if the home is disposed of during the fifth year.<sup>47</sup> The smallest recapture will occur within the first year and the ninth year.<sup>48</sup> Recapture does not apply if the home is disposed of more than nine years after the loan closing.<sup>49</sup> Recapture does not apply if disposition occurs due to the death of the Eligible Holder.<sup>50</sup> Recapture does not apply to transfers to spouses and former spouses in which no gain or loss is recognized, but the spouse or former spouse is treated as if they were the original Eligible Holder and recapture applies in the same manner it would have applied to the Eligible Holder.<sup>51</sup> The amount of recapture that owners might have to pay depends on how much their incomes have increased, their family size at the time of the sale, the size of their loans, the length of time they owned their home, and any gain realized on disposition of their residence.<sup>52</sup> The originating lender is required to notify an Eligible Holder in writing of the potential for recapture at time of application and closing and provide certain additional information within 90 days, including the maximum recapture amount.<sup>53</sup> The actual recapture amount is calculated at the time of disposition. The recapture amount will be determined separately according to the respective interests in the residence when two or more persons (generally unmarried) receive an MCC.<sup>54</sup> The Eligible Holder is responsible for paying the recapture amount as additional

federal income tax liability for the tax calendar year of the disposition of the home financed with an MCC.<sup>55</sup> The Eligible Holder is responsible for the recapture calculation and payment of the recapture amount to the federal government.

**APPENDIX A**  
**DEFINED TERMS**

**Acquisition Cost**<sup>56</sup> – The cost of acquiring a Principal Residence as a completed residential unit, including:

- (1) all amounts paid, either in cash or in kind, by the Mortgagor or a related party for the benefit of the Mortgagor to the Seller(s); or related parties for the benefit of the Seller(s) as consideration for the Principal Residence;
- (2) if the dwelling unit on the Principal Residence is incomplete, the reasonable cost of completing the same, whether or not the costs of completion are to be financed with the current loan; and
- (3) if the Principal Residence is purchased subject to ground rent the capitalized value of the ground rent.

The following costs are excluded:

- (1) usual and reasonable settlement and financing costs, to the extent such costs do not exceed the usual and reasonable costs that would be paid by the Mortgagor where financing is not assisted by the issuance of an MCC or provided through the issuance of tax-exempt bonds (for example, if the Mortgagor agrees to pay more than a pro rata share of property taxes, such excess shall be treated as part of the Acquisition Cost);
- (2) the value of any services performed by the Mortgagor and family members in completing a dwelling unit on the Principal Residence; and
- (3) the cost of any land that was owned by the Mortgagor for at least two years prior to the construction of a dwelling unit on the Principal Residence. Refer to Section 2 for Acquisition Cost limits.

**Applicant** – An individual making application for an MCC.

**Area of Chronic Economic Distress** – Is an area of chronic economic distress as designated by the State as meeting certain criteria set forth in the Code and the designation of which has been approved by the Secretary of HUD.<sup>57</sup>

**Authority** – The South Carolina State Housing Finance and Development Authority.

**Certificate of Appointment** – A signed and stamped “Certificate of Appointment” appointing the personal representative, administrator or executor of an individual’s estate. The Certificate of Appointment can be obtained by the personal representative, administrator or executor or from the county probate court.

**Certified Indebtedness Amount** – Is the amount of indebtedness which is incurred by an Eligible Holder to acquire a Principal Residence and is set forth on an original MCC.<sup>58</sup> In the case of a re-issued MCC, the Certified Indebtedness Amount set forth on the re-issued MCC is equal to the outstanding principal amount of the Eligible Holder’s prior loan at the time of refinancing.<sup>59</sup>

**Co-Applicant** – An individual making application for an MCC with an Applicant.

**Code** – The Internal Revenue Code of 1986, as amended.

**Co-Eligible Holder** – An individual that (i) is named on loan documents and whose income and credit are used to qualify for the loan; (ii) meets the annual income limits in Section 2; (iii) will establish residency in the Principal Residence within

60 days of closing; and (iv) has not had a Prior Home Ownership Interest or qualifies for an exception set forth in Section 2.1(b).

**Compliance Income** – Total of the occupants’ gross annual Household Income at time of application, plus any additional income from alimony, annuities, auto allowance, bonuses, child support, commission, disability or death benefits, dividends, education benefits used for subsistence fees, interest, income received from business activities or investments, income received from trusts, inheritances, insurance policies, net rental income, overtime, pensions, public assistance, recurring monetary contributions regularly received from persons not living in the unit, royalties, severance pay, shift differential, sick pay, social security benefits, special pay and allowances of a member of the armed forces (excluding hazardous duty pay), tips, unemployment compensation, Veterans Administration (VA) compensation, and workers compensation. This includes any income from any source for all persons 18 years of age or older who are not full-time dependent students, and who are expected to occupy the property. For more specific criteria refer to Section 2.1.

The income to be taken into account in determining the gross annual income includes all sources of Household Income for the Mortgagor(s) and any other person who is expected to live in the residence being financed even if they will not be secondarily liable on the Promissory Note.

**Conventional Loan** – A mortgage loan which is not guaranteed or insured by Fannie Mae and Freddie Mac.

**Cosigner** – A non-occupant who is cosigning the Promissory Note for a particular loan. For the Authority purposes, the Cosigner cannot take title to the property; however, they must execute the Promissory Note, but not the mortgage.

**Divorce Decree** – A final divorce decree refers to the court’s final order granting a termination of marriage. The Divorce Decree summarizes the rights and responsibilities of the divorced parties, the terms the parties have agreed upon or the court’s decision, the financial responsibilities of each party, the division of property and also covers issues regarding the alimony, custody of children, visitation and child support.

**Eligible Holder** – An individual or family that (i) meets the annual income limits in Section 2, (ii) will establish residency in the Principal Residence within 60 days of closing, and (iii) has not had a Prior Home Ownership Interest or qualifies for an exception set forth in Section 2.1(b). Unless the context clearly requires otherwise, the term Eligible Holder includes a Co-Eligible Holder if applicable.

**Federal Income Tax Materials** – The federal income tax returns or IRS Return Transcripts.

**FHA** – The Federal Housing Administration of HUD.

**Household** – Any person or persons who intend to occupy a home as a Principal Residence. To determine Household size the Authority will include all individuals who intend to occupy the property at a future date (i.e. fiancée).<sup>60</sup>

**Household Income** – The gross annual income of the Eligible Holder and any other person who is expected to live in the Principal Residence being financed; including income received by any member of the Household who is 18 years of age or older (except full-time dependent students) even if they will not be secondarily liable on the Promissory Note.

**HUD** – The United States Department of Housing and Urban Development.

**IRS** – The Internal Revenue Service.

**IRS Return Transcript** – A transcript issued by the IRS detailing line-by-line information from a filed federal income tax return.

**Lender** – Any unrelated lender to an Eligible Holder. See Section 3 for qualifications of a Lender.

**Lender Online** – The system made available by the Authority to Lenders for the reservation and confirmation of the MCC in the MCC Program located at <https://lol.schousing.sc.gov>.

**Manufactured Home (Mobile Home)** – A manufactured building designed to be used as a single family dwelling unit which has been constructed and labeled indicating compliance with the HUD administered National Manufactured Housing Construction and Safety Standards Act of 1974 (Look for HUD label).<sup>61</sup>

Manufactured housing (i.e. double-wide) may be financed under the MCC Program provided that it is (1) eligible for mortgage insurance and a 30-year amortization; (2) new, never-occupied; (3) a minimum of 400 square feet (living space); (4) a minimum width in excess of 102 inches; and (5) Permanently Fixed to a permanent foundation.

**MCC** – A Mortgage Credit Certificate, as described herein.

**MCC Program** – The South Carolina State Housing Finance and Development Authority Mortgage Credit Certificate Program, as described herein.

**MCC Submission Package** – The MCC Submission Package referenced in Section 4.3.

**Mortgagor** – The Eligible Holder(s) in a mortgage loan transaction financed with the assistance of a MCC.

**Non-Borrower Occupant** – Any person(s) age 18 years of age or older who will occupy the property and who will not be secondarily liable on the mortgage.

**Ownership Interest** – Ownership Interest means ownership by any means in a Principal Residence, whether outright or partial, including property subject to a mortgage or other security interest including a fee simple Ownership Interest; a joint Ownership Interest by joint tenancy, tenancy in common or tenancy by the entirety; an Ownership Interest in trust; a life estate interest; or purchase by contract for deed (or similar transaction). However, the Authority does not consider Ownership Interest in a timeshare as Ownership Interest. Marital interest, defined as an interest one had only because he/she was married to a person that owned a property, does not meet the definition of Ownership Interest as defined by Section 143 and Section 25 of the Code.

**Permanently Fixed** – The towing hitch or running gear, including the wheels and axles, has been removed from the Manufactured Home (Mobile Home) and the home has been attached to a permanent foundation (including basement, crawl space and slab types of foundations).

**Principal Residence** – Housing that the Eligible Holder will occupy as a Principal Residence. Whether a residence is an Eligible Holder's Principal Residence is based on all the facts and circumstances. The home should not have more than 15% of the square footage used in a trade or business (see **Calculation of Business Use Worksheet (SC MCC-402)**), or that will not be used as an investment property.<sup>62</sup> The term includes: (1) a single-family house; (2) a condominium or townhouse unit; (3) stock held by a tenant-stockholder in a cooperative housing corporation (defined in Code Section 216(b) (1) and (2)); (4) occupancy of a unit in a two to four unit building owned by the Eligible Holder and (5) any Manufactured Home (Mobile Home).

**Prior Home Ownership Interest** – An Ownership Interest in a Principal Residence during the 3-year period ending on the date the Promissory Note is executed.

**Program Guide** – This Mortgage Credit Certificate Program Guide of the Authority relating to the MCC Program described herein.

**Promissory Note** – The note relating to the loan and mortgage with respect to a Principal Residence of an Eligible Holder financed with the assistance of an MCC.

**Qualified Census Tract** – Census tracts in which 70% or more of the Households have an income which is 80% or less of the statewide median family income.<sup>63</sup>

**Recapture Tax** – The potential repayment of a portion of the interest savings that the Eligible Holder receives on an MCC Program mortgage loan. This federal income tax, if applicable, is payable to the federal government through the federal income tax returns.

**Related Person** – Any family member, including brothers and sisters, spouse, ancestors, and lineal descendants; a corporation or partnership where the Eligible Holder owns more than 50% interest, or as otherwise provided in Code Section 144(a) (3).

**Seller** – The party that is selling the residence to be occupied as the Principal Residence of the Eligible Holder.

**Separation Agreement** – An agreement relating to the division of assets and liabilities and any support, maintenance, custody or visitation issues in connection with the separation of a married couple that has not yet obtained a Divorce Decree.

**State** – The State of South Carolina.

**Targeted Area**<sup>64</sup> – An area which is either a Qualified Census Tract or an Area of Chronic Economic Distress. Eligible Holders purchasing homes in these areas are not subject to the Prior Home Ownership Interest restriction. Targeted Areas can be determined by reference to Appendix C.

**Treasury Regulations** – Regulations adopted by the U.S. Treasury interpreting or relating to provisions of the Code; specific Treasury Regulations referenced herein deal with MCC programs, in general.

**Unfinished Square Footage** – Square footage in a home that has been left unfinished, but could be used as living space if finished. This usually occurs in split foyer, split level or 1-1/2 story homes and those homes with permanent stairs leading to the unfinished area (i.e., attic, bonus room). If the unfinished area is greater than 25% of the total square footage of the property, the cost to complete must be added to the sale price to determine the total Acquisition Cost.

**USDA** – The United States Department of Agriculture/Rural Development. The USDA home loan guaranty provides loans in rural areas to finance homes and building sites.

**VA** – The Veterans Administration – The Servicemen’s Readjustment Act of 1944 authorized this agency to administer a variety of benefit programs designed to facilitate the adjustment of returning Veterans to civilian life. The VA home loan guaranty program is designed to encourage Lenders to offer long-term, low down payment mortgages to eligible Veterans by guaranteeing the Lender against some or all loss caused in default by the Eligible Holder.

**Veteran** – A person who served in active duty of the United States Armed Forces or Reserves and who was discharged or released under conditions other than dishonorable.

**APPENDIX B**

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**FORM AND DOCUMENT LISTING**

## DOCUMENT LISTING

### Processing

MCC Submission Package Checklist	SC MCC-101
Underwriter Data Summary and Approval	SC MCC-102
Request for Conditional Commitment – Mortgage Affidavit and Borrower Certification	SC MCC-103
Trustee Certification for Application	SC MCC-104
Seller Affidavit	SC MCC-105
Applicant Program Certifications	SC MCC-106
Preliminary Notice to Applicants of Potential Recapture of Federal Subsidy	SC MCC-107
IVES Request for Transcript of Tax Return (IRS Form 4506-C)	SC MCC-108
Federal Income Tax Affidavit	SC MCC-109
Owner Occupancy Certification	SC MCC-110
Declaration of Citizenship Status	SC MCC-111

### Lender Materials

MCC Lending Partner Application	SC MCC-200
Lender Participation Agreement	SC MCC-201
IRS Form 8329	SC MCC-203

### Closing

Closing Package Checklist	SC MCC-300
Eligible Holder/Co-Occupant Closing Affidavit	SC MCC-301
Lender Closing Affidavit	SC MCC-302
Recertification of Income	SC MCC-303
Notice to Eligible Holder of Potential Recapture of Federal Subsidy	SC MCC-304
Notice of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home	SC MCC-305
Conditional Commitment	SC MCC-306
Request for MCC Modification	SC MCC-307

### Worksheets

Federal Income Tax Worksheet	SC MCC-400
Income Calculation Worksheet	SC MCC-401
Calculation of Business Use Worksheet	SC MCC-402
Mortgage Credit Certificate Tax Credit Worksheet	SC MCC-403

### Miscellaneous

Mortgage Credit Certificate Form - PURCHASE	SC MCC-500-PUR
Mortgage Credit Certificate Form - REISSUE	SC MCC-500-REISSUE



**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**MCC SUBMISSION PACKAGE CHECKLIST**

MCC Number: \_\_\_\_\_

Applicant(s) \_\_\_\_\_

Property \_\_\_\_\_

Lender Name \_\_\_\_\_

Contact Person \_\_\_\_\_ E-Mail Address \_\_\_\_\_

Telephone # \_\_\_\_\_

Use this Checklist to ensure that documents are properly completed and signed where necessary. Submit in a folder fastened on the top right side in the order specified below:

Required Documents

1. **MCC Submission Package Checklist (SC MCC-101) (original);**
2. **Residential Loan Application (Initial 1003) – Used to verify all sources of income and occupancy/dependents/marital status**
3. **Underwriter Data Summary and Approval (92900LT,1008, VA Loan Analysis**
4. **Declaration of Citizenship Status (SC MCC-111) for each occupant – verify citizenship status.**
5. **Signed Request for Conditional Commitment – Mortgage Affidavit and Borrower Certification (SC MCC -103) (original)**
6. **Signed Seller Affidavit (SC MCC-105) (original); Verification of prior employment (written or verbal) to match the most recent calendar year’s IRS Form W-2s (all income receiving occupants);**
7. **Preliminary Notice to Applicants of Potential Recapture of Federal Subsidy (SC MCC-107) (original);**
8. **IVES Request for Transcript of Tax Return (IRS Form 4506-C) (SC MCC-108) (original);**
9. **Income Calculation Worksheet (SC MCC-401) and Calculation of Business Use Worksheet (SC MCC-402), if applicable;**
10. **Mortgage Tax Credit Program Worksheet (SC MCC-403)**
11. **Verification of Current Employment (Written VOE); Current paystubs verifying YTD income**
12. **Signed copies of Applicant(s) three previous calendar years’ Federal Income Tax Materials with applicable schedules (except for cases in Targeted Areas or which meet the Veterans’ exemption, in which case the Lender obtains only the previous calendar year’s Federal Income Tax Materials);**
13. **Copies of all of the most recent calendar year’s IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s to match the Federal Income Tax Materials;**
14. **Recorded Separation Agreement and/or Divorce Decree (copy), if applicable;**
15. **Trustee Certification for Application; if applicable**
16. **Certificate of Appointment; if Applicable (SC MCC-108)**

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**UNDERWRITER DATA SUMMARY AND APPROVAL**

**FHA Loan Underwriting and Transmittal Summary**

**U.S Department of Housing and Urban Development**

OBM Approval No. 2502 - 0059

(expires 12/31/2023)

See back of page for Public Burden and Sensitive Information statements

Office of Housing Federal Housing Commissioner

**Borrower and Property Information** FHA Case No. \_\_\_\_\_ **SOA** \_\_\_\_\_

Borrower Name _____	SSN _____
Co-Borrower Name _____	SSN _____
Property Address _____	

<b>Property Type</b> (Check only 1) <input type="checkbox"/> 1 unit <input type="checkbox"/> 2 units <input type="checkbox"/> 3 - 4 units <input type="checkbox"/> Condominium <input type="checkbox"/> Co-op <input type="checkbox"/> Manufactured Housing	<b>Additional Property Information</b> Sales Price \$ _____ Appraised Value \$ _____	<b>Property Rights</b> <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold	<b>Construction</b> <input type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> New (less than 1 year)
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**Mortgage Information**

<b>Amortization Type</b> (Check only 1) <input type="checkbox"/> Fixed-Rate-Monthly Payments <input type="checkbox"/> ARM 1 <input type="checkbox"/> 3 <input type="checkbox"/> 5 <input type="checkbox"/> 7 <input type="checkbox"/> or 10 <input type="checkbox"/> yr ARM Index _____ ARM Margin _____ <input type="checkbox"/> Int. Rate Buydown	<b>Loan Purpose</b> (Check all that apply) <input type="checkbox"/> Purchase <input type="checkbox"/> No Cash-Out Refinance <input type="checkbox"/> Cash-Out Refinance <input type="checkbox"/> Simple Refinance <input type="checkbox"/> Streamline Refinance <input type="checkbox"/> Construction-to-Permanent <input type="checkbox"/> Energy Efficient Mortgage <input type="checkbox"/> Building On Own Land <input type="checkbox"/> HUD REO <input type="checkbox"/> 203(k) <input type="checkbox"/> Standard <input type="checkbox"/> Limited <input type="checkbox"/> Other	<b>Secondary Financing</b> Source/EIN _____ <input type="checkbox"/> Gov't <input type="checkbox"/> NP <input type="checkbox"/> Family <input type="checkbox"/> Other _____ Amount of Secondary Financing \$ _____ <b>Gifts</b> Seller Funded DAP <input type="checkbox"/> Y/N 1.) Source/EIN _____ <input type="checkbox"/> Gov't <input type="checkbox"/> NP <input type="checkbox"/> Family <input type="checkbox"/> Other _____ Amount of Gift \$ _____ 2.) Source/EIN _____ <input type="checkbox"/> Gov't <input type="checkbox"/> NP <input type="checkbox"/> Family <input type="checkbox"/> Other _____ Amount of Gift \$ _____
<b>Loan Information</b> Mortgage w/o UFMIP \$ _____ Total UFMIP \$ _____ Mortgage w/ UFMIP \$ _____ Interest Rate _____ % Qualifying Rate (1 Yr. ARM) _____ % Loan Term (in months) _____		

**Underwriting Information**

<b>Monthly Income</b> <table border="1"> <thead> <tr> <th></th> <th>Borrower</th> <th>Co-Borrower</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Base Income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Other Income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Net Rental Income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Total Income</td> <td>\$ _____</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </tbody> </table>		Borrower	Co-Borrower	Total	Base Income	\$ _____	\$ _____	\$ _____	Other Income	\$ _____	\$ _____	\$ _____	Net Rental Income	\$ _____	\$ _____	\$ _____	Total Income	\$ _____	\$ _____	\$ _____	<b>Proposed Monthly Payments</b> <b>Borrowers Primary Residence</b> First Mortgage P&I \$ _____ Monthly MIP \$ _____ HOA Fees \$ _____ Lease/Ground Rent \$ _____ Second Mortgage P&I \$ _____ Hazard Insurance \$ _____ Taxes & Special Assessments \$ _____ Total Mortgage Payment \$ _____
	Borrower	Co-Borrower	Total																		
Base Income	\$ _____	\$ _____	\$ _____																		
Other Income	\$ _____	\$ _____	\$ _____																		
Net Rental Income	\$ _____	\$ _____	\$ _____																		
Total Income	\$ _____	\$ _____	\$ _____																		
<b>Debts &amp; Obligations</b> <table border="1"> <thead> <tr> <th></th> <th>Monthly</th> <th>Unpaid Balance</th> </tr> </thead> <tbody> <tr> <td>Total Installment debt</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Child Support</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Negative Rental Cash Flow</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>All other monthly payments</td> <td>_____</td> <td>_____</td> </tr> <tr> <td>Total Fixed Payment</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table>		Monthly	Unpaid Balance	Total Installment debt	_____	_____	Child Support	_____	_____	Negative Rental Cash Flow	_____	_____	All other monthly payments	_____	_____	Total Fixed Payment	_____	_____	<b>Qualifying Ratios</b> LTV _____ % CLTV (if 2nd permitted) _____ % Mortgage Payment-to-income _____ % Total Fixed Payment-to-Income _____ %		
	Monthly	Unpaid Balance																			
Total Installment debt	_____	_____																			
Child Support	_____	_____																			
Negative Rental Cash Flow	_____	_____																			
All other monthly payments	_____	_____																			
Total Fixed Payment	_____	_____																			
<b>Borrower Funds to Close</b> Required \$ _____ Verified Assets \$ _____ Closing Costs \$ _____ Source of Funds _____ No. of Months in Reserves _____ Seller Contribution _____ %	<b>CAIVRS #</b> _____ <b>LDP/ SAM</b> <input type="radio"/> yes <input type="radio"/> no																				
	<b>Borrower</b> _____ <b>Co-Borrower (s)</b> _____ <input type="radio"/> yes <input type="radio"/> no <input type="radio"/> yes <input type="radio"/> no																				

**Underwriter Comments**

Underwriter's signature & date (if required)

CHUMS ID #

X

**Risk Assessment**

Scored by TOTAL?    yes    no   Risk Class    A/A   or    Refer

CHUMS ID # for Reviewer of appraisal \_\_\_\_\_

(Required for loans scored by TOTAL with risk class A/A or loans where the appraisal and credit reviews are performed by different underwriters.)

# FHA Loan Underwriting and Transmittal Summary

# U.S Department of Housing and Urban Development

Office of Housing Federal Housing Commissioner

This information is required to determine the eligibility of FHA mortgage insurance applicants. Public reporting burden for this collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number. Sensitive Information: The information collected on this form is considered sensitive and is protected by the Privacy Act. The Privacy Act requires that these records be maintained with appropriate administrative, technical, and physical safeguards to ensure their security and confidentiality. In addition, these records should be protected against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom the information is maintained.

## Borrower and Property Information

SOA:

Mortgagees must enter the Section of the Act under which the mortgage is to be insured.

### Mortgage Information

Interest Rate:

Mortgagees must enter the rate for fixed rate mortgages or the initial rate for 3, 5, 7, and 10 year ARMs.

ARM Index:

Mortgagees must enter the name of the index used.

Total UFMIP:

Mortgagees must enter the amount being financed into the loan (i.e. exclude cents).

Qualifying Rate:

Mortgagees must enter the interest rate used to qualify a borrower for a 1 year ARM.

Loan Purpose:

Mortgagees must check all loan purpose types that apply (e.g. the purchase of a property owned by HUD should have both the Purchase and HUD REO boxes checked).

Secondary Financing:

Mortgagees must indicate the source type. If indicating a nonprofit (NP) or government agency (Gov't), they must also enter in the Employer Identification Number (EIN) for the entity. When indicating Other, lenders must identify the type, e.g. employer, labor union, and enter in the EIN (if applicable).

Seller-Funded DAP:

Mortgagees must indicate whether any of the gift funds are derived from such a program by entering Y.

Gifts:

Mortgagees must indicate the source type(s). If indicating a nonprofit (NP) or government agency (Gov't), they must also enter in the Employer Identification Number (EIN) for the entity. When indicating Other, lenders must identify the type(s), e.g. employer, labor union, and enter in the EIN (if applicable).

### Underwriting Information

Negative Rental Cash Flow:

If there is negative rental cash flow for the subject property and/or other properties owned by the borrower, the lender must enter the total dollar amount.

Total Fixed Payment:

All debts and obligations, including the proposed housing payment.

Borrower Funds to Close Required:

Mortgagees must enter the total amount that the borrower is required to pay at closing. If the borrower is receiving cash back, the amount should be in parentheses.

Closing Costs:

Mortgagees must enter the amount being paid by the borrower, which may include prepaid & non-recurring closing costs but not discount points.

No. of Months in Cash Reserves:

Mortgagees must enter the number of months in reserves for 3 and 4 unit properties only.

Seller Contribution:

Mortgagees must enter as a percentage of the sales price.

CHUMS ID# for Review of Appraisal:

This captures the CHUMS ID of the underwriter who reviewed the appraisal. Completing this field is applicable when the underwriter who reviewed the appraisal is different from the one who reviewed the credit package (e.g. an Automated Underwriting System).

LDP/ SAM

Mortgagees must check box if Borrower/Co-Borrower name appears on list.

Form HUD-92900-LT (02/2020)

## Uniform Underwriting and Transmittal Summary

### I. Borrower and Property Information

Borrower Name _____		Occupancy Status	Sales Price \$ _____
Total # of Borrowers _____		<input type="checkbox"/> Primary Residence	Appraised Value \$ _____
Property Address _____		<input type="checkbox"/> Second Home	
		<input type="checkbox"/> Investment Property	
<b>Property Type</b> <input type="checkbox"/> 1 unit <input type="checkbox"/> 2 units <input type="checkbox"/> 3 units <input type="checkbox"/> 4 units <input type="checkbox"/> Condominium <input type="checkbox"/> PUD <input type="checkbox"/> Co-op <input type="checkbox"/> Manufactured Housing <input type="checkbox"/> Single Wide <input type="checkbox"/> Multiwide	<b>Project Classification</b> <b>Freddie Mac</b> <input type="checkbox"/> Streamlined Review <input type="checkbox"/> Established Project <input type="checkbox"/> New Project <input type="checkbox"/> Detached Project <input type="checkbox"/> 2- to 4-unit Project <input type="checkbox"/> Exempt from Review <input type="checkbox"/> Reciprocal Review	<b>Fannie Mae</b> <input type="checkbox"/> E Established PUD Project <input type="checkbox"/> F New PUD Project <input type="checkbox"/> P Limited Review - New Condo Project <input type="checkbox"/> Q Limited Review - Established Condo Project <input type="checkbox"/> R Full Review - New Condo Project <input type="checkbox"/> S Full Review - Established Condo Project <input type="checkbox"/> T Fannie Mae Review through PERS - Condo Project <input type="checkbox"/> U FHA-approved Condo Project <input type="checkbox"/> V Condo Project Review Waived <input type="checkbox"/> 1 Full Review - Co-op Project <input type="checkbox"/> 2 Fannie Mae Review through PERS - Co-op Project	<b>Property Rights</b> <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold
Project Name _____		Fannie Mae Condo Project Manager™ Project ID# (if any) _____	

### II. Mortgage Information

<b>Loan Type</b> <input type="checkbox"/> Conventional <input type="checkbox"/> FHA <input type="checkbox"/> VA <input type="checkbox"/> USDA/RD	<b>Amortization Type</b> <input type="checkbox"/> Fixed-Rate—Monthly Payments <input type="checkbox"/> Fixed-Rate—Biweekly Payments <input type="checkbox"/> Balloon <input type="checkbox"/> ARM (type) _____ <input type="checkbox"/> Other (specify) _____	<b>Loan Purpose</b> <input type="checkbox"/> Purchase <input type="checkbox"/> Cash-Out Refinance <input type="checkbox"/> Limited Cash-Out Refinance (Fannie) <input type="checkbox"/> No Cash-Out Refinance (Freddie) <input type="checkbox"/> Home Improvement <input type="checkbox"/> Construction Conversion/Construction to Permanent	<b>Lien Position</b> <input type="checkbox"/> First Mortgage Amount of Subordinate Financing \$ _____ (If HELOC, include balance and credit limit) <input type="checkbox"/> Second Mortgage
<b>Note Information</b> Loan Amount \$ _____ Note Rate _____ % Loan Term (in months) _____	<b>Mortgage Originator</b> <input type="checkbox"/> Seller <input type="checkbox"/> Broker <input type="checkbox"/> Correspondent Broker/Correspondent Name and Company Name: _____	<b>Temporary Buydown</b> <input type="checkbox"/> Yes <input type="checkbox"/> No Terms _____	

### III. Underwriting Information

Underwriter's Name _____		Appraiser's Name/License # _____	Appraisal Company Name _____
<b>Stable Monthly Income</b> Borrower 1 \$ _____ Borrower 2 \$ _____ Borrower 3 \$ _____ Borrower 4 \$ _____ Other Borrowers (5+) \$ _____ Rental Income - subject property \$ _____ Net Rental Income - other properties \$ _____ Total Borrower Income \$ _____ <input type="checkbox"/> At least one borrower is self-employed	<b>Loan-to-Value Ratios</b> LTV _____ % CLTV/TLTV _____ % HCLTV/HTLTV _____ %	<b>Proposed Monthly Payment for the Property</b> First Mortgage P&I \$ _____ Subordinate Lien (s) P&I \$ _____ Homeowner's Insurance \$ _____ Supplemental Property Insurance \$ _____ Property Taxes \$ _____ Mortgage Insurance \$ _____ Association/Project Dues (Condo, Co-Op, PUD) \$ _____ Other \$ _____ Total \$ _____	
<b>Qualifying Ratios</b> Primary Housing Expense/Income _____ % Total Obligations/Income(DTI) _____ %	<b>Level of Property Review</b> <input type="checkbox"/> Exterior/Interior <input type="checkbox"/> Exterior Only <input type="checkbox"/> No Appraisal Form Number _____	<b>All Other Monthly Payments Used in Qualifying</b> \$ _____	
<b>Qualifying Rate</b> <input type="checkbox"/> Rate Used for Qualifying _____ % <input type="checkbox"/> Initial Bought-Down Rate _____ % <input type="checkbox"/> Other _____ %	<b>Escrow (T&amp;I)</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Borrower Funds to Close</b> Required \$ _____ Verified Assets \$ _____  No. of Months Reserves _____  Interested Party Contributions _____ %	
<b>Risk Assessment</b> <input type="checkbox"/> Manual Underwriting <input type="checkbox"/> AUS <input type="checkbox"/> DU <input type="checkbox"/> LPA <input type="checkbox"/> Other AUS Recommendation _____ DU Case ID/LP AUS Key# _____ LPA Doc Class (Freddie) _____ <b>Representative Credit/Indicator Score</b> _____ <b>Underwriter Comments</b> _____ _____ _____	<b>Affordable Housing Initiative</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>Homeownership Education Certificate in File</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	

### IV. Seller and Contact Information

Seller Name _____	Contact Name _____	Contact Phone Number _____
Seller Address _____	Contact Title _____	
Seller No _____	Investor Loan No _____	
Seller Loan No _____		

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**REQUEST FOR CONDITIONAL COMMITMENT  
MORTGAGE AFFIDAVIT AND BORROWER CERTIFICATION**

I/we the undersigned, as part of my application for a Mortgage Loan and/or Mortgage Credit Certificate (MCC) offered by the South Carolina State Housing Finance and Development Authority (SC Housing), and as a material inducement for SC Housing to issue an MCC or approve a loan from a participating lender for the purchase of a single-family residence and the land appurtenant (Residence), and to verify conformity with state and federal requirements, I attest to the following:

1. **RESIDENCE ADDRESS:** The Residence being purchased is a single-family property located in the State of South Carolina at:

Property Address:

Property County:

2. **RESIDENCE STATUS:** Check the statement that applies (**check one**).

The Residence is **new**, never occupied.

The Residence is an **existing**, previously occupied residence.

3. **OCCUPANTS:** The number of occupants in my household, including me and **ALL other** persons who intend to occupy the Residence as a principal residence, is \_\_\_\_\_ (**enter total number living in property**).

I certify that all occupants of the Residence being purchased are listed here. All occupants who will be mortgagor(s) including any other person who is expected to both live in the residence being financed and become secondarily liable on the mortgage must furnish all required income documentation (VOE, paystub, tax returns and sign all our documents) and must meet all Program Guidelines (e.g., income not over county limit and cannot have owned a principal residence in the last three years). Secondarily liable on the debt shall include someone who acts as a surety or guarantor if they also intend to live in the residence being financed. For purposes of this program, a spouse must provide all required income documentation as well as any titleholder who resides in the Residence.

**Gross Annual Income (base + OT + other)**

**Borrower Name:** \_\_\_\_\_ \$ \_\_\_\_\_

**Co-Borrower Name:** \_\_\_\_\_ \$ \_\_\_\_\_

**Titleholder Name:** \_\_\_\_\_ \$ \_\_\_\_\_

***[Failure to list all borrower(s) and titleholders will result in loan being denied.]***

***Non-Borrowing Occupants (must be listed below)***

Occupant Name (non-borrower)	Age	Relationship to borrower(s)
Occupant Name (non-borrower)	Age	Relationship to borrower (s)
Occupant Name (non-borrower)	Age	Relationship to borrower (s)

4. **OCCUPANCY CERTIFICATION:** The Residence will be occupied and used as my principal residence within 60 days after the date of loan closing. The Residence **will not be used** as an investment property, vacation home, or rental home and not more than 15% of the area of the Residence will be used in a trade or business. I understand and agree that:

- (a) I have been duly notified that if the Residence ceases to be my principal residence that the Mortgage Credit Certificate (MCC) will be automatically revoked and I will no longer be entitled to claim the credit.
- (b) The land appurtenant to the Residence does not provide a source of income to the Borrower and is needed to reasonably maintain the basic livability of the Residence. No land can be separated from the land being financed and offered for sale as a separate residence without permission of SC Housing. Properties cannot exceed 5 acres.
- (c) **As a Non-Borrower Occupant**, I agree to execute all documents required by SC Housing. I certify that I will not have ownership of the Residence or intend to have ownership of the Residence.
- (d) I will notify SC Housing immediately, in writing, if the Residence ceases to be my principal residence or in the event that I vacate the Property, and to keep SC Housing informed of my current mailing address.

5. **COMPLIANCE INCOME CERTIFICATION:** I have enclosed as part of my application evidence of ALL family income for the mortgagor(s), including any other person who is expected to BOTH live in the residence being financed and become secondarily liable on the mortgage. The income used in determining the total annual family income will be the income of the mortgagor(s) (including titleholders) and any other person who is both expected to live in the residence being financed, and who will become secondarily liable for the mortgage. For purposes of this program, **a spouse must provide all required income documentation.**

I understand **I AM NOT** eligible for a mortgage loan and/or MCC if my annual family income **exceeds** the Income Limits authorized by SC Housing under rules and regulations set by federal and state entities. Income limits are subject to change. **Please complete all questions below:**

- A. I attest, **as a Borrower** that I do or do not receive child support.  
I Do (If I do, the amount received per month is \$\_\_\_\_\_) I Do Not
- B. I attest, **as Spouse** that I do or do not receive child support.  
I Do (If I do, the amount received per month is \$\_\_\_\_\_) I Do Not
- C. I attest, **as a Titleholder or Co-Borrower** that I do or do not receive child support.  
I Do (If I do, the amount received per month is \$\_\_\_\_\_) I Do Not

**Documentation Attestation:** I have enclosed as part of my application evidence of all income. (e.g., Alimony, Child Support, Award Letters, Part-time Jobs, Pay Stubs, Self-Employment, etc.).

**Check one.**

D. This is to attest I, **as Borrower** am **NOT** providing a copy of divorce /separation / child support documents because. **Check one.**

Does not apply                  Never Married                  Other Reason

E. This is to attest I, **as Spouse** am **NOT** providing a copy of divorce /separation / child support documents because. **Check one.**

Does not apply                  Never Married                  Other Reason

F. This is to attest I, **as a Titleholder or Co-Borrower** am **NOT** providing a copy of divorce /separation / child support documents because. **Check one.**

Does not apply                  Never Married                  Other Reason

**6. FIRST-TIME HOMEBUYER CERTIFICATION:** Check the statement that applies (check one):

I individually, or together with another person who will be liable on the mortgage, have not had an ownership interest in a principal residence within 36 months from the date shown below, or closing date, whichever is later. For this purpose, a principal residence includes a single-family residence; condominium stock held by a tenant stockholder in a housing corporation; or any manufactured home (including a mobile home). Prior ownership interest in a manufactured home, which is not permanently fixed to a foundation and was not taxed as real estate is acceptable. For this purpose, an ownership interest means any ownership, whether outright or partial, including property subject to a mortgage or other security interest. The term ownership interest means a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common or tenancy by the entirety, a tenant-shareholder interest in a cooperative, an ownership interest in trust, a life estate interest, and purchase by contract for deed (or similar transaction).

The preceding section (a) is not required because the Residence is located in a targeted Area (as defined and listed on the SC Housing website).

I am exempt from the three-year non-ownership requirement because this mortgage qualifies for the one-time exception to the "First-Time Homebuyer" requirement for Veterans who purchase a home using the proceeds from a Qualified Mortgage Revenue Bond. I certify that I am a veteran defined as a person who served in active duty of the United States Armed Forces or Reserves and who was discharged or released under conditions other than dishonorable. I further certify that I have not previously used this one-time exception for a Mortgage Revenue Bond Tax Exempt financing or Mortgage Credit Certificate assisted loan. List person claiming exempt status.

**7. TAX RETURNS CERTIFICATION:** I am required to provide and hereby authorize the lender and/or SC Housing to request official IRS tax transcripts or true and complete copies of my signed federal income tax returns for the prior three tax years as may be acceptable to SC Housing and the Lender.

Complete the following section only if you **were not** required by law to file federal income tax returns for any year during the preceding three years.

I certify that I **was not** required by law to file a federal income tax return for the following year(s): \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ for the reason(s) stated below:

(Borrower, year) \_\_\_\_\_

(Co-Borrower/Spouse, year) \_\_\_\_\_



(Additional Mortgagor(s), year) \_\_\_\_\_

(Titleholder(s), year) \_\_\_\_\_

Check the following section only if closing for the MCC-assisted loan (Mortgage Credit Certificate) or applicable Mortgage Loan will occur between January 1st and April 15th, **and** you have not filed your federal income tax return for the prior year.

I certify that if Mortgage closing is occurring between January 1 and April 15 and I have not yet filed my federal income tax return for the prior year that when I file my federal tax return for the prior year, I will neither be entitled to, nor claim deductions for real estate taxes or interest on indebtedness with respect to a principal residence for that year.

8. **TAX LIABILITIES:** Any borrower, spouse, or other interested party who will hold title to the property, who has **unpaid, unsatisfied, and/or unreleased federal or state tax liabilities** (either unpaid balances or liens) are ineligible for SC Housing Programs. Any tax lien must be satisfied prior to loan purchase and evidence to support the satisfaction or release of the lien must be included in the loan file.

A borrower, spouse, or other interested party who will hold title to the property and has established an installment agreement with the Internal Revenue Service, owes a cumulative total for all tax years of \$5,000 or less, and has at least a three-month timely payment history will not be considered ineligible in accordance with insurer requirements.

9. **PURCHASE PRICE CERTIFICATION:** I certify that the total cost of acquiring the Residence as a completed residential unit is equal to or less than \$\_\_\_\_\_.

The total acquisition cost of the land and the completed Residence includes:

(a) Other amounts paid by me to the seller and not in the contract price (such as money for extra work, allowance overages, or reimbursement of any seller-paid points not in the sales contract price) or paid by a person related to me or for the benefit of me, to the seller or a person related to or acting on behalf of the seller.

(b) A reasonable cost estimate of completing or repairing the Residence must be included in the acquisition cost, whether or not the construction is completed. A cost estimate of completing the Residence at closing, includes such construction items as, labor, materials, commissions, builder's fees, hook-up and tap-on fees, permits, architectural fees, site improvements, subcontracted items, construction loan interest, etc.

(c) If new construction, the total cost of acquiring the Residence should include the construction cost plus the value of the land. The appraised value of the land should be used if the land has been received by the Borrower as a gift. If the land has been owned by the Borrower for more than two years before construction, the cost of the land is not included. If land has been owned less than two years, include the actual cost of the land.

(d) Check here, if Residence purchased is subject to ground rent or a leasehold.

(e) No side deal or agreement, either verbal or written, is presently contemplated for the completion of the Residence or an addition to the Residence.

10. **LENDER CHOICE CERTIFICATION:** I understand that I may seek financing from any lender of my choosing provided that lender and SC Housing have executed the required Lender Participation Agreement and that I am in no way prohibited from seeking financing from any particular lender.

11. **TARGETED AREA CERTIFICATION:** I acknowledge that, if requested, a list of Targeted Areas has been made available to me prior to the execution of the Request for Conditional Commitment.
12. **ELIGIBILITY CHANGES CERTIFICATION:** I understand and agree that changed conditions in acquisition costs, income and/or program requirements may disqualify me at closing from receiving the Mortgage Loan and/Mortgage Credit Certificate (MCC) although I was eligible at the time of application.
13. **NEW CONSTRUCTION CERTIFICATION:** I certify that if the Mortgage application is for the purchase of a newly constructed residence, that the Residence has not and will not be occupied prior to loan commitment. If the Residence is a newly constructed, never occupied residence, I certify that the proceeds of the mortgage will not be used to replace an existing mortgage or contract for deed (or similar transaction) unless the existing mortgage or contract for deed (or similar transaction) is for a construction loan of 24 months or less, bridge loan, or similar temporary loan financing of 24 months or less. If the Residence is a previously occupied, existing residence, I certify that the proceeds of the Mortgage will not be used to replace my existing mortgage or my existing contract for deed (or similar transaction).
14. **DOWN PAYMENT ASSISTANCE:** SC Housing offers down payment assistance (DPA) to qualified first-time homebuyers who have completed an approved Homebuyer Education course and obtained a completion certificate. In the event the DPA is forgivable, there are no payments due unless one of the following occurs:
- You prepay the first mortgage prior to its scheduled maturity;
  - Title to the Residence is transferred to someone else;
  - You are in default on your first mortgage and it becomes due prior to its scheduled maturity;
  - or
  - You no longer occupy the Residence as your primary residence.
- If any of the events described above occur, you must repay the outstanding principal amount of the DPA loan. No interest will be collected on the amount of forgivable DPA.
15. **HOLD HARMLESS CERTIFICATION:** I understand that the Lender and SC Housing will determine my eligibility to receive a mortgage loan and/or MCC. SC Housing will not inspect the Residence for defects and makes no representation as to the physical condition of the Residence. I agree to hold SC Housing harmless from any action or inaction on the part of the Lender, the Seller, the contractors or other involved parties.
16. **MCC ONLY – ASSUMABILITY CERTIFICATION:** I understand that if a MCC-assisted mortgage loan is to be assumed by a new borrower, the MCC may be issued to the new borrower under certain guidelines. The new borrower’s acquisition cost and income limits must not exceed the SC Housing limits in effect at the time of the loan assumption. The new borrower must occupy the unit as a principal residence within 60 days of the assumption, and must be a first-time homebuyer, unless the home is in a Targeted Area. The new MCC will be issued in the same credit amount as for the original MCC. Additionally, the new MCC must comply with any changes in federal, state, or SC Housing policies that have amended the MCC requirements. There will be a nonrefundable MCC processing fee.
17. **MCC ONLY – TRANSFERABILITY CERTIFICATION:** I understand and agree that if an MCC is issued to me, it is not transferable to another person or property. I also understand that an MCC issued to me may be re-issued only once as a result of a refinance of my existing mortgage, but only if the mortgage being refinanced is from a fixed-rate mortgage into another fixed-rate mortgage. The re-issued MCC will expire on the final payment date of the original mortgage loan. The request for a re-issued MCC must be completed no later than two years after the date of the refinance, and must be made in writing to the Agency with copy of Closing Disclosure.

18. **MCC ONLY – TAX ADVICE CERTIFICATION:** I have been advised by the Lender to consult a tax accountant or to calculate federal tax consequences as a result of participation in the MCC program and not to rely solely on any statements made by the Lender or SC Housing. I have been advised that use of the MCC will reduce my mortgage interest deduction for federal tax purposes and that the MCC does not offer any state income tax credit. I understand that the maximum annual value of the credit is \$2,000 or the applicable tax credit amount, whichever is less. I acknowledge that depending on my individual tax situation, the MCC may not always provide a benefit to me in any given year.
19. **RECAPTURE TAX:** As a Mortgagor, I may receive benefits from the Mortgage Loan or MCC such as a tax credit that may reduce my federal income tax liability. As a result, pursuant to Section 143(m) of the IRS Code, I may become subject to a special “recapture tax” for federal income tax purchases. The maximum amount of the recapture is 6.25% of the original principal balance of the loan. You will be provided with additional information about this potential recapture tax at the time of your loan closing. SC Housing will reimburse any borrower the full amount of any recapture tax they are required to pay.
20. **MORTGAGE ASSUMPTION:** I have been advised that SC Housing may consent to a qualified assumption in accordance with its procedures without jeopardizing the tax-exempt status of its bonds. Without such approval, the Residence may not be sold subject to the mortgage loan and DPA. The execution by the borrowers of a land sale contract, contract for deed, or similar arrangement that transfers ownership and/or changes the occupancy status of the Residence (or the borrower’s rights) is a sale of the Residence for this purpose. DPA mortgages cannot be assumed under any circumstance.
21. **ESCROWS:** Escrows for taxes and property insurance, including hazard, flood and wind/hail (if applicable), are required for the term of the first mortgage. DPA mortgage loans do not require an escrow account.
22. **REFINANCING:** No Mortgage Loan may be used to refinance permanent financing or replacement of an existing loan in connection with the Residence.
23. **APPLICATION ACCURACY:** All information contained in the application filed with the Lender is true and correct and I have no other debt obligations beyond what is listed on the mortgage loan application.
24. **AUTHORIZATION TO RELEASE INFORMATION:** I understand I am obtaining a Mortgage Loan and/or Mortgage Credit Certificate (MCC) through a SC Housing program. As part of the mortgage process, I understand SC Housing or its authorized representatives may need to verify information contained in my loan application and any other documents required in connection with the mortgage loan, pursuant to SC Housing Program requirements, investor requirements, or as part of a quality control program. By signing below, I authorize the lender to release any and all information, records, and documentation that SC Housing may request. Such information may include non-public personal information including, but not limited to social security number, employment history and income; bank, money market, and similar account balances; and copies of income tax returns for the three years prior to mortgage closing.
25. **MATERIAL MISSTATEMENT CERTIFICATION:** I acknowledge and certify this affidavit is being made under penalties of perjury and will be relied on for purposes of determining my eligibility for a MCC and/or Mortgage Loan. **Fraudulent Statements** - Any fraudulent statement will result in (i) the revocation of my MCC or Mortgage Loan, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements Due to Negligence** - Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code.

**Other Remedies** - In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of a MCC and/or Mortgage Loan will result in denial of my application for a MCC and/or Mortgage Loan. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by SC Housing. If a Mortgage Loan provided under an SC Housing program has been funded prior to the discovery of a fraudulent statement, the fraudulent misstatement will

constitute an event of default and will entitle the holder of the Mortgage to accelerate the Note and, among other remedies, to institute foreclosure.

**SIGNATURES REQUIRED**

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse Signature \_\_\_\_\_ Date \_\_\_\_\_

Occupant Signature \_\_\_\_\_ Date \_\_\_\_\_  
(18 years of age or older)

Occupant Signature \_\_\_\_\_ Date \_\_\_\_\_  
(18 years of age or older)

Occupant Signature \_\_\_\_\_ Date \_\_\_\_\_  
(18 years of age or older)

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**TRUSTEE CERTIFICATION FOR APPLICATION**

The Authority has received an application from \_\_\_\_\_ for an MCC.

According to information provided by the applicant, the applicant is beneficiary of a Trust of which the undersigned is the Trustee.

When an applicant is the beneficiary of a Trust, the income from that Trust must be included in the calculation of the applicant's income, or, if the Trust is not currently producing income, it must be counted as a non-income producing asset to which a certain amount of income will be attributed.

Please provide the following information with respect to the Trust:

1. Name(s) of person(s) who established the Trust (and relationship to applicant).

\_\_\_\_\_

2. List the names and addresses of all Trustees.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. List the beneficiaries and their respective interests in the Trust.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Is the Trust revocable? Yes \_\_\_\_\_ No \_\_\_\_\_ If "yes," by whom and under what conditions?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Under what conditions does the Trust terminate? In the event of termination, how will the Trust corpus be distributed?

\_\_\_\_\_  
\_\_\_\_\_

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6. Under what circumstances do the beneficiaries receive distributions from the Trust? State the exact wording contained in the Trust as to the time and amount of distributions to be received by the beneficiaries.

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7. State the amount and date of disbursements actually made to the applicant beneficiary within the last three calendar years.

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8. What is the current dollar value of the Trust corpus attributable to the applicant beneficiary?

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9. Can the applicant beneficiary require or compel distribution of income or Trust corpus?

Yes \_\_\_\_\_ No \_\_\_\_\_ If "yes," under what conditions and at what time?

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10. I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining the applicant's eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of any MCC awarded to the applicant, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of the applicant's application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.

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Date

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Trustee's Signature

STATE OF SOUTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that \_\_\_\_\_ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public  
My Commission Expires: \_\_\_\_\_

(Apply Notary Seal)

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**SELLER AFFIDAVIT**

I, the undersigned, as a participant in the sales transaction for a Mortgage Loan and/or Mortgage Credit Certificate (MCC) being submitted by \_\_\_\_\_ (Borrower's name), which may be approved or issued by the South Carolina State Housing Finance and Development Authority (SC Housing) in connection with the Borrower's purchase from the undersigned of a single-family property ("Residence"), state the following:

1. I certify that I am the legally authorized Seller of the Residence.
2. I certify that the Residence being purchased is a single-family residence located in South Carolina at this address: (check the statement that applies below):

The Residence is new, never occupied, **OR**

The Residence is an existing, previously occupied residence.

Property Address:

Property County:

3. The contract sales price of the Residence is \$ \_\_\_\_\_ **(required)**. The total contract sales price includes the cost of the land (condo type property excluded as appropriate) on which the Residence is located and all other costs of the completed Residence. In making this certification:
  - (a) The Residence is either an existing dwelling or is a new dwelling constructed on land owned by a person other than Borrower prior to construction, and such land is being sold to the Borrower are part of the contract sales price. If new construction, the contract price should include the construction cost, excluding the value of the Borrower's and the Borrower's family's labor, plus the value of the land. The appraised value of the land should be used if the land has been received by the Borrower as a gift.
  - (b) Any other amounts paid to me **and not disclosed** in the contract sales price (such as money for extra work, allowance overages, or reimbursement of any seller-paid points not disclosed in the contract sales price) or paid to a person related to me or for the benefit of me, by the Borrower or a person related to or acting on behalf of the Borrower, which is \$\_\_\_\_\_.
  - (c) The contract sales price includes the cost of any labor or materials needed to complete the Residence for habitation.
  - (d) I certify that the total cost of acquiring the property ("Residence") as a fully completed residential unit **does NOT exceed** \$\_\_\_\_\_. No side arrangement or agreement, either verbal or written, is presently contemplated for the completion of the Residence or an addition to the Residence, unless the estimated cost of the completion and/or addition is included in the acquisition cost.
4. I understand that this affidavit will be relied on for determining Borrower's eligibility for a Mortgage Loan and/or Mortgage Credit Certificate (MCC).
5. I certify that the price of the residence with respect to which the Mortgage Loan and/or MCC was issued is no higher than it would be without the use of the Mortgage Loan and/or MCC.
6. In connection with the sale of the Residence, neither the undersigned nor anyone acting on behalf of the undersigned has entered into any contract, arrangement or understanding to make any payment to any real estate broker, agent or finder other than to \_\_\_\_\_. The amount of such payment is \$\_\_\_\_\_ or \_\_\_\_\_% of the purchase price specified in the contract.



7. Under the terms of the contract, the undersigned are obligated to surrender possession of the Residence to the Borrower within 60 calendar days after the closing of said transaction.
8. I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining the Borrower's eligibility for a Mortgage Loan and/or MCC. **Fraudulent Statements** - Any fraudulent statement will result in (i) the revocation of my MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** - Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** - In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of a MCC and/or Mortgage Loan will result in denial of the application. If a MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by SCHFDA.

Seller \_\_\_\_\_ Date \_\_\_\_\_

Seller \_\_\_\_\_ Date \_\_\_\_\_

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MORTGAGE CREDIT CERTIFICATE PROGRAM

APPLICANT PROGRAM CERTIFICATIONS

[X] Authorization to Release Information

I have obtained a loan from a Lender and I am applying for an MCC from the Authority. As part of the MCC process, the Authority may verify information contained in my application and in other documents required in connection with the MCC or as part of its quality control program. I authorize you to provide to the Authority any and all information and documentation that they request. Such information may include non-public personal information including, but not limited to, employment history and income; bank, money market, and similar account balances; and Federal Income Tax Materials for the three calendar years prior to the closing of the loan. The Authority may address this authorization to any party named in the application. A copy of this authorization may be accepted as an original.

COMPLETE IF APPLICABLE

[ ] Compliance Certification for Non-Borrower Occupant

I agree to execute all documents required by the Authority, and further understand and certify that my income will be included in calculations to determine eligibility for participation in the MCC Program. I certify that I am not a Mortgagor.

Signature of Non-Borrower Occupant

Date

[ ] Compliance Certification for Non-Borrower Occupant

I agree to execute all documents required by the Authority, and further understand and certify that my income will be included in calculations to determine eligibility for participation in the MCC Program. I certify that I am a Mortgagor and have not owned an interest in my Principal Residence for the last three calendar years. I qualify for an exception to the 3-year requirement because (i) the Principal Residence is located in a Targeted Area, or (ii) I qualify for the one-time Veterans' exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code. I will occupy the home to be purchased with the assistance of an MCC as my Principal Residence within 60 days of the loan closing.

Signature of Non-Borrower Occupant

Date

[ ] Child Support Income Certification

I certify the following in regard to child support income for: (Child(ren)'s Name(s)):

Blank lines for child name(s) and address.

[ ] I receive child support in the amount of \$\_\_\_\_\_ per month, and attach documentation to verify this amount (i.e., copy of recorded Separation Agreement and/or Divorce Decree, IF APPLICABLE, court order, and six months checks or bank statements, support unit records, etc).

[ ] I am owed child support in the amount of \$\_\_\_\_\_ per month, but have no verification of receipt of this income because:

Blank lines for explanation of no verification.

I attest that I do not receive child support.

I attest there is no recorded Separation Agreement and/or Divorce Decree and I have never been married.

**SIGNATURES AND NOTARY ARE REQUIRED**

I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining my eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of my MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of my application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Applicant/Co-Occupant

\_\_\_\_\_  
Date

STATE OF SOUTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that \_\_\_\_\_ and \_\_\_\_\_ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public  
My Commission Expires: \_\_\_\_\_

(Apply Notary Seal)

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**PRELIMINARY NOTICE TO APPLICANTS OF  
POTENTIAL RECAPTURE OF FEDERAL SUBSIDY**

I am applying for assistance from the Authority in the form of an MCC. I understand that there is a potential repayment of a portion of the interest savings that I may receive. Therefore, I certify that I may owe recapture tax to the Internal Revenue Service if all three of the following occur:

1. I sell my Principal Residence prior to the ninth anniversary date of the closing date AND
2. I make a profit on the sale AND
3. My household income for the year in which the sale occurs exceeds the Federal Threshold Income Limits.

A **Notice to Eligible Holder of Potential Recapture of Federal Subsidy (SC MCC-304)** will be provided on the date of closing and the Authority will forward the other recapture information within 90 days after closing. Both forms pertain to the “recapture” provisions imposed by the Internal Revenue Code. I understand that I will be required to file a federal tax form (IRS Form 8828) along with my federal income tax returns for the calendar year in which the Principal Residence is sold. The maximum recapture tax payable, *if any*, is the lesser of 6.25% of the loan amount, or 50% of the gain on the sale.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Applicant/Co-Occupant

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**IVES REQUEST FOR TRANSCRIPT OF TAX RETURN (IRS FORM 4506-C)**

# IVES Request for Transcript 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-C, visit [www.irs.gov](http://www.irs.gov) and search IVES.

<b>1a.</b> Name shown on tax return (if a joint return, enter the name shown first)	<b>1b.</b> First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
<b>2a.</b> If a joint return, enter spouse's name shown on tax return	<b>2b.</b> 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 filed if different from line 3 (see instructions)

**5a.** IVES participant name, address, and SOR mailbox ID

**5b.** Customer file number (if applicable) (see instructions)

**Caution:** This tax transcript is being sent to the third party entered on Line 5a. Ensure that lines 5 through 8 are completed before signing. (see instructions)

**6. Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request

- a. Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years
- b. Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns
- c. Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years

**7. Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2016, filed in 2017, will likely not be available from the IRS until 2018. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213

**Caution:** If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

**8. Year or period requested.** Enter the ending date of the tax year or period using the mm/dd/yyyy format (see instructions)

**Caution:** 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 information 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-C on behalf of the taxpayer. **Note:** This form must be received by IRS 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-C. See instructions.**

<b>Sign Here</b>	Signature (see instructions)	Date	Phone number of taxpayer on line 1a or 2a
	Print/Type name		
	Title (if line 1a above is a corporation, partnership, estate, or trust)		
	Spouse's signature	Date	
	Print/Type name		

## Instructions for Form 4506-C, IVES Request for Transcript of Tax Return

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

### Future Developments

For the latest information about Form 4506-C and its instructions, go to [www.irs.gov](http://www.irs.gov) and search IVES. Information about any recent developments affecting Form 4506-C (such as legislation enacted after we released it) will be posted on that page.

**What's New.** Form 4506-C was created to be utilized by authorized IVES participants to order tax transcripts with the consent of the taxpayer.

### General Instructions

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

**Designated Recipient Notification.** Internal Revenue Code, Section 6103(c), limits disclosure and use of return information received pursuant to the taxpayer's consent and holds the recipient subject to penalties for any unauthorized access, other use, or redisclosure without the taxpayer's express permission or request.

**Taxpayer Notification.** Internal Revenue Code, Section 6103(c), limits disclosure and use of return information provided pursuant to your consent and holds the recipient subject to penalties, brought by private right of action, for any unauthorized access, other use, or redisclosure without your express permission or request.

**Purpose of form.** Use Form 4506-C to request tax return information through an authorized IVES participant. You will designate an IVES participant to receive the information on line 5a.

**Note:** If you are unsure of which type of transcript you need, check with the party requesting your tax information.

**Where to file.** The IVES participant will fax Form 4506-C with the approved IVES cover sheet to their assigned Service Center.

### Chart for ordering transcripts

If your assigned Service Center is:	Fax the requests with the approved coversheet to:
Austin Submission Processing Center	Austin IVES Team 844-249-6238
Fresno Submission Processing Center	Fresno IVES Team 844-249-6239
Kansas City Submission Processing Center	Kansas City IVES Team 844-249-8128
Ogden Submission Processing Center	Ogden IVES Team 844-249-8129

### Specific Instructions

**Line 1b.** Enter the social security number (SSN) or individual taxpayer identification number (ITIN) for the individual listed on line 1a, or enter the employer identification number (EIN) for the business listed on line 1a.

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

**Line 4.** Enter the address shown on the last return filed if 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, file Form 8822, Change of Address, or Form 8822-B, Change of Address or Responsible Party — Business, with Form 4506-C.

**Line 5b.** Enter up to 10 numeric characters to create a unique customer file number that will appear on the transcript. The customer file number cannot contain an SSN, ITIN or EIN. Completion of this line is not required.

**Note.** If you use an SSN, name or combination of both, we will not input the information and the customer file number will reflect a generic entry of "999999999" on the transcript.

**Line 8.** Enter the end date of the tax year or period requested in mm/dd/yyyy format. This may be a calendar year, fiscal year or quarter. Enter each quarter requested for quarterly returns. Example: Enter 12/31/2018 for a calendar year 2018 Form 1040 transcript.

**Signature and date.** Form 4506-C must be signed and dated by the taxpayer listed on line 1a or 2a. The IRS must receive Form 4506-C within 120 days of the date signed by the taxpayer or it will be rejected. Ensure that all applicable lines, including lines 5a through 8, 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 if unchecked.

**Individuals.** Transcripts listed on line 6 may be furnished to either spouse if jointly filed. Only one signature is required. Sign Form 4506-C exactly as your name appeared on the original return. If you changed your name, also sign your current name.

**Corporations.** Generally, Form 4506-C 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 of record owning 1 percent or more of the outstanding stock of the corporation may submit a Form 4506-C but must provide documentation to support the requester's right to receive the information.

**Partnerships.** Generally, Form 4506-C can be signed by any person who was a member of the partnership during any part of the tax period requested on line 8.

**All others.** See section 6103(e) if the taxpayer has died, is insolvent, is a dissolved corporation, or if a trustee, guardian, executor, receiver, 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 letters testamentary authorizing an individual to act for an estate.

**Signature by a representative.** A representative can sign Form 4506-C for a taxpayer only if the taxpayer has specifically delegated this authority to the representative on Form 2848, line 5. The representative must attach Form 2848 showing the delegation to sign Form 4506-C.

**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 tax information under the Internal Revenue Code. We need this information to properly identify the tax information and respond to your request. You are not required to request any transcript; if you do request a transcript, sections 6103 and 6109 and their regulations require you to provide this information, including your SSN or EIN. 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 for civil and criminal litigation, and cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

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

The time needed to complete and file Form 4506-C will vary depending on individual circumstances. The estimated average time is:

**Learning about the law or the form** . . . . . 10 min.  
**Preparing the form** . . . . . 12 min.  
**Copying, assembling, and sending the form to the IRS** . . . . . 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 4506-C 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.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
MORTGAGE CREDIT CERTIFICATE PROGRAM

FEDERAL INCOME TAX AFFIDAVIT

State of South Carolina

County of \_\_\_\_\_

MCC Number \_\_\_\_\_

I, the undersigned, being first duly sworn state the following:

1. Complete section (a) only if you were not required by law to file federal income tax returns for any calendar year during the preceding three calendar years.

(a) I certify that I was not required by law to file a federal income tax return for the following calendar year(s) \_\_\_\_\_ for the reason(s) stated below:

Three horizontal lines for providing reasons for not filing a tax return.

Check section (b) only if the closing of the loan will occur between January 1 and February 15, and you have not filed your federal income tax return for the prior calendar year.

(b) I certify that the loan closing in connection with the issuance of the MCC is occurring between January 1 and February 15, and that I have not yet filed my federal income tax return for the prior calendar year. I further certify that when I file my federal income tax return for the prior calendar year, I will neither be entitled to, nor claim, deductions for real estate taxes or interest on indebtedness with respect to my Principal Residence for that calendar year.

2. I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining my eligibility for an MCC. Fraudulent Statements - Any fraudulent statement will result in (i) the revocation of my MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. Material Misstatements due to Negligence - Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. Other Remedies - In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of my application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need without any need for further action by the Authority.

3. I have been advised by the Lender to consult a tax advisor or to calculate my federal income tax consequences as a result of participating in the MCC Program and not to rely solely on any statements made by the Lender or the Authority.



\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Co-Applicant/Co-Occupant

STATE OF SOUTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that \_\_\_\_\_ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public  
My Commission Expires: \_\_\_\_\_

(Apply Notary Seal)

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM

OWNER OCCUPANCY CERTIFICATION

FOR REFINANCE ONLY

To Whom It May Concern:

This is to certify that I/we currently occupy the property at the following address as my/our Principal Residence:

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The Principal Residence is not, and will not, be used as an investment property, vacation home, or recreational home and not more than 15% of the area of the Principal Residence is, or will, be used in a trade or business. I will notify the Authority in writing if the Principal Residence ceases to be my Principal Residence. I understand and agree that:

- (a) I have been duly notified that if the Principal Residence ceases to be my Principal Residence that my MCC will be automatically revoked and I will no longer be entitled to claim the credit.
- (b) The land appurtenant to the Principal Residence does not provide, other than incidentally, a source of income to me/us. No land can be separated from the land being financed and offered for sale as a separate Principal Residence or building lot without obtaining a zoning variance.

I acknowledge and understand that this Certification is being made under penalties of perjury and will be relied on for purposes of determining my eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of my MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of my application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.

---

Applicant’s Signature

---

Date

---

Co-Applicant’s Signature

---

Date

---

Telephone Number

---

Telephone Number - Cell

---

Email

## SC HOUSING

300-C Outlet Pointe Blvd., Columbia SC 29210

### Declaration of Citizenship Status

This declaration must be completed for each borrower on the application and all household members who will reside in the property after closing.

**Borrower(s):**

\_\_\_\_\_ and \_\_\_\_\_

Property Address: \_\_\_\_\_ City: \_\_\_\_\_ **SC** Zip: \_\_\_\_\_

The below individuals sign and certify that they declare under penalty of perjury that they meet one of the following requirements for citizenship status to comply with SC State Housing Finance and Development Authority program requirements.

- US Citizen by birth, a naturalized citizen or national of the United States
- A non-citizen with eligible immigration status that is lawfully admitted for permanent residence as defined by Section 101(1)(2) of the Immigration and Nationality Act (INA) as an immigrant defined by Section 101(a)(15) of the INA(8 U.S.C 1001(a)(20) and 1101(a)(15) respectively. (Permanent Resident Alien)
  - o This must be evidenced by Form I-551 "Permanent Resident Card" (Green Card) - Each party must provide front and back copies of the card and is subject to SAVE verification with the Department of Homeland Security - US Citizenship and Immigrations Services.

**Borrower:**

Borrower Name	Social Security #	Date of Birth (mm/dd/yy)
SELF		<input type="checkbox"/> U.S. Citizen
Relationship to Borrower	Alien Registration # (if applicable)	<input type="checkbox"/> Resident Alien
<input type="checkbox"/> Check if Adult signing for a child		Nationality (Mark (1) One)
Signature of Borrower <i>(Must be "WET" signed)</i>		Date

**Co-Borrower:**

Co-Borrower Name	Social Security #	Date of Birth (mm/dd/yy)
SPOUSE		<input type="checkbox"/> U.S. Citizen
Relationship to Borrower	Alien Registration # (if applicable)	<input type="checkbox"/> Resident Alien
<input type="checkbox"/> Check if Adult signing for a child		Nationality (Mark (1) One)
Signature of Co-Borrower <i>(Must be "WET" signed)</i>		Date

**Occupant:**

Occupant Name	Social Security #	Date of Birth (mm/dd/yy)
		<input type="checkbox"/> U.S. Citizen
Relationship to Borrower	Alien Registration # (if applicable)	<input type="checkbox"/> Resident Alien
<input type="checkbox"/> Check if Adult signing for a child		Nationality (Mark (1) One)
Signature of Occupant or Adult Family Member <i>(Must be "WET" signed)</i>		Date

**Occupant:**

Occupant Name	Social Security #	Date of Birth (mm/dd/yy)
		<input type="checkbox"/> U.S. Citizen
Relationship to Borrower	Alien Registration # (if applicable)	<input type="checkbox"/> Resident Alien
<input type="checkbox"/> Check if Adult signing for a child		Nationality (Mark (1) One)
Signature of Occupant or Adult Family Member <i>(Must be "WET" signed)</i>		Date

**Occupant:**

Occupant Name	Social Security #	Date of Birth (mm/dd/yy)
		<input type="checkbox"/> U.S. Citizen
Relationship to Borrower	Alien Registration # (if applicable)	<input type="checkbox"/> Resident Alien
<input type="checkbox"/> Check if Adult signing for a child		Nationality (Mark (1) One)
Signature of Occupant or Adult Family Member <i>(Must be "WET" signed)</i>		Date

**Warning:** South Carolina Code Section 16-9-10 provides, among other things, that it is unlawful for a person to willingly give false, misleading or incomplete information on a document, record, report or form required by the laws of this State. Any person who violates that section is guilty of a misdemeanor and, upon conviction, must be imprisoned not more than six months or fined not less than one hundred dollars, or both.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**MCC LENDING PARTNER APPLICATION**

*Thank you for your interest in becoming an Approved Lending Partner for with South Carolina State Housing Finance and Development Authority ("SC Housing") for our SC Mortgage Tax Credit Program (MCC). Please complete the attached application and agreement.*

**LENDING PARTNER INFORMATION** (Bank /Mortgage Company or Mortgage Broker)

<b>Corp</b>	<b>LLC</b>	<b>Partnership</b>	<b>Federally Regulated Institution</b>	<b>Other:</b> _____
<b>Legal Name:</b>				
<b>DBA:</b>				
<b>Federal Tax ID:</b>			<b>NMLS #:</b>	
<b>Primary Address:</b>				
<b>City:</b>		<b>State:</b>	<b>Zip Code:</b>	
<b>Phone Number:</b>			<b>Website:</b>	

**Primary Markets Served:**

Provide List of MSA and Counties where loans are originated, in South Carolina					

Please furnish the following when submitting your application:

- A properly executed MCC Lender Participation Agreement
- A Processing Fee of \$500 made payable to  
South Carolina State Housing Finance and Development Authority

Mail the complete package to:

**South Carolina State Housing Authority  
Attn: Mortgage Production  
300-C Outlet Pointe Blvd  
Columbia, SC 29210**

By: \_\_\_\_\_

Print Name Title

\_\_\_\_\_  
Signature Date

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**LENDER PARTICIPATION AGREEMENT**

This AGREEMENT, made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_, by and between the South Carolina State Housing Finance and Development Authority (the "Authority") and \_\_\_\_\_ (the "Lender").

WHEREAS, the Tax Reform Act of 1984 authorized programs such as the MCC Program as a means of assisting qualified individuals with the acquisition of new and existing single-family housing; and

WHEREAS, the Authority is authorized by Chapter 13 of Title 31, Code of Laws of South Carolina, 1976, as amended, to provide residential housing for members of the class consisting of persons and families of low income and the class consisting of persons and families of moderate to low income as defined by the Act; and

WHEREAS, the Authority is an authorized issuer of "qualified mortgage bonds" described in Section 143 of the Internal Revenue Code of 1986, as amended (the "Code") and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds ("Volume Cap"); and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit the Authority to use its authorization to issue qualified mortgage bonds and other private activity bonds for which it has Volume Cap to issue mortgage credit certificates ("MCCs") under a qualified mortgage credit certificate program (the "MCC Program"); and

WHEREAS, the Authority desires not to issue qualified mortgage bonds from a portion of its Volume Cap so that such amounts may be used to issue MCCs in connection with the MCC Program authorized herein; and

WHEREAS, by resolution adopted March 17, 2021 the Authority has established the MCC Program; and

WHEREAS, the Lender wishes to participate in the MCC Program established by the Authority in connection with the financing it will make available for the acquisition of new and existing single-family housing.

NOW, THEREFORE, in consideration of the promises set forth herein, the parties agree as follows:

1. The Authority hereby appoints the Lender as its agent for processing MCCs under the MCC Program Guide (collectively the "Program Requirements") which the Lender reviewed and agreed to comply with.
2. The Lender will make information regarding the MCC Program available to potential Applicants. The Lender will process and review the application of any potential Eligible Holder in order to determine eligibility for the MCC Program.
3. The Lender will obtain from the Applicant all documents and information mandated by the Program Requirements.
4. The Lender will perform all investigation and verification that it would normally perform for a loan not provided in connection with an MCC.

5. The Lender will conduct such reasonable investigation as is necessary to certify that the Applicant has satisfied all requirements of the MCC Program, including those imposed by federal law and the Program Requirements.

6. The Lender hereby agrees to comply with all data and record retention, and all reporting requirements applicable to the MCC Program which are required by federal law and regulations, and by the Program Requirements. The Lender must file all reports required by the Program Requirements and/or the Program Guide.

7. The Lender hereby agrees that the Authority and its agents have the authority to examine and inspect all books and records in Lender's possession relating to any MCC and the MCC Program. The Lender hereby agrees to grant the Authority and its agent's access to such books and records during normal business hours.

8. The Lender will charge an Applicant applying for an MCC only those reasonable fees for processing of the financing as would be charged to an Applicant applying for financing not provided in connection with an MCC.

9. The Lender may charge the Applicant(s) an amount for processing the MCC. This amount is restricted by the Authority. The fees shall be set forth in the Program Requirements and are subject to change without notice.

10. The Lender will advise the Applicant to seek advice from a tax advisor as to the tax benefits of the MCC Program, or to perform calculations of such tax benefits.

11. The Lender agrees that it will immediately notify the Authority in writing, or forward to the Authority, all information which it may receive during the term of any mortgage loan which tends to indicate that an Eligible Holder may have made a misrepresentation in applying for an MCC, or that may affect an Eligible Holder's continued eligibility for an MCC.

12. This Agreement shall remain in full force and effect until terminated. The Lender may terminate this Agreement, without cause, on 60 days' written notice to the Authority. Further, the Authority may immediately terminate the Agreement and prohibit the Lender from participation in the MCC Program on the Lender's failure to comply with the terms and conditions of this Agreement, and on written notice by the Authority. In the event of a termination by either party, the Lender agrees that Section 6 and Section 7 of this Agreement shall survive such termination for a period of six years. No amendment to this Agreement shall be effective unless in writing and signed by both parties.

This AGREEMENT is entered into as the day and year written above.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT  
AUTHORITY

By: \_\_\_\_\_

Its: \_\_\_\_\_

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

Notary Public in the for the County of \_\_\_\_\_  
State of South Carolina

My Commission Expires: \_\_\_\_\_

LENDER:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
Signature

Notary Public in the for the County of \_\_\_\_\_  
State of South Carolina

My Commission Expires: \_\_\_\_\_

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**IRS FORM 8329**



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

OMB No. 1545-0022

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

**Part I Reporting Authority**

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

**Part II Issuing Authority**

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

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

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

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

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

**Sign Here**

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

Signature of authorized representative of lender	Date	Title
--	------	-------

**Paid Preparer Use Only**

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

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13902F

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

## General Instructions

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

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

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

### Future Developments

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

### Purpose of Form

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

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

### Who Must File

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

### When To File

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

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

### Where To File

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

### Penalty

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

### Definitions

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

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

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

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

- 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.

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

## Specific Instructions

### Part I. Reporting Authority

Provide information about the mortgage lender.

### Part II. Issuing Authority

Provide information about the mortgage credit certificate issuer.

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

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

### Part III. Recipients of Mortgage Credit Certificates

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

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

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

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

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

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

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

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

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

## Additional Entries

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

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

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

## Signature

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

## Paid Preparer Use Only

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

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

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

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

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

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

<b>Recordkeeping</b> . . . . .	3 hr., 35 min.
<b>Learning about the law or the form</b> . . . . .	1 hr., 5 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 12 min.

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

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**CLOSING PACKAGE CHECKLIST**

Date: \_\_\_\_\_ MCC Number: \_\_\_\_\_

Eligible Holder(s) \_\_\_\_\_

Property \_\_\_\_\_

Lender Name \_\_\_\_\_

Lender Company Address \_\_\_\_\_

Contact Phone Number \_\_\_\_\_ E-Mail Address \_\_\_\_\_

Use this checklist to ensure that documents are properly completed; the order of this form follows the text of each document. Submit in a folder fastened on the top right side in the order specified: **(ALL DOCUMENTS MUST BE SIGNED AND DATED SAME DAY AS CLOSING DATE)**

- I.     \_\_\_    **Lender’s check for the non-refundable \$500 MCC processing fee**  
        \_\_\_    **Closing Package Checklist (SC MCC-300), original**
- II.    \_\_\_    **Eligible Holder/Co-Occupant Closing Affidavit (SC MCC-301), original**  
        \_\_\_    County designation (county in which the document is signed)  
        \_\_\_    MCC Number  
        \_\_\_    Check if Eligible Holders have or have not had a Prior Home Ownership Interest  
        \_\_\_    Date document is signed  
        \_\_\_    Signature of Eligible Holder(s)  
        \_\_\_    Date of notary’s signature (must be same as date Eligible Holder signed)  
        \_\_\_    Notary’s signature  
        \_\_\_    Date notary’s commission expires  
        \_\_\_    Notary seal
- III.   \_\_\_    **Lender Closing Affidavit (SC MCC-302), original**  
        \_\_\_    County designation (county in which the document is signed)  
        \_\_\_    MCC number  
        \_\_\_    Eligible Holder name  
        \_\_\_    Eligible Holder social security number  
        \_\_\_    Co-Eligible Holder name  
        \_\_\_    Co-Eligible Holder social security number  
        \_\_\_    Address of property (including City, State, Zip and County)  
        \_\_\_    Loan amount and date of closing  
        \_\_\_    Date document signed  
        \_\_\_    Lender’s Name, Signature and Title  
        \_\_\_    Date of Notary’s signature, Date Notary’s commission expires and Notary Seal
- IV.    \_\_\_    **Recertification of Income (SC MCC-303), original**, if the loan closed more than 120 days after the date of the latest pay stub provided at time of conditional approval. Must be signed and dated.  
        NOTE: RECERTIFICATION OF INCOME: YOU MUST PROVIDE THE ORIGINAL FORM
- V.     \_\_\_    **ORIGINAL Recapture Notices** - Must be signed at closing  
        \_\_\_    **Notice to Eligible Holder of Potential Recapture of Federal Subsidy (SC MCC-304), original**  
        \_\_\_    **Notice of Maximum Recapture Tax (SC MCC-305), original**
- VI.    \_\_\_    **Appraisal** - Provide first 4 pages ONLY
- VII.   \_\_\_    **Final Closing Disclosure** (Eligible Holder and Seller CD)

\_\_\_\_\_  
Lender’s Signature

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**ELIGIBLE HOLDER/CO-OCCUPANT CLOSING AFFIDAVIT  
(All non-dependent adult occupants must sign)**

State of South Carolina

County of \_\_\_\_\_

MCC Number \_\_\_\_\_

I, the undersigned, as part of my application for an MCC from the South Carolina State Housing Finance and Development Authority (the "Authority"), and as a material inducement to the Authority to issue an MCC to the undersigned, in connection with a mortgage loan from a Lender for the purchase of a single-family Principal Residence, and to verify conformity with state and federal requirements, and appearing before the undersigned notary, being first duly sworn, state the following:

1. I have reviewed my Request for Conditional Commitment that I executed as part of my application for a MCC and declare that there have been no changes in the statements therein and the statements remain true and accurate, except as noted below. *(If not noted below, I agree everything remains the same.)*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. I further state that I have had no Prior Home Ownership Interest within three calendar years prior to the date of loan closing or that I am exempt from the Prior Home Ownership Interest restriction because my home is located in a Targeted Area or I am a Veteran, defined as a person who served in active duty of the United States Armed Forces or Reserves and who was discharged or released therefrom under conditions other than dishonorable, and I have not previously used for this exemption.

3. I acknowledge that the seller has certified to me that the price of the Principal Residence is no higher than it would be without the use of an MCC.

4. I further state that no person related to me has any interest as a creditor under the mortgage loan.

5. I certify that no proceeds of qualified mortgage bonds or qualified Veterans' mortgage bonds are being used in the acquisition of the Principal Residence.

6. I received today the "Notice to Mortgagors of Potential MCC Recapture of Federal Subsidy." I understand that if my home is disposed of within the next nine years, the maximum recapture tax payable, *if any*, is the lesser of 6.25% of the loan amount, or 50% of the gain on the sale.

7. I acknowledge that if I fail to occupy the property described in the MCC as a Principal Residence within 60 days after closing, or do not continue to occupy the property as a Principal Residence, without prior written consent of the Authority, that my MCC will be revoked. I acknowledge that my MCC is subject to revocation by the Authority if the provisions relating to the residence requirement, relating to the 3-year requirement, relating to

the new mortgage requirements, relating to prohibited mortgages, relating to particular lenders, relating to allocations to particular developments, relating to interest paid to related persons, relating to the purchase price requirements, relating to the income requirements and limitations, relating to the portion required to be placed in targeted areas and relating to the non-transferability are not met. My MCC will be considered automatically revoked when the residence to which such MCC relates ceases to be my Principal Residence. In the event the other listed requirements are not met, the Authority will revoke my MCC. I further acknowledge that revocation will occur on the discovery of any material misstatement, whether negligent or fraudulent.

8. I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining my eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of my MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of my application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.
9. I acknowledge that I have not relied on the Authority or the Lender in determining the benefits of the MCC. I understand that an MCC offers no state personal income tax credit.

As used in this form, words imputing the singular number shall mean and include the plural number and vice versa, as the context may require.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Eligible Holder

\_\_\_\_\_  
Signature of Co-Eligible Holder/Co-Occupant

STATE OF SOUTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that \_\_\_\_\_ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public  
My Commission Expires: \_\_\_\_\_

(Apply Notary Seal)

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM

LENDER CLOSING AFFIDAVIT

State of South Carolina

County of \_\_\_\_\_ MCC Number \_\_\_\_\_

I, the undersigned, being first duly sworn state the following:

Lender has accepted and reviewed the MCC application for:

Eligible Holder \_\_\_\_\_ S.S. No. \_\_\_\_\_

Co-Eligible Holder/Co-Occupant \_\_\_\_\_ S.S. No. \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zip \_\_\_\_\_ County \_\_\_\_\_

1. The Lender has closed a mortgage loan in the amount of \$ \_\_\_\_\_ on \_\_\_\_\_ (date of loan closing).
2. The Lender has received the **Eligible Holder/Co-Occupant Closing Affidavit (SC MCC-301)**.
3. The Lender has received and examined true, complete, signed copies of the Eligible Holder’s Federal Income Tax Materials for the three calendar year period prior to loan closing, or such other verification as is acceptable to the Authority. Said Federal Income Tax Materials or other verifications have been submitted previously. This is not applicable if (i) the Principal Residence is located in a Targeted Area, or (ii) if the Eligible Holder qualifies for the one-time Veterans’ exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code.
4. After reasonable investigation, the Lender hereby certifies that (i) the Eligible Holder has had no Prior Home Ownership Interest during the three calendar years prior to loan closing, or (ii) the property is located in a Targeted Area, or (iii) the Eligible Holder qualifies for the one-time Veterans’ exception set forth in Section 143(d)(2)(D) of the Internal Revenue Code .
5. After reasonable investigation, the Lender is not aware of any material change in the circumstances on which it relied in executing the **Request for Conditional Commitment (SC MCC-103)**. All statements contained in the Request for Conditional Commitment remain valid and true except as noted below. (If not noted below, I agree everything remains the same.)

\_\_\_\_\_  
\_\_\_\_\_

The Lender certifies that the above changed circumstances do not affect the Eligible Holder’s eligibility for an MCC.

6. Based on reasonable investigation, neither the Lender, the Eligible Holder, nor the Seller of the Principal Residence has made any negligent or fraudulent material misstatements in connection with the Eligible Holder's application for an MCC.
7. The Lender agrees that it will immediately forward all information which it may receive during the term of the loan which tends to indicate that the Eligible Holder may have made a misrepresentation in applying for the loan, or that may affect the Eligible Holder's continued eligibility for an MCC.
8. The Lender has completed and submitted to the Authority the MCC Reservation Request, which the Lender certifies is correct to the best of its knowledge.
9. The Lender has advised the Eligible Holder to consult a tax advisor or to calculate federal tax consequences as a result of participation in the MCC Program and not to rely solely on any statements made by the Lender.
10. The Lender has not directly or indirectly attempted to prohibit the Eligible Holder from seeking financing from any Lender, nor attempted to require the Eligible Holder to seek financing from a specific Lender.
11. The Lender has charged the Eligible Holder only those reasonable fees for processing of the mortgage loan as would be charged to an Eligible Holder applying for financing not in connection with an MCC.
12. I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining the Eligible Holder's eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of the Eligible Holder's MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of my application for an MCC, then any MCC issued will automatically become null and void without any need for further action by the Authority.

As used in this form, words imputing the singular number shall mean and include the plural number and vice versa, as the context may require.

Date \_\_\_\_\_ Lender \_\_\_\_\_

By \_\_\_\_\_ Title \_\_\_\_\_  
 (Signature of Lender)

STATE OF SOUTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that \_\_\_\_\_ personally appeared before me this day, and acknowledged to me that he or she signed the foregoing document for the purposes stated therein.

Witness my hand and official stamp or seal, this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Notary Public

My Commission Expires: \_\_\_\_\_

(Apply Notary Seal)



**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**RECERTIFICATION OF INCOME**

(Required for applications submitted 120 days after income verification)

MCC Number: \_\_\_\_\_

The Applicant and Lender acknowledge that more than 120 days have elapsed since the date of the latest verification of year-to-date income as reflected on the pay stub, payroll ledger or other documents. The Applicant and Lender understand that the household income must be verified with an updated pay stub or payroll ledger to ensure compliance with the MCC Program limits during the 120-day period immediately preceding the date of the loan closing.

The Applicant and Lender hereby certify that the Applicant’s household income, including other income, on the date written below, is within the MCC Program \$\_\_\_\_\_ income limit.

I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining the Applicant’s eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of an awarded MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of an application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.

Signature of Applicant \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Co-Applicant/Co-Occupant \_\_\_\_\_

Date: \_\_\_\_\_

I acknowledge and understand that this affidavit is being made under penalties of perjury and will be relied on for purposes of determining the Applicant’s eligibility for an MCC. **Fraudulent Statements** – Any fraudulent statement will result in (i) the revocation of an awarded MCC, and (ii) a \$10,000 penalty under Section 6709 of the Internal Revenue Code. **Material Misstatements due to Negligence** – Any material misstatement due to negligence on my part will result in a monetary penalty under Section 6709(a) of the Internal Revenue Code. **Other Remedies** – In addition, any material misstatement due to negligence or misstatement due to fraud that is discovered before the issuance of an MCC will result in denial of an application for an MCC. If an MCC has been issued prior to the discovery of a fraudulent statement, then any MCC issued will automatically become null and void without any need for further action by the Authority.

Date \_\_\_\_\_

Lender \_\_\_\_\_

By \_\_\_\_\_

Title \_\_\_\_\_

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**NOTICE TO ELIGIBLE HOLDER  
OF POTENTIAL RECAPTURE OF FEDERAL SUBSIDY**

When an Eligible Holder receives a mortgage credit certificate with their mortgage loan, he/she receives a benefit of a credit against their federal income taxes.

If the Eligible Holder disposes of all or part of the interest in his/her home at a gain within nine years of the date of loan closing, the Eligible Holder’s federal income tax for the year in which the disposition occurs may be increased by a portion of the federal subsidy received by the Eligible Holder; i.e., the benefit may be “recaptured” (“Recapture Tax”).

The recapture is accomplished by an increase in the Eligible Holder’s federal income tax for the year in which he/she sells his/her home. The recapture only applies, however, if the Eligible Holder sells his/her home at a gain and if his/her income increases above specified levels.

Within 90 days of the issuance of the MCC or the closing of the underlying loan, whichever occurs later, the Authority will provide the Eligible Holder with the **Notice of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home (SC MCC-305)**. This form contains information that the Eligible Holder will need to calculate the maximum amount that the Eligible Holder may be required to pay as an addition to his/her federal income tax liability if the Eligible Holder disposes of all or part of the interest in his/her home. The Eligible Holder may wish to consult a tax advisor at the time he/she sells his/her home to determine the amount, if any, of the Recapture Tax. None of these calculations need be made unless the Eligible Holder disposes of an interest in his/her home within nine years from the date of closing.

The actual amount of Recapture Tax can only be calculated at the time of disposition. Several steps are required to calculate the actual Recapture Tax amount. Adjustments may be made based on the number of years the home is owned by the Eligible Holder and the Eligible Holder’s income at the time of disposition. The following outlines the steps involved in the calculation:

**Threshold Income (Adjusted Qualifying Income)**

The highest federal family income, (based on family size at the time of disposition) at the date of the loan closing multiplied by 1.05 to the nth power where “n” is the number of full years between the loan closing and the date of disposition.

**Holding Period Percentage**

The percentage is based on the year in which the disposition occurs after the loan closing date according to the following table:

Year 1	20%	Year 4	80%	Year 7	60%
Year 2	40%	Year 5	100%	Year 8	40%
Year 3	60%	Year 6	80%	Year 9	20%

**Maximum Recapture Amount**

The federally-subsidized amount, which is 6.25% multiplied by the highest principal amount of the loan, multiplied by the holding period percentage.

**Income Percentage**

The modified adjusted gross income of the Eligible Holder for the taxable year in which the disposition occurs minus the adjusted qualifying income. If this amount is zero then no Recapture Tax is owed. If this amount is \$5,000 or more, your income percentage is 100%. If this amount is more than zero but less than \$5,000 it must be divided by a constant factor of 5,000. This fraction expressed as a percentage is your income percentage.

**Adjusted Recapture Amount**

The maximum recapture multiplied by the income percentage.

**Recapture**

Equals the lesser of the Adjusted Recapture Amount, or one-half the gain realized on the disposition.

If the disposition occurs other than through a sale, exchange or involuntary conversion, gain for purposes of Recapture Tax will be determined as if the interest had been sold for its fair market value on the date of disposition. Further, in the event the Eligible Holder's home is destroyed by fire, storm, flood or other casualty, no Recapture Tax will be required if the Eligible Holder purchases additional property for use as his/her principal residence on the site of the home financed with this mortgage within the period of time specified in Section 1033(a)(2)(B) of the Code.

This notice is furnished by the Authority according to the requirements of Section 143(m)(7) of the Code. It should be kept by the Eligible Holder with his/her loan files. The Eligible Holder should consult his/her own tax advisor regarding the calculation of the Recapture Tax amount if the Eligible Holder disposes of any interest in his/her home within nine years of the date of this notice.

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

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

**Introduction**

**General**

If the Eligible Holder sells his/her home within nine years after closing his/her loan, the Eligible Holder may have to pay a Recapture Tax, as calculated below. The Recapture Tax may also apply if the Eligible Holder disposes of his/her home in some other way. Any reference in this notice to the "sale" of an Eligible Holder's home also includes other ways of disposing of his/her home. For instance, the Eligible Holder may owe the recapture tax if the Eligible Holder gives his/her home to a relative.

**Exceptions**

In the following situations, no Recapture Tax is due and the Eligible Holder does not need to perform the calculations.

- Eligible Holder disposes of his/her home more than nine years after Eligible Holder closes his/her loan.
- Eligible Holder's home is disposed of as a result of Eligible Holder's death.
- Eligible Holder transfers his/her home to his/her spouse or to his/her former spouse incident to divorce and Eligible Holder has no gain or loss included in Eligible Holder's income under Section 1041 of the Code.
- Eligible Holder disposes of his/her home at a loss.

**Maximum Recapture Tax**

The maximum Recapture Tax that the Eligible Holder may be required to pay is \_\_\_\_\_. This amount is 6.25% of the original principal amount of the Eligible Holder's loan. This is the Eligible Holder's federally-subsidized amount with respect to the loan. If Recapture Tax is due, the Eligible Holder would pay it as an addition to the Eligible Holder's federal income tax for the year the Eligible Holder disposes of his/her home.

**Actual Recapture Tax**

The actual Recapture Tax, if any, can only be determined when the Eligible Holder sells his/her home. It is the lesser of (i) 50% of any gain the Eligible Holder realizes, regardless of whether the Eligible Holder has to include that gain in his/her income for federal income tax purposes, or (ii) the Eligible Holder's recapture amount, determined by multiplying the following three numbers:

- \$\_\_\_\_\_, the maximum Recapture Tax, as set forth above, times
- The holding period percentage, as listed in the table below, times
- The income percentage, as described below

### **Calculate the income percentage as follows:**

Subtract the applicable “Adjusted Qualifying Income” in the taxable year in which the Eligible Holder sells his/her home, from the Eligible Holder’s modified adjusted gross income in such taxable year. Modified adjusted gross income is the Eligible Holder’s adjusted gross income as shown on such Eligible Holder’s federal income tax return for the taxable year in which the home is sold, with the following two adjustments: (i) the Eligible Holder’s adjusted gross income must be increased by the amount of any interest that the Eligible Holder receives or accrues in the taxable year from tax-exempt bonds that is excluded from the Eligible Holder’s gross income (under Section 103 of the Code); and (ii) the Eligible Holder’s adjusted gross income must be decreased by the amount of any gain included in the Eligible Holder’s gross income by reason of the sale of his/her home.

If the result is zero or less, the Eligible Holder owes no Recapture Tax. If it is \$5,000 or more, the Eligible Holder’s income percentage is 100%. If it is greater than zero but less than \$5,000, it must be divided by 5,000. This fraction, expressed as a percentage, represents the Eligible Holder’s income percentage. For example, if the fraction is  $\$1,000 \div 5,000$ , the Eligible Holder’s income percentage is 20%.

### **Limitations and Special Rules on Recapture Tax**

- If the Eligible Holder gives away his/her home (other than to his/her spouse or ex-spouse incident to divorce), the Eligible Holder must determine his/her actual Recapture Tax as if he/she had sold his/her home for its fair market value.
- If the Eligible Holder’s home is destroyed by fire, storm, flood, or other casualty, there generally is no Recapture Tax if, within two years, the Eligible Holder purchases additional property for use as his/her principal residence on the site of the home financed with the MCC loan.
- In general, except as provided in future regulations, if two or more persons own a home and are jointly liable for the MCC loan, the actual Recapture Tax is determined separately for them based on their interests in the home.
- If the Eligible Holder repays his/her loan in full during the nine year period and sells his/her home during this period, the Eligible Holder’s holding period percentage may be reduced under the special rule in Section 143(m)(4)(C)(ii) of the Code.
- Other special rules may apply in particular circumstances. The Eligible Holder may wish to consult with a tax advisor when he/she sells or otherwise disposes of his/her home to determine the amount, if any, of the Eligible Holder’s actual Recapture Tax.

Table

<u>Date of Sale of Home</u>	<u>Holding Period Percentage</u>	<u>Adjusted Qualifying Income</u>	
		<u>Family Members Living in Home at Time of Sale</u>	
		2 or less	3 or more
Before the first anniversary of closing	20%	\$ _____	\$ _____
On or after the first anniversary of closing but before the second anniversary of closing	40%	\$ _____	\$ _____
On or after the second anniversary of closing but before the third anniversary of closing	60%	\$ _____	\$ _____
On or after the third anniversary of closing but before the fourth anniversary of closing	80%	\$ _____	\$ _____
On or after the fourth anniversary of closing but before the fifth anniversary of closing	100%	\$ _____	\$ _____
On or after the fifth anniversary of closing but before the sixth anniversary of closing	80%	\$ _____	\$ _____
On or after the sixth anniversary of closing but before the seventh anniversary of closing	60%	\$ _____	\$ _____
On or after the seventh anniversary of closing but before the eighth anniversary of closing	40%	\$ _____	\$ _____
On or after the eighth anniversary of closing but before the ninth anniversary of closing	20%	\$ _____	\$ _____

*Note: Closing means the closing date for the loan.*

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**CONDITIONAL COMMITMENT**

Date \_\_\_\_\_

MCC Number \_\_\_\_\_

Applicant: \_\_\_\_\_

Co-Applicant: \_\_\_\_\_

Lender : \_\_\_\_\_

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

Expiration Date: \_\_\_\_\_

TO THE ABOVE APPLICANT & LENDER:

An application in the form of a Request for Conditional Commitment, Certifications & Affidavit and related documentation for the Authority’s MCC Program has been received by the Authority and reviewed for its compliance with the terms and conditions of the MCC Program. The Authority has determined that the Applicant has complied with the initial requirements of the MCC Program.

Subject to completion of the remaining terms and conditions to the issuance of an MCC pursuant to the Program Guide, the Authority will execute and deliver an MCC to the Applicant for a loan amount not to exceed the above referenced amount. Such MCC will be dated as of the date of the closing of the loan. A copy of the MCC will be furnished to the Lender for its records, and a second copy will be retained by the Authority.

The terms of this MCC Commitment are governed by the provisions of the Program Guide. THIS CONDITIONAL COMMITMENT WILL EXPIRE ON THE EXPIRATION DATE INDICATED ABOVE, WHICH IS SIXTY DAYS FROM THE DATE OF THIS CONDITIONAL COMMITMENT. If you require an extension, a **Request for MCC Modification (SC MCC-307)** must be filed prior to the Expiration Date referenced above, or you may lose this commitment.

**NOTICE:** Your MCC is subject to certain requirements imposed by federal law concerning the recapture of a portion of the mortgage tax credit benefits granted to you upon the sale of your Principal Residence within nine years of the date of the MCC. Refer to the **Preliminary Notice To Applicants of Potential Recapture of Federal Subsidy (SC MCC-107)** which the Eligible Holder(s) signed at initial application for the MCC.

Additional Conditions:

[Here list additional conditions, if any]

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY

By: \_\_\_\_\_  
Name: Steve Clements  
Title: Director, Homeownership



**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**REQUEST FOR MCC MODIFICATION**

To: South Carolina State Housing Authority  
Fax No.: (803) 551-4945 or E-Mail: [mortgage.production@schousing.sc.gov](mailto:mortgage.production@schousing.sc.gov)

MCC Number: \_\_\_\_\_

Applicant's Name: \_\_\_\_\_

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

We request that the following action be taken on the above referenced Applicant and up to a \$100 fee for any of the actions set forth herein has been enclosed:

- \_\_\_\_\_ 1. Extend the date of the expiration of the MCC Reservation.
- \_\_\_\_\_ 2. Extend the Conditional Commitment for 30 days.
- \_\_\_\_\_ 3. Decrease loan amount from \$ \_\_\_\_\_ to \$ \_\_\_\_\_.
- \_\_\_\_\_ 4. Increase loan amount from \$ \_\_\_\_\_ to \$ \_\_\_\_\_.
- \_\_\_\_\_ 5. Change property address to:  
\_\_\_\_\_
- \_\_\_\_\_ 6. Transfer loan to the following Lender: \_\_\_\_\_
- \_\_\_\_\_ 7. Cancel MCC reservation in the amount of \$ \_\_\_\_\_.

The reason for the cancellation:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ 8. Other Actions:  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Name of Lender

\_\_\_\_\_  
Signature of Loan Officer

Date: \_\_\_\_\_

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**FEDERAL INCOME TAX WORKSHEET**

The Authority must review copies of the past three calendar years' Federal Income Tax Materials for an Applicant for an MCC and any other person who is expected to live in the Principal Residence subject to an MCC including income received by any household member who is 18 years of age or older (except a full-time dependent student). Copies of the IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s for the most recent calendar year should also be attached. Lenders shall review the Federal Income Tax Materials and IRS Form W-2s, IRS Form 1099s and/or IRS Form K-1s for accuracy. If questions arise, we recommend you consult a qualified tax preparer.

The Request for Conditional Commitment with Item 4(d) marked is acceptable for the prior calendar year if the loan is closed before February 15. We still require copies of three prior calendar year Federal Income Tax Materials along with this affidavit for the most current calendar year (except for cases in Targeted Areas or which meet the Veterans' exemption, in which case the Lender obtains only the previous calendar year's Federal Income Tax Materials).

The Request for Conditional Commitment with Item 4(c) marked is acceptable for certifying that the Applicant did not file federal income tax returns for a particular calendar year. The calendar year that federal income tax returns were not filed must be stated on this form as well as an acceptable reason(s) for not filing. Taxes must be filed if the gross income exceeds a certain amount (see filing requirements on the IRS Form 1040 instructions).

**Check the IRS Form 1040 as follows:**

**Label**

1. Lists the Applicant(s) name and address. If two Applicants are listed on the Federal Income Tax Materials, they should be the same two Applicants requesting assistance from the Authority. If not,
  - (a) Is this other person going to occupy the Applicant's property? If so, we need their income info and they must be on all of our documents; or
  - (b) If this person is not occupying the Applicant's property and they filed as married we will need a copy of the recorded Separation Agreement and/or Divorce Decree
2. Does the property address appear to be a mobile home? If requesting an MCC, the Applicant cannot have owned a mobile home in the past three years.
3. Social Security number should agree with Transmittal Summary Sheet.

**Filing Status**

1. Is the filing status consistent with our file? Check the previous calendar year's Federal Income Tax Materials for consistency. We may need a **recorded** Separation Agreement and/or Divorce Decree if it appears that the Applicant was previously married to someone who is not requesting assistance from the Authority.
2. If the Applicant filed Head of Household during the past three calendar years:
  - (a) Are the dependents listed consistently? Determine the number of people in the household.

- (b) We must have documentation regarding child support income. This is documented by Separation Agreement and/or Divorce Decree, Custody Agreements, Support Agreements (all recorded documents); income may come from social service benefits to be received for each dependent and indicate its likelihood of continuance.
- (c) If dependents are no longer living with Applicant, we will need the Applicant's statement explaining the situation.

*Example:*

John Jones' federal income tax return listed the following dependents:

2022	Mary Smith Bob Smith Sam Jones
2021	Mary Smith Sam Jones
2020	Walter Street

John Jones' explanation is that Sam Jones is his child and he will be living in the household; Mary and Bob and Walter are all nieces/nephews who he provided for during another time. These people are no longer living with him. This is acceptable.

- (d) If dependents are listed but not living in the Applicant's household, is the Applicant paying any child support? This should be considered in the credit underwriting.
  - \* If Applicants filed separate federal income tax returns, they should not have claimed the same dependents.
- (e) Head of Household status is for unmarried individuals who provide a home for certain other persons. Some married persons who live apart may also qualify. See the tax guide for further info.

**Income**

- Line 7 Wage Income:**  
This figure should look reasonably close to what the Applicant is currently earning. Question extremely high income in this section for compliance purpose – do we have all the income documented?
- Line 8a Interest Income:**  
This figure is used in averaging interest income for compliance purposes.
- Line 9a Dividend Earnings:**  
This figure is used in averaging dividend income for compliance purposes.
- Line 11 Alimony Received:**  
Compliance income.
- Line 12 Business Income:**  
Must have Schedule C attached and have a current year-to-date P&L to determine compliance income. Is any part of this property going to be used for business use? If so, we need the **Calculation of**

**Business Use Worksheet (SC MCC-402)** completed. Get a statement from the Applicant if no longer in business for himself.

**Line 15a IRA Distributions:**

Compliance income if regular distributions.

**Line 16a Pensions & Annuities:**

Compliance income if regular distributions. Income from Trusts must be documented with **Trustee Certification for Application (SC MCC-104)**.

\* Any other income listed in this section should be regarded with compliance issues.

**Adjustment to Income**

No need to review this section.

**Tax Computation**

**Line 40**

Standard deduction taken; if not, we must have the Schedule A attached.

\* Review Schedule A to ascertain that no deductions were taken for real estate taxes and/or mortgage interest deductions. These items indicate that the Applicant is not a first time homebuyer and will require a clear explanation. On an MCC, it would be acceptable to see these items in relation to a mobile home that was not on a permanent foundation.

**Credits**

**Child Care Credits:**

Consider day care costs in cash flow.

**Other Taxes**

**Line 63**

Lists total tax. Consider this figure when using the MCC Program. You would want Applicant to have sufficient tax liability to benefit from program.

**Payments**

No need to review this section.

**Refund or Amount You Owe**

Consider this section if money is owed and taxes recently filed--does Applicant have sufficient funds to pay taxes and close the loan?

If tax money is refunded, consider this when looking at available funds to close and analyzing the Applicant's ability to save money. What appears to have been saved may have been just his tax refund. Look carefully at budget and cash flow on borderline cases.

**Signature**

Copy of signature of taxpayer must be present.

If PC forms for the IRS Form 1040 are submitted, check the line items mentioned above. The PC form must have an Electronic Filing form as cover or be stamped from the IRS. The form should be signed by the Applicants.

TeleFile forms are acceptable. The short form would have to be used if the TeleFile form was used. This form should be signed by the Applicant(s).

*Note: The line numbered items may have slight variations dependent on the calendar year in which the applicable Federal Income Tax Materials relate.*

---

Applicant's Name

---

MCC Number

---

Authority Representative

---

Date

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**INCOME CALCULATION WORKSHEET**

MCC Number: \_\_\_\_\_ Name: \_\_\_\_\_

**Compliance Income:** Income of the Applicant AND any person who is expected to OCCUPY the subject property, including any household member who is 18 years of age (except a full-time student), even if they will not be secondarily liable the loan.

<u>Annual Compliance Income</u>	<u>Applicant</u>	<u>Co-Applicant</u>	<u>Non-Borrowing Occupant</u>	<u>Occupant</u>	<u>Occupant</u>	<u>Occupant</u>
Salaried Base Pay	_____	_____	_____	_____	_____	_____
Self-Employment More Than 2 Years	_____	_____	_____	_____	_____	_____
Self-Employment Less Than 2 Years	_____	_____	_____	_____	_____	_____
Part-Time Salary	_____	_____	_____	_____	_____	_____
Part-Time (Self Employed)	_____	_____	_____	_____	_____	_____
Commission	_____	_____	_____	_____	_____	_____
Bonus and Overtime	_____	_____	_____	_____	_____	_____
Dividends and Interest	_____	_____	_____	_____	_____	_____
Alimony	_____	_____	_____	_____	_____	_____
Child Support	_____	_____	_____	_____	_____	_____
Social Security	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____
<b>Sub-Total</b>	_____	_____	_____	_____	_____	_____

**TOTAL ANNUAL HOUSEHOLD INCOME: \$** \_\_\_\_\_

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

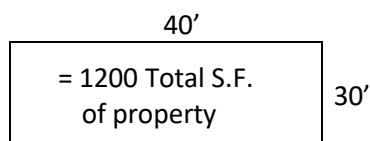
**CALCULATION OF BUSINESS USE WORKSHEET**

To calculate the percentage of square footage used for business activities in a property:

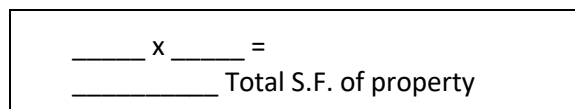
**Step 1** - Calculate the total square footage of the property.

**Example:**

Total square footage of property



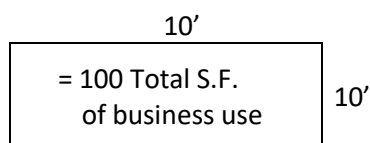
**Actual:**



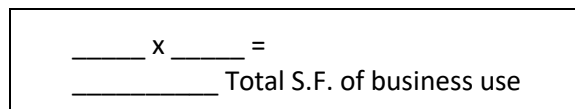
**Step 2** - Calculate the total square footage of the area used exclusively for business activities.

**Example:**

Business Use Area



**Actual:**



**Step 3** - Calculate the percentage of area used exclusively for business activities (result of Step 2) to the total square footage of the property (result of Step 1).

**Example:**

100 square feet	÷	by 1200 square feet	=	8.4%
Square footage of area used exclusively for business activities		Total square footage of property		Percent of area used exclusively for business activities

In this example, less than 15% of the area in the property is used for business activities, so the property would qualify for an MCC.

**Actual:**

_____	÷	_____	=	_____ %
Business Use sq. ft.		Total Square Footage		Business Use %

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Co-Applicant/Co-Occupant

**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**MORTGAGE CREDIT CERTIFICATE TAX CREDIT WORKSHEET**

**Section A: Lender completes this section for Eligible Holders eligible for 30% credit.**

- |  |                  |                          |
|--|------------------|--------------------------|
| 1. Mortgage loan amount  | \$ _____         |                          |
| 2. Interest rate   | _____ %          |                          |
| 3. Establish first year's interest by amortizing the loan for one year                 | \$ _____         |                          |
| 4. Mortgage credit rate  | _____ <b>30%</b> |                          |
| 5. Tax credit equals 50% of the first year's interest (limited to \$2,000.00 annually) | \$ _____         | <u>Max is \$2,000.00</u> |
| 6. The monthly benefit is calculated by dividing the tax credit by 12 months           | \$ _____         | <u>Max is \$166.67</u>   |

**If Eligible Holders' tax liability from the most current previous year's federal income tax return is less than \$2,000 the maximum monthly benefit is the actual amount of the tax liability reported on the federal income tax return divided by 12.**

**Example for completing Section A**

- |  |                     |  |
|--|---------------------|--|
| 1. Mortgage loan amount                                | <b>\$127,400.00</b> |  |
| 2. Interest rate                                       | <b>5.00%</b>        |  |
| 3. First year's interest amortized (\$127,400 x 5.00%) | <b>\$6,370.00</b>   |  |
| 4. Mortgage credit rate                                | <b>30%</b>          |  |
| 5. Tax credit (\$6,370 x 30%) not to exceed \$2,000    | <b>\$1,911.00</b>   |  |
| 6. Estimated Monthly Benefit (\$1,911 ÷ 12)            | <b>\$159.25</b>     |  |

**Note that the credit for the year of issuance will be prorated based on the amount of interest actually paid during such taxable year. In future years, the credit will be reduced as the loan is amortized and less interest is paid.**



**SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM**

**MORTGAGE CREDIT CERTIFICATE FORMS**





## APPENDIX C

### TARGETED AREAS

The first-time homebuyer requirement does not have to be met if the Eligible Holder's residence is located in a designated Targeted Area.

A Targeted Area is any area designated by the federal government to receive special consideration based on economic conditions and the housing stock. Targeted Areas include areas of chronic economic distress and qualified census tracts. Such areas are not subject to the Prior Home Ownership Interest restriction. Treasury Regulations require the Authority to set aside a portion of MCCs for Targeted Areas for one year.

To determine the Target Areas for a specific property address, you may access [www.schousing.sc.gov](http://www.schousing.sc.gov).

APPENDIX D

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY  
MORTGAGE CREDIT CERTIFICATE PROGRAM

MCC PROGRAM FEES

<u>Transaction</u>	<u>Fee</u>
Processing Fee ..... (See Section 3.3, SC MCC-200, SC MCC-300)	\$500
Additional Lender Fee ..... (See Section 3.3)	up to \$500
Late fee, per month, from Lender if MCC Submission Package or additional corrections are not received within 30 days from the expiration date..... (See Section 4.2(q))	up to \$100
Closing Package late submission..... (See Section 4.4(a))	up to \$100
Processing Fee for Refinancing..... (See Section 6.1)	\$250
Lending Partner Fee ..... (See Section 3.1(i), SC MCC-200, SC MCC-201)	\$500

All fees are waivable by the Authority in its sole discretion. None of the fees imposed on the Lender can be reimbursed by the Applicant.

## ENDNOTES

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- <sup>1</sup> Treas. Reg. §1.25-3T(j)(1), (4)
- <sup>2</sup> §25(d)(1), Treas. Reg. 1.25-2T(b)(2). The issuer of an MCC may select a credit rate between 10% and 50%.
- <sup>3</sup> §3402(m)(2) permits additional withholding allowances in the case of eligible tax credits.
- <sup>4</sup> §25(a)(2)
- <sup>5</sup> §25(e)(3)(A)(ii)(II)
- <sup>6</sup> §§25(i), 143(m)
- <sup>7</sup> Treas. Reg. §1.25-3T(g); 143(i)(2)
- <sup>8</sup> §25(c)(2)(A)(iv)
- <sup>9</sup> §Treas. Reg. 1.25-4T(a)(2) provides “Except as otherwise provided in this section, the requirements of this section are minimum requirements. Issuers may establish more stringent criteria for participation in a qualified mortgage credit certificate program. Thus, for example, an issuer may target 30 percent of the proceeds of an issue of mortgage credit certificates to targeted areas. Further, issuers may establish additional eligibility criteria for participation in a qualified mortgage credit certificate program. Thus, for example, issuers may impose an income limitation designed to ensure that only those individuals who could not otherwise purchase a residence will benefit from the credit.” In other words, to the extent provisions contained in this description are exactly in conformity with Section 25, the Authority can choose to impose more stringent requirements.
- <sup>10</sup> §§25(c)(2)(A)(iii)(I); 143(c)(1) provide that a residence qualifies if it can “reasonably be expected to become the principal residence of the mortgagor within a reasonable time after the financing is provided.”
- <sup>11</sup> §§25(c)(2)(A)(iii)(II), 143(d)(1)
- <sup>12</sup> §§25(c)(2)(A)(iii)(II), 143(d)(2)(A)
- <sup>13</sup> §§25(c)(2)(A)(iii)(II), 143(d)(2)(D)
- <sup>14</sup> §§25(c)(2)(A)(iii)(IV) and 143(f) require that all Eligible Holders’ income be 115% or less of the applicable median family income, as determined by the regulations prescribed under Section 8 of the United States Housing Act of 1937 (42 USC 1437(f)). Applicable median family income is the greater of the area median gross income for the area in which the residence is located or the statewide median gross income for the State in which the residence is located.
- <sup>15</sup> §25(c)(2)(A)(iii)(iv), §§143(c)(2), 24 CFR §5.609
- <sup>16</sup> §143(f)(2) provides that “the family income of mortgagors, and area median gross income, shall be determined...after taking into account the regulations prescribed under Section 8 of the United States Housing Act of 1937 (or, if such program is terminated, under such program as in effect immediately before such termination.” The current HUD income regulations are contained at 24 CFR. 5.609.
- <sup>17</sup> 24 CFR §5.609 provides for additional exclusions, including amounts received for the care of “foster adults”; i.e., an unrelated adult, usually under a disability, as well as amounts received by an Eligible Holder serving in the armed forces for exposure to hostile fire.
- <sup>18</sup> §§25(c)(2)(A)(iii)(III), 143(e) generally prescribe purchase price limitations; purchase price may not exceed 90% (or 110%, if a “targeted area residence”) of “average area purchase price,” defined as “the average purchase price of single family residences (in the statistical area in which the residence is located) which were purchased during the most recent 12-month period for which sufficient statistical information is available.” These are the same rules as for qualified mortgage revenue bonds. See also Treas. Reg. §1.25-1T(b)(8), Treas. Reg. §6a.103A-(2)(f)(3).
- <sup>19</sup> §§25(c)(2)(A)(iii)(I), 143(c)(1)(B)
- <sup>20</sup> §§25(c)(2)(A)(iii)(III), 143 (e), Treas. Reg. §6a.103A-2(b)(8)
- <sup>21</sup> Treas. Reg. § 6a.103A-2(d)(3)
- <sup>22</sup> Treas. Reg. § 6a.103A-2(d)(3), § 280A(c)(5)
- <sup>23</sup> Treas. Reg. § 6a.103A-2(d)(3), § 280A(c)(2)
- <sup>24</sup> Treas. Reg. § 6a.103A-2(d)(3), § 280A(c)(2)
- <sup>25</sup> Treas. Reg. § 6a.103A-2(d)(3), § 280A(g)
- <sup>26</sup> Treas. Reg. § 6a.103A-2(d)(3), § 280A(c)(4)(A)
- <sup>27</sup> FHA 203(b) loan limits apply to loan to be insured under the FHA 203(b) mortgage insurance program.
- <sup>28</sup> An MCC is transferable only under limited circumstances set forth in Treas. Reg. 1.25-3T(h).
- <sup>29</sup> Treas. Reg. §1.25-3T(4) provides that “holders of mortgage credit certificates are not required to obtain financing from the lenders on the list,” if the MCC offerer maintains a list of participating lenders. The Authority does not appear to be able to compel MCC applicants to use Lenders.
- <sup>30</sup> Treas. Reg. 1.258T

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- <sup>31</sup> Treas. Reg. 1.25-8T(a)
- <sup>32</sup> §25(e)(4) allows for the reissuance of MCCs so long as the allowable credit under the reissued certificate is equal to or less than the amount of credit which was initially allowable.
- <sup>33</sup> Treas. Reg. 1.25-3(p)(3)(i)
- <sup>34</sup> Treas. Reg. 1.25-3(p)(3)(iii)
- <sup>35</sup> Treas. Reg. 1.25-3(p)(3)(v), Treas. Reg. 1.25-3(p)(4), Ex. 1
- <sup>36</sup> Treas. Reg. 1.25-3(p)(3)(i), (iv)
- <sup>37</sup> Treas. Reg. 1.25-3(p)(3)(v)
- <sup>38</sup> Treas. Reg. 1.25-3(p)(3)(iii)
- <sup>39</sup> Treas. Reg. 1.25-3(p)(3)(iii)
- <sup>40</sup> Treas. Reg. 1.25-3(p)(3)(iii)
- <sup>41</sup> Treas. Reg. 1.25-3(p)(3)(v), Treas. Reg. 1.25-3(p)(4), Ex. 1
- <sup>42</sup> Treas. Reg. 1.25-3(p)(4), Ex. 1
- <sup>43</sup> §25(e)
- <sup>44</sup> §25(e)(1)
- <sup>45</sup> §143(m)
- <sup>46</sup> §25(i)
- <sup>47</sup> §143(m)(4)(C)(i)
- <sup>48</sup> §143(m)(4)(C)(i)
- <sup>49</sup> §143(m)(2)(B)
- <sup>50</sup> §143(m)(2)(A)
- <sup>51</sup> §143(m)(8)(C)
- <sup>52</sup> §§143(m)(4), (m)(5)
- <sup>53</sup> §143(m)(7)
- <sup>54</sup> §143(m)(8)(B)
- <sup>55</sup> §143(m)(1)
- <sup>56</sup> §143(k)(3)(A), Treas. Reg. §6a.103A, Treas. Reg. §§6a.103A-2(b)(8), 1.25-1T(b)(8) 1.25-3T(f)
- <sup>57</sup> §143(j)(3)
- <sup>58</sup> §§25(b)(2)(A)
- <sup>59</sup> Treas. Reg. 1.25-3(p)(3)(iii)
- <sup>60</sup> 24 CFR 5.609
- <sup>61</sup> For eligibility under §25, §25(e)(10) elaborates that the manufactured home must have “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.”
- <sup>62</sup> §280A, Treas. Reg. 6a.103A-2(d)(3)
- <sup>63</sup> §143(j)(2)
- <sup>64</sup> §143(j)(3), Treas. Reg. §6a.103A-2(b)(5)