



SETH

SOUTHEAST TEXAS HOUSING FINANCE CORP.

MORTGAGE CREDIT CERTIFICATE PROGRAM LENDER TRAINING

DEC 2021

WHAT IS A MORTGAGE CREDIT CERTIFICATE/MCC?

In 1984 Congress passed the Tax Reform Act as a means of providing housing assistance to families of low and moderate income. This was the creation of today's MCC Programs.

The MCC is a tax credit that helps reduce the amount of federal income tax due and provides additional available income to help a borrower qualify for a mortgage loan.

A home owner can access this credit for the life of the mortgage loan. The maximum TAX CREDIT annually can not exceed \$2,000.

Buyers may be subject to paying a federal recapture tax if they do not owner occupy the property as primary residence during the recapture period (usually 9 years.)

Mortgage Interest Credit (MCC) is a non-fundable tax credit, therefore the homebuyer must have tax liability in order to take advantage of the tax credit.

Tax credits are a powerful way of increasing a family's annual income.

WHAT DOES AN MCC DO?

Provides an income tax credit to the borrower as long as they owner occupy their home. The federal government already allows all homeowners to claim an itemized income TAX DEDUCTION for the amount of interest paid each year on the mortgage loan. A TAX DEDUCTION reduces the amount of income that is taxed.

The MCC Program takes a portion of the mortgage interest paid and turns it into a TAX CREDIT. A TAX CREDIT is an amount returned to the buyer either by increasing the amount refunded in their tax return or decreasing the amount of taxes owed. (Dollar for Dollar savings)

Because the CREDIT is accessible for the life of the loan, an MCC may save a homeowner thousands of dollars during the life of the mortgage loan.

HOW DOES THIS WORK?

Here is a sample of one year of savings with the SETH MCC Program :

The actual amount of the CREDIT is determined by actual interest paid each year

Loan Amount= \$125,000 Interest Rate= 4%

Homeowner pays \$5,000 in mortgage interest this year

MCC Program Tax Credit Rate= 40%

$\$5,000 \times 40\% = \$2,000$

MCC TAX CREDIT PROVIDED: \$2,000

* Maximum amount of credit allowed per year is \$2,000.

FEDERAL RECAPTURE TAX NOT APPLICABLE AFTER 9 YEARS

For Recapture tax to apply, the homeowner must meet **ALL** the following conditions:

Sell the home within nine years;

Make a net profit (gain) on the sale of the home;

The Homeowner's household income must have increased at least 5% each year above the applicable income used to qualify for the mortgage loan.

Programs like MCC Programs are financed with Mortgage Revenue Bonds and may be subject to a Federal Recapture Tax.

This tax only affects buyers who have had significant increases in income and who sell or transfer their home within nine years of the purchase date.

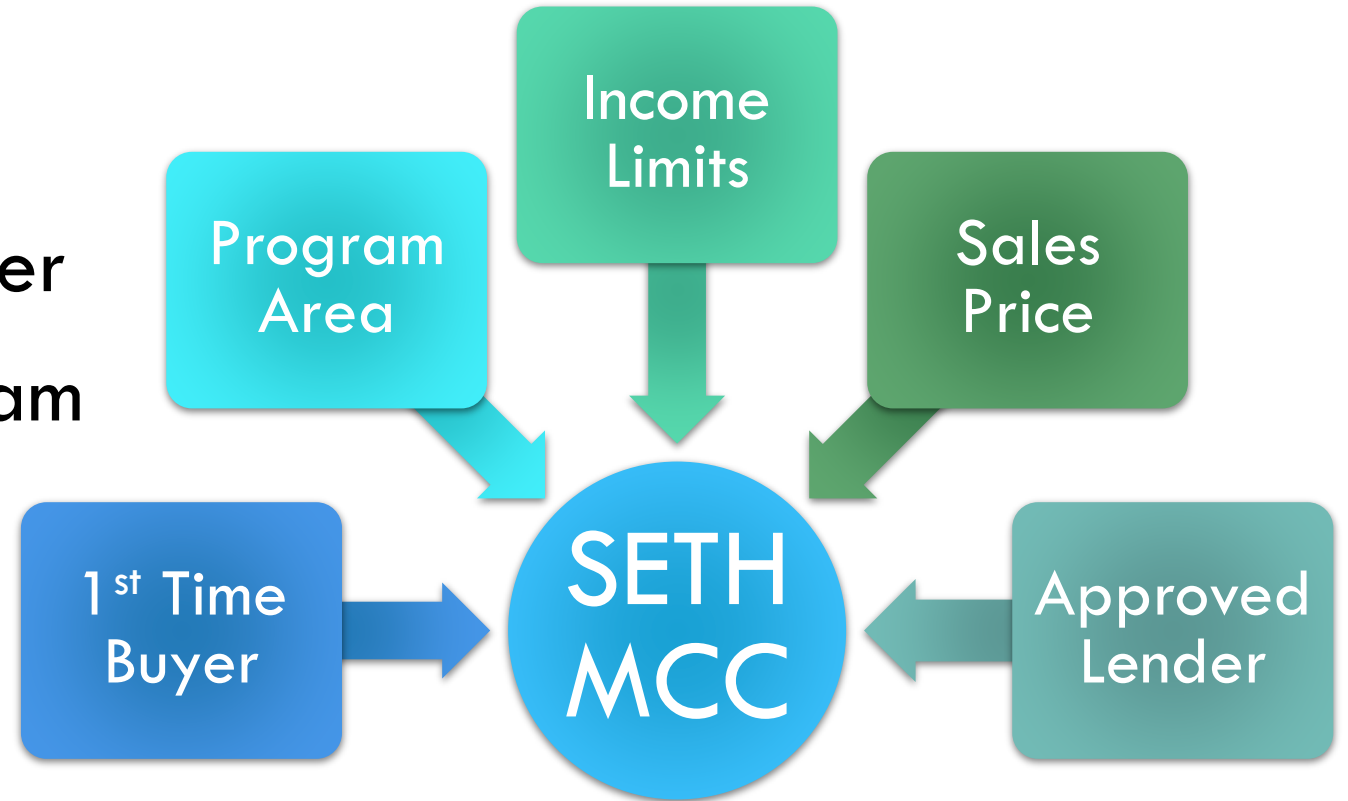
After living in the home for the nine years, a buyer will no longer be subject to the recapture provision.

WHO QUALIFIES?

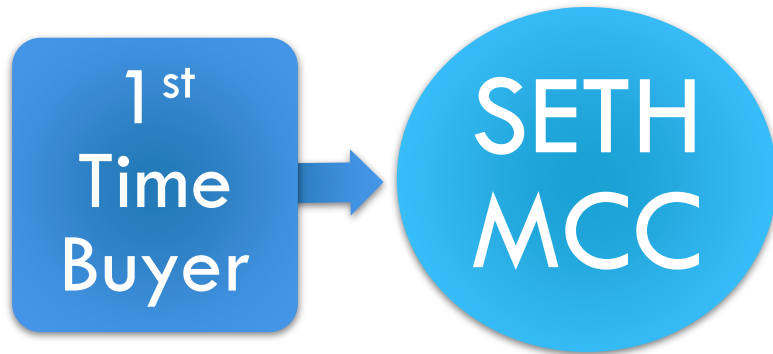
Must be a 1st Time Homebuyer
Purchase a Home in a Program
Area

Qualify for Mortgage Loan
with Participating Lender.

Meet Income and Purchase
Price Limits



MUST BE A 1ST TIME HOMEBUYER

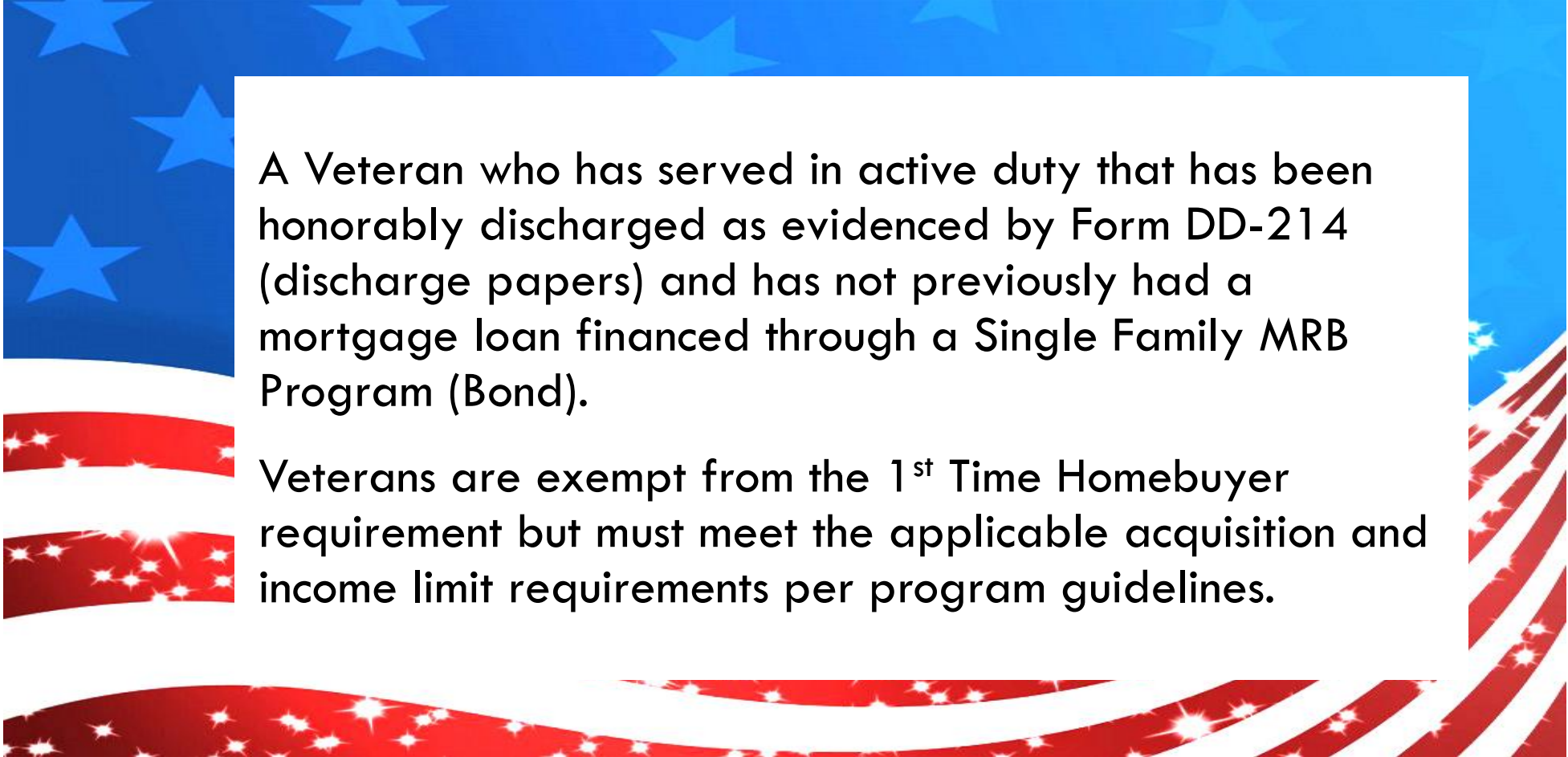


- Most current 3 years signed IRS Tax Returns or Transcripts for all borrowers.
- All borrowers on the Mortgage Loan are required to take the SETH Homebuyer's Education Class at www.sethfc.com.

1st Time Homebuyer – Borrower has not had an ownership interest in a principal residence within the last 3 years.

Note: 1st Time Homebuyer requirement waived for properties located in a “targeted area.”

AVAILABLE EXEMPTIONS FOR A QUALIFIED VETERAN

A decorative graphic of the American flag, featuring a blue field with white stars and red and white stripes, framing the text on the right.

A Veteran who has served in active duty that has been honorably discharged as evidenced by Form DD-214 (discharge papers) and has not previously had a mortgage loan financed through a Single Family MRB Program (Bond).

Veterans are exempt from the 1st Time Homebuyer requirement but must meet the applicable acquisition and income limit requirements per program guidelines.

MUST BE IN OUR PROGRAM AREAS



Eligible Properties must be located in a Program Area Taxing Entity (pay property taxes to the City or County)

Check the Appraisal District's website.

Eligible Counties: Austin, Brazoria, Chambers, Liberty, Matagorda, Walker, Waller and Wharton

Eligible Cities: Baytown, Deer Park, Dickinson, La Marque, La Porte, League City, Pasadena, Santa Fe, Shoreacres, Texas City and Tomball.

EXCEPTIONS IN TARGETED AREAS

Higher Income and
Purchase Price Limits

No First Time
Homebuyer
Requirement

Census tract search at

Targeted Areas are census tracts in which 70 percent or more of the families have an income which is 80 percent or less of the statewide median family income, or an area designated as an area of chronic economic distress. Such areas are not subject to the prior home ownership restriction and have larger sales prices and income limits.

[SETH MCC Targeted Census Tracts include:](#)

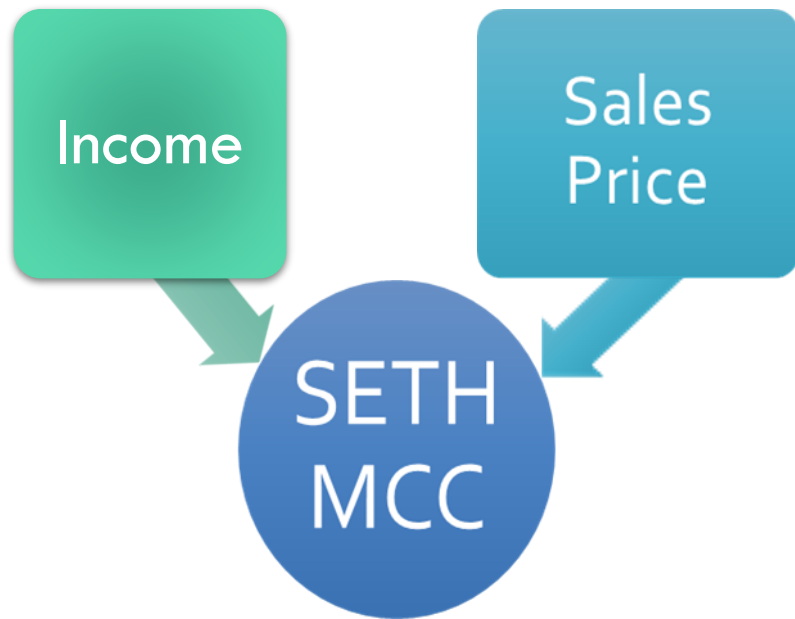
City of Baytown-2534.00

City of Pasadena- 3220.00 ;3230.00;3231.00;3235.00

Walker County- 7906.00;7907.00

<https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>

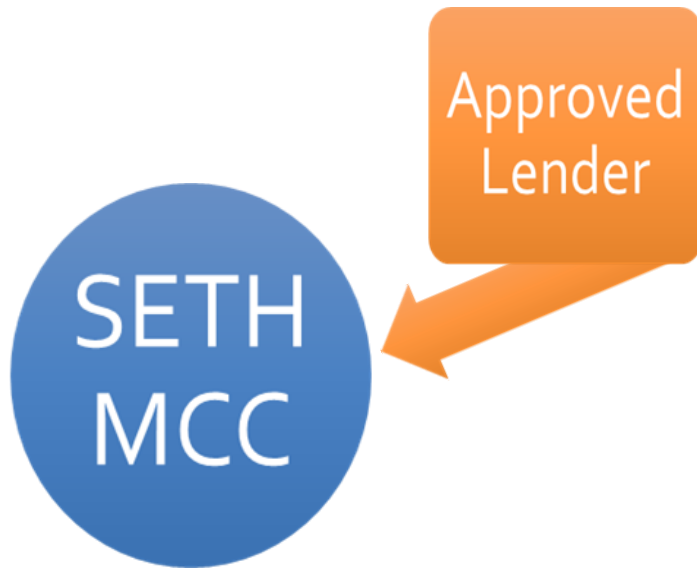
INCOME & PURCHASE PRICE LIMITS FOR SETH MCC



- Total Anticipated Annual Family Income is calculated to qualify for the MCC Program.
- Targeted areas: Higher purchase income and purchase price limits.

Location: Effective 5.4.2021	1-2 Family	3 or More	Purchase Price Limits
Austin County	\$82,700	\$95,105	\$311,979
Brazoria County	\$96,600	\$111,090	\$311,979
Counties of Chambers, Liberty, Waller			
Cities of Baytown, Deer Park, Dickinson, La Marque, La Porte, League City, Pasadena, Santa Fe, Shoreacres, Texas City and Tomball	\$79,200	\$91,080	\$311,979
Targeted Baytown 2534.00 Targeted Pasadena 3220.00, 3230.00, 3231.00 & 3235.00	\$95,040	\$110,880	\$381,308
Matagorda County	\$75,100	\$86,365	\$311,979
Walker County	\$75,100	\$86,365	\$311,979
Targeted Walker County 7906.00 and 7907.00	\$90,120	\$105,140	\$381,308
Wharton County	\$75,100	\$86,365	\$311,979

APPROVED LENDER LIST



Want to be on the list?

Email us at compliance@sethtexas.com



SETH MCC Program: Approved Lenders

- Academy Mortgage
- AmCap Mortgage
- American Financial Network
- Associated Mortgage Corp
- Bank of Texas
- Cadence Bank
- Cardinal Financial
- Celebrity Home Loans
- CMG Mortgage
- Independent Bank
- K Hovanian Mortgage
- Loan Depot- MTH Mortgage
- Mountain West Financial
- Movement Mortgage
- NBH Bank
- Nova Financial & Investment
- NTFN Premier Nationwide Lending

FEES FOR THE SETH MCC PROGRAM

- 
- NO MCC Fees required
 - Optional Application Fee

*****NO MCC FEES*****

-If combining SETH MCC with SETH 5 Star or GoldStar, submit loan confirmation from eHousingPlus or Gateway

SETH 5 Star, GoldStar fees remain the same

Lender can collect an optional \$75 Application Fee

Lender charges regular and customary fees

SETH'S HOMEBUYER EDUCATION IS REQUIRED

The SETH Homebuyer's Education class is required for all persons listed on the loan.

Visit: www.sethfc.com

Cost of Homebuyer's Education Class-

1 person- \$100 (**select Red button**)

2 or more persons-\$60 each. Register and complete course individually (**Blue button**)



CAN THE MCC BE COMBINED WITH OTHER PROGRAMS?



- The MCC can be a stand alone program.
- The MCC can be combined with other programs such as the SETH 5 Star Texas or GoldStar Programs.
- City/County Down Payment Assistance Programs.
- FHA, USDA, VA & Conventional loans products.
- Cannot be combined with a Bond loan.

RESERVING THE MCC- CONTACT SETH FOR HELP

The SETH MCC is not on ehousingplus.com.

Must be reserved as early as possible during loan reservation.

(The MCC must be reserved before closing the loan.)

The Loan officer/processor can access the fillable forms at

Select Lender Tool Box- <https://sethfc.com/lender-tool-box/>

Fillable Form Password: “sethhome”

email compliance@sethtexas.com phone: 281-484-4663

READY TO GET STARTED?

What you will need-

1. Fillable forms located at <https://sethfc.com/lender-tool-box/>
2. Check stubs (all forms of income)
3. Child Support award or printout
4. Sales Contract
5. Last 3 years **Signed** IRS Tax Returns or Transcripts
6. Tax Certificate or Appraisal District Print Out
7. SETH HBE certificate.
www.sethfc.com.



SETH 2021 MCC SUBMISSION GUIDE

Step One:
Send these
to SETH

STEP ONE DOCUMENTS REQUIRED FOR RESERVATION:

DOCUMENT 1	—	MCC Submission Cover Sheet	Page 1
DOCUMENT 2	—	Affidavit of Applicant	Page 2
		ZERO INCOME CERTIFICATION (IF APPLICABLE)	Page 7
		TAX RETURN AFFIDAVIT (IF APPLICABLE)	Page 8
		Prior Residences	Page 9
		Copy of SETH Homebuyer's Education Certificate	
		Previous 3 Years Signed Tax Returns or IRS Transcripts	
		Tax Certificates or Appraisal District Print Out	

STEP ONE: RESERVING THE MCC

MCC Submission Cover Sheet

Fillable format

The following item is to be **left blank at this point:**

- Anticipated Family Income
(it will auto populate after completing Doc 2.)

SETH 2021 MCC SUBMISSION COVER SHEET - SOUTHEAST TEXAS HOUSING FINANCE CORPORATION

DOCUMENT 1

Company: _____	<input type="checkbox"/>	5 Star Texas Advantage Program
Telephone: _____	<input type="checkbox"/>	GoldStar
Fax: _____	<input type="checkbox"/>	Loan Confirmation page required for Combo MCC
Email: _____	<input type="checkbox"/>	
Branch Manager: _____		

SETH 5 Star, & GoldStar fees remain same.

Applicant: _____

Taxpayer ID#: _____

Subject Property Address: _____

Subject Property Sub division: _____ Builder (if New Construction): _____

Subject Property County: _____ Type of Residence: ☐ New ☐ Existing

Targeted Area: _____ Yes _____ No

MCC Commitment Number: _____ Closing Date: _____

MCC Commitment Expiration Date: _____ Census Tract #: _____

Loan Type: FHA ☐ VA ☐ Conv ☐ Acquisition Cost: \$ _____

Loan Amount: \$ _____

Loan Maturity: _____

Interest Rate on Loan: _____ %

First Time Homebuyer: ☐ Yes ☐ No

Qualified Veteran (with form DD214) ☐

L/O E-mail: _____

Lender (Contact & Phone) _____ Phone #: _____

Lender Loan Reference Number: _____ Lender Title: _____

Anticipated Annual Family Income: \$ _____

Prior Year's Adjusted Gross Income: \$ _____

Family Size: _____

Ethnicity of Borrower (Optional): _____

All blanks must be completed or the documentation may be rejected by the Program Administrator and Lender may be subject to a Resubmission Fee.

Applicable Acquisition Cost Limit ☐ \$294,600 Non-Target FOR COMMITMENT: ☐ \$360,067 (Targeted Area)

<input type="checkbox"/>	Affidavit of Applicant (optional forms Zero Income & Tax Return Affidavit)
<input type="checkbox"/>	Tax Returns (signed or Transcripts last 3 years with w-2's)
<input type="checkbox"/>	Prior Residences
<input type="checkbox"/>	SETHFC-Homebuyer Education Certificate of Completion

STEP ONE: RESERVING THE MCC

Document 2 : Affidavit of Applicant

Complete :

- New or Existing home.
- Applicant or Co-applicant is or is not A Qualified Veteran.

List all household members

Borrower will be listed on the top line. Include any Non-Purchasing Spouse.

Use 2nd line for Spouse or Co-borrower. Any children in household need to be listed beginning on next line.

If you need more lines for family member, copy this page in the fillable forms and insert with the application.



DOCUMENT 2 AFFIDAVIT OF APPLICANT

I am an applicant and mortgagor under The Southeast Texas Housing Finance Corporation's Mortgage Credit Certificate Program purchasing a ____new/ or ____existing residence which is located in the Counties of Austin, Brazoria, Chambers, Liberty, Matagorda, Walker, Waller and Wharton, Texas, and the Cities of Baytown, Deer Park, Dickinson, La Marque, La Porte, League City, Pasadena, Santa Fe, Shoreacres, Texas City and Tomball, Texas.

The Applicant or Co-Applicant including (non-purchasing spouse) is ____ or is not ____ A "Qualified Veteran" means a person who is a "veteran" (as defined in 38 U.S.C. Section 101) who has not previously obtained a loan financed by single family mortgage revenue bonds or a loan which utilized a mortgage credit certificate program using the veteran's exception to the 3-year requirement set forth in Section 143(d)(2)(D) of the Code. The Qualified Veteran must provide true and correct copies of his or her discharge or release papers (DD-214), which demonstrate that such discharge or release was other than dishonorable.

Household Information - Number of Persons that will live in the Residence:

NAME	RELATIONSHIP	AGE	SOCIAL SECURITY # - TIN

STEP ONE: RESERVING THE MCC

Name and Address of Employer for all members that will be Liable on the Loan:

NAME	EMPLOYER NAME AND ADDRESS OR TYPE OF INCOME	MONTHLY GROSS INCOME

Total Monthly Gross Income _____ 0

X 12 =

Anticipated Annual Family Income 0 _____

Document 2: Anticipated Annual Family Income Cont.

Income of all mortgagors living in the property who are liable on the loan. This includes *Non- Purchasing Spouses.

- Monthly income means the sum of current monthly gross pay AND any additional income(investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, child support (even if sporadic). See Affidavit of Applicant for more information.
- Self employment-Follow Agency Guidelines for calculating family income for self-employed mortgagors.
- Page 4. Complete Targeted Area.

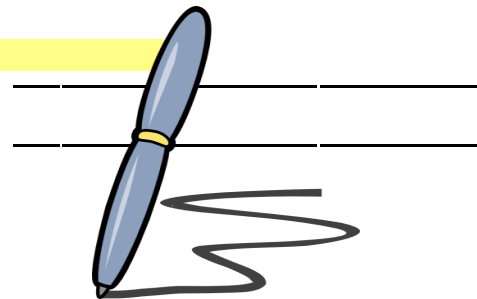
STEP ONE: RESERVING THE MCC



I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES AND THE STATE OF TEXAS THAT THE FOREGOING IS TRUE AND CORRECT.

NAME(S) OF APPLICANT:

SIGNATURE(S) OF APPLICANT



Doc 2: Anticipated Annual
Family Income

Page 6 Signature page
Signed by all Applicants and
Non-Purchasing Spouses

STEP ONE: RESERVING THE MCC



If applicable-

The following forms are only to be completed and submitted if necessary:

CERTIFICATION OF NO INCOME - is to be completed for any adult in the household who will be signing the Deed of Trust/Mortgage and earns NO INCOME.

TAX RETURN AFFIDAVIT - is to be completed for any adult in the household who will be signing the Deed of Trust/Mortgage and was NOT REQUIRED TO FILE FEDERAL TAX RETURNS.

IF APPLICABLE: OPTIONAL FORMS

- **Certification of No Income**
- **Tax Return Affidavit**

STEP ONE: Reserving the MCC



CERTIFICATION OF NO INCOME

All income must be verified for anyone receiving assistance. To comply with this requirement, please complete and sign the information requested in the certification below. This information will be held in the strict confidence and used only for the purpose of establishing eligibility for the MCC program.

I, _____, do hereby certify that I do NOT receive any income from ANY source.

I understand sources of income include, but are not limited to, the following:

Employment by a Company or Individual

Retirement Funds

Unemployment Compensation

Alimony

Social Security income

Income from Assets

Workers Compensation

Pensions

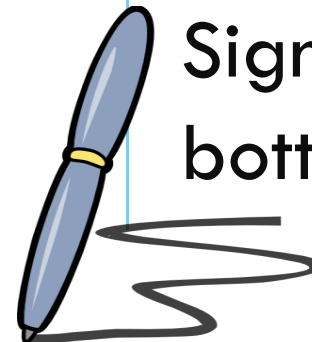
Child Support

General Assistance

IF APPLICABLE:
CERTIFICATION OF NO INCOME

Complete only for
family members with
no income.

Sign or e-sign at the
bottom.



STEP ONE: Reserving the MCC



TAX RETURN AFFIDAVIT

I was not required by law to file a federal income tax return for the following year(s) and reason(s) stated below (please check the appropriate box):

	YEAR	REASON
<input type="checkbox"/>	20__	_____
<input type="checkbox"/>	20__	_____
<input type="checkbox"/>	20__	_____

Material Misstatements and Penalties. I understand that this Affidavit will be relied upon to determine my eligibility for a Mortgage Credit Certificate. I understand that any material misstatement in this or any affidavit or certification made in connection with application for or issuance of a Mortgage Credit Certificate because I was negligent will result in a civil penalty of \$1,000, revocation of any MCC issued in connection with the application and any criminal penalty that may apply. Any material misstatement due to my fraud will result in a civil penalty of \$10,000, revocation of any MCC issued in connection with the application and any criminal penalty that may apply. I understand that perjury is a felony. A person who is convicted of perjury can be punished with a fine, imprisonment or both.

5. All documents attached to this Affidavit and marked as attachments are true and correct and not misleading.

NAME(S) OF
APPLICANT(S):

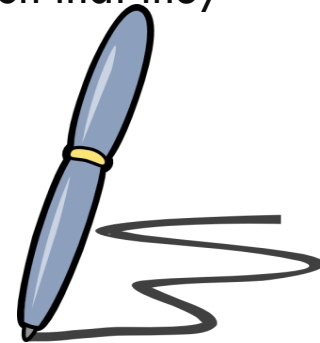
SIGNATURE(S) OF
APPLICANT(S)

TAXPAYER ID NUMBER(S):

_____	_____	_____
_____	_____	_____

IF APPLICABLE : TAX RETURN AFFIDAVIT

- ✓ Check box that goes with statement. If tax returns were not required, then state the year and reason that they were not required.
- ✓ Borrower /Co Borrower and All Spouses Sign.



* Cannot accept extensions. Must have actual return.

STEP ONE: Reserving the MCC



PRIOR RESIDENCES:

[NOT REQUIRED FOR RESIDENCE LOCATED IN A TARGETED AREA]

During the last 3 years I have either:

1) Rented at the following address for the following periods

Address: _____	Landlord: _____
City: _____	From: _____ to _____
Address: _____	Landlord: _____
City: _____	From: _____ to _____
Address: _____	Landlord: _____
City: _____	From: _____ to _____

(Indicate additional addresses on separate sheet, if necessary)

2) Lived with the following members of my family (without owning a "Principal Residence"*) at the following addresses for the following periods of time:

Names: _____
Relationship: _____
Address: _____ City: _____ State: _____
Phone # (include area code): _____ From: _____ To: _____

Names: _____
Relationship: _____
Address: _____ City: _____ State: _____
Phone # (include area code): _____ From: _____ To: _____

Names: _____
Relationship: _____
Address: _____ City: _____ State: _____
Phone # (include area code): _____ From: _____ To: _____

PRIOR RESIDENCES

Enter Prior Residences for the last 3 years.

Section (1) Be sure to list landlords and dates.

Section (2) Use if living with relatives.

Section (3) Describe any other living arrangements

SETH ISSUES MCC CONDITIONAL COMMITMENT LETTER

SETH MCC: CLOSING PACKAGE CHECKLIST

SOUTHEAST TEXAS HOUSING FINANCE CORP.
11111 S. Sam Houston Pkwy East Houston, Texas 77089
281.484.4663 www.sethfc.com

Date: 12/02/2021

Lender: Gateway Mortgage

Program: SETH MCC Program compliance@sethtexas.com

Subject: [REDACTED] /SETH MCC Conditional Commitment letter

The SETH MCC Conditional Commitment Letter has been included for your records

The following items must be provided 15 days after closing. Items can be emailed to the SETH MCC Program at the address above. If you would like to fax these documents, please contact me directly for instructions.

1. MCC Submission Cover Sheet- include census tract

MCC Commitment #: SETH 2021-022
Expiration Date: 03/02/2022
Applicant: [REDACTED]
Lender: Gateway Mortgage
Loan Amount: \$ 276,450
Combo-SETH 5 Star or GoldStar: n/a

SOUTHEAST TEXAS HOUSING FINANCE CORPORATION MORTGAGE CREDIT CERTIFICATE COMMITMENT LETTER- SETH MCC

TO THE ABOVE APPLICANT AND LENDER:

An Application in the form of an Affidavit of Applicant and related documentation pursuant to The Southeast Texas Housing Finance Corporation 2021 Mortgage Credit Certificate Program Manual, has been received by the undersigned Administrator and reviewed for its compliance with the terms and conditions of the Program. The Administrator has determined that the Applicant has complied with the initial requirements of the Program.

Subject to completion of the remaining terms and conditions prior to issuance of a Mortgage Credit Certificate pursuant to the Program Manual, the Administrator will execute and deliver a Mortgage Credit Certificate to the Applicant for a Loan amount not to exceed the above-indicated sum to be dated as of the date of closing the Loan. A copy of such Mortgage Credit Certificate shall be furnished to the Lender

STEP TWO: CLOSING

There may be items that will need to be signed at closing. Please review your Closing Package Checklist provided with the MCC Commitment.

Step Two: These items may need to be sent to Title Company and signed at closing:

1. Affidavit of Seller
2. Closing Affidavit
3. Lender Certification
4. Notice of Potential Recapture Tax

STEP TWO: Closing

Update MCC Cover
Page with any
changes in loan
amount or interest
rate, but not
property address
or income.



DOCUMENT 1: MCC SUBMISSION COVER SHEET SOUTHEAST TEXAS HOUSING FINANCE CORPORATION

Contact: _____
Telephone: _____

Email: _____
DPA Program: _____

Applicant: _____
Taxpayer ID#: _____
First Time Homebuyer: ____ Yes ____ No
Anticipated Annual Family Income: \$ _____
Prior Year Adjusted Gross Income: \$ _____

Qualified Veteran ____ Yes ____ No
Family Size: _____
Ethnicity (Optional) _____

Subject Property Address: _____

Subject Property County: _____
Targeted Area: ____ Yes ____ No
Loan Amount: _____

Residence: ____ New ____ Existing
Census Tract #: _____
Purchase Price: _____

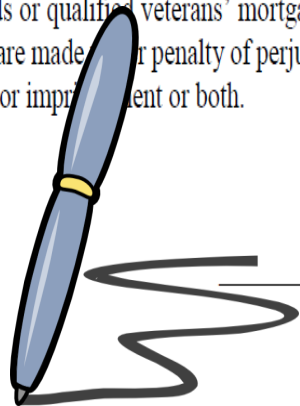
MCC Commitment Number: _____
MCC Commitment Expiration Date: _____

Closing Date: _____

STEP TWO: Closing

DOCUMENT 3: LENDER CERTIFICATION

To the best knowledge of the Lender, the Applicant nor the Seller of the Residence has submitted any negligent or fraudulent statements, contained in any of the documents submitted in connection with the issuance of the Mortgage Credit Certificate and that they are true and correct. The Lender certifies that no portion of the financing of the Residence has come from the proceeds of qualified mortgage bonds or qualified veterans' mortgage bonds. The lender also certifies the statements set forth herein are made under penalty of perjury. I understand that perjury is a felony offense punishable by fine or imprisonment or both.



_____ Lender

DOCUMENT 3: LENDER CERTIFICATION

**Lender certifies that documents
provided are accurate**

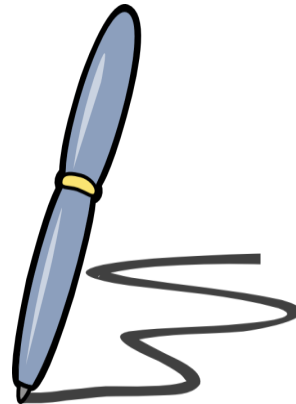
Lender completes & signs

STEP TWO: Closing

DOCUMENT 4: AFFIDAVIT OF SELLER

This document must be signed by Seller on or before closing date.

If it's an REO- no signature required/
blank must be checked on REO line.



DOCUMENT 4

AFFIDAVIT OF SELLER

I, the undersigned, the proposed Seller (whether one or more) of a Residence located in the Eligible Loan Area understands the Party purchasing your home are applying for a Mortgage Credit Certificate under The Southeast Texas Housing Finance Corporation's 2021 Mortgage Credit Certificate Program. I further understand that the Internal Revenue Service requires that I sign this document as an agreement that the buyer and I have agreed upon the sales price listed below. I have not received any money from the Buyer, outside of funds paid for escrow. Further, the buyer and I have not entered into a contract or agreement regarding the disposition of the property other than the sales contract.

The Residence is located at _____ within the geographical area for the Southeast Texas Housing Finance Corporation's Mortgage Credit Certificate Program and the purchase price does not exceed the published limits. The Property is complete and ready for residency.

The purchase price is \$_____, excluding all settlement costs, title and transfer costs, title insurance, survey fees, credit reference fees, legal fees, appraisal fees and points paid by the buyer.

I understand that the above Lender, the Internal Revenue Service, The Southeast Texas Housing Finance Corporation, The Southeast Texas Housing Finance Corporation, as Administrator, or their authorized representatives, may conduct investigations in order to verify the truth and completeness of the statements set forth herein. I hereby agree to provide access to such information, including my records pertaining to the Residence, as may be necessary in connection with such verification procedure.

The statements set forth herein are made under penalty of perjury. I understand that perjury is a felony offense punishable by fine or imprisonment or both.

_____ Seller signature is not required for REO properties. Check here if the property is a real estate owned (REO) property.

Date: _____

PRINTED NAME(S) OF SELLER:

SIGNATURE (S) OF SELLER:

STEP TWO: Closing



DOCUMENT 5

CLOSING AFFIDAVIT

I hereby reaffirm that the statements and information contained in the Affidavit which I executed in connection with The Southeast Texas Housing Finance Corporation 2021 Mortgage Credit Certificate Program on the ____ day of _____, 20__, including, without limitation, the computation of the Acquisition Cost of the Residence and the computation of Anticipated Annual Family Income, were true, accurate and complete when made and remain true, accurate, complete and unchanged.*

Name: _____

Tax ID# _____

The undersigned, in connection with The Southeast Texas Housing Finance Corporation's 2021 Mortgage Credit Certificate Program, hereby certifies, with respect to the closing of the loan pertaining to the residence located at _____

Purchased by the above Applicant that the attached closing statements are true and correct copies of the closing statements prepared and delivered in connection with the following transaction.

SELLER/BUILDER: _____

PURCHASER: _____

LENDER: _____

PROPERTY ADDRESS: _____

CLOSING DATE: _____

LOAN AMOUNT: _____

REFINANCING: _____

NO

YES**

Lender: _____

By: _____

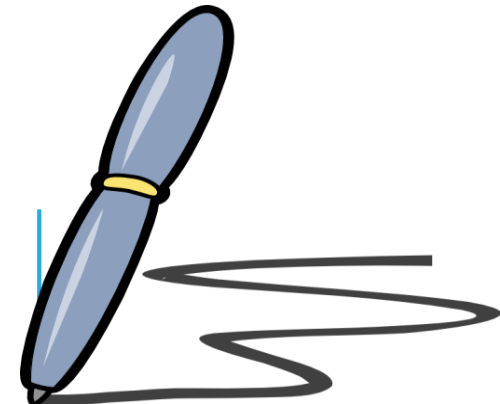
Name: _____

Title: _____

* If the Acquisition Cost of the Residence or the Applicant's Anticipated Annual Family Income have changed, the Lender must have the Applicant re-sign the Affidavit of Anticipation.

DOCUMENT 5: CLOSING AFFIDAVIT

Lender completes and signs.



STEP TWO: Closing

DOCUMENT 6 : NOTICE OF POTENTIAL RECAPTURE TAX



DOCUMENT 6

NOTICE OF POTENTIAL RECAPTURE TAX

(TO BE COMPLETED BY LENDER AND DELIVERED TO
APPLICANT AT THE TIME OF CLOSING OF THE LOAN)

1. *General.* When you sell your home you may have to pay a recapture tax as calculated below. The recapture tax may also apply if you dispose of your home in some other way. Any references in this notice to the "sale" of your home also includes other ways of disposing of your home. For instance, you may owe the recapture tax if you give your home to a relative.

2. *Exceptions.* In the following situations, no recapture tax is due and you do not need to do the calculations:

(a) You dispose of your home later than nine years after you close your mortgage loan;

(b) Your home is disposed of as a result of your death;

(c) You transfer your home either to your spouse or to your former spouse incident to divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code; or

(d) You dispose of your home at a loss.

B. *Maximum Recapture Tax.* The maximum recapture tax that you may be required to pay as an addition to your federal income tax is \$_____ [insert the total Loan amount times 6.25%]. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan.


C. *Actual Recapture Tax.* The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (1) 50% of your gain on the sale of your home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (2) your recapture amount determined by multiplying the following three numbers:

(i) \$_____ [insert the total Loan amount times 6.25%] (the maximum recapture tax, as described in paragraph B above),

(ii) The holding period percentage, as listed in Column 1 in the Table, and

Formula for B & C =
Loan amount x 6.25%

STEP TWO: Closing

 Table COUNTIES OF CHAMBERS, LIBERTY & WALLER, AND THE CITIES OF BAYTOWN, DEER PARK, DICKINSON, LA MARQUE, LA PORTE, LEAGUE CITY, PASADENA SANTA FE, SHOREACRES, TEXAS CITY AND TOMBALL					
DATE THAT YOU SELL YOUR HOME	EFFECTIVE 5/2017	(COLUMN 2) NON TARGETED AREA ADJUSTED QUALIFYING INCOME		(COLUMN 3) TARGETED AREA ADJUSTED QUALIFYING INCOME	
	(COLUMN 1) HOLDING PERIOD PERCENTAGE	NUMBER OF FAMILY MEMBERS LIVING IN YOUR HOME AT THE TIME OF SALE		NUMBER OF FAMILY MEMBERS LIVING IN YOUR HOME AT THE TIME OF SALE	
		2 OR LESS	3 OR MORE	2 OR LESS	3 OR MORE
Before the first anniversary of closing (See note below)	20%	\$71,500	\$82,225	\$85,800	\$100,100
On or after the first anniversary of closing, but before the second anniversary of closing	40%	\$75,075	\$86,336	\$90,090	\$105,105
On or after the second anniversary of closing, but before the third anniversary of closing	60%	\$78,828	\$90,653	\$94,594	\$110,360
On or after the third anniversary of closing, but before the fourth anniversary of closing	80%	\$82,770	\$95,185	\$99,324	\$115,878
On or after the fourth anniversary of closing, but before the fifth anniversary of closing	100%	\$86,908	\$99,945	\$104,290	\$121,672
On or after the fifth anniversary of closing, but before the sixth anniversary of closing	80%	\$91,254	\$104,942	\$109,504	\$127,755
On or after the sixth anniversary of closing, but before the seventh anniversary of closing	60%	\$95,816	\$110,189	\$114,980	\$134,143
On or after the seventh anniversary of closing, but before the eighth anniversary of closing	40%	\$100,607	\$115,698	\$120,729	\$140,850
On or after the eighth anniversary of closing, but before the ninth anniversary of closing	20%	\$105,638	\$121,483	\$126,765	\$147,893

NOTE: Closing means the closing date for your loan.* **Lender:** The actual notice to the applicant must provide the actual dollar figures for adjusted qualifying incomes for each of the years covered by the table. The entries in the first row are the highest qualifying incomes that, as of the date of the mortgage loan closing, would have met the low income requirement of Section 143(f) of the Code, taking into account whether the home financed with the subsidized mortgage loan is located in a targeted area as described in Section 143(j) of the Code (but determined without regard to Section 143(f)(3)(A) of the Code) or in a high housing cost area as described in Section 143(f)(5) of the Code. The entries in each subsequent row equal the entries in the immediately preceding row, times 1.05. The formula for determining these numbers is set forth in Section 143(m)(5) of the Code. Please refer to the "Worksheet to Compute Recapture Tax" provided by the Program Administrator in order to complete Column 2.

RECAPTURE TAX TABLE

Choose and attach
correct Recapture Tax
Table for County

STEP TWO: Closing

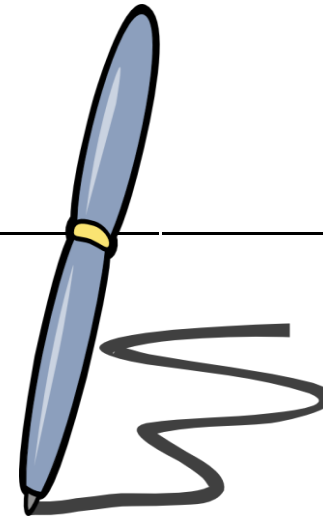
Please acknowledge your receipt of a copy of this notice by signing below.

Signature of Applicant

Signature of Applicant

Date

Date



All Applicants and Non
Purchasing Spouses sign



CONGRATULATIONS!!

YOUR BORROWER HAS CLOSED

WITH A SETH MCC

**DON'T FORGET TO RETURN
ALL OUTSTANDING DOCUMENTS
AND FINAL CD TO SETH**



- Your buyer will receive their MCC Certificate in the mail.
- Remind them to make a copy of their MCC Certificate. They will need it for tax time.
- To help your buyer remember to claim their credit SETH will mail an example of the tax form the following January after closing.

STATUS CHANGE DOCUMENTS

Document 7: Extension Request Form

This form extends the commitment for an additional 30 days. Must be submitted prior to commitment expiration date. Must accompany a lender company check, money order or cashier's check of \$50 payable to SETH.

Document 8: Notice of Cancellation/Denial of Eligibility for MCC.

Must be submitted to cancel an existing MCC commitment .

Document 9: MCC Reissuance Application

Use this form for refinancing an existing SETH MCC.

These forms are located at the back of the Fillable forms.

- ❖ See Extension Request Form if needed
- ❖ Need to cancel an MCC?
- ❖ Avoid losing your MCC Benefit. Reissuance to be used when refinancing



www.sethfc.com

CONTACT US FOR HELP

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