

PUBLIC NOTICE
IDAHO HOUSING AND FINANCE ASSOCIATION
ADDITIONAL MORTGAGE CREDIT CERTIFICATE PROGRAM

The Idaho Housing and Finance Association (“IHFA”) is implementing a new installment of its Mortgage Credit Certificate Program under Section 25 of the U.S. Internal Revenue Code (the “Code”). A Mortgage Credit Certificate (“MCC”) reduces the amount of Federal income tax a qualified home buyer pays by providing a tax credit. Consequently, the home buyer has more disposable income to make loan payments. After all other credits and deductions are taken into account, the value of the MCC is applied directly to the home buyer's remaining Federal tax liability. The amount of the credit may not exceed a taxpayer's total tax liability for a specific year, however, any excess credit may be carried forward to a subsequent tax year for up to three years.

IHFA continues to issue MCCs under its current program. Additional issuance of MCCs under this new installment of its MCC program is expected to begin after the authority from IHFA’s 2018 MCC election is no longer available, but not before mid April 2020, for mortgage loans made at such time. MCCs will be made available to eligible home buyers on a first-come, first-served basis and may be used to purchase newly constructed housing, existing housing, or manufactured housing on owner occupied lots. An MCC cannot be issued to a home buyer who is refinancing an existing mortgage.

The amount of the credit under the proposed program will range between ten percent (10%) and fifty percent (50%) of the yearly interest paid on a qualified mortgage with an annual credit maximum of \$2,000 for the eligible borrower. At least 20% of the total program amount issued is reserved for MCC’s for mortgage loans on single family residences located in targeted counties.

A list of targeted counties is available at:

<https://www.idahohousing.com/homebuyers/homebuyer-tax-credit/>.

Present IHFA and Federal regulations require borrowers to meet the certain requirements to be eligible for an MCC including the following, unless IHFA is advised that less restrictive limits can legally be authorized:

1. The borrower must be a first-time home owner, except in the 27 targeted counties. A first-time home owner is defined as a household that has not owned a principal residence for a period of three (3) years prior to the date of executing the MCC-assisted mortgage loan.
2. A borrower with a family of three or more persons must have an annual gross income not exceeding 115% of the applicable area median family income, while a borrower with a family of one or two persons must have an annual gross income not exceeding 100% of the applicable area median family income, except that higher family income limits may be adopted for targeted counties.

A list of the current income limits is available at:

<https://www.idahohousing.com/homebuyers/homebuyer-tax-credit/>.

3. The borrower must purchase a single family residence, in Idaho, and occupy the housing unit as a principal residence.
4. The borrower must purchase a single family residence with an acquisition cost which does not exceed 90% of the average area purchase price applicable to such residence, except that the acquisition cost may be 110% of the average area purchase price in targeted counties. A list of these purchase price limits can be found at: <https://www.idahohousing.com/homebuyers/homebuyer-tax-credit/>.
5. The borrower must acquire a new mortgage or home loan and meet the credit and underwriting criteria established by the participating lender who provides the mortgage loan. Refinancing of an existing mortgage or land contract is not permissible.

These eligibility requirements and the then current numeric values will be printed and distributed to the public in a Program brochure on Program implementation and will be available online at IdaMortgage.com. The eligibility requirements will not exceed, but may be lower than, the most recently published figures for applicable area median family income and average area purchase price which have been published by the Department of Housing and Urban Development and the Department of Treasury.

MCCs may be used in conjunction with any privately insured, federally insured or guaranteed, or uninsured fixed rate or adjustable rate loan and such loans are expected to be purchased by IHFA from funds which are not derived from mortgage revenue bonds under Section 143 of the Code. A home buyer may make application for an MCC, through a participating lender or a participating mortgage broker, at the time of loan application. A list of such lenders and mortgage brokers are available online at: <https://www.idahohousing.com/homebuyers/find-a-lender-broker/>.

MCCs cannot be used with any mortgage loans supported by mortgage revenue bonds under Section 143 of the Code.

Banks, savings and loan associations, mortgage companies, and other approved financing institutions are invited to participate as lenders. Any lender who wishes to participate will be required to sign a Lender Agreement, which outlines the lender's review and reporting responsibilities. IHFA's list of participating lenders is available at:

<https://www.idahohousing.com/homebuyers/find-a-lender-broker/>. IHFA will assist lenders in their reporting and other responsibilities.

Each borrower may be charged up to \$300 as a MCC processing fee.

If you have any questions regarding the Mortgage Credit Certificate Program or want further information about the requirements for participating lenders, please contact the Idaho Housing and Finance Association, mail address: P.O. Box 7899, Boise, Idaho 83707-1899; physical address: 565 West Myrtle Street, Boise, Idaho, 1-855-505-4700 ext.4732 or 208-331-4732.