IOWA FINANCE
AUTHORITY

Take Credit
Mortgage Credit Certificate
Program Guide

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2015 Grand Avenue | Des Moines, Iowa 50312 | 515.725.4900 | 800.432.7230 | fax 515.725.4901 | IowaFinanceAuthority.gov
Terry E. Branstad - Governor | Kim Reynolds - Lt. Governor | David D. Jamison - Executive Director

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1. Introduction

The Iowa Finance Authority ('IFA") was created in 1975 by the Iowa Legislature for the purpose of providing decent, safe, affordable and sanitary housing for eligible Iowans. The Mortgage Credit Certificate (MCC) was authorized by Congress in the 1984 Tax Reform Act as a new method of enhancing housing affordability and promoting homeownership. Pursuant to Section 25 of the Internal Revenue Code of 1986, as amended (the "Code"), the Iowa Finance Authority ("IFA") may elect not to issue certain amounts of qualified mortgage bonds (which it could otherwise issue in a calendar year) and make up to 25% of such amounts available for Mortgage Credit Certificates.

The MCC is a federal income tax credit that is applied against the certificate holder's federal income tax liability. The amount of the credit is based on a percentage of the mortgage interest paid in a given tax year. This percentage is referred to as the "credit rate" and the Code permits IFA to establish the credit rate from 10% to 50%. For credit rates above 20%, the Code limits the amount of credit that can be taken in any taxable year to $2,000. The eligibility requirements for the MCC are generally the same as a Mortgagor must meet to qualify for financing through a mortgage revenue bond program such as IFA's FirstHome Program. Both the MCC and the qualified mortgage revenue bonds refer to Section 143 of the Code when defining Mortgagor eligibility. Therefore, IFA uses the same procedures for verification and determination of eligibility for MCCs as it does for its FirstHome Program.

A prospective purchaser of a new or existing single family residence may apply for an MCC through a Participating Lender as a part of the process of obtaining financing from the lender. Eligibility is verified by the Participating Lender at the time of financing approval. The Participating Lender reserves the MCC through IFA's Lender Online system and submits the application and eligibility documentation to IFA for review prior to closing. A preliminary determination of eligibility is performed by IFA and if an applicant appears eligible, IFA will provide a written Commitment of funds. After closing, the lender must upload documentation of the closing along with any outstanding items noted during the pre-closing review. Final eligibility is then determined and IFA issues the Mortgage Credit Certificate to an eligible Mortgagor following closing. The homeowner may then use the certificate to document eligibility for the tax credit when filing federal tax returns annually. An MCC will not be issued with respect to a Mortgage Loan that closed prior to receiving written approval from IFA in the form of a Notice of Commitment.

This Program Guide sets forth the administrative policies and procedures that will be used when IFA elects to make some of its private activity bond volume cap available for MCCs. Since the State of Iowa receives a limited amount of bond volume cap each calendar year, these policies are necessary to ensure equitable and timely use of resources for qualified homebuyers.

From time to time, this Program Guide may be amended by IFA in response to changing tax laws, market conditions or other factors. The Executive Director is authorized to approve changes to this Program Guide and such changes will be communicated through the issuance of revision pages. Revisions will be effective as of date of issue, or later date, as specified.

2. Benefit to Homebuyers

A. Amount of the Credit

The Mortgage Credit Certificate (MCC) is a federal tax credit against the amount of federal income taxes due from the Mortgagor. The amount of the credit is based on a percentage of the mortgage interest paid in a given tax year. IFA has established a credit rate of 50% for its program and each Mortgagor is, therefore, subject to a maximum of $2,000 of credit that can be taken in any taxable year.

The amount of tax credit taken in any given taxable year cannot exceed the Mortgagor's annual federal income tax liability after all other credits and deductions. The itemized deduction for mortgage interest is reduced by the amount of the MCC tax credit taken. Any unused credit will be a carryover to each of the 3 succeeding taxable years, subject to limitations in the Code capping the tax credit at $2,000 in any taxable year.

B. Reissuance at Refinance

The annual tax credit may be taken each year for the life of the original mortgage so long as the Mortgagor continues to occupy the property as a principal residence. The MCC may be re-issued if the Mortgagor refinances; however, the credit may not be taken beyond the term of the original mortgage. A certificate is considered validly re-issued only if all the following conditions are met:

1) The Mortgage being refinanced has a valid MCC at the time of closing on the financing for which the reissuance is requested,
2) IFA receives a complete application for reissuance within 45 days of closing on the financing for which the reissuance is requested,
3) The Mortgagor continues to meet all applicable requirements for use of the Mortgage Credit Certificate under the Code at the time the certificate is re-issued.

C. Transferability at Sale

Only with written approval from IFA, and with the satisfaction of certain conditions established in the Code, the MCC may be transferred in connection with purchase of the residence by a new homebuyer. A certificate that is transferred with the approval of IFA is a qualified mortgage credit certificate in the hands of the transferee only if all of the following conditions are met:

1) The transferee assumed liability for the remaining balance of the certified indebtedness amount in the connection of the residence from the transferor,
2) IFA issues a new certificate to the transferee,

3) The transferee meets the requirements of mortgage credit certificate eligibility under the Code at the time the new certificate is issued. For example, the acquisition costs for the property are within the purchase price limits at the time of the assumption, the transferee meets any income limits in place at the time of transfer, and any first-time homebuyer qualifications are met.

Lenders should notify IFA of any proposed assumption of a Mortgage Loan and transfer of MCC, and proceed through each of the steps outlined herein for obtaining an MCC, including completion of all required documents, as if the MCC were being issued for the first time.

D. Recapture Provisions

A portion of the federal subsidy provided by the MCC may be subject to "recapture" upon a disposition of the subject property. Three criteria will trigger recapture of the subsidy. All three criteria must occur in order for the recapture (subsidy repayment) to be required. The three criteria triggering recapture are:

1. Sale of the subject property within nine years;
2. Realization of a gain from the sale; AND
3. Household income increases more than 5% per year above the loan program limit in effect when the loan closed.

IFA requires execution of the **Homebuyer Document** (Form MCC02 - Exhibit C-2) which consists of a written statement informing the Mortgagor of the potential recapture of a portion of the federal subsidy pursuant to Section 143(m) of the Code. This statement must be executed by the Mortgagor and is a standard form required by IFA as a condition of issuing the certification.

3. Eligible Financing

An MCC may be issued only for a new mortgage and shall not be issued to a homebuyer who is refinancing an existing mortgage or land contract. If any Mortgagor has an ownership interest in the subject property to be financed, such financing will not qualify as a new purchase and, therefore, will not eligible for the MCC. A Mortgagor may not be issued an MCC in conjunction with a mortgage financed with tax exempt bonds, including IFA's FirstHome and FirstHome Plus Programs. However, the MCC may be used in conjunction with IFA's Homes for Iowans Program, Homes for Iowans Plus, and the Military Homeownership Assistance Program as well as other non-IFA first mortgage financing provided, however, that such financing is in the form of a 30-year fixed rate fully amortizing first mortgage loan and meets all other program requirements. Only one mortgage may be used to finance the subject property.

4. Homebuyer Eligibility

The Take Credit Program will be available only to borrowers making a new purchase occurring after the effective date of the Program for each allocation of funding by IFA who have met all other procedural

and eligibility criteria. The effective date of the 2016 Take Credit Program is January 11, 2016. The program shall not be available retroactively for home purchases that occurred prior to the effective date of any MCC allocation by IFA or for borrowers who did not receive a **Notice of Commitment** (MCC 04 – Exhibit C-4) for the MCC from IFA prior to closing. To be eligible to receive an MCC under Section 25 of the Code, a Mortgagor must meet each of the requirements set forth in subsections 4.A.-E.

A. First-Time Homebuyer

The Mortgagor must have the legal capacity to incur the obligations of the Mortgage Loan. The Mortgagor must qualify as a First-Time Homebuyer or meet one of two exceptions for veterans and individuals purchasing a home in a federally designated target area. A more detailed description of each of these categories is provided in the following paragraphs. To qualify as a First-Time Homebuyer a Mortgagor may not have had an ownership interest in a principal residence at any time during the three year period preceding the date of execution of the mortgage. This requirement applies to the persons who will execute the note establishing an interest in the property being financed.

Present ownership interest includes:

- A fee simple interest;
- An individual tenancy, joint tenancy, a tenancy in common, or a tenancy by the entirety;
- The interest of a tenant shareholder in a cooperative;
- A life estate;
- A land contract, under which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time;
- An interest held in trust for the Mortgagor (whether or not created by the Mortgagor) that would constitute a present ownership interest if held directly by the Mortgagor;
- An ownership interest in a mobile home that is taxed as real estate.

Interests that do not constitute a present ownership interest include:

- Remainder interest;
- An ordinary lease with or without an option to purchase;
- A mere expectancy to inherit an interest in a Principal Residence;
- The interest that a purchaser of a residence acquires on the execution of an accepted offer to purchase real estate;
- An interest in other than a Principal Residence during the previous three years (e.g. recreational/seasonal home); or
- An ownership interest in a mobile home which is not permanently attached to the land and is taxed as Personal Property.

Required Documentation of First-Time Homebuyer Eligibility

The Lender shall verify the First-Time Homebuyer requirement by obtaining from each prospective Mortgagor copies of the Mortgagor's signed tax returns which were filed with the Internal Revenue Service for the three years preceding the execution of the Mortgage and shall examine each return to determine whether the Mortgagor has claimed a deduction for taxes on real property which was the Mortgagors principal residence pursuant to Section 164(a)(1) of the Code, or a deduction pursuant to Section 163 of the Code for interest paid on a mortgage secured by real property which was the Mortgagor's principal residence. If such a deduction was claimed, the Lender must make additional investigations. In the event the tax returns do not include all information needed to determine first time homebuyer status, additional verification may be required. For example, in the instance that the borrower's current address is different from the prior year's tax return, a separate verification of rent may be required. Lender must also obtain and submit an **Affidavit of Purchaser** (MCC 01- Exhibit C-1), completed and fully executed by the Mortgagor and Lender which certifies that the Mortgagor meets the applicable eligibility requirements.

B. Exempt Veteran

A veteran who has been discharged with a status other than dishonorable and who has not participated in a qualified mortgage revenue bond program previously is exempt from the first-time homebuyer definition.

Required Documentation of Exempt Veteran Status

To verify a veteran's exemption from the first-time homebuyer requirement, the lender must obtain a DD-214 from the Veteran's Administration and submit such form to IFA with the Pre-Closing Compliance Package. Lender must obtain and submit an **Affidavit of Purchaser** (MCC 01- Exhibit C-1), completed and fully executed by the Mortgagor and Lender which certifies that the Mortgagor meets the applicable eligibility requirements.

C. Targeted Area

A Mortgagor purchasing a home in federally designated Target Area need not meet the definition of a First-Time Homebuyer. Current targeted area delineations throughout Iowa can be found on the IFA website at www.iowafinanceauthority.gov. Lender must obtain and submit an **Affidavit of Purchaser** (MCC 01- Exhibit C-1), completed and fully executed by the Mortgagor and Lender which certifies that the Mortgagor meets the applicable eligibility requirements.

D. Principal Residence/Occupancy Requirement

The Mortgagor must intend to occupy the financed dwelling as a principal residence immediately after the closing of the loan and must intend to maintain the property as his or her principal residence. A certification of owner occupancy must be executed by the Mortgagor in the **Purchaser's Affidavit (MCC 01)**. The Mortgagor must agree not to rent the subject property at any time during the term of the Mortgage Loan and must acknowledge and agree that the Mortgage Credit Certificate is not transferable, except with the written approval of IFA as described in section 2.C. herein. The Mortgagor must agree to notify the Authority at any time the subject property ceases to be the principal residence of the Mortgagor. The MCC is treated as revoked when the residence ceases to be the holder's principal residence, and the holder is no longer entitled to a federal income tax credit from and after such time.

E. Income Eligibility

The Mortgagor must meet the federal income limits for the program which are posted on the IFA website at www.iowafinanceauthority.gov. Income limits are published for each county in the state with separate limits for Mortgagors purchasing in federally designated target areas and are subject to change periodically. The income to be considered when determining eligibility is the gross annual income projected for the year following the date of the mortgage application. It must include the income for the Mortgagor and all title holders as well as the spouses of the Mortgagor and all title holders. The income of all Mortgagors, title holders and spouses must be verified and considered for the purposes of determining whether the income limits for the program have been exceeded, even if the income is not considered for credit underwriting purposes. The total annual gross income cannot exceed the applicable income limits provided on the IFA website.

Gross annual income includes projected income from:

- Salary, commissions, bonuses, tips, earnings from part-time employment;
- Interest, dividends, gains on sale of securities;
- Annuities, pension, royalties;
- Veterans Administration compensation, public assistance, social security benefits, unemployment compensation, and sick pay;
- Net rental income (including contract-for-deed income), income received from business activities or investments;
- Alimony, child support; and
- Estate or trust income.

Required Documentation of Income Eligibility

The lender must submit documentation of applicant income eligibility by gathering income verification for all Mortgagors, title holders and their spouses. The income of a Mortgagor's spouse must be included in the gross annual income for the MCC applicant, unless the Mortgagor is legally divorced from his or her spouse. The lender must submit a copy of a divorce decree signed by a judge in order to

be considered "legally divorced". A legal separation agreement or a petition for dissolution will not suffice. Verification of income may include but is not limited to copies of:

- Certified tax returns
- Verification of Employment
- Copies of paystubs
- Non-working – 1010 Warning Statement and past year IRS Transcript showing no record found
- Current award letter for Social Security, Supplemental Security Income, Pensions and Grants/Scholarships
- Child support stipulations, divorce decree
- 1099 for additional income

IFA, at its discretion, may require any other type of documentation it deems necessary to make an accurate determination of eligibility. An MCC will not be issued to applicants whose household income eligibility has not been adequately documented.

F. Payment of MCC Application Fee

The Mortgagor shall pay an application fee in accordance with the fee schedule provided as Exhibit B of this Program Guide. The application fee shall be collected by the Participating Lender and submitted by the Participating Lender to IFA at the time of the MCC request. The fee schedule is subject to change periodically at the discretion of IFA.

5. Property Eligibility

The residence for which the MCC is requested must be located in the State of Iowa. The issuance of a mortgage credit certificate may be connected to financing for any of the following property types:

- A single-family detached residence;
- A condominium unit;
- A manufactured home permanently affixed to a foundation and taxed as real estate;
- A modular home built to state building codes and delivered to the site in modular sections.

A. Ineligible Properties

A mortgage credit certificate may not be issued in connection with financing for the following property types:

- A unit in a Cooperative Corporation or a limited equity Cooperative Corporation;
- A property consisting of more than one residential unit;
- Recreational or seasonal home;
- A property intended to be used as an investment property
- A property where 15% or more of the total area of the property is used primarily in a trade or business in a manner which would permit the Mortgagor to take a deduction for any portion of

the costs of the property expenses incurred in connection with such trade or business use of the property on the Mortgagor's federal income tax return.
- An MCC cannot be issued to a homebuyer refinancing an existing mortgage or land contract.

B. Acquisition Cost Limit

Acquisition cost is the cost of acquiring an eligible property from the Seller as a completed residential unit. The acquisition cost of a property may not exceed the applicable limits posted on the IFA website at www.iowafinanceauthority.gov.

When determining whether a property is within the acquisition cost limit, include the following costs:

- All amounts paid either in cash or in kind by the Mortgagor (or by a related party for the benefit of the Mortgagor) to the Property Seller (or to a related party for the benefit of the Property Seller) as consideration for the property;
- All amounts paid by or on behalf of the Mortgagor and required to complete or repair a residence whether or not the cost of such completion or repairs is to be financed (which may be agreed upon beyond the contractually provided purchase price);
- The purchase price as well as all repair costs for FHA 203K Streamlined loans;
- For new construction the value of land, as determined by the appraiser, must be included if purchased less than 24 months prior to the date on which construction begins or through a non-arms length transaction;
- All special assessments paid or assumed by the Mortgagor.

When determining whether a property is within the acquisition cost limit, the following costs are not included except as indicated:

1. The usual and reasonable settlement and financing costs. Settlement costs include titling and transfer costs, title insurance, survey fees or other similar costs. Financing costs include credit reference fees, legal fees, appraisal expenses, permitted origination fees which are paid by the buyer (but not the seller, even though borne by the Mortgagor through a higher Purchase Price) or other costs of financing the residence. However, such amounts will be excluded in determining acquisition cost, for purposes of the Purchase Price limitation, only to the extent that the amounts do not exceed the usual and reasonable costs which would be paid by the buyer where financing is not provided in connection with an MCC Program. For example, if the purchaser agrees to pay to the seller more than a pro rata share of property taxes, such excess shall be treated as part of the acquisition cost of a residence, for purposes of the Purchase Price limitation.

2. The value of services performed by the Mortgagor or members of the Mortgagor's family in completing the residence. For purposes of the preceding sentence, the family of an individual shall include only the individual's brothers and sisters, spouse, ancestors and lineal descendants. For example, where the Mortgagor builds a residence with the help of family members, the acquisition cost includes the cost of materials provided and work performed by subcontractors (whether or not related to the Mortgagor) but does not include the imputed cost of any labor actually performed by the Mortgagor or a member of the Mortgagor's family in constructing the residence.
3. The cost of land which has been owned by the Mortgagor for at least two (2) years prior to the date on which construction of the residence begins.

C. Excess Property

A mortgage credit certificate may not be issued in connection with a financing that includes excess land beyond what is necessary to maintain the basic livability of the dwelling.

- The land being financed may not provide other than incidental income to the Mortgagor;
- The appraiser must state that the subject lot is not greater in size than other residential parcels in the community;
- The land may not comprise more than one parcel or be eligible for legal subdivision unless the appraiser states that the land is commensurate in size with other residential parcels in the community, and the Mortgagor must certify that he or she has no intention of selling or leasing any portion of the land being financed.

6. Participating Lender Eligibility & Terms

A. Eligibility Requirements for Lending Institutions

IFA will disseminate a summary of the Take Credit MCC Program to mortgage lenders operating within Iowa. Any lender that is legally authorized to make real estate mortgage loans in Iowa is eligible to participate in the Take Credit MCC Program provided they enter into and adhere to the Lender Participation Agreement (Exhibit A) with IFA. Lenders may become a Take Credit Participating Lender by submitting a fully executed Lender Participation Agreement to IFA and paying any required participation fee. Each participating lender shall pay a participation fee in accordance with the schedule provided as Exhibit B. The fee schedule is subject to change periodically at the discretion of IFA.

The MCC must be requested by the lending institution in whose name the loan closes and that entity must be registered as a Take Credit Participating Lender. The entity in whose name the loan closes is responsible for fulfilling all IRS reporting and recordkeeping obligations.

Prospective Mortgagors may contact a Take Credit Participating Lender directly, or may contact IFA for a list of Take Credit Participating Lenders. Prospective Mortgagors may request the MCC through any Take Credit Participating Lender.

B. Lender Compensation

The lender may collect compensation for costs incurred in processing the MCC in accordance with the fee schedule set forth as Exhibit B. This fee schedule is subject to change periodically at the discretion of IFA.

Unauthorized Compensation

Lender may receive fees approved in this Program Guide; however, lender shall not receive or demand from realtor, builder, property seller, or Mortgagor:

- Kickbacks;
- Commissions; or
- Other Compensation.

Lenders may not charge MCC applicants any other fees that are not charged to other Mortgagors, including, but not limited to, origination fees that are not charged to other Mortgagors for the same product. Applicants may be required to pay any fees that would be considered reasonable and customary for mortgages that are not in conjunction with an MCC.

C. Program Guide Adherence

This Program Guide, including subsequent changes and additions, is a supplement to the Lender Participation Agreement for Iowa Finance Authority's Mortgage Credit Certificate Program, as amended or supplemented, executed between the Lender and Iowa Finance Authority. It is incorporated into such Lender Participation Agreement by reference and is a part thereof as fully as if set forth in such Lender Participation Agreement at length.

Iowa Finance Authority reserves the right to:

- Alter or waive any of the discretionary requirements herein;
- Impose other or additional requirements;
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated; and,
- Grant waivers, alterations or make revisions at its sole discretion

D. Evidence of Misconduct Referred to Attorney General

Iowa Finance Authority will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of this program to the Iowa Attorney General's office for appropriate

legal action. If, after a certificate is issued, a Lender discovers any material misstatements or misuse of the program by the Mortgagor or others, the Lender shall promptly report such discovery to Iowa Finance Authority.

E. Termination of Lender Participation

IFA may terminate participation of any lender under the Mortgage Credit Certificate Program at any time and may preclude Lender's future eligibility for reasons including, but not limited to, noncompliance with:

- This Program Guide;
- The Lender Participation Agreement;
- The Federal Fair Housing Law and/or the Equal Credit Opportunity Act;
- Any federal or state laws or acts that protect the Mortgagor's rights with regard to obtaining financing for homeownership; and
- Other applicable state and federal laws, rules, and regulations.

7. Procedures for Issuance of MCC

A. Reservation of MCC Funding

The Mortgagor initiates the process by applying for financing from a Take Credit Participating Lender. The Take Credit Participating Lender preliminarily determines if the loan applicant is a likely candidate for an MCC, based on preliminary indications of income, prior home ownership, tax liability, and home purchase price. If the Lender determines that the borrower meets the applicable eligibility criteria for an MCC and the borrower has executed a bona fide purchase agreement for the subject property, the lender may reserve funds for the borrower when the loan is within 60 days of closing.

Any funds made available for Mortgage Credit Certificates will be posted in IFA's online lender portal, Lender Online, where Take Credit Participating Lenders must reserve the MCC on behalf of each eligible homeowner. New reservations will be accepted on a first-come first-serve basis and Lender Online will stop accepting new reservations once the available capacity has been exhausted. Reservations will expire after 60 days if no closing has been confirmed. The MCC capacity for any expired reservation will be automatically placed back in circulation by Lender Online and made available for new reservations.

The financing for which the MCC is being reserved must close during the reservation period. If the financing does not close within the reservation period, the borrower will lose the lock on the MCC funds and will be subject to IFA's Product Reservation and Rate Lock Policy with respect to re-locks. A re-lock shall be granted at IFA's sole discretion and only if funds are available. Only one re-lock request will be permitted per reservation.

B. Computation of the Mortgage Credit Certificate

The value of the MCC is computed by multiplying the applicable credit rate times the interest paid by the Mortgagor each year for the life of the mortgage up to 30 years. IFA has adopted a flat maximum mortgage credit rate of 50%. This means that a Mortgagor can claim an annual federal tax credit of up to 50% of interest paid during the tax year on the mortgage loan (subject to a maximum credit of $2,000 in any year). The lender shall provide this calculation to the borrower to demonstrate the benefit of applying for the MCC.

C. Lender Underwriting

The Participating Lender is responsible for ensuring adherence to normal underwriting procedures and determining general acceptability in accordance with applicable FNMA, FHLMC, FHA, VA and private mortgage insurance standards and underwriting guidelines. This includes performing the usual verifications for loan underwriting. In conjunction with the Lender's regular verification process, and under the terms of the Lender Participation Agreement with IFA, the Lender performs reasonable investigation as to whether the Take Credit MCC Program requirements have been met. The Lender may verify these facts at different times and in various ways, depending upon the Lender's particular procedures for processing loans.

D. Submission of the MCC Pre-Closing Compliance Package to IFA

Prior to the Mortgage Loan closing, and as early as possible in the loan processing, the Lender must upload all necessary documents to IFA via Lender Online. The necessary documents are listed on a Pre-Close Checklist and Transmittal form (MCC 06 – Exhibit C-6) which shall be available in Lender Online for use by Participating Lenders. This checklist may be updated from time to time and lenders shall use the version of the form available in Lender Online at the time of any submission. All documents listed on the checklist must be completed and signed where appropriate for the submission to be complete.

E. IFA Review of MCC Pre-Closing Compliance Package

Upon receipt of the uploaded Pre-Closing Compliance Package in Lender Online, IFA will review the package for completeness and determine whether or not all necessary verifications are present to confirm preliminary eligibility for the MCC. If the Pre-Closing Compliance Package is not complete, IFA will notify the lender of any outstanding conditions that must be met to receive a **Notice of Commitment** of funds. IFA will complete this review within 5 business days of receipt of the Pre-Closing Compliance Package.

F. IFA Notice of Commitment

If IFA determines the Pre-Closing Compliance Package is acceptable, IFA will send the Lender a written **Notice of Commitment** (MCC 04 – Exhibit C-4) by e-mail. Incomplete submissions will not receive a **Notice of Commitment** from IFA. A **Notice of Commitment** shall not be issued with respect to a Mortgage Loan that is closed before IFA has received the Pre-Close Submission Package with all items listed on the **Pre-Close Checklist and Transmittal form.** The **Notice of Commitment** constitutes a preliminary determination of borrower eligibility but is not a guarantee of issuance. Issuance of the MCC is contingent on final approval upon satisfaction of all pre and post-close compliance conditions.

The MCC reservation completed by the Lender in Lender Online reserves the estimated mortgage amount for a particular borrower. The Lender should immediately notify IFA if the anticipated amount of the Mortgage is expected to increase and thus exceed the Certified Indebtedness Amount indicated in the **Notice of Commitment**. If unreserved amounts are still available, the Commitment may be amended to provide for the increased amount of the Mortgage.

An executed Commitment remains valid for the later of the expiration of the initial reservation period or thirty (30) days after loan closing; provided, however, that no Commitment may extend beyond the last date on which IFA may issue MCCs pursuant to a specific election under federal law. A reservation for which a complete post-close package is not received by IFA (including satisfaction of all conditions for approval), prior to expiration of the Commitment will be cancelled. The Commitment Notice shall not be interpreted as an extension of the reservation period. The subject financing must close within the reservation period. The Commitment Notice holds funds for up to 30 days *after* closing, provided the subject financing closes within the reservation period, to allow time for submission of the post-closing documents. Commitment extensions may be granted in accordance with IFA's Product Reservation & Rate Lock Policy and at IFA's sole discretion if funding is available. If granted by IFA, commitment extensions shall be subject to the fee schedule included as Exhibit B and no more than one 30-day extension shall be permitted per reservation.

G. Post-Closing Compliance Submission

The lender must submit all items required for final approval and issuance of the MCC during the commitment period. As soon as possible after closing, the Lender uploads all required documents to IFA in Lender Online. The lender shall report to IFA any changes that have occurred since the issuance of the Commitment. The documents required by IFA post-closing are listed on the **Post-Close Checklist and Transmittal** (MCC 07) available to the Lender in Lender Online. This checklist may be updated from time to time and lenders shall use the version of the form available in Lender Online at the time of any submission. If final documents, including satisfaction of all outstanding pre- and post-close conditions, are not received by the expiration of the Commitment, including any extensions that may have been granted, the reservation will be canceled with no further opportunity for issuance of the MCC.

H. IFA Issuance of MCC

Upon determination of final eligibility, IFA shall provide to the Mortgagor the executed **Mortgage Credit Certificate** and provide a copy to the Lender. The **Mortgage Credit Certificate** shall specify the Certified Indebtedness Amount and the applicable Credit Rate. An MCC shall not be issued with respect to a Mortgage Loan that is closed prior to receiving a **Notice of Commitment** from IFA.

I. Revocations

Automatic revocation occurs when the residence with respect to which the MCC was issued ceases to be the MCC holder's principal residence. A Mortgagor will have their MCC revoked if the Mortgagor does not meet the requirements for a qualified MCC. Revocation will occur upon the discovery of any material misstatement, whether negligent or fraudulent.

8. Record Keeping and Federal Report Filing

The following records and reports are required for the MCC Program:

1. The originating Lender must file an annual report using IRS Form 8329.
2. For six (6) years, the originating Lender must retain:
   a. Name, address, TIN (social security number or tax identification number) of the MCC Holder.
   b. Name, address, TIN of IFA.
   c. Date the Mortgage Loan was closed, Certified Indebtedness Amount, and Mortgage Credit Certificate Rate, as specified on the Mortgage Credit Certificate.
3. IFA must make quarterly reports on IRS Form 8330 and additional annual reports. The reports must include:
   a. Name, address, TIN of IFA.
   b. Date of election.
   c. The sum of the products of the Certified Indebtedness Amount and the Mortgage Credit Certificate Rate for each MCC.
   d. Name, address, TIN of each MCC holder where an MCC was revoked.
   e. Annually, the Number of Mortgage Credit Certificates by Income and Acquisition Cost Table required by federal IRS reporting regulations.
   f. Annually, the Volume of Mortgage Credit Certificates by Income and Acquisition Cost as required by IRS reporting regulations.

Glossary of Terms

TERM	DEFINITION
Take Credit Participating Lender	An entity authorized to engage in the business of making loans of the general character of Mortgage Loans and meeting the qualifications for a Take Credit Participating Lender set forth in the Program Guide and Lender Participation Agreement.
Maximum Household Income Limit	The maximum Annual Family Income permitted by the Program of an Eligible Mortgagor. Updated Maximum Household Income Limits will be posted on the IFA website at www.iowafinanceauthority.gov.
Maximum Purchase Price	The Maximum Purchase Price means the maximum acquisition cost permitted by the Program for an eligible Mortgagor. Updated Maximum Purchase Price limits will be posted on the IFA website at www.iowafinanceauthority.gov.
MCC	Mortgage Credit Certificate.
Mortgage	The written instrument securing the related Mortgage Loan and encumbering a Single-Family Residence.
Credit Rate	The percentage of mortgage interest to be used in calculating the amount of the tax credit for a given certificate holder. The credit rate is specified by IFA in the Mortgage Credit Certificate in accordance with the Program Guide.
Mortgage Loan	A mortgage loan to an Eligible Mortgagor evidenced by a Mortgage Note secured by a related Mortgage on a Single-Family Residence located in the State to which a Mortgage Credit Certificate applies.
Mortgage Note	The written instrument executed to evidence the Mortgagor's obligation to repay the Mortgage Loan.
Mortgagor	A person who has a present Ownership Interest in a Single-Family Residence subject to the related Mortgage and/or executes the Mortgage.
Ownership Interest	Ownership by any means, whether outright or partial, including property subject to mortgage or other security interest. Ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common,

	or tenancy by the entirety; the interest of a tenant-shareholder in a cooperative; a life estate; a land contract; an interest held in trust for the mortgagor (whether or not created by the mortgagor) that would constitute a present ownership interest if held directly by the mortgagor.
Principal Residence	A property used as the primary domicile of the owner-occupant Mortgagor and his/her household.
Program	The Iowa Finance Authority's Take Credit Mortgage Credit Certificate Program as administered pursuant to this Program Guide and the rules of IFA.
Program Guide	This document describing the Take Credit Mortgage Credit Certificate Program and procedures for obtaining a Mortgage Credit Certificate, as amended and supplemented from time to time.

Exhibit A

TAKE CREDIT MORTGAGE CREDIT CERTIFICATE PROGRAM

Lender Participation Agreement

THIS AGREEMENT made and entered into as of the _____day of _____, 20_____, by and between the IOWA FINANCE AUTHORITY, an agency and instrumentality of the State of Iowa (hereinafter referred to as the "Authority" or "IFA") and _____ (hereinafter referred to as the "Lender").

WITNESSETH:

WHEREAS, the Take Credit Mortgage Credit Certificate (hereinafter referred to as "MCC") Program under Section 25 of the Internal Revenue Code of 1986 as amended (the "Code") provides a means of assisting qualified individuals with the acquisition of new and existing single family housing; and

WHEREAS, pursuant to Chapter 16 of the Code of Iowa 2011, as amended, the Authority is authorized to issue MCCs and administer the Take Credit MCC Program for the State of Iowa; and

WHEREAS, by resolution adopted September 5, 2012, the Authority has established the Take Credit MCC Program; and

WHEREAS, the Lender wishes to participate in the Take Credit Mortgage Credit Certificate Program administered by the Authority, consistent with the terms of this Agreement, the requirements of the Code, and the requirements set forth in the Authority's Take Credit Mortgage Credit Certificate Program Guide, as amended (the "Program Guide");

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 receipt and processing of applications from customers of the Lender for MCCs under the Take Credit MCC Program.

2. The Lender will make information regarding the Take Credit MCC Program available to potential Mortgagors. The Lender will process and review the application of any potential Mortgagor in order to determine eligibility for the Program, consistent with applicable requirements of the Code and the Program Guide.

3. The Lender will obtain from the Mortgagor all documents and information required for the application for and receipt of an MCC as directed by IFA.

4. The Lender will perform all investigation and verification that it would normally perform for underwriting of any financing 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 Take Credit MCC Program, including those imposed by temporary and permanent regulations issued pursuant to the Internal Revenue Code and IFA eligibility requirements detailed in the Program Guide.

6. The Lender warrants that it is familiar with the Internal Revenue Code and all temporary and permanent regulations issued pursuant thereto applicable to the Take Credit MCC Program as well as all provisions set forth in the Program Guide. The Lender hereby agrees to comply with all provisions of the Internal Revenue Code, state law, and applicable regulations and guidelines, including but not limited to the Program Guide and accompanying Program Documents currently in effect or that may become effective in the future.

7. The Lender hereby agrees to comply with all data and record retention and all reporting requirements applicable to the Take Credit MCC Program which are required by the Code, all temporary and permanent regulations, state law, and IFA guidelines, including but not limited to the Program Guide and Program Documents currently in effect or that may become effective in the future.

8. 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 Mortgage Credit Certificate and the Take Credit MCC Program. The Lender hereby agrees to grant the Authority and its agents access to such books and records during normal business hours upon its request.

9. Except as provided in Paragraph 10 of this Agreement, the Lender will charge

a potential Mortgagor applying for an MCC only those fees for processing of the financing as would be charged to a potential Mortgagor applying for financing not provided in connection with an MCC.

10. The lender may collect compensation for costs incurred in processing the MCC in accordance with the fee schedule set forth as Exhibit B. This fee schedule is subject to change periodically at the discretion of IFA. The lender shall remit the borrower's application fee to IFA with the MCC request. For those MCCs requested in conjunction with an IFA first mortgage, the borrower's application fee shall be waived.

11. The Agreement shall remain in full force and effect until the earlier of one year or until terminated. The Lender or IFA may terminate this Agreement without cause, upon sixty (60) days written notice to the other. Further, IFA may immediately terminate this Agreement and prohibit the Lender from participation in the Take Credit MCC Program upon the Lender's failure to comply with the terms and conditions of this Agreement, the Code, or the Program Guide, effective upon written notice from the Authority. No amendment to this Agreement shall be effective unless in writing and signed by both parties hereto; provided, however, the Authority may change the Program Guide at any time in its sole discretion without consent of the Lender.

12. The Lender hereby agrees that repayment of any loan made in conjunction with the MCC Program is the responsibility of the Mortgagor and payment of such loans does not constitute an indebtedness of IFA or a charge against its general credit or other assets of the State of Iowa.

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

_____
(Lender)

By: _____
(Type Name under Signature)

Its: _____
(Type Title)

IOWA FINANCE AUTHORITY

By: _____
Authorized Representative
Mortgage Credit Certificate Program

Lender Address: _____
City: _____
Telephone Number: (___) ___-____
Fax Number: (___) ___-____
Contact Person: _____
E-Mail Address: _____

Exhibit B

2016 Fee Schedule

Take Credit Fee Schedule Effective January 2016	
Participating Lender Sign-Up Fee	• **Current IFA Participating First Mortgage Lenders - $250 per institution plus $150 for each additional branch location** • **Lenders Not Participating with IFA's First Mortgage Financing Programs - $550 per institution plus $150 for each additional branch location**
Lender MCC Processing Fee	**Up to $250 may be charged to the borrower and retained by the lender for actual costs incurred in processing the MCC**
Lender Financing Fees	**Lenders fees are limited to those charges that are reasonable and customary as defined in 26 CFR Chapter I**
Reservation Re-Lock Fee	**$100 per 10-day re-lock**
Commitment Extension Fee	**$200 per 30-day extension**
***Borrower Application Fee**	**$350 per application** ***This fee shall be waived if the borrower uses an IFA first mortgage product.**
Borrower Re-Issuance Fee	**$400 per application for re-issuance of an MCC**
MCC Replacement Fee	**$400 per replacement of an original MCC**

Exhibit C – Take Credit Forms

Exhibit C-1

Take Credit – Mortgage Credit Certificate Program

AFFIDAVIT OF PURCHASER & LENDER CLOSING CERTIFICATION

The home I am (we are) purchasing (the "Residence") is being financed with funds made available through the sale of tax-exempt bonds issued by the Iowa Finance Authority ("IFA"). IFA is relying upon this affidavit in determining that this transaction qualifies for tax-incented financing.

1. "First-time" Homebuyer Requirement - Check the applicable statement:

☐ a. I (we) have not had an ownership interest in real property which I (we) have occupied as a primary residence in the last three full years. Examples of an ownership interest include the following: (a) a fee simple interest (b) a joint tenancy, a tenancy in common, a tenancy by the entirety, or a community property interest (c) the interest of a tenant-shareholder in a 'cooperative (d) a life estate (e) a land contract or contract for deed (i.e. a contract pursuant to which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time) (f) an interest held in trust for the mortgagor (whether or not created by the mortgagor) that would constitute a present ownership interest if held directly by the mortgagor (g) a lease with an option to purchase for a nominal sum and (h) an interest in a mobile home that is permanently affixed to the land.

☐ b. I (we) am exempt from "first-time homebuyer requirement" due to discharge other than dishonorable from United States military service and have not previously received financing under the FirstHome Program or similar program for financing the acquisition of a residence with funds made available through tax-exempt financing. I (we) have attached to this Affidavit a numbered Certificate of Service or Discharge from Active Duty, DD Form 214, or equivalent, issued to _____.

☐ c. The home we are purchasing is home is located in a federally Targeted Area and I am not required to be a "first-time" buyer.

2. The copies of federal tax returns delivered by me (us) to the lender are true, correct and complete copies of the returns they purport to be. I (we) have signed IRS form 4506 authorizing IFA and/or lender to verify pertinent tax information. Alternatively, if I (we) was (were) not required to file a federal income tax return for any or all of the previous tax years, I (we) have attached to this Affidavit an explanation detailing the reasons why such filing was not required. _____*(Borrower/Co-Borrower Initials, if applicable)*

3. My (our) current gross annual family income is below the applicable program income limits of $_____. Family income is the total income for any mortgagor, defined as any person required to execute the mortgage, titleholder and titleholder's spouse.

4. The acquisition cost of $_____ for the Residence is not greater than the applicable purchase price limits of (check one): ____$250,000 for Non-Targeted Areas OR ____$305,000 for Targeted which includes the cost of the land and any improvements purchased in connection therewith, any attached items such as floor covering, curtain rods and light fixtures, and any services and additions furnished by third parties required to complete the Residence. All non-attached fixtures and other items of moveable personal property, which have been included in the contract price of the Residence, have been deducted in computing the acquisition cost.

a. If the Residence is purchased subject to a ground lease, the acquisition cost includes the capitalized value of the ground rent.

b. If the Residence has been built or is to be built on land owned by the purchaser less than two years prior to the date on which construction of the Residence begins, the acquisition cost includes the cost of the land.

5. The Residence I am (we are) purchasing is a single-family residence, located in the state of Iowa, which I (we) intend to use as my (our) primary residence within 60 days of today and not more than 15% of the Residence will be used in any trade or business. The land to be purchased as part of the Home is included with and appurtenant to the improvements purchased as part of the Home.

SAMPLE FORM

The quantity of land is not in excess of that necessary to maintain the basic livability of the Home, is not excessive when compared with lot sizes of residences in the area, and will not provide, other than incidentally, a source of income.

6. I (We) understand that in accordance with §1.25-4T the credit provided does not apply to interest paid or accrued following the revocation of a mortgage credit certificate. A certificate is treated as revoked when the residence ceases to be the holder's principal residence. IFA may revoke a mortgage credit certificate if the certificate does not meet all the requirements of §1.25 3T (d), (e), (f), (g), (h), (i), (j), (k), and (n). The certificate is revoked by IFA's notifying the holder of the certificate and the Internal Revenue Service that the certificate is revoked. I (we) certify that I (we) will promptly notify IFA in writing if the Residence ceases to be my (our) principal residence.

7. I (We) understand that the lender will determine my eligibility to receive my Loan and that IFA will not be involved in the credit underwriting process. I further understand that IFA does not and will not certify that the property is free of defects or make any representations as to its condition.

8. I (We) certify that a person related to me does not have, and is not expected to have, an interest as a creditor in the certified indebtedness amount. I (We) understand that a mortgage credit certificate issued in connection with a mortgage in which a person related to me has or expects to have an interest as a creditor in the certified indebtedness amount must be revoked by IFA.

9. I (We) understand that IFA is relying upon the information and certifications herein and in the other documentation and certifications provided by me (us) to the lender in connection with the mortgage loan for the Residence. I recognize and understand that a material misstatement negligently or falsely made in this affidavit may constitute a default under the mortgage note, and that in the event of such a default or any other default under the mortgage note, the mortgage lender or the servicer may exercise any remedy under the mortgage note and that such false statement may constitute fraud punishable in accordance with the laws of the United States and the State of Iowa. It is a federal offense punishable by a maximum of a $5,000 fine, two years imprisonment, or both, knowingly to make a false statement in this affidavit (Title 18 United States Code, Section 1014)

The Purchaser declares, swears and affirms under penalty of perjury that the representations or warranties in this Affidavit are true and correct.

_____

Property Address: House, Street, Unit, City, State, Zip

_____

Signature Date Printed Name

_____

Signature Date Printed Name

STATE OF IOWA)
)SS.
COUNTY OF _____)

Subscribed, sworn to and acknowledged before me this _____ day of _____, 20_____.

NOTARY PUBLIC in and for said State _____

My Notary Number _____ _____

My Commission Expires _____ Printed Name (or stamp/seal)

SAMPLE FORM

Take Credit – Mortgage Credit Certificate Program
LENDER CLOSING CERTIFICATION

_____ (the "Lender") states that it has received and reviewed the loan application and Purchaser Affidavit submitted in connection with financing (the "Mortgage Loan") of the purchase of a single-family residence (the "Residence") located at _____;
_____, Iowa in the County of _____ by:

Borrower Name	Co-Borrower Name
Former Address	Former Address
Social Security Number	Social Security Number

who shall be referred to as the "Mortgagor".

The Lender hereby certifies the following:

1. Lender has obtained true and complete fully executed copies of the Mortgagor's Federal income tax returns for the three-year period prior to the date of loan closing and all other verification of borrower eligibility as deemed necessary by the Iowa Finance Authority.

2. Lender is not aware of any facts or circumstances that calls into question the truth or accuracy of any documents executed and submitted to the Iowa Finance Authority in connection with this application for mortgage credit certificate.

3. After completion of all underwriting, investigation, and verification, the Lender has approved the mortgage loan in the amount of $_____.

4. After reasonable investigation, the Lender hereby certifies that the residence is a (check one): ☐ new, never occupied or ☐ existing, previously occupied single family residence located in the State of Iowa, and is reasonably expected to become the Mortgagor's principal residence within sixty (60) days after the Mortgage Loan closing.

5. Lender has charged the Mortgagor only reasonable and customary fees for processing of the financing as would be charged to a potential borrower applying for financing not provided in connection with a Mortgage Credit Certificate.

_____
Name of Lending Institution

_____
Name & Title of Authorized Representative

_____
Signature of Authorized Representative

_____
Date

SAMPLE FORM

Exhibit C-2

Home Buyer Document

Notice of Potential Recapture

As the recipient of a mortgage credit certificate, you are receiving the benefit of a tax credit equal to a portion of the interest you have paid on your mortgage. If you sell or otherwise dispose of your home during the next nine years, this benefit may be "recaptured."

The Internal Revenue Service (the "IRS") recaptures this benefit by increasing your federal income tax for the year in which you sell your home (the "Recapture Tax"). You must pay the Recapture Tax, however, only if you sell your home at a gain and if your income increases above specified levels.

You may wish to consult a tax advisor or the local office of the IRS at the time you sell your home to determine the amount, if any, of the recapture tax.

Notice to Buyers as to Assumption of Mortgage

As the recipient of a mortgage credit certificate, you are receiving the benefit of a tax credit equal to a portion of the interest you have paid on your mortgage. If you sell your home to a party eligible under the IFA's guidelines for this Program and allow the buyer to make your payments for you (assume your loan), you may request that IFA transfer the benefit of the mortgage credit certificate to the purchaser of your home. If the buyer qualifies and IFA issues a new mortgage credit certificate, the benefit may be passed on to the new homeowner.

In general those requirements for transfer of the mortgage credit certificate benefits upon assumption of the loan are:

i. the purchaser intends to occupy the residence as a principal residence within 60 days after the assumption;
ii. the purchaser had no present ownership interest in a principal residence at any time during the three- year period prior to the date on which the mortgage is assumed, unless the home is in a Targeted Area or the purchaser is an exempt Veteran (defined in the Affidavit of Purchaser, MCC 01 document);
iii. the purchase price of the residence paid by the purchaser does not exceed the applicable limits set by the IFA; and
iv. the purchaser has an income which does not exceed the then current applicable limits set by the IFA.

Purchaser signature(s) Date

Printed name(s)

SAMPLE

Exhibit C-3

Take Credit – Mortgage Credit Certificate Program
SELLER'S AFFIDAVIT AND CERTIFICATION

The undersigned, being first duly sworn under oath, hereby states and certifies that:

(1) Seller of Home I am the present owner and seller of a home located at:
_____in_____, _____, Iowa,
(Property Address) (City) (County)
(hereinafter referred to as the "Home"), to be purchased by

_____(the "Purchaser").

(2) Selling Price The acquisition cost of the Home, which includes the amounts set forth in the following paragraph, is not greater than $_____. The purchase agreement and any other contracts or agreements in connection with the purchase and occupancy of the Home, between myself, or anyone acting (directly or indirectly) on my behalf, and the Purchaser, or anyone acting (directly or indirectly) on the Purchaser's behalf, are attached to this Affidavit.

I understand that for the purposes of the foregoing the acquisition cost of the Home includes: (a) All amounts paid, either in cash or in kind, by the Purchaser (or a related party or for the benefit of the Purchaser) to me as seller (or a related party or for the benefit of me as seller) as consideration for the Home and related land; (b) If the residence is incomplete, the reasonable cost of completing the residence, whether or not the cost of completing construction is to be financed with proceeds of the Purchaser's mortgage loan; (c) Where the residence is purchased subject to ground rent, the capitalized value of the ground rent; and (d) The cost of all fixtures, such as wall-to-wall carpeting, light fixtures and curtain rods, but not personal property purchased from me for fair market value.

I have not received and will not receive any consideration for the Home, including related land and fixtures, in excess of the aforesaid selling price.

(3) Purchaser's Interest in Home Other than the interest the Purchaser has obtained as a result of the purchase agreement and other than any interest obtained through temporary initial financing of construction of the Home with a term not in excess of 24 months, the Purchaser has no current ownership interest in the above-described property (by reason of a contract for deed, land contract, or otherwise).

_____	_____	_____
Printed Name Seller	Signature Seller	Date
_____	_____	_____
Printed Name Seller	Signature Seller	Date

STATE OF IOWA)
)SS.
COUNTY OF _____)

Subscribed, sworn to and acknowledged before me this _____ day of _____, 20_____.

Notary Public in and for said State _____
My Notary number _____ Signature

_____
My commission expires_____ Printed Name (or stamp/seal)

SAMPLE

Exhibit C-4

IOWA FINANCE AUTHORITY

Take Credit Mortgage Credit Certificate Program

NOTICE OF COMMITMENT

TO: {Lender}
{Address}
{City, State, Zip}

On Behalf of Mortgagor: {Mortgagor Name}
{MCC Reservation#}

The Iowa Finance Authority (IFA) hereby issues a commitment of capacity under its Take Credit Mortgage Credit Certificate Program for the Mortgagor's acquisition of a (check one): ☐ new, never occupied or ☐ existing, previously occupied single family residence located at:

_____
Street Address

_____
City, State, Zip

_____
County

COMMITMENT AMOUNT

This Commitment authorizes a certified indebtedness amount of $_____.

COMMITMENT TERM

This Commitment has been issued on _____ and will expire on _____, or on the date which is 30 days after loan closing, whichever is earlier.

CONDITIONS OF COMMITMENT

This Commitment has been issued in reliance upon the certifications contained in the executed form 1003, the Affidavit of Purchase (Form MCC01), the Seller's Affidavit & Certification (MCC03), and the Lender Participation Agreement stating that the requirements for issuance of a qualified Mortgage Credit Certificate (MCC) have been met. If IFA becomes aware of any change in the circumstances under which the Commitment was issued, or a material misstatement made in the aforementioned forms, this Commitment shall be revoked.

ISSUANCE OF MCC

An MCC will be issued only upon IFA's verification of the closing of the Mortgage Loan within the Commitment Term and receipt and approval of the post-closing transmittal and all required attachments.

IOWA FINANCE AUTHORITY

By: _____
Authorized Representative

Exhibit C-5

Mortgage Credit Certificate

Iowa Finance Authority
2015 Grand Avenue
Des Moines, Iowa 50312

Certificate Number:
Election Date: 12/23/2015

52-1699886

Holder's Name(s): Borrower Name
CoBorrower Name

Holder's TIN(s): Borrower SSN
CoBorrower SSN

Holder's Address: Property Street
City, Iowa, Zip Code

Lender's Address: Lender Name
Lender address
City, State, Zip code

Certificate Credit Rate: 50%

Certified Indebtedness Amount:

Expiration Date:

This Certificate shall expire upon the earlier of (i) the Expiration Date shown above or (ii) repayment of the Certified Indebtedness Amount. This Certificate shall be deemed revoked if the Residence ceases to be the principal residence of the Holder. This certificate may be revoked if the Issuer finds that the Holder does not meet the requirements of §1.25-3T (d), (e), (f), (g), (h), (i), (j), (k), and (n).

This Certificate is not transferable without the prior written approval of the Issuer and only if the Issuer executes a new Mortgage Credit Certificate to a qualified transferee who assumes the remaining Certified Indebtedness Amount.

This Certificate has been issued in reliance upon the Affidavits of the Holder and the Lender certifying that all conditions required for the issuance of a qualified Mortgage Credit Certificate have been met.

If the Certificate Credit Rate shown above is higher than 20%, the annual credit claimed under this Certificate cannot exceed $2,000.

I understand that the calculation to determine my annual tax credit under this Certificate will be calculated pursuant to IRS Form 8396 and instructions for such form.

If the Issuer becomes aware that a material misstatement, either negligent or intentional, has been made in connection with the Holder's application for the Certificate, this Certificate shall be revoked. Further, if such misstatement shall be due to fraud, this Certificate shall automatically be null and void without any need for further action on the part of the Issuer.

Under penalty of perjury, I hereby declare that to the best of my knowledge and belief, the determinations specified in paragraphs (d), (e), (f), (g), (h), (i), (j), (k), and (n) of Section 1.25-3T of the Regulations have been made.

Seal

IOWA FINANCE AUTHORITY

Authorized Representative
Take Credit MCC Program

Form MCC 05
Distribution-
Copy: IFA
Copy: Lender
Original: Mortgagor

SAMPLE

Exhibit C-6

TAKE CREDIT PROGRAM

Pre-Close Compliance Review Checklist & Transmittal

IFA Loan #:_____Anticipated Close Date: _____

Mortgagor Name: _____

Mortgagor Email: _____

Lender Institution: _____ Lender Contact: _____

Lender Branch Address: _____

Lender Phone:_____ Email: _____

Upload Adobe documents to Compliance Review via Lender Online E-documents. Include complete executed documents for single submission to IFA. *IFA recommends submission of Pre-Close Compliance Review package when loan is submitted for underwriting decision. Advance review by IFA will allow the lender opportunity to obtain necessary documentation prior to closing.*

1. Package to include only Take Credit documentation.
2. Please allow at least 5 business days processing time.
3. Commitment from IFA and MCC-09 Invoice and Borrower Application Fee(if applicable) required prior to closing. **A loan closed without a written commitment notice from IFA will not be eligible for the MCC.**

Property Eligibility

☐Purchase Agreement with all addenda

☐Third Party Valuation of any personal property to be acquired as part of the purchase agreement

☐Appraisal Report (1004) and all addenda

Borrower Application Fee

☐Homes for Iowans/Homes for Iowans Plus, fee waived **OR** ☐ Other Financing

☐MCC09-Invoice MCC-09 Invoice and $350 Fee mailed to IFA on:_____

Home Buyer Eligibility

☐Application – 1003 (Signed and dated by lender and applicants.

☐Annual Family Income: $_____ Applicable Income Limit: $_____

☐Verification of Income

Eligible Homebuyer Status (Check One):

☐First Time Home Buyer ☐Exempt Veteran ☐Targeted Area Purchase

For First Home Buyer

☐Federal Tax Returns last 3 years for all borrowers, spouses or other title holders: (1040; 1040A;1040EZ; IRS letter filed A or EZ; or IRS "Return Transcript" or "Record of Account"). If tax return not filed, provide IRS "Return ☐Transcript" with "No Record Found".

☐Lease agreement if current residence or mailing address indicates subject property.

☐Verification of Rent (if needed to document any period in the last 3 years e.g. missing tax returns)

OR For Exempt Veteran

☐DD 214 Attached for Section 1.b veteran exemption

☐MCC 01 Affidavit of Purchaser

☐MCC 02 Home Buyer Document

☐MCC 03 Seller's Affidavit and Certification

SAMPLE

Exhibit C-7

TAKE CREDIT PROGRAM

Post-Close Checklist & Transmittal

IFA Loan # :_____Lender Contact: _____

Mortgagor:_____Lender Institution: _____

Lender Phone: _____Email: _____

Please upload Adobe documents to IFA via Lender Online E-Documents (package #1) as soon as possible following closing.

IMPORTANT NOTE: Funds for the Take Credit Program are limited. Timely submissions are necessary to ensure availability of the mortgage credit certificate for the amount reserved and committed. All pre and post close conditions must be satisfied by the commitment expiration or 30 days after loan close, whichever is later. If not submitted within the above dates, the mortgage credit certificate may be cancelled.

☐ **Note**

☐ Notarized Name Affidavit &/or lender Property Address Certification (if borrower executes in different variations or property address is not the same on all documents)

☐ **Mortgage**

☐ **HUD-1** copy with all parties' signatures

☐ **Warranty Deed** copy sent for recordation. All title holders must meet compliance requirements.

☐ **Iowa Title Guaranty Commitment**

☐ **Mortgage Insurance/Government Commitment**

☐ **Other** _____ (Specify)

☐ **Other** _____ (Specify)

☐ **Other** _____ (Specify)

SAMPLE

SAMPLE

IOWA FINANCE
AUTHORITY

Exhibit C-8

Date: 00/00/00

TO: Last Name, First Name

RE: Notice to Mortgage Credit Certificate Holders

Thank you for choosing an Iowa Finance Authority (IFA) program to purchase your home! IFA is a self-funded state agency created by the Iowa Legislature with the mission of advancing affordable homeownership opportunities for Iowans. We are please you have joined the thousands of Iowans who have selected IFA's homeownership programs as their best choice for purchasing a home.

Enclosed please find your mortgage credit certificate (MCC). Please keep this document in a safe place. It should be presented each year to the individual preparing your Federal Income Tax return for use in calculating the given years' tax credit. The original must be surrendered to IFA as part of any application for re-issuance if you want to continue to use the MCC following a future re-finance of your mortgage.

Please note that your MCC may be subject to Federal "recapture" tax. This is because you are receiving the benefit of a federal tax credit that is restricted by Section 143 of the Internal Revenue Code. If "recapture" applies you may have an increase in your federal income tax in the year in which you sell your home. **NOTE**: Federal "recapture" tax applies only to borrowers who meet **all** of the following three criteria:

1) The sale of your home within nine years from the date of closing, referenced in the Recapture Tax Addendum, AND
2) The realization of a gain from the sale of referenced home (after deducting the cost of improvements and selling costs), AND
3) An increase in income above Internal Revenue Service specified levels.

In accordance with Internal Revenue Service guidelines, we are providing the information on the attached "Recapture Tax Addendum" for use by your tax preparer when calculating the potential increase in tax due to the "recapture" from the associated mortgage credit certificate.

We want your feedback! We would appreciate your honest feedback in order to better serve Iowa home buyers by participating in a short survey: www.SurveyMonkey.com/IFA. Survey participants are automatically entered in a monthly drawing for a $50 gift card to LOWE's.

Recapture Tax Addendum

Name: Last Name, First Name

Address of Residence: Address

City, State, Zip

Mortgage Loan Amount: $ 00,000.00

Mortgage Loan Closing Date: 00/00/00

Loan Number: 000000000000

Federally Subsidized Amount:

Original Loan Amount		Federally Subsidized Amount
$ 00,000.00	X 6.25%=	$ 0,000.00

Adjusted Qualifying Income

County/MSA: County name Targeted or Non-Targeted (T or N): N

	Holding Period Percentage	Adjusted Qualifying Income Number of Family Members Living in Your Home at the Time of Sale	
Date That You Sell Your Home		2 or Less	3 or More
Before the first anniversary of closing*	20%	$ 72,900	$ 83,835
On or after the first anniversary of closing, but before the second anniversary of closing*	40%	$ 76,545	$ 88,026
On or after the second anniversary of closing, but before the third anniversary of closing*	60%	$ 80,372	$ 92,427
On or after the third anniversary of closing, but before the fourth anniversary of closing*	80%	$ 84,390	$ 97,048

SAMPLE

On or after the fourth anniversary of closing, but before the fifth anniversary of closing*	100%	$ 88,609	$101,900
On or after the fifth anniversary of closing, but before the sixth anniversary of closing*	80%	$ 93,039	$106,995
On or after the sixth anniversary of closing, but before the seventh anniversary of closing*	60%	$ 97,690	$112,344
On or after the seventh anniversary of closing, but before the eighth anniversary of closing*	40%	$102,574	$117,961
On or after the eighth anniversary of closing, but before the ninth anniversary of closing*	20%	$107,702	$123,859

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

SAMPLE

Borrower
Address
City, State, Zip

SAMPLE

IOWA FINANCE AUTHORITY

Exhibit C-9

INVOICE
Take Credit Mortgage Credit Certificate Borrower Fee

MCC Reservation #: _____
Check #: _____
Invoice Date: _____
Total Due: $350.00

REMINDER: *Fee is non-refundable. Fee waived for MCC requests in conjunction with an IFA first mortgage. Fee due prior to commitment of MCC.*

Due From Borrower:

_____
_____
_____

Remitted By Lender:

_____
_____
_____

Lender Contact:

_____
_____
_____

Itemized Summary

Item	*Description*	*Amount*
MCC Application Fee	Borrower fee for IFA review of MCC request and determination of eligibility	$350.00
	Total Due:	**$350.00**

Remit Invoice & Payment To:

Single Family Department
c/o Iowa Finance Authority
2015 Grand Avenue
Des Moines, IA 50312

SAMPLE