

# KHC'S HOMEBUYER TAX CREDIT

Mortgage Credit Certificate Program (MCC)

Overview of MCC Program

# KHC's Homebuyer Tax Credit

Mortgage Credit Certificate (MCC)

- A Tax Credit of 25% mortgage interest paid over a year
  - ▣ Up to \$2000 per year

## **Life of the Loan**

- Carry forward any unused credit for up to 3 years
- First mortgage qualification with proposed credit per agency guidelines
- \$200 fee if through KHC's Secondary Market
  - ▣ DAP, Seller or Borrower can pay this fee
- \$500 fee if through any other investor's 30 year fixed mortgage

# Claiming the Tax Credit

- Borrowers claim the credit with their annual Federal Tax Return by using Form 8396.
- ▣ The borrower may also adjust their withholding (Form W-4) to reflect the anticipated credit, thus increasing their take home pay

# Tax Credit to Help Qualify

- Anticipated credit may be used to help qualify the borrower
  - ▣ Example:
    - \$5,536 mortgage interest over 12 months
    - $\$5,536 \times 25\% \text{ MCC credit} = \$1,384$
    - $\$1,384 \text{ divided by } 12 \text{ months} = \$115$
- \$115 per month may be deducted from PITI or added as income and the borrower can qualify ***based on agency or investor guidelines***

# Example—Without Tax Credit

Department of the Treasury | Information about Schedule A and its separate instructions is at [www.irs.gov/schedulea](http://www.irs.gov/schedulea).  
 Attach to Form 1040.

Name: \_\_\_\_\_ Your social security number: \_\_\_\_\_

**Schedule A  
1040**

Medical and dental expenses reimbursed or paid by others. (see instructions)	1		
2 Enter amount from Form 1040, line 38	2		
Dental Expenses	3		
3 Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1951, multiply line 2 by 7.5% (.075) instead	3		
4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
Taxes You Paid	5		
5 State and local (check only one box):	5	1200	00
a <input checked="" type="checkbox"/> Income taxes, or			
b <input type="checkbox"/> General sales taxes			
6 Real estate taxes (see instructions)	6	1500	00
7 Personal property taxes	7	300	00
8 Other taxes. List type and amount	8		
9 Add lines 5 through 8	9		3000 00
Interest You Paid	10	5536	00
10 Home mortgage interest and points reported to you on Form 1098	10	5536	00
11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address	11		
Note: Your mortgage interest deduction may be limited (see instructions).			
12 Points not reported to you on Form 1098. See instructions for special rules	12		
13 Mortgage insurance premiums (see instructions)	13	509	00
14 Investment interest. Attach Form 4952 if required. (See instructions.)	14		
15 Add lines 10 through 14	15		6045 00
Gifts to Charity	16	2239	00
16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.	16	2239	00
17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17		
18 Carryover from prior year	18		
19 Add lines 16 through 18	19		2239 00
Casualty and Theft Losses	20		
20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)	20		
Job Expenses and Certain Miscellaneous Deductions	21		
21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.)	21		
22 Tax preparation fees	22		
23 Other expenses—investment, safe deposit box, etc. List type and amount	23		
24 Add lines 21 through 23	24		
25 Enter amount from Form 1040, line 38	25		
26 Multiply line 25 by 2% (.02)	26		
27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-	27		
Other Miscellaneous Deductions	28		
28 Other—from list in instructions. List type and amount	28		
Total Itemized Deductions	29		11284 00
29 Is Form 1040, line 38, over \$154,950?	29		11284 00
<input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.			
<input type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.			
30 If you elect to itemize deductions even though they are less than your standard deduction, check here			

**\$5,536 Tax Deduction**

Page 2  
1040

38	Amount from line 37 (adjusted gross income)	38	41960	00
39a	Check <input type="checkbox"/> You were born before Jan 18, 1951 or <input type="checkbox"/> Spouse was born before Jan 18, 1951. If your spouse itemizes on a separate return, check <input type="checkbox"/> here <input type="checkbox"/> there <input type="checkbox"/> 39b			
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	11284	00
41	Subtract line 40 from line 38	41	30676	00
42	Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 6d. Otherwise, see instructions	42	3700	00
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	26976	00
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 9814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	3621	00
45	Alternative minimum tax (see instructions). Attach Form 6251	45		
46	Excess advance premium tax credit repayment. Attach Form 8962	46	3621	00
47	Add lines 44, 45, and 46	47		
48	Foreign tax credit. Attach Form 1116 if required	48		
49	Credit for child and dependent care expenses. Attach Form 2441	49		
50	Education credits from Form 8863, line 19	50		
51	Retirement savings contributions credit. Attach Form 8880	51		
52	Child tax credit. Attach Schedule 8812, if required	52		
53	Residential energy credits. Attach Form 5695	53		
54	Other credits from Form: a <input type="checkbox"/> 3900 b <input type="checkbox"/> 8901 c <input type="checkbox"/>	54		
55	Add lines 48 through 54. These are your total credits	55		
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	3621	00
57	Self-employment tax. Attach Schedule SE	57		
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58		
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59		
60a	Household employment taxes from Schedule H	60a		
60b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b		
61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61		
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62		
63	Add lines 56 through 62. This is your total tax	63	3621	00

Tax refund of \$379

64	Additional child tax credit from Schedule 8812	64	4000	00
65	American opportunity credit from Form 8859, line 8	65		
66a	Net premium tax credit. Attach Form 8879	66a		
67	Amount paid with request for extension to file	67		
68	Excess social security and tier 1 RRTA tax withheld	68		
69	Credit for federal tax on fuels. Attach Form 4136	69		
70	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reread c <input type="checkbox"/> 8895 d <input type="checkbox"/>	70		
71	Add lines 64, 65, 66a, and 67 through 70. These are your total payments	71	4000	00
72	If line 71 is more than line 63, subtract line 63 from line 71. This is the amount you overpaid	72	379	00
73a	Amount of line 72 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	73a		
73b	Routing number <input type="text"/> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	73b		
73c	Account number <input type="text"/>	73c		
74	Amount of line 72 you want applied to your 2016 estimated tax	74		
75	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	75		
76	Estimated tax penalty (see instructions)	76		

**Third Party Designee** Do you want to allow another person to discuss this return with the IRS (see instructions)?  Yes. Complete below.  No

Designee's name  Phone no.  Personal identification number (PIN)

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

Your signature  Date  Your occupation  Daytime phone number

Spouse's signature. If a joint return, both must sign.  Date  Spouse's occupation  If the IRS sent you an Identity Protection PIN, enter it here (see inst.)

**Paid Preparer Use Only** Print/Type preparer's name  Preparer's signature  Date  Check  if self-employed PTIN

Firm's name  Firm's EIN

Firm's address  Phone no.

A horizontal decorative bar at the top of the slide, consisting of a red rectangular section on the left and a larger blue rectangular section on the right.

# Example-With Tax Credit

**Mortgage Interest Credit**

(For Holders of Qualified Mortgage Credit Certificates Issued by State or Local Governmental Units or Agencies)

Department of the Treasury  
Internal Revenue Service (IRS)

► Information about Form 8396 and its instructions is at [www.irs.gov/form8396](http://www.irs.gov/form8396).  
► Attach to Form 1040 or 1040NR.

Attachment  
Sequence No. 1

Name(s) shown on your tax return: **KENTUCKY HOMEBUYER** Your social security number: **000-00-0000**

**Tax Form  
8396**

Enter the address of your main home to which the qualified mortgage certificate relates. If it is different from the address shown on your tax return.

Name of Issuer of Mortgage Credit Certificate: **KENTUCKY HOUSING CORPORATION** Mortgage Credit Certificate Number: **123456** Issue Date: **7-12-2015**

Before you begin Part I, figure the amounts of any of the following credits you are claiming: Credit for the elderly or the disabled, alternative motor vehicle credit, and qualified plug-in electric drive motor vehicle credit.

**Part I Current Year Mortgage Interest Credit**

1	Interest paid on the certified indebtedness amount. If someone else (other than your spouse if filing jointly) also held an interest in the home, enter only your share of the interest paid . . . .	1	5536	00
2	Enter the certificate credit rate shown on your mortgage credit certificate. Do not enter the interest rate on your home mortgage . . . . .	2	25	%
3	If line 2 is 20% or less, multiply line 1 by line 2. If line 2 is more than 20%, or you refinanced your mortgage and received a reissued certificate, see the instructions for the amount to enter. You must reduce your deduction for home mortgage interest on Schedule A (Form 1040) by the amount on line 3.	3	1384	00
4	Enter any 2012 credit carryforward from line 16 of your 2014 Form 8396 . . . . .	4		
5	Enter any 2013 credit carryforward from line 14 of your 2014 Form 8396 . . . . .	5		
6	Enter any 2014 credit carryforward from line 17 of your 2014 Form 8396 . . . . .	6		
7	Add lines 3 through 6 . . . . .	7	1384	00
8	Limitation based on tax liability. Enter the amount from the Credit Limit Worksheet (see instructions) . . . . .	8		
9	Current year mortgage interest credit. Enter the smaller of line 7 or line 8. Also include this amount in the "Other" box on Form 1040, line 54, or Form 1040NR, line 51. Check box c on that line and enter "8396" in the space next to that box.	9	1384	00

**Part II Mortgage Interest Credit Carryforward to 2016. (Complete only if line 9 is less than line 7.)**

10	Add lines 3 and 4 . . . . .	10		
11	Enter the amount from line 7. . . . .	11		
12	Enter the larger of line 9 or line 10. . . . .	12		
13	Subtract line 12 from line 11. . . . .	13		
14	2014 credit carryforward to 2016. Enter the smaller of line 6 or line 13 . . . . .	14		
15	Subtract line 14 from line 13. . . . .	15		
16	2013 credit carryforward to 2016. Enter the smaller of line 5 or line 15 . . . . .	16		
17	2015 credit carryforward to 2016. Subtract line 9 from line 3. If zero or less, enter -0- . . . .	17		

**\$1,384 equals 25% of \$5536 annual mortgage interest for 2013 tax year**

**SCHEDULE A  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service

Name(s) shown on Form 1040

**Itemized Deductions**

Its separate instructions is at [www.irs.gov/schedulea](http://www.irs.gov/schedulea).  
Attach to Form 1040.

OMB No. 1545-0074

**2015**

Attachment  
Sequence No. 07

**Schedule A  
1040**

				Your social security number
<b>Medical and Dental Expenses</b>	1 Medical and dental expenses (see instructions)	1		
	2 Enter amount from Form 1040, line 38 <b>2</b>	2		
	3 Multiply line 2 by 10% (.10). But if either you or your spouse was born before January 2, 1951, multiply line 2 by 7.5% (.075) instead	3		
	4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4		
<b>Taxes You Paid</b>	5 State and local (check only one box):	5		
	a <input checked="" type="checkbox"/> Income taxes, or		1200	00
	b <input type="checkbox"/> General sales taxes			
	6 Real estate taxes (see instructions)	6	1500	00
	7 Personal property taxes	7	300	00
	8 Other taxes. List type and amount ▶	8		
	9 Add lines 5 through 8	9	3000	00
<b>Interest You Paid</b>	10 Home mortgage interest and points reported to you on Form 1098	10	4152	00
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ▶	11		
<b>Note:</b> Your mortgage interest deduction may be limited (see instructions).	12 Points not reported to you on Form 1098. See instructions for special rules	12		
	13 Mortgage insurance premiums (see instructions)	13	509	00
	14 Investment interest. Attach Form 4952 if required (see instructions.)	14		
	15 Add lines 10 through 14	15	4661	00
<b>Gifts to Charity</b>	16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions.	16	2239	00
	17 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500	17		
	18 Carryover from Form 1040, line 17	18		
	19 Add lines 16 and 18	19	2239	00
<b>Casualty and Theft Losses</b>	20 Casualty and theft losses. Attach Form 4684. (See instructions.)	20		
<b>Job Expenses and Certain Miscellaneous Deductions</b>	21 Unreimbursed employee expenses—job travel, union dues, membership, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ▶	21		
	22 Other expenses—investment, safe deposit box, etc. List type and amount ▶	22		
	23 Add lines 21 through 22	23		
	24 Enter amount from Form 1040, line 38 <b>25</b>	24		
	25 Multiply line 25 by 2% (.02)	25		
	26 Subtract line 25 from line 24. If line 26 is more than line 24, enter -0-	26		
	27 Other expenses—investment, safe deposit box, etc. List type and amount ▶	27		
	28 Add lines 26 and 27	28		
<b>Itemized Deductions</b>	29 <input checked="" type="checkbox"/> No. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40. <input type="checkbox"/> Yes. Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.	29	9900	00
	30 If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/>	30		

**\$4,152 Tax Deduction  
(75% of \$5,536 annual mortgage interest)**

Page 2  
1040

38	Amount from line 37 (adjusted gross income)		38	41960	00
<b>Tax and Credits</b>	39a Check <input type="checkbox"/> You were born before January 2, 1951, if: <input type="checkbox"/> Spouse was born before January 2, 1951, or <input type="checkbox"/> If your spouse itemizes on a separate return or you were a dependent on a separate return				
	b				
<b>Standard Deduction for:</b>	40 Itemized deductions (from Schedule A) or your standard deduction		40	9900	00
41	Subtract line 40 from line 38		41	32060	00
42	Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 6d. Otherwise, see instructions		42	3700	00
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		43	28360	00
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 9814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>		44	3831	00
45	Alternative minimum tax (see instructions). Attach Form 6251		45		
46	Excess advance premium tax credit repayment. Attach Form 8962		46	3831	00
47	Add lines 44, 45, and 46		47		
48	Foreign tax credit. Attach Form 1116 if required	48			
49	Credit for child and dependent care expenses. Attach Form 2441	49			
50	Education credits from Form 8863, line 19	50			
51	Retirement savings contributions credit. Attach Form 8880	51			
52	Child tax credit. Attach Schedule 8812, if required	52			
53	Residential energy credits. Attach Form 5695	53			
54	Other credits from Form: a <input type="checkbox"/> 8900 b <input type="checkbox"/> 8901 c <input checked="" type="checkbox"/> 8396	54	1384	00	
55	Add lines 48 through 54. These are your total credits	55	1384	00	
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	2447	00	
<b>Other Taxes</b>	57 Self-employment tax. Attach Schedule SE	57			
58	Unreported social security and Medicare taxes. Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58			
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59			
60a	Household employment taxes from Schedule H	60a			
60b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b			
61	Individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61			
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s)	62			
63	Add lines 56 through 62. This is your total tax	63	2447	00	
64	Federal income tax withheld from Forms W-2 and 1099	64	4000	00	

Claim the Tax Credit using FORM 8396 on Page 2 of the 1040

Tax Refund of \$1553!  
\$1174 higher than the \$379 without the tax credit

70	Amount paid with estimated tax payments and withholding				
71	Excess social security tax				
72	Credit for federal income tax withheld				
73	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Refined c <input type="checkbox"/> 8885 d <input type="checkbox"/>	73			
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	4000	00	
<b>Refund</b>	75 If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	1553	00	
76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here <input type="checkbox"/>	76a			
76b	Routing number				
76c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings				
76d	Account number				
77	Amount of line 75 you want applied to your 2016 estimated tax	77			
<b>Amount You Owe</b>	78 Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions	78			
79	Estimated tax penalty (see instructions)	79			
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes. Complete below. <input type="checkbox"/> No				
Designee's name	Phone no.	Personal identification number (PIN)			
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.				
Your signature	Date	Your occupation	Daytime phone number		
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	PTIN	
Firm's name	Firm's EIN			Check <input type="checkbox"/> if self-employed	
Firm's address	Phone no.				

# Borrower Eligibility

When you think KHC's Homebuyer Tax Credit...Think MRB Guidelines

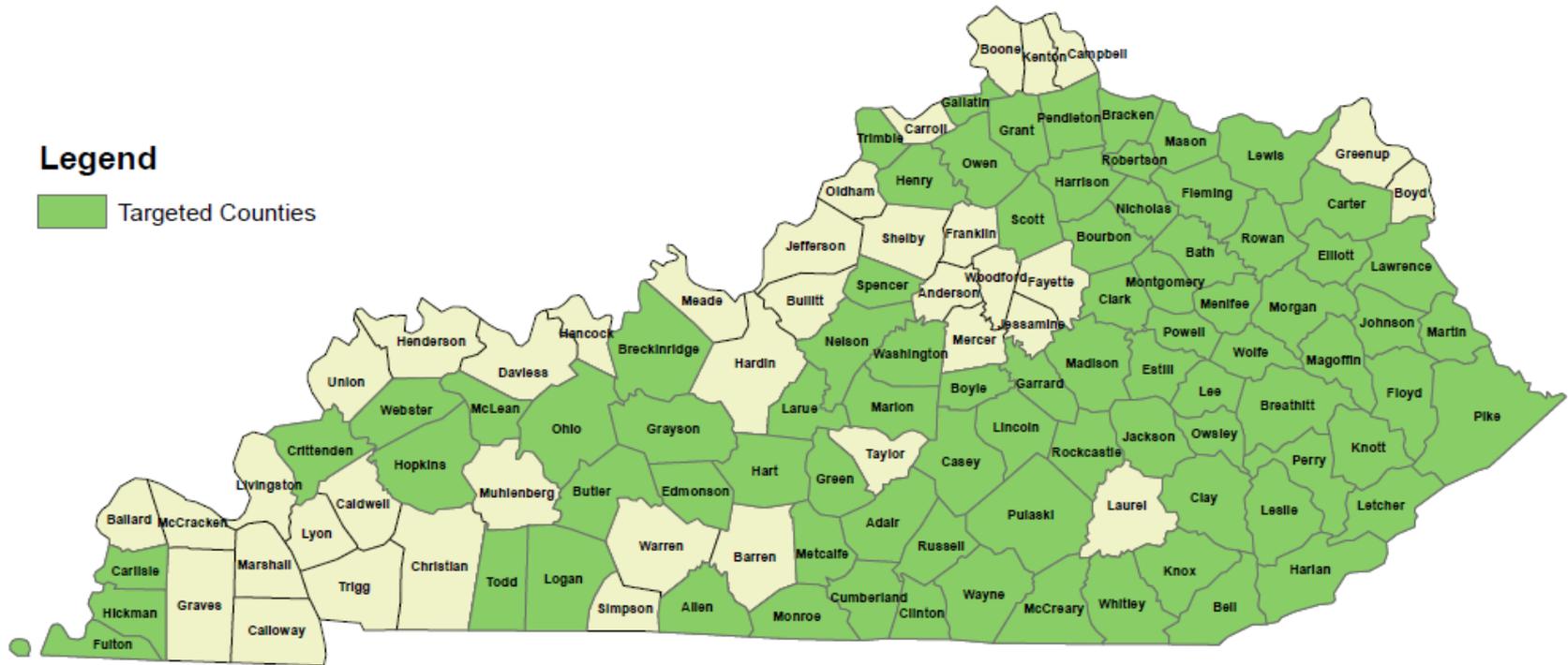
- Borrower (s) must meet Mortgage Revenue Bond (MRB) requirements:
  - ▣ First-time homebuyer in non-targeted counties or all homebuyers in targeted counties
  - ▣ Maximum purchase price of **\$255,500**
  - ▣ Must be borrower's primary residence
  - ▣ Gross Annual **Household** income must be under the MRB/MCC compliance income limit for county and household size



# Kentucky Housing Corporation Single Family Mortgage Program Targeted Counties

## Legend

 Targeted Counties



New Bond Funds may be accessed by first-time home buyers and previous homeowners purchasing homes in targeted counties. For all other counties, New Bond Funds may only be accessed by first-time buyers (not having owned a home in the past three years).



This Map Created By:  
Kentucky Housing Corporation  
Bernadette Hillman  
September 16, 2014

**KENTUCKY HOUSING CORPORATION HOME BUYER TAX CREDIT  
2016 GROSS ANNUAL HOUSEHOLD INCOME LIMITS  
Effective May 31, 2016**

The income limitations listed below are imposed by federal law.  
Failure to comply with them may create adverse consequences for Kentucky Housing Corporation and its bondholders.

**Funding Source: MRB/Home Buyer Tax Credit (Purchase Price Limit – \$255,500)**

**Household Income Based on  
Household Size and County of  
Property**

Person(s) per household	(1 or 2)	(3 or more)	Person(s) per household	(1 or 2)	(3 or more)
Anderson	66,500	76,475	Kenton	70,700	81,305
Ballard	58,513	67,290	Larue	73,200	85,400
Barren	59,513	68,440	Laurel	56,100	64,960
Boone	70,700	81,305	Livingston	57,960	67,620
Bourbon	79,320	92,540	Lyon	58,713	67,520
Boyd	59,073	67,934	Madison	68,760	80,220
Bracken	84,840	98,980	Marshall	58,713	67,520
Bullitt	67,000	77,050	McCracken	58,553	67,336
Caldwell	59,760	69,084	McLean	71,280	83,160
Calloway	58,393	67,152	Meade	59,653	68,601
Campbell	70,700	81,305	Mercer	60,100	69,115
Christian	59,253	68,141	Muhlenberg	56,100	64,960
Clark	79,320	92,540	Nelson	67,440	78,680
Daviess	59,400	68,310	Oldham	67,000	77,050
Edmonson	72,240	84,280	Owen	74,280	86,660
Fayette	66,100	76,015	Pendleton	84,840	98,980
Franklin	60,100	69,115	Scott	79,320	92,540
Gallatin	84,840	98,980	Shelby	71,900	82,685
Garrard	67,920	79,240	Simpson	59,773	68,739
Graves	59,633	68,578	Spencer	80,400	93,800
Greenup	59,073	67,934	Taylor	57,000	66,500
Hancock	59,400	68,310	Trigg	59,253	68,141
Hardin	61,000	70,150	Trimble	80,400	93,800
Henderson	61,400	70,610	Union	57,600	67,200
Henry	80,400	93,800	Warren	60,200	69,230
Jefferson	67,000	77,050	Webster	72,360	84,420
Jessamine	66,100	76,015	Woodford	66,100	76,015
<b>For all other counties not listed above:</b>		<b>\$67,320 (1 or 2 persons)</b>	<b>\$78,540 (3 or more persons)</b>		

# First Mortgage Options

- Meet **MRB Program** guidelines
  - ▣ Income, purchase price, and target/non-target counties
- First Mortgage Options:
  - FHA, VA, RHS, FNMA & FMLC Conventional
  - KHC Secondary Market Program
    - *MRB not eligible*
  - Other Investor Programs
- ▣ All loan types must be **30 year fixed rate**

# Changes Prior to the Tax Credit Closing

- After the issuance of the Tax Credit Reservation and prior to closing, KHC must be notified of any changes to:
  - ▣ Household Income
  - ▣ Marital Status
  - ▣ Ownership Interest
  - ▣ Purchase Price or Loan Amount
- The Tax Credit Reservation may be revoked
- Changes that occur after closing do not affect program eligibility

# Underwriting Tax Credit

- Submit a Tax Credit compliance package to KHC
  - ▣ Via through KHC's Loan Reservation System
- KHC underwrites Tax Credit (unless Delegated Lender)
  - ▣ Lender notified via email of approval, pended for additional docs, or denied.
  - ▣ Once Approved KHC will issue an Approval Letter
- If Secondary Market funded first Mortgage with Tax Credit
  - ▣ KHC will underwrite both packages (unless Delegated Lender)
- Once Approved – Tax Credit is ready to close

# Homebuyer Tax Credit Closing

- Executed Tax Credit & other applicable documents required within 10 days after closing (upload via KHC's Loan Reservation System):
  - ▣ Transmittal Form (MCC-006)
  - ▣ Check for \$500 or \$200 to KHC
  - ▣ Closing Certification (MCC-007)
  - ▣ Copy of HUD-1 Settlement Statement
  - ▣ Copy of signed Loan Note
  - ▣ Copy of Lender's Approval
- KHC will review the forms and documents
  - ▣ If all program requirements satisfied
    - KHC will issue the Mortgage Credit Certificate to the borrower

# Federal Recapture Tax

- The Federal Recapture Tax does apply to the Tax Credit Program
  - ▣ May apply if homebuyer meets ALL 3 triggers:
    - sells their home within the first 9 years of homeownership **and**
    - has a net gain on the sale of their home **and**
    - household income exceeds allowable income limits as adjusted for each year of homeownership
- KHC's Recapture Tax Reimbursement Program **DOES** **NOT** apply to the MCC Program

# Contact Information

- Cindy Bradley, Mortgage Production Administrator
  - ▣ Phone: 502-564-7630 ext. 347
  - ▣ Email: [cbradley@kyhousing.org](mailto:cbradley@kyhousing.org)
- Jamie Swindler, Mortgage Production Administrator
  - ▣ Phone: 502-564-7630 ext. 329
  - ▣ Email: [jswindler@kyhousing.org](mailto:jswindler@kyhousing.org)
- [KHCUW@kyhousing.org](mailto:KHCUW@kyhousing.org)
- Single Family Hotline: 502-564-7630 ext. 291



Thank You