

**PUBLIC NOTICE TO QUALIFIED HOMEBUYERS
KENTUCKY HOUSING CORPORATION
2022 MORTGAGE CREDIT CERTIFICATE PROGRAM**

The Kentucky Housing Corporation (“KHC”) proposes to implement a program (the “Program”) to provide Mortgage Credit Certificates (“MCCs”) to residents of the Commonwealth of Kentucky (the “Commonwealth”) who purchase new or existing residences within the Commonwealth. An MCC reduces the amount of income tax a qualified homeowner pays by providing a non-refundable, federal tax credit during the life of a mortgage loan. After all other credits and deductions are taken into account, the value of the MCC is applied directly to a homeowner’s remaining tax liability.

No sooner than 90 days following publication of this Notice, KHC intends to issue MCCs according to the guidelines summarized below. The total credit authority available under the Program is \$44,606,886.75 which is expected to provide assistance with respect to \$223,034,433.75 in aggregate principal amount of mortgage loans.

The annual amount of the tax credit will be equal to **20%** of the yearly interest paid or accrued on the mortgage loan. The amount of the credit may not exceed the homeowner’s total tax liability for a specified year, but excess credit may be carried forward for up to three subsequent tax years. **Note: Use of an MCC will reduce the deduction for home mortgage interest on the homeowner’s tax return.** An MCC expires on the date the mortgage loan relating thereto is paid in full or refinanced and is revoked on the date the residence to which it relates ceases to be the taxpayer’s primary residence. KHC reserves the right to adjust the MCC credit rate or make allocations to specific sectors of the housing industry or to conform to market demand or future tax legislation.

To be eligible for an MCC, an applicant must (1) purchase a new or existing single-family home within the Commonwealth; (2) acquire a new mortgage loan (refinancing of an existing mortgage or land contract is not permissible, except for certain construction loans); (3) continuously occupy the home as a primary residence within 60 days of its purchase; (4) purchase a home with a purchase price that does not exceed the limits in effect; (5) have a household income, including all household members age 18 and older, that does not exceed the limits in effect; (6) not have had an ownership interest in a principal residence within the preceding three years, except for qualified homebuyers purchasing homes in federally designated targeted areas; and (7) pay a nonrefundable **\$200** fee for a KHC first mortgage or **\$500** for a non-KHC first mortgage loan at the time of application. The applicant must sign all documents and affidavits which are needed to demonstrate eligibility for an MCC, and the regulations, rulings and interpretations issued by the Internal Revenue Service shall control in the event of a conflict with other requirements. KHC reserves the right to adjust and/or waive the application fee and to adjust the purchase price and income limits for the Program, from time to time, to reflect housing costs and market conditions within federal guidelines or as may be required by federal law.

Until the total credit authority is exhausted, a qualifying taxpayer may obtain an MCC in connection with obtaining financing relating to the purchase of an eligible residence from any participating lender, including, but not limited to, banks, savings and loan associations, mortgage

banking firms and credit unions. The applicant must meet the credit and underwriting criteria established by the participating lender which provides the mortgage loan. A list of participating lenders is available from KHC. An applicant may also obtain a loan from a lender not on this list if the lender agrees to participate in the Program. MCC applications will be accepted on a first-come, first-served basis; however, for the first year of the Program, **20%** will be targeted to persons purchasing single-family homes in Targeted Areas.

Banks, savings and loan associations, credit unions, mortgage companies and other financing institutions and individuals are invited to participate as lenders. Each participating lender will be required to sign a Participation Agreement, which outlines the lender's loan review and reporting responsibilities, and pay to KHC a one-time fee of **\$1,000**. There is no allocation of MCCs by lender.

MCCs cannot be used with KHC-financed mortgage loans subsidized by tax-exempt mortgage revenue bonds but can be used with mortgage loans sold on the secondary market. Current federal tax law may require a payment to the federal government of a "recapture" tax if the homeowner sells or otherwise transfers his or her home to someone else within nine years after the MCC is issued.

KHC reserves the right to adjust, modify or amend the Program guidelines at its sole discretion and without further notice. For more information on the Program, a copy of the current list of participating lenders or a list of the eligible Targeted Areas see www.kyhousing.org, contact Jaime Rice (jrice@kyhousing.org) at the Kentucky Housing Corporation, 1231 Louisville Rd., Frankfort, Kentucky 40601 or call (502) 564-7630.

Dated: February 10, 2022

KENTUCKY HOUSING CORPORATION

By Winston E. Miller
Executive Director