



# CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

MCC Reservation # \_\_\_\_\_

I, \_\_\_\_\_ and I, \_\_\_\_\_ "Applicant(s)",  
have applied for a CalHFA MCC Tax Credit originated by \_\_\_\_\_, do hereby represent  
and warrant as follows:

1. Location of Residence. I am a purchaser and mortgagor of the residence which is a [ ] new [ ] existing  
residence and is located within the County of: \_\_\_\_\_ at  
\_\_\_\_\_

a. The residence [ ] is [ ] is not in a Targeted Area.

2. Tax Credit. I am aware that a mortgage credit certificate may entitle the recipient to an income tax credit. The  
income tax credit can be claimed only against tax liability. If I do not have a tax liability, I may not be able to  
apply the income tax credit.

3. Veteran Status. The Applicant [ ] is [ ] is not a Qualified Veteran\*\*  
The Co-Applicant [ ] is [ ] is not a Qualified Veteran\*\*

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

4. Acquisition Cost. The Acquisition Cost\* of the residence as shown in the purchase contract is \$ \_\_\_\_\_.  
Neither (I/we) nor anyone on (my/our) behalf has made any payment other than such amount to the seller of the  
residence or to any other person on behalf of the seller, nor have (I/we) cancelled any debt of the seller or any  
related person of the seller.

(I/We) have not entered into any agreement with the seller of the home, the developer, the contractor, or any  
other person pursuant to which any portion of the residence has been left unfinished or any fixtures or other  
architectural appointments have been omitted or removed from the residence in order to reduce the Acquisition  
Cost, and the home as sold to (me/us) is substantially complete and contains all appropriate fixtures and other  
architectural appointments.

\* The term "Acquisition Cost" means the cost of acquiring a residence from the seller as a completed unit. The term does not include  
usual and reasonable settlement or financing costs. It does include the amount of any lien or assessment to which the home is subject.

5. Sales Price Limit For An Existing House. (I/We) understand that if this transaction was for the purchase of a  
new construction residence that the CalHFA approved sales price limits for existing home are in some counties  
of California, could be less than the CalHFA approved sales price limits for new construction. THIS COULD  
RESULT IN A LOWER SALES PRICE LIMIT UPON THE TRANSFER OF THE HOME MORTGAGE  
THAN WAS ORIGINALLY PAID FOR THE RESIDENCE. As of the date of this Affidavit, the CalHFA  
approved sales price limit for an EXISTING house in \_\_\_\_\_  
County is \$ \_\_\_\_\_.



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6. Principal Residence. (I/We) will occupy the residence as (my/our) principal place of residence within 60 days of issuance of the MCC, and thereafter will maintain the property as (my/our) principal residence for the duration of the first mortgage. (I/We) do not intend to, and have not entered into any arrangement to rent, sell, assign or transfer the residence. (I/We) will promptly notify Issuer of the MCC and Lender if the residence ceases to be (my/our) principal residence.
  - a. (I/We) will not use more than 15% of the total area of the residence or otherwise use the residence primarily in a trade or business which qualifies (me/us) to a deduction for expenses for business use of residence under Section 280A of the Internal Revenue Code, use the residence as investment property and will not receive any income from the residence or the land being purchased with the residence, or use the residence as a recreational residence. All of the land being purchased with the home is required to maintain the basic livability of the residence, and (I/we) have no intention of subdividing such land or otherwise selling it apart from the residence.
7. Prior Ownership of a Residence. (I/We) have not had a present ownership interest\*\*\* in a principal residence, including factory made housing permanently fixed to real property, at any time during the three-year period immediately prior to the closing of the home mortgage, except that this paragraph does not apply if the home is located in a targeted area. (I/we) have attached copies of (my/our) signed federal income tax returns for such three-year period which were filed with the Internal Revenue Service. If (I/we) (was/were) not required to file such returns during one or more such preceding three years in accordance with Section 6012 of the Internal Revenue Code, (I/we) have executed the California Housing Finance Agency's Tax Return Affidavit.

\*\*\* The term "present ownership interest" includes not only outright ownership but also any of the following interests if held either directly by you or in trust for you: a joint tenancy, a tenancy in common, a tenancy by the entirety, a community property interest, the interest of a tenant shareholder in cooperative, a life estate, or a contract pursuant to which you have possession and the benefits and burdens of ownership although legal title is not transferred until some later time and interest held in trust for you (whether or not created by you) that would be a present ownership interest if held by you.
8. New Mortgage. (I/We) will not use any part of the loan proceeds to acquire or replace an existing mortgage or loan which (I/we) have on the residence.
9. Prohibited Mortgages. (I/We) understand that no portion of the financing for acquisition of the residence is provided by a qualified mortgage or veteran's bond.
10. Income. (I/We) understand that income means the current annualized family income at the time of closing, as determined in accordance with the IRS Code. Income means the gross monthly income of all mortgagors living in the property and liable on the deed of trust/mortgage, multiplied by twelve.

Gross monthly income includes the sum of current monthly gross pay and any additional income from investments, pensions, VA compensation, part-time employment, bonuses, dividends, interest, current overtime pay, net rental income, royalties, etc. Other income must also be included such as alimony and child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, business activities or investments. In determining gross monthly income, the income of all mortgagors living on the property and liable on the deed of trust/mortgage must be taken into account.



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Under no circumstances will the income used for MCC Tax Act compliance be less than that used by the lender when qualifying applicants for repayment of their mortgage loan (i.e., income used to calculate qualifying ratios).

The information contained in the following table is true and correct, and accurately sets forth all information relevant to make a determination of my family's income as of the date hereof and the continuation of which is probable based on foreseeable economic circumstances, and to the best of my knowledge and belief:

### COMPUTATION OF TOTAL ANNUAL INCOME

| Type of Income  | Applicant | Co-Applicant or Spouse | Other Co-Applicants | * Total of 3 columns to left |
|---|-----------|------------------------|---------------------|------------------------------|
| Total Annual Income (must include any & all types of Income earned as stated above) | \$ _____  | \$ _____               | \$ _____            | \$ _____                     |

\*This total cannot exceed the maximum income limits established by the CalHFA MCC Tax Credit program.

11. Family Size. (I/We) certify that the total number of members of (my/our) family, including (me/us), who will reside permanently in the residence is \_\_\_\_\_, and that the applicant(s), and only the applicant(s), (is/are) acquiring a present ownership interest in the residence.
12. Initial Notice to Mortgagor of Potential Recapture Tax - Notice is hereby given that you may be subject to a special "Recapture Tax" for federal income tax purposes, which would be imposed at the time you sell the residence for which you obtained an MCC, if you sell the residence within the first nine years. This potential tax, which is not imposed unless and until you sell your home, is based on the concept that through the MCC, the federal government has enabled you to take a tax credit of the interest you pay on your home mortgage. The amount of the potential tax increases for the first five years that you own the home and thereafter declines. No tax is imposed if you hold (do not sell) your home for a total of nine or more years. In the event you sell your home within the first nine years, a number of factors determine the amount of tax, if any, imposed at the time of the sale of the home. These include: (1) the original principal amount of the home mortgage, (2) the number of complete years that pass before you sell the home, (3) the median family income for your area at the time you bought the home, and (4) your modified, or adjusted, gross annual income at the time you sell the home. If you sell the residence more than nine years after the close of escrow, no recapture liability arises. Also, if you sell the residence during the first nine years after closing, but your income does not increase more than 5% per year during that period, you will likely not incur recapture liability. In addition, if there is no net gain on the sale of the home, no recapture liability arises. Finally, in no case will the recapture liability exceed 50% of your gain from the sale of the residence. When preparing your post-sale tax return, you should consult a tax professional regarding your calculation. After your loan closes, you will be given a second notice by the Program Administrator with a more detailed explanation of the recapture tax and certain additional information that will be needed to calculate the amount, if any, of Recapture Tax liability you may have.
13. No Other Certificate. (I/We) have not previously been the applicant(s) on a CalHFA MCC Tax Credit application rejected by another lender.
14. Lender. (I/We) have not been required to seek financing of the residence through any particular lender in order to qualify for the MCC Tax Credit Program. Further, no person related to (me/us) has, and does not expect to have, an interest as a creditor in the mortgage loan financing.



# CalHFA MCC TAX CREDIT BORROWER AFFIDAVIT

- 15. Transfer or Assumption. (I/We) will immediately notify Issuer of MCC and lender in the event of sale or transfer of the residence. (I/We) further understand in the event that I sell the residence at any time and desire to have my MCC transferred pursuant to the transfer provisions of the program that the person assuming my first mortgage loan must demonstrate that he or she has assumed the liability for the remaining balance of the loan, and must qualify as a new CalHFA MCC applicant.
- 16. Citizenship. (I/We) certify that (I/we) are citizens or other nationals of the United States or a qualified alien as defined in the Citizenship and Lien Verification regulations of the California Housing Finance Agency set forth in Title 25 of the California Code of Regulations, Division Z, Chapter 3 (Sections 12001, *et. seq.*) which implement federal legislations know as Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L No. 104-193, 8 U.S.C. Sections 1601, *et. seq.*).
- 17. Program Information. (I/We) have been furnished a copy of the MCC Information Guide and (am/are) familiar with and understand the provisions of the Program.
- 18. Social Security Numbers. (I/We) certify that (my/our) Social Security Numbers are:  
Social Security Numbers must be hand written by borrower or lender

|                      |                        |
|----------------------|------------------------|
|                      | Social Security Number |
| Name of Applicant #1 |                        |
|                      | Social Security Number |
| Name of Applicant #2 |                        |
|                      | Social Security Number |
| Name of Applicant #3 |                        |
|                      | Social Security Number |
| Name of Applicant #4 |                        |

19. Purpose. The above information is being submitted for the purposes of establishing eligibility for the California Housing Finance Agency's MCC Tax Credit program. Because the lender has explained the Program to me, I am familiar with and understand the provisions of the Program. (I/We) agree to submit such other evidence of income as may be reasonably required by the lender including, but not limited to, pay stubs and copies of federal income tax returns.

20. Ethnicity/Race

The following information is requested by the Federal Government for certain types of transactions related to a dwelling in order to monitor the Agency's compliance with fair housing laws. You are not required to furnish this information, but are encouraged to do so. The law provides that an Agency may neither discriminate on the basis of this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, the Agency will note race and sex on the basis of visual observation or surname. If you do not wish to furnish this information, please check the box below.



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Social Security Numbers must be hand written by borrower or lender

|                      |                              |
|----------------------|------------------------------|
| _____                | Social Security Number _____ |
| Name of Applicant #1 |                              |
| _____                | Social Security Number _____ |
| Name of Applicant #2 |                              |
| _____                | Social Security Number _____ |
| Name of Applicant #3 |                              |
| _____                | Social Security Number _____ |
| Name of Applicant #4 |                              |

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| Primary Applicant   | Co-Applicant   |
|---|--|
| <input type="checkbox"/> I do not wish to furnish this information  | <input type="checkbox"/> I do not wish to furnish this information   |
| Gender<br><input type="checkbox"/> Male <input type="checkbox"/> Female   | Gender<br><input type="checkbox"/> Male <input type="checkbox"/> Female  |
| Ethnicity <input type="checkbox"/><br><input type="checkbox"/> Not Hispanic or Latino<br><input type="checkbox"/> Hispanic or Latino  | Ethnicity<br><input type="checkbox"/> Not Hispanic or Latino<br><input type="checkbox"/> Hispanic or Latino  |
| Race or National Origin<br><input type="checkbox"/> American Indian or Alaskan Native<br><input type="checkbox"/> Asian (specify)<br><input type="checkbox"/> Asian Indian<br><input type="checkbox"/> Bangladeshi<br><input type="checkbox"/> Cambodian<br><input type="checkbox"/> Chinese<br><input type="checkbox"/> Filipino<br><input type="checkbox"/> Hmong<br><input type="checkbox"/> Indonesian<br><input type="checkbox"/> Japanese<br><input type="checkbox"/> Korean<br><input type="checkbox"/> Laotian<br><input type="checkbox"/> Malaysian<br><input type="checkbox"/> Pakistani<br><input type="checkbox"/> Taiwanese<br><input type="checkbox"/> Thai | Race or National Origin<br><input type="checkbox"/> American Indian or Alaskan Native<br><input type="checkbox"/> Asian (specify)<br><input type="checkbox"/> Asian Indian<br><input type="checkbox"/> Bangladeshi<br><input type="checkbox"/> Cambodian<br><input type="checkbox"/> Chinese<br><input type="checkbox"/> Filipino<br><input type="checkbox"/> Hmong<br><input checked="" type="checkbox"/> Indonesian<br><input type="checkbox"/> Japanese<br><input type="checkbox"/> Korean<br><input type="checkbox"/> Laotian<br><input type="checkbox"/> Malaysian<br><input type="checkbox"/> Pakistani<br><input type="checkbox"/> Taiwanese<br><input type="checkbox"/> Thai |
| <input type="checkbox"/> Black or African American<br><input type="checkbox"/> Native Hawaiian and Pacific Islander<br><input type="checkbox"/> Fijian<br><input type="checkbox"/> Guamanian<br><input checked="" type="checkbox"/> Hawaiian<br><input type="checkbox"/> Samoan<br><input type="checkbox"/> Tongan  | <input type="checkbox"/> Black or African American<br><input type="checkbox"/> Native Hawaiian and Pacific Islander<br><input type="checkbox"/> Fijian<br><input type="checkbox"/> Guamanian<br><input type="checkbox"/> Hawaiian<br><input type="checkbox"/> Samoan<br><input type="checkbox"/> Tongan  |
| <input type="checkbox"/> White<br><input type="checkbox"/> Other  | <input type="checkbox"/> White<br><input type="checkbox"/> Other   |



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(I/We) understand that if (I/we) have made any material misstatements in the forgoing representations or omitted any of the information requested, the office of the district attorney will be contacted for investigation regarding misrepresentation and fraud.

Date: \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Applicant

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Printed Name of Co-Applicant

\_\_\_\_\_  
Signature of Co-Applicant

### **CERTIFICATION OF THE LENDER**

Based upon reasonable investigation, the Lender has no reason to believe that either the applicant or the seller of the residence has made any negligent or fraudulent material statements in connection with the applicant's application for an MCC, and submits the completed information above as accurate and true to the best of the lender's knowledge. I certify that I have reviewed the CalHFA MCC Tax Credit Application and Borrower Affidavit for accuracy and completeness. I also certify that the financing attached to this MCC does not use any of the prohibited financing such as mortgages funded with a qualified mortgage bond or a qualified veteran's mortgage bond.

Date: \_\_\_\_\_

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Signature of Lender Representative

\_\_\_\_\_  
Title of Lender Representative