

KANSAS CITY OFFICE
920 Main Street
Suite 1400
Kansas City, MO 64105
(816) 759-6600



ST. LOUIS OFFICE
505 N. 7th Street
20th Floor, Suite 2000
St. Louis, MO 63101
(314) 877-1350

www.mhdc.com

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MISSOURI HOUSING DEVELOPMENT COMMISSION

NOTICE OF 2018-2019 MORTGAGE CREDIT CERTIFICATE PROGRAM

The Missouri Housing Development Commission (the "Commission") announces the anticipated continuation of its Mortgage Credit Certificate Programs (the "Programs"). Section 25 of the Internal Revenue Code of 1986, as amended, authorizes issuers of qualified mortgage bonds, such as the Commission, to elect to issue Mortgage Credit Certificates (MCCs) in lieu of qualified mortgage bonds.

THE CONTINUATION OF THE PROGRAMS IS CONTINGENT ON THE OUTCOME OF TAX REFORM LEGISLATION CURRENTLY PENDING IN CONGRESS. THE TAX REFORM BILL PASSED BY THE HOUSE OF REPRESENTATIVES WOULD ELIMINATE MCCS EFFECTIVE JANUARY 1, 2018. SO LONG AS LEGISLATION ELIMINATING MCCS IS PENDING, THE COMMISSION DOES NOT EXPECT TO BEGIN ACCEPTING APPLICATIONS FOR MCCS UNDER THE 2018-2019 PROGRAM. IN THE EVENT THAT LEGISLATION ELIMINATING MCCS BECOMES EFFECTIVE, NO MCCS WILL BE ISSUED UNDER THE 2018-2019 PROGRAM.

MCCs entitle qualifying individuals to a credit against the individual's Federal income tax. The amount of the credit is determined by multiplying the certificate credit rate by the amount of interest paid or accrued during each taxpayer's taxable year on the mortgage loan for the taxpayer's "principal residence." In order for an individual to claim the credit provided by Section 25, the MCC must be a "qualified mortgage credit certificate" issued pursuant to a "qualified mortgage credit certificate program." The following criteria/requirements must be met:

Principal Residence Requirement

The homebuyer(s) must use the residence as his or her principal residence within a reasonable time (e.g. sixty (60) days) after the MCC is issued. The MCC holder must notify the Issuer of the MCC if the residence ceases to be his or her principal residence.

New Mortgage Requirements

An MCC cannot be issued in conjunction with the acquisition, replacement or refinancing of an existing mortgage. However, a certificate can be used in conjunction with the replacement of construction period loans, bridge loans, or other temporary initial financing with a term of twenty-four (24) months or less.

Three-Year No Prior Homeownership Requirement

The homebuyer(s) cannot have had any present ownership interest in a principal residence at any time during the preceding three years ending on the date the mortgage executed with respect to the residence in connection with which the MCC is issued. This three-year, first time homebuyer requirement does not have to be met if the residence for which a mortgage loan application is being made is located in a federally designated targeted area. A targeted area is a particular area in the State determined or approved by the Federal government that will receive special consideration to provide an added stimulus to housing in that area.



Purchase Price Requirements

The maximum allowable purchase prices for residences assisted by MCCs vary based upon whether the home is in a targeted or non-targeted area. The current maximum purchase prices are:

	<u>NON-TARGETED AREAS</u>	<u>TARGETED AREAS</u>
	<u>1-Family Residence</u>	<u>1-Family Residence</u>
All Areas	\$248,098	\$303,231

Homebuyer Income Limits

The homebuyer must have family income at or below the income limit for the area in which the residence being purchase is located, considering family size and whether the home is located in a targeted area. The current homebuyer income limits are:

	<u>NON-TARGETED AREAS</u>		<u>TARGETED AREAS</u>	
	<u>1-2 persons</u>	<u>3+ persons</u>	<u>1-2 persons</u>	<u>3+ persons</u>
Kansas City MSA *	\$74,800	\$86,020	\$89,760	\$104,720
Jefferson City MSA **	64,200	73,830	77,040	89,880
Columbia MSA	74,400	85,560	89,280	104,160
St. Louis MSA ***	74,500	85,675	89,400	104,300
All Other Areas	63,200	72,680	75,840	88,480

- * Excluding Bates County
- ** Excluding Calloway and Moniteau Counties
- *** Excluding Sullivan City part of Crawford County

Methods by Which Certificates Are Issued

Prior to the mortgage loan closing, an application and supporting affidavits and documents must be submitted to the Commission. The Commission will review these documents and either reject or accept the application. At the mortgage loan closing a Closing Affidavit will be prepared and sent with supporting documents to the Commission. If all documents are acceptable, a Mortgage Credit Certificate will be issued by the Commission, which will allow the homebuyer to claim the credit.

The Commission expects to begin accepting applications for MCCs under the 2018-2019 Program beginning on February 1, 2018. In order to comply with federal requirements, Mortgage Credit Certificates may not be issued prior to the date which is at least 90 days after the date of publication of this Notice. **Notwithstanding the foregoing, the Commission does not expect to begin accepting applications for MCCs under the 2018-2019 Program and does not expect to issue any MCCs under the 2018-2019 Program so long as legislation eliminating MCCs is pending or in the event legislation eliminating MCCs becomes effective.**

Solicitation of Interested Mortgage Lenders

The Commission intends to maintain a list of mortgage lenders that have stated that they will make loans to qualified holders of Mortgage Credit Certificates. Mortgage Lenders may contact the Commission to express their interest in being included in such a list. Borrowers will not be required to obtain financing from the mortgage lenders included in the list.

Additional Information

For further information contact: Don Brinker, Missouri Housing Development Commission, 920 Main Street, Suite 1400, Kansas City, Missouri 64105, (816) 759-6814.

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