

**Homebuyer Tax Credit (HBTC)  
Variance for Adjustable Rate Mortgages**

**Introduction**

Currently, New Hampshire Housing’s HBTC Program rules, [HFA 328](#), require that the Underlying Mortgages, defined in HFA 328.03 (b) 15), meet certain criteria. Specifically, the Underlying Mortgage must be “a new... fixed-rate, fully amortizing mortgage...” HFA 328.09 (a) 3).

HFA 328.09 (b) authorizes variances from these requirements when such a variance “would further the Authority’s mission and would be in the best interest of Eligible Borrowers.” New Hampshire Housing has concluded that Eligible Borrowers who finance using an adjustable rate mortgage (ARM) that meet the requirements of this “Variance” should be eligible for the HBTC.

**Definitions**

Capitalized words in this Variance, which have not been defined in this Variance, shall be as defined in HFA 328.

**Eligible Underlying Mortgage**

To be an eligible Underlying Mortgage under this Variance, the mortgage shall:

- A. Comply with all HFA 328 requirements, except: i) the fixed-rate requirement found in HFA 328.09 (a) 3); and ii) the interest rate requirement in HFA 328.09 (a) 6);
- B. Have an initial mortgage interest rate, on the date the rate for the Underlying Mortgage is locked, that is equal to or less than the Authority’s lowest posted interest rate on that lock date; and
- C. Have an initial rate period, maximum first rate adjustment and a maximum total rate adjustment consistent with the following table.

<b>Rate Periods</b>		<b>Interest Rate Caps</b>	
<b>Initial Rate Period</b>	<b>Adjustments after Initial Period</b>	<b>Maximum First Rate Adjustment</b>	<b>Maximum Total Rate Adjustment</b>
5 years	Each year after initial	Equal to or less than 3%	Equal to or less than 6%
7 years	Each year after initial	Equal to or less than 3%	Equal to or less than 6%
10 years	Each year after initial	Equal to or less than 5%	Equal to or less than 6%

**Eligible Lenders**

This Variance is only available for loans from “Participating MCC Lenders,” HFA 328 .03 (b) 12), that apply for and are approved to participate in this Variance. New Hampshire Housing is also eligible for this Variance.

### **Application for Variance**

Lenders that wish to participate in this Variance shall file the attached application with New Hampshire Housing. New Hampshire Housing shall review the application and either grant or deny the application. Once approved and the application has been signed by the lender and New Hampshire Housing, the application shall be part of the MCC contract between New Hampshire Housing and the lender.

### **No Other Revision or Variance**

All other HBTC requirements apply. This Variance does not revise or modify: i) any other HBTC rule found in HFA 328; ii) any other New Hampshire Housing HBTC requirement; or iii) any IRS requirement for mortgage credit certificates.

### **Effective Dates and Modification**

This Variance is effective as of \_\_\_\_\_, and shall remain effective until terminated by New Hampshire Housing. New Hampshire Housing retains the right to terminate or modify this Variance as it sees fit. Lenders that have been approved for this Variance will be provided thirty (30) days written notice of any modification or termination.

**Application for Approval  
Homebuyer Tax Credit  
Variance for Adjustable Rate Mortgages**

Lender name: \_\_\_\_\_ (Lender)

Lender contact information:

Contact Person: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

1. Lender has reviewed the Homebuyer Tax Credit (HBTC), Variance for Adjustable Rate Mortgages (the Variance);
2. Lender requests approval to participate in the Variance;
3. If this application is approved and signed by New Hampshire Housing, then: i) this application; ii) the Variance; iii) all New Hampshire Housing HBTC requirements; and iv) all Internal Revenue requirements for mortgage credit certificates requirements, constitute the contract between the Lender and New Hampshire Housing.

**Lender**

\_\_\_\_\_ (Please sign)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

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

Application Approved

Application Denied

**New Hampshire Housing Finance Authority**

\_\_\_\_\_  
Ignatius MacLellan  
Managing Director, Homeownership

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