LENDER NOTICE

Homebuyer Tax Credit (Mortgage Credit Certificate or MCC)
Revised Income Standard Change

December 15, 2021

Introduction

This lender notice relates to a significant change in the income standard applied to borrowers who are seeking the Homebuyer Tax Credit (HBTC), aka the "Mortgage Credit Certificate" or "MCC." The revised standard will:

- Allow more homebuyers to qualify for the MCC; and
- Simplify the documents required from homebuyers and lenders.

PLEASE READ THE ENTIRE NOTICE AND SIGN UP FOR TRAINING.

Summary

New Hampshire Housing will apply a revised income standard about whose income must be included in determining MCC eligibility. Basically, NH Housing will now only require gross income for: 1) all mortgagors; and 2) others who live in the home and are secondarily liable on the mortgage. This means lenders will no longer have to provide income for everyone over 18 years of age living in the home.

Current HBTC Income and Purchase Price limits can be found here: https://www.gonewhampshirehousing.com/assets/pdf/HBTC_Income_and_PP_Limits.pdf

Revised Income Standard

As of the effective date below, NH Housing will follow IRS Revenue Ruling 86-124 when reviewing income eligibility under the HBTC program.

Please note, the existing policy about required occupancy remains: The IRS regulations require that an MCC recipient must live in the home. Therefore, regardless of the information below, NH Housing does not issue MCCs to nonoccupant borrowers.

Under the new income standard, NH Housing will only require gross income verification (meaning the income considered in determining eligibility and the documents required to verify income) from the following MCC applicants:

1. All mortgagors.

   "Mortgagor" means someone who:

   a. Owns an interest in the home (is on the deed); and

   b. Signs the mortgage as security for the loan, even if not on the note.
2. Any other person who is secondarily liable on the mortgage and is expected to live in the home.

"Secondarily liable" means anyone who signs the note or other document that creates liability on the note.

Examples of Revised Income Standard

Assume:

- The MCC applicant otherwise meets the other MCC requirements.
- The loan does not include a nonoccupant co-borrower who is not eligible for an MCC.

Example #1: Sole Owner; One Person on Note and Mortgage; Other adults living in home who receive income

Scenario: Barbara, the homebuyer, will be the sole property owner and the only person on the note and mortgage. Barbara's 20-year-old employed son and Barbara's 75-year-old mother with Social Security will be living in the home.

Income required to be included: Only Barbara's income is included. The son's income and the mother's income are not included.

Example #2: Sole Owner; One Person on Note and Mortgage; Married with husband living in the home

Scenario: Barbara, the homebuyer, will be the sole property owner and the only person on the note and mortgage. Her employed husband Juan will be living in the home and will be signing the mortgage to release homestead rights.

Income required to be included: Only Barbara's income will be included. Juan's (husband) income is not included. Signing the mortgage solely to release homestead rights does not change this conclusion. Only Barbara is on the deed, and only Barbara is liable on the mortgage.

Example #3: Two Owners; One Person on Note and Mortgage; Both living in the home

Scenario: Barbara and Juan will be the homebuyers who will both be on the deed. Both will be living in the home, and both have income. However, Juan's credit is not good, so he will not be on the note. Yet, as a co-owner, he will have to sign the mortgage as a co-owner.

Income required to be included: Both Barbara's and Juan's income have to be included. Juan is not on the note, but he is a mortgagor (signs the mortgage to convey his ownership rights).

Example #4 One Owner; Two People on the Note and Mortgage; Both living in the home

Scenario: Barbara, the homebuyer, will be the sole property owner. However, Barbara needs her husband's income/credit to buy the home, so Juan will be on the note as a nonowner co-borrower.

Income required to be included: Both Barbara's income and Juan's income have to be included.

Homebuyer Tax Credit Program Webinar

All Participating Lenders and Participating Originators may register for the Homebuyer Tax Credit training with the links below. All lending staff are encouraged to attend to learn more about these exciting new changes to the HBTC program.

When	Register Link
• December 20, 2021, from 1:00 to 1:30pm	Register Here
• January 5, 2022, from 11:00 to 11:30am	Register Here

- January 26, 2022, from 2:00 to 2:30pm Register Here

No Longer Applicable
The requirement that all household members provide income verification is no longer required for HBTC Income Limit eligibility.

Effective Date: January 3, 2022
For all HBTC reservations received on or after January 3, 2022.

Lenders should be aware that NH Housing may, at any time, amend, change, or remove this income standard change.

If you have any questions, please contact Lisa Ford at lford@nhhfa.org.
For more information on all our programs see our Lender Selling Guide.

Sincerely,

Homeownership Team
New Hampshire Housing
ownershipinfo@nhhfa.org
www.nhhfa.org/lenders

About New Hampshire Housing As a self-sustaining public corporation, New Hampshire Housing Finance Authority promotes, finances and supports affordable housing. NHHFA operates a number of rental and homeownership programs that assist low- and moderate-income persons in obtaining affordable housing. Since its inception, NHHFA has helped more than 50,000 families purchase their own homes and has been instrumental in financing the creation of almost 15,000 multi-family housing units. NHHFA.org/Lenders