



## DCHFA’s MCC Program Option Form

Under the Mortgage Credit Certificate (“MCC”) program, eligible borrowers can save up to **20% of the mortgage interest paid each year** in reduced federal tax liability. The District of Columbia Housing Finance Agency (“DCHFA”) administers the MCC program. For more information, please visit [www.DCHFA.org](http://www.DCHFA.org) or [www.DCOpenDoors.com](http://www.DCOpenDoors.com).

### **Borrower Qualification Requirements**

To qualify for a Mortgage Credit Certificate, a borrower must meet the following requirements:

#### **Eligible Homebuyer**

- Be a first-time homebuyer or purchasing a home in a Targeted Area.
- Intend to reside in the property as a Principal Residence.
- Have an annual household income at or below the MCC Income Limits.

#### **Eligible Property**

- The home must be a single-unit property.
- The home’s purchase price must be at or below the MCC Purchase Price Limits.

#### **Eligible Mortgage**

- The mortgage loan must be a fixed-rate mortgage or qualified FHA ARM.
- The mortgage term must not exceed 30 years.

I/we hereby acknowledge:

- That I (we) would like to proceed with an application for an MCC under the DCHFA’s Mortgage Credit Certificate Program. I (we) understand that there are fees associated with this program.
- That I (we) am (are) opting out of obtaining an MCC under DCHFA’s Mortgage Credit Certificate Program. I (we) understand application for an MCC cannot be made after closing on an eligible property.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

### **If borrower(s) does/do not qualify, please complete section below:**

- Borrower(s) does/do not qualify for a Mortgage Credit Certificate under DCHFA’s MCC Program.

\_\_\_\_\_  
Loan Originator

\_\_\_\_\_  
Date



**District of Columbia Housing Finance Agency  
Recapture Tax Notice  
MCC Program with DC Open Doors Mortgage Loan**

**Lender—Please provide this Notice to borrowers whose DC Open Doors mortgage with a Mortgage Credit Certificate will be purchased by the District of Columbia Housing Finance Agency (“DCHFA”) or its master servicer. Please do not give this Notice to borrowers applying for a Mortgage Credit Certificate if you intend to fund their loan from your own sources.**

Federal law provides for a possible Recapture Tax when some homeowners sell their home within the first nine years after receiving a Mortgage Credit Certificate issued by DCHFA. In order to alleviate the confusion and worry about having to pay a recapture tax when the home is sold, DCHFA agrees to reimburse any DCHFA homebuyer who utilizes the DC Open Doors program in conjunction with the MCC, the amount of any recapture tax that the homebuyer pays in connection with the sale of the home. However, DCHFA will not reimburse a non-DCHFA homebuyer who only receives an MCC through DCHFA, and not a DC Open Doors Mortgage.

DCHFA will not calculate the recapture amount. Upon sale or disposition of the residence, the borrower(s) must consult a personal tax advisor or the IRS.

In order to request a recapture tax reimbursement from DCHFA:

- The borrower(s) first must instruct the IRS, by using IRS Form 4506, to send to DCHFA a copy of each borrower’s federal tax return covering the calendar year in which the residence was sold.
  - On Form 4506, instruct the IRS to send the information to:  
District of Columbia Housing Finance Agency  
Attention: Single Family Programs - Recapture Tax Reimbursement  
815 Florida Avenue, NW  
Washington, DC 20010  
(202) 777-1600
- The borrower(s) must send a written request for reimbursement to DCHFA, by July 15<sup>th</sup> of the calendar year after the residence is sold, accompanied by the following:
  - a copy of the executed Seller Closing Disclosure from the sale of the property;
  - the address to which the reimbursement should be mailed; and,
  - any other documentation CDA may need to approve the reimbursement.
  - Submit requests for reimbursement to:  
District of Columbia Housing Finance Agency  
Attn: Single Family Programs - Recapture Tax Reimbursement  
815 Florida Avenue, NW  
Washington, DC 20010
- DCHFA will not act on the request for reimbursement until the copies of the borrower(s) tax returns are received from the IRS.

DCHFA will reimburse the Recapture Amount actually paid, but will not reimburse fees, interest, expenses or penalties incurred.

In order to comply with Federal tax reporting requirements, DCHFA will issue an IRS Form 1099 so the amount of any recapture tax that DCHFA reimburses to the borrower will be reported to the IRS as income.