



DCHFA Applicant Disclosure

Borrower Name(s): _____

Part I – APPLICANT(S) AFFIDAVIT

The undersigned Applicant(s) for a Mortgage Loan from the proceeds of a tax-exempt bond or an MCC issued by the District of Columbia Housing Finance Agency (“DCHFA”) under the DCHFA MCC Program, being duly sworn, do hereby represent and warrant as follows:

1. The address for the property being purchased, and for which this MCC is being requested is _____, Washington, D.C. _____.
2. I/We will occupy the property as my/our principal residence within sixty days after the closing of the home mortgage, or, in the case of a loan made to finance the construction of a residence, within sixty days after the completion of construction, and thereafter to maintain the property as my/our principal residence until the home mortgage is paid in full and the note securing the same is satisfied.
3. I/We will not use more than 15% of the residence in a trade of business.
4. All of the land being purchased with the residence reasonably maintains the basic livability of the residence and does not provide a source of income to me/us and I/we have no intentions of subdividing such land or otherwise selling it apart from the residence.
5. I/We will notify DCHFA immediately and in writing if and when the home ceases to be my/our principal residence. I/We understand that any MCC issued in connection with the home will be revoked if the home ceases to be my/our principal residence.
6. I/We have not had a present ownership interest* in a principal residence, including a Manufactured Home permanently fixed real property, at any time during the three-year period immediately prior to the closing of this mortgage. (This requirement does not apply if the residence being purchased is in a “Targeted Area” as determined by DCHFA.)

*The term “present ownership interest” includes not only outright ownership but also any of the following interest 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 a 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 sometime later. A “principal residence” does not include a vacation residence or time sharing residence which is not used as a permanent residence.

7. I/We have provided copies of my/our signed Federal Income tax returns (or signed tax transcripts obtained directory from the Internal Revenue Service), covering the immediately preceding three-year period that such returns were required to be filed with the Internal Revenue Service.

If I was not required to file Federal Income tax returns during one or more of the preceding three years in accordance with Section 6012 of the Internal Revenue Code, the following year(s) are those for which I was not required to file and the reason not required:

8. I/We will not use any part of the loan proceeds to acquire or replace an existing mortgage except for construction period financing or other temporary initial financing.
9. My/Our current income does not exceed DCHFA's Mortgage Loan using tax-exempt bond proceeds/MCC Income Limits.
10. I/We have been advised that the value of the MCC varies according to my/our federal tax liability and acknowledge that I/we have been advised to consult a tax professional for advice. I/We understand that neither DCHFA nor the lender make any representations regarding the value of the credit to me. I/We understand that the MCC will reduce my/our federal tax liability based upon the amount of mortgage interest paid for each tax year.
11. I/We understand and agree that any changed circumstances in acquisition cost, household income or other program requirements may disqualify me/us from receiving a mortgage loan using tax-exempt bonds or MCC even though at the time of application I/we was/were eligible to receive the certificate.
12. I/We understand that I/we may seek financing for the first mortgage loan from any lender of my/our choosing. The selected lender would be required to sign a DCHFA Participation Agreement, if one is not already on file.
13. I/We understand and agree that the lender will decide upon my/our eligibility to receive the mortgage loan and set all loan terms and that DCHFA will not be involved in the credit process. I/We understand and agree that DCHFA will not inspect the property for defects. I/We therefore agree to hold DCHFA harmless from any action or inaction on the part of the lender, seller, contractors or other involved parties.

PART II – ACQUISITION COST OF THE RESIDENCE

I/We certify that the cost of acquiring this property has been fully disclosed to the lender and is within the Acquisition Cost limits established by DCHFA. I/We certify there are no undisclosed agreements, written or verbal, pertaining to this transaction.

Acquisition Cost Worksheet

1. Amount to be paid, in cash or in kind, by the Applicant(s) to or for the benefit of the seller(s) for the land and/or dwelling..... \$ _____
2. If the dwelling is “incomplete or in need of renovation,” additional costs of completing the dwelling not included above..... \$ _____
3. Total Acquisition Cost..... \$ _____

Notes:

- (1) The Acquisition Cost excludes the cost of any personal property sold with the residence which is separately identified in the contract, value at its fair market value and not financed by the Mortgage Loan.
- (2) The Acquisition Cost of a residence does not include the imputed value of services performed by the Applicant(s) or members of his/her family or their families, in completing the residence.

PART III – INCOME ELIGIBILITY

The information requested below must be provided in order to assist with determination your eligibility under the MCC Program income limits. The limits are used solely to determine eligibility under the MCC Program's income limit provision and may not be the same income used for mortgage loan qualification and underwriting purposes.

Please list the name, age and total annual income, if applicable, of all persons who will occupy the property:

Applicant: _____	Age: _____	Income: \$ _____
Co-Applicant: _____	Age: _____	Income: \$ _____
Occupant: _____	Age: _____	Income: \$ _____
Occupant: _____	Age: _____	Income: \$ _____
Occupant: _____	Age: _____	Income: \$ _____
Occupant: _____	Age: _____	Income: \$ _____
Occupant: _____	Age: _____	Income: \$ _____

For purposes of compliance under the MCC Program income limits, all income from the Applicant's spouse and any person(s) signing (i) the Mortgage or Note and/or (ii) expected to live in the residence must be included, with the exception of occupants under the age of 18 or full-time dependent (claimed on Applicant's Federal Tax Return) students.

Documentation required, if applicable:

- Most recent pay stub clearly identifying base pay, overtime, bonus and/or commission income and reflecting year-to-date earnings (if not available, a written Verification of Employment may be substituted);
- Awards/Benefit statement for any social security, retirement and/or pension income;
- Previous year's W2/1099 forms;
- Most recent Federal Tax Return, including all schedules, (and Year-To-Date Profit & Loss Statement for the most recent quarter if closing will be 120 days or more from most recent tax year ending) for any self-employed occupant;
- If an occupant, aged 18 or older that is not a dependent full-time student, does not earn an income, please provide a notarized statement of such from the occupant.

(1) Gross monthly income is the sum of monthly gross pay and any additional income from any source, both taxable income and non-taxable income, including but not limited to earnings, overtime, part-time employment, bonuses, dividends, interest, annuities, pensions, VA compensation, commissions, social security benefits, disability payments, alimony, child support payments, public assistance, underemployment compensation, and income received from trusts, business activities and investments.

We acknowledge my/our total gross household income including each person living in the residence is within the MCC Program limits established by DCHFA.

PART IV – RECAPTURE NOTIFICATION

You have applied to the District of Columbia Housing Finance Agency for an MCC subject to special federal tax rules. You are hereby notified that current federal tax law may require a payment to the federal government of a "recapture" amount upon the sale, transfer or other disposition of your residence. You may be required to pay a Recapture Tax equal to a portion of the loan amount if you sell or otherwise transfer your residence to another party within the first nine years of your Mortgage Loan. The Recapture Tax may not exceed, in any event, 50% of the gain realized on sale, transfer or other disposition. You may not have to pay part or the entire recapture amount if your income at the time of sale, transfer or the disposition is less than a prescribed amount, or if the sale, transfer or disposition arises as a result of your death.

There is no way to predict your exact tax liability since it is based on when you sell or transfer your residence, your gain from the disposition, income and family size at the time of disposition. Moreover, because the U.S. Congress may at any time enact legislation amending the current Federal tax law, the requirement (if any) affecting your Mortgage Loan at the time of closing may be different from that described above. Consult your tax adviser or local IRS office for further information.

Please refer to Notice to Applicants Potential Recapture Tax (Form MCC – 004) for additional information regarding Recapture Tax.

PART V – CERTIFICATION

I/We acknowledge and understand that this Affidavit will be relied upon for the purpose of determining my/our eligibility for a Mortgage Credit Certificate (MCC). I/We understand that any fraudulent statements will result in:

- (1) The revocation of the Mortgage Credit Certificate; and
- (2) A \$10,000 penalty under 26 USC §6709

Applicant

Date

Co-applicant

Date