

PUBLIC NOTICE
Rhode Island Housing
Mortgage Credit Certificate Program

This notice is published pursuant to Section 25 of the Internal Revenue Code of 1986 (the “Code”) and Treasury Temp. Reg. §1.25-7T.

Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is proposing to implement a Mortgage Credit Certificate Program (the “Program”) to provide assistance to homebuyers purchasing new or existing affordable single family residences in the State of Rhode Island (the “State”). No sooner than 90 days following publication of this Notice, Rhode Island Housing intends to make Mortgage Credit Certificates (“Certificates”) available through participating lenders to homebuyers according to the guidelines summarized below. The total credit authority available under the Program is \$100,000,000 which initially is expected to provide assistance with respect to \$125,000,000 in aggregate principal amount of mortgage loans, at a 20% credit rate.

The annual amount of the tax credit will be set at an amount between 10% and 50% of the yearly interest paid or accrued on the mortgage loan; provided however, that if the credit rate exceeds 20%, the annual amount of the credit may not exceed \$2,000. The amount of the credit may not exceed the homeowner’s total tax liability for a specified year, but excess credit may be carried forward for up to three subsequent tax years. Use of a Certificate will reduce the annual deduction for home mortgage interest on the homeowner’s federal tax return. A Certificate expires on the date the mortgage loan relating thereto is paid in full or refinanced, and is revoked on the date the residence to which it relates ceases to be the taxpayer’s primary residence. Rhode Island Housing reserves the right, from time to time, to adjust the MCC credit rate, to make allocations to specific sectors of the housing industry or to conform to market demand or future tax legislation.

Program Requirements.

To be eligible for a Certificate, applicants must (1) Purchase a new or existing single-family home in the State; (2) Acquire a new mortgage or home loan (refinancing of an existing mortgage or land contract is not permissible, except for certain construction period and temporary loans or in connection with certain qualified rehabilitation loans); (3) Occupy the home within 60 days of its purchase; (4) Purchase a home which has a total cost that does not exceed the maximum purchase price limits as established by Rhode Island Housing (which currently is \$392,823); (5) Have a household income, including all household members eighteen years or older, that does not exceed the maximum household incomes as established by Rhode Island Housing (which currently range from \$87,360 for one or two person families to \$101,920 for three or more person families, depending on location); and (6) Not have had an ownership interest in a principal residence within the preceding three years (except for qualified homebuyers purchasing homes in federally designated Targeted Areas or for certain veterans). Rhode Island Housing reserves the right to adjust the purchase price and income limits for the Program to reflect housing costs and market conditions within federal guidelines.

Current federal tax law may require a payment to the federal government of a “recapture” tax if the homeowner sells or otherwise transfers his or her home to someone else within nine years after the MCC is issued and if the homeowner’s income had substantially increased during this period.

Rhode Island Housing reserves the right to adjust, modify or amend the Program requirements and guidelines at its sole discretion and without further notice.

Method by which Certificates will be issued under the Program.

Until the total credit amount for the Program is exhausted, a qualifying homebuyer may apply for a Certificate through a participating lender at the time of loan application. The opportunity to participate will be open to any lender. A list of currently participating lenders is posted on Rhode Island Housing's website at <http://loans.rhodeislandhousing.org/TaxCreditApprovedLenders/>. An applicant may also obtain a loan from a lender not on this list if the lender agrees to participate in the Program. The taxpayer must meet the credit and underwriting criteria established by the participating lender providing the mortgage loan. Certificate applications will be accepted on a first come, first served basis. Certificates cannot be used with any mortgage loans subsidized by mortgage revenue bonds, and Rhode Island Housing will neither make nor purchase any loans financed by mortgage revenue bonds in connection with this Program.

Taxpayers must be qualified for a Certificate under the Code and the regulations, rulings and interpretations issued by the Internal Revenue Service which shall control in the event of a conflict with other requirements.

The applicant must sign all documents and affidavits which are needed to demonstrate eligibility for a Certificate, and the regulations, rulings and interpretations issued by the Internal Revenue Service shall control in the event of a conflict with other requirements.

Fees.

Each applicant will be charged an application fee and loan processing fee not to exceed \$1,000 payable at the time of application. This fee is in addition to other normal loan charges.

Lenders Invited to Participate in the Program.

Banks, savings and loan associations, mortgage companies and other financing institutions and individuals are invited to participate as lenders. Any lender who wishes to participate will be required to sign a Lender Participation Agreement, which outlines the lender's loan review and reporting responsibilities, and pay a participation fee to Rhode Island Housing. Rhode Island Housing will make a list of participating lenders available to the public upon request. There is no allocation of Certificates by lender.

Further Information.

For further information, contact Peter C. Pagonis of Rhode Island Housing at ppagonis@rihousing.com or by phone 401-457-1152.

