

2014 Mortgage Tax Credit Basic (MTC)

(Effective May 1, 2014 thru December 31, 2016)



This Program Term Sheet (“Program Term Sheet” as referenced in the Mortgage Tax Credit Program Participation Agreement, “) has been adopted by the Ohio Housing Finance Agency (“OHFA”) for the Program and is incorporated by reference in the Lender Guide. Capitalized terms used herein shall have the meanings given to such terms in the Mortgage Tax Credit Program Participation Agreement and the Lender Guide.

Agency	Ohio Housing Finance Agency (the “OHFA”)
Terms	Fixed-Rate Mortgages ONLY (any term is allowed as long as fixed-rated)
Rate	A Current Fixed-Rate Loan Product offered by the participating lender.
Eligible Properties	<ul style="list-style-type: none">• 1-4 unit single family properties, Condominiums, Planned Unit Developments (PUDs), Manufactured homes• 2 acres or less – within municipal corporations• 5 acres or less – outside municipal corporations
Purchase Price Limits	Maximum purchase price limits by County are posted online at www.myohiohome.org .
Annual Credit Rates	<ul style="list-style-type: none">• 20% for Non-Targeted Areas• 25% for Targeted Areas• 30% for purchase of Real Estate Owned (REO) single family properties from HUD, Fannie Mae, Freddie Mac or a financial institution that acquired the property through foreclosure.• If a non-profit or local government acquires and rehabilitates an REO property which is then
Recapture Tax	If a borrower sells the residence within nine years of the date of closing, the borrower may owe recapture tax if the household income has increased more than the amount allowed under the Internal Revenue Code and the house is sold at a net profit. However, OHFA will reimburse homebuyers for the actual amount of recapture tax paid to the IRS. In order to benefit from the MTC a borrower must have income tax liability, and must file using the “long form” IRS 1040. Borrowers who have low tax liability due to other deductions may not be able to use the entire MTC benefit.
Fees	<ul style="list-style-type: none">• \$500 per loan paid to OHFA by the lender which may be assessed to the borrower. The participant may charge a potential borrower applying for an MTC only those reasonable fees for processing of the financing as would be charged to a potential borrower applying for financing not provided in connection with an MTC.
Income Limits and Qualifying Income	<ul style="list-style-type: none">• Income Limits are posted online at www.myohiohome.org.• Eligibility Income: All income of the individuals who will <u>both</u> live in the property and be obligated on the mortgage Note will be used in determining borrower income eligibility.
Borrower Investment	No minimum Borrower investment is required by OHFA, other than those required per FHA, VA, USDA-RD guidelines.
Occupancy Requirement	Owner-occupied properties only. Occupant borrower(s) must agree to occupy the home as their principal residence within 60 days of the loan closing date and must occupy the property as their principal residence for a minimum of one (1) year after the loan closing date.

First Time Homebuyer	<p>Principal residence only, owner occupied. Co-signers/Co-mortgagors are permitted per OHFA, Fannie Mae, FHA, VA, USDA-RD guidelines. A Borrower must be a “first time homebuyer”, unless otherwise specified herein, defined as:</p> <ul style="list-style-type: none"> • Borrower who has not had an ownership interest in a principal residence at any time during the three (3) year period ending on the date the Mortgage Loan is executed. • Qualified military veterans who have received an honorable discharge from the U.S. military are eligible even if they previously owned a home. • Borrowers do not have to qualify as a First Time Homebuyer if the home they select for purchase is located in a designated target area census tract. Please refer to the http://ohiohome.org/geodata/ to see if the property is in an OHFA target area census tracts.
<i>Underwriting</i>	As per lender requirements
<i>Credit Score Minimum</i>	As per lender requirements
Note	MTC available on first-come, first-served basis and is non-transferrable

Lender Process

Application and Reservation	<ul style="list-style-type: none"> • Lender determines Borrower eligibility per OHFA per first time homebuyer status, credit score minimum, income limits, purchase price limits. • Lender registers the loan through OHFA’s website at www.ohiohome.org and uses Lender On-Line Reservation System. • Lender processes the loan, gathers documentation, and obtains the appraisal.
Documentation Requirements	<p>OHFA requires, at a minimum, the following documentation be provided for commitment approval:</p> <ul style="list-style-type: none"> • Borrower(s) 1003 Mortgage Loan Application • 1008 Transmittal • 3 years most recent years signed tax returns for borrower(s) and spouse releasing dower, if applicable. IRS transcripts are acceptable in lieu of signed returns. • 2 most recent paystubs within the last 60 days or one recent paystub and a written VOE. • Copy of executed purchase contract. • Other documentation as needed per transaction. Reviewed on case by case basis.
Commitment Compliance Package	<p>Within 25 calendar days from the Loan Reservation Date, the Lender must forward a Compliance Package to OHFA. A commitment compliance documentation checklist can be found on OHFA’s Lender On-Line Reservation System. Once the commitment package is approved, OHFA will make the commitment package documents available on the Lender On-Line Reservation System for signature by the buyer and seller. The Lender is authorized to proceed with the Loan closing once compliance approval has been issued. The Lender is responsible to have the commitment package documents signed by the buyer and seller.</p>
Purchase Compliance Package	<p>Lenders must submit a purchase Compliance Package to OHFA. A purchase compliance documentation checklist is available on the Lender On-Line Reservation System along with the tax exempt rider. Only documents provided by OHFA on the Lender On-Line Reservation System will be accepted. Once the purchase compliance package is approved by OHFA,</p>