



Texas Homebuyer Lender Guide



Effective December 14, 2020

Revisions Table

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Section	Page	Revision	Date
3.1	17	FNME HFA Preferred Program has been reinstated effective, Dec 1, 2020	12/01/2020
3.2	12	Maximum Debt to Income Ratio DTI Update for AUS Findings = 50%. Manual Underwrite Approvals Debt to Income Ratio DTI Remain at 45%	09/01/2020
4.2-4.4	15-16	Update to MCC Credit Rate for lower sales price tier, Up to \$175,000 is adjusted to 30% Credit Rate from previous 25%	07/01/2020
3.1	11	FNMA HFA Preferred Program is Suspended effective, May 01, 2020 until further notice	04/28/2020
7.1	16-17	Update to Compliance Review Fee to \$275, All Programs, and MCC Issuance Fee to \$400	04/01/2020
15.2	29	NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please call the eHP Texas Hotline at (512) 539-0009.	04/01/2020
1.5	10	Cosigners and Guarantors: Per FNMA HFA Preferred guidelines – Cosigners income will be included in the 80% AMI limit.	01/15/2020
4.2	14	MCC Credit Rate – 20% or 25% based on loan amount (effective January 15, 2020)	01/15/2020
7.1	16	Program Fees - \$0 MCC Issuance Fee (applicable to loan/MCC reservations beginning December 19, 2019, until further notice)	12/19/2019
7.1	16	MCC fee reduced to \$200 for Combo and Stand-alone program, effective for reservations on and after Oct. 1, 2019	10/01/2019
3.5	13	Loan Product Advisor (LPA) is not allowed on HFA Preferred	10/01/2019
3.1	11	Special Feature Code updated to 782 for State HFA	10/01/2019
3.1	11	USDA Interest Rate Cap: TDHCA will conform to the max interest rate allowable by USDA: Current Fannie Mae yield for 90-day delivery (actual/actual) for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of 1 percent.	10/01/2019
3.5	13	Removed “Freddie Mac’s Loan Product Advisor (LPA) is allowed for the purposes of automated underwriting only. Lenders must run the loan in LP as a Home Possible Advantage for HFAs. If the loan is run through LP not as the Home Possible Advantage for HFAs, the loan will be ineligible for purchase under the program”.	10/01/2019
3	11	Effective September 5, 2019, the FNMA HFA Preferred Conventional option will be available through My Choice Texas Home only and limited to borrowers with incomes of 80% AMI or below. Refer to the Income and Purchase Limits chart for applicable income limits.	08/15/2019

3	12	*Important to note: Under no circumstance will Idaho HFA (master servicer) purchase a loan that has a new loan casefile ID for Desktop Underwriter (DU) dated on or after September 5, 2019, that does not meet the above income requirement, as these loans will be undeliverable to Fannie Mae. Any such loan will not be purchased by IHFA and remain the responsibility of the Participating Lender.	08/15/2019
4	13	MCC Stand-alone available for reservation effective August 15, 2019.	08/15/2019
8.1	18	Update to MCC Issuance Fee of \$500 effective May 1, 2019	05/01/2019
1	9	Update “Texas Mortgage Credit Certificate” to remove the reference to “up to \$2,000”.	04/12/2019
5.1	15	Removed “Example” and the reference to “up to \$2,000”.	04/12/2019
5.2	15	Removed tiered structure table and updated with 25% and 20% MCC credit rate.	04/12/2019
5.4	16	Added the 25% and 20% MCC credit rate. Added Example.	04/12/2019
4	13	Starting February 1, 2019, MCCs will only be offered in combination with a My First Texas Home mortgage loan. MCCs reserved as a stand-alone option prior to February 1, 2019, will be honored (assuming receipt of compliance approval	02/01/2019
2.1	9	Verification of First-time homebuyer status – updated to include Note on February 15 th requirement on MCC.	02/01/2019
7.1	18	Rates/Offerings – removed Sample Rate Notice	02/01/2019
11.3	23	Closing and Funding of Down Payment Assistance – Revised compliance delivery to eHousingPlus	02/01/2019
11.4	23	Compliance File for all programs – Added “ See Section 16.2 Attachments (Pages 21-24) – eHousingPlus NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEF’S.”	02/01/2019
16.2	29-32	Added Attachments – NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEF’S	02/01/2019
3.2	11	Update to include “Triplexes and fourplexes and shares in housing cooperatives are not eligible for the Program(s).”	10/25/2018
3.7	12	Updated link to include 2-Unit Purchase Price Limits Table	10/25/2018
2.3	10	Update to include “The income of the Cosigner is not required to be considered when determining income eligibility for the purposes of the program.”	11/01/2018
2.2	10	Updated link to include 2-Unit Purchase Price Limits Table	10/25/2018

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The TDHCA Partnership Team



TDHCA

The Texas Department of Housing and Community Affairs (TDHCA) is the state agency responsible for affordable housing, community and energy assistance programs, Colonia activities, and regulation of the state's manufactured housing industry. The Department currently administers \$2 billion through for-profit, nonprofit, and local government partnerships to deliver local housing and community-based opportunities and assistance to Texans in need. The overwhelming majority of the Department's resources are derived from mortgage revenue bond financing and refinancing, federal grants, and federal tax credits.

The Texas Homebuyer Program is primarily responsible for the creation, oversight, and administration of the Department's homeownership programs, which are designed to assist low-to- moderate-income First-time homebuyers. The program does this through both bond proceeds and a TBA program in which funds are generated through private investors.

The Texas Homebuyer Program's options are made available to Texas consumers through the Department's network of approved participating lender partners.

Participating Lenders

The participating lender(s) play a very important role in the TDHCA homeownership programs. Lenders assist homebuyers to qualify for more home using programs offered by TDHCA, including our low-rate First mortgage, down payment assistance, and mortgage credit certificates. TDHCA homeownership programs can help lenders increase loan production serving more customers and their community.

As a participating lender, you will handle the process of reserving the mortgage loan and/or mortgage credit certificate in the EH Portal; and process, underwrite, approve, fund, close and sell qualified loans to the program's Master Servicer (as applicable). If using only the MCC program, participating lenders may sell their loan to their investor of choice. Check with your company on how to reserve a loan in your own system so that you have funds available for closing. Lenders are responsible for servicing first and second program loans, in accordance with Agency requirements, until they are purchased by the Master Servicer.

Idaho HFA, Master Servicer

TDHCA's master servicer for First mortgage loans and second loans with down payment assistance is Idaho Housing and Finance Association (IHFA). All loans originated through the TDHCA My First Texas Home and My Choice Texas Home option(s), whether with or without an MCC, will be sold to and serviced by IHFA. As master servicer, IHFA provides information and training concerning the mortgage loan file including acceptable loan products delivery and funding, receives all mortgage (loan purchase) files, reviews mortgage files, notifies lenders of mortgage file exceptions, approves mortgage files, purchases and service First and second mortgage loans.

eHousingPlus, Program Administrator/Compliance Agent

eHousingPlus serves as the Program Administrator/Compliance Agent for the TDHCA Homeownership programs. As program administrator, eHousingPlus maintains the program reservation system and related website, posts guidelines, provides auto-

fill forms, provides training on compliance issues and system, sends program notices, assist with compliance questions, sends program notices regarding program timelines, receives compliance files, reviews, posts and notifies participating lenders of exceptions, and approves compliance file.

Program Summary

TDHCA currently offers homeownership options through the following programs:

My First Texas Home offers expanded mortgage loan opportunities to qualifying First-time homebuyers, including government and conventional 30-year fixed rate first mortgage loan options that *may* include down payment and/or closing cost assistance. Borrowers must meet IRS tax- exempt guidelines.

My Choice Texas Home is a TDHCA First mortgage loan program that is available to low and moderate income First time and non-First-time homebuyers. Down payment and/or closing cost is available with each loan option. Income eligibility is based on the standard credit qualifying (1003) income used by the lender for loan qualifying. No IRS tax provisions apply.

Texas Mortgage Credit Certificate (“MCC”) assists in making homeownership more affordable by providing First-time homebuyers a federal income tax credit, reducing the homebuyer’s potential federal income tax liability. By having an MCC, the homebuyer has the ability to convert a portion of their annual mortgage interest into a direct income tax credit on their U.S. individual income tax return. The credit may be applied for the life of the loan, as long as it continues to be the borrower’s primary residence.

Section 1 – Mortgagor Eligibility

1.1 First Time Homebuyer Requirement

My First Texas Home / Texas Mortgage Credit Certificate: Homebuyer(s) using this option, an applicant cannot have had a present ownership interest in any principal residence during the last three years. The homebuyer and spouse, and any other adult who will have ownership interest in the property (named on the Deed of Trust) must meet this requirement. The homebuyer(s)

May be **exempt** from the First-time homebuyer requirement if:

- Homebuyer or spouse is a qualified veteran, honorably discharged as evidenced by DD-214 discharge papers. Have not previously had a mortgage financed through a mortgage revenue bond program.
- Purchasing in a Qualified Targeted Census Tract (Targeted Area).

My Choice Texas Home: Homebuyer(s) using this option are not required to be First-time homebuyers. Borrowers may have previously owned or may currently own a home, provided that, the home being purchased becomes the borrower's principal residence upon loan closing.

Verification of First-time homebuyer status: The following evidence is required to determine First-time homebuyer status and must be included with each loan submission file (compliance file) for each applicant:

- Signed and dated Form 1040, 1040A or 1040EZ federal income tax returns (or IRS tax transcripts obtained through a 4506T) for the past three (3) years with all schedules that show no deductions for mortgage interest or real estate taxes for a Principal Residence. Note: *IRS Tax Code requires the previous year tax return or tax transcript on any mortgage loan closing with a Mortgage Credit Certificate (MCC) after February 15th. Lenders may proceed with loan closing; however, the MCC will not be issued by TDHCA until the required tax information is provided by the borrower, co-borrower and spouse (including Non-Purchasing Spouse).*
- In the event the applicant was not obligated to file federal income tax returns for any of the preceding three (3) years, it will be necessary for the applicant to state so on the Applicant Affidavit.
- An applicant who cannot provide tax returns because they did not file them when required to do so (and failed to file for any applicable permitted extension), are not eligible for the option(s) under the My First Texas Home or Texas Mortgage Credit Certificate

If one or more of the applicant's tax returns reflect that the applicant took a deduction for a mortgage interest or real estate taxes on property claimed not to be the principal residence, documentation is required to demonstrate the rental status for that property during the relevant period (for example, rent receipts or canceled checks). Documentation of the rental history may be required for the period from the last tax return filed to the program application date.

An ownership interest in a mobile home will be considered a prior ownership interest in a principal residence if the mobile home was permanently attached or anchored to land and has had the wheels and other components used in transportation removed; and taxed as real property.

Copies of tax documentation is to verify First time homebuyer status, NOT to verify income (with the exception of a self-employed borrower)

1.2 Residency Requirement

Mortgage loans must conform to the requirements of FHA, VA, USDA or Fannie Mae as it relates to non- U.S. citizen applicants. Follow agency (loan product) guidelines for DACA recipients. The Texas Homebuyer Team has no additional overlays regarding immigration status.

1.3 Homebuyer Education

Each Homebuyer must complete pre-purchase counseling provided by one of the following:

- Housing counselor(s) certified through TDHCA's Program (TSHEP)
- HUD counseling agencies
- Online counseling offered by MI companies, Fannie Mae, Freddie Mac or eHome America
- TDHCA's FREE Online Homebuyer Education course "Becoming a Homeowner" available through Texas Homebuyer U - <http://education.myFirsttexashome.com/>.

A **Certificate of Completion** will be required for each borrower.

1.4 Maximum Income (Family Income)

My First Texas Home / Texas Mortgage Credit Certificate: For the purposes of meeting the Program eligibility criteria, the borrower(s) annual income may not exceed the most recent maximum income limits as published by TDHCA. The maximum income limits are calculated based on median family income data published by the Department of Housing and Urban Development (HUD) and/or the IRS. The income limit applicable to the household is based on the county where the property is being purchased and the number of qualified applicants.

- **Household income includes the Applicant's current gross income, as well as that of anyone else who is expected to live in the Residence and become liable on the Deed of Trust or Mortgage (including a non-purchasing spouse).** Family Income includes but is not limited to Annual Wages, Commissions, Bonuses, Self-Employment (Plus Depreciation), Dividends, Interest, Annuities, Pensions, Child Support, Alimony and Public Assistance. Income of a non-purchasing spouse must be included. Current family income may or not be the same income amount used to qualify for credit underwriting purposes. However, in no case may current annual household income be less than the income used to qualify borrowers (excluding co-signors income, if applicable). Current Income/Purchase Price Limits can be found on the TDHCA website:
- **1 and 2 Unit:** <https://thetexashomebuyerprogram.com/uploads/limits.pdf>

My Choice Texas Home: For the purposes of meeting the Program eligibility criteria, *only the income of the borrower(s), as shown on the 1003 Residential Loan Application will be considered.* The income of a non-purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.

1.5 Cosigners and Guarantors

For TDHCA purposes, cosigners are non-occupying loan guarantors only. They are not permitted to occupy the property and may Not be on title (sign the Deed of Trust), purchase agreement or have any vested interest in the property.

Cosigners are permitted per agency (loan product) guidelines and will be required to execute the Affidavit of Cosigner/Guarantor.

The income* of the Cosigner is not required to be considered when determining income eligibility for the purposes of the program with the exception of the FNMA HFA Preferred Option:

***FNMA HFA Preferred product option - Non-occupant cosigner income must be included when comparing income vs AMI limits. FNMA will consider cosigner income in the 80% AMI limits.**

***Non-occupant co-borrowers are not permitted.

1.5 Recapture Tax

My First Texas Home / Texas Mortgage Credit Certificate: All Mortgage Loans and MCCs may, under certain circumstances, be subject to federal income tax recapture provisions. At the time of loan application, a brochure regarding recapture will be provided to the Eligible Borrower with the Notice to Buyers. The Lender will provide to Eligible Borrower at loan closing information to assist in determining the possible applicability of such recapture provisions.

My Choice Texas Home: Recapture Tax does not apply to this option.

Section 2 - Eligible Properties

2.1 Location

The subject purchase property must be located within the State of Texas.

2.2 Type

Eligible properties include new or existing; Single family homes; Condominiums; Planned Unit Developments (“PUD”); Manufactured Homes¹ and Duplexes² as long as one unit is occupied by the Eligible Homebuyer as their Principal Resident and if the Duplex was first occupied as residential property at least 5 years prior to the closing date for the Mortgage Loan.

Triplexes, fourplexes and shares in housing cooperatives are not eligible for the Program(s). Additionally, the land appurtenant to a Residence shall be considered as part of such Residence only if such land **does not exceed 1 acre** (unless such restriction is waived by the Master Servicer with the written approval of the Department), reasonably maintains the basic livability of such Residence and does not provide, other than incidentally, a source of income to the Mortgagor. TDHCA will consider an exception to the one acre maximum if the lot size is commensurate with other lots in the area and is not being used to generate any income for the Mortgagor. See agency guidelines (loan product) for additional property restrictions. **Requests for Acreage exceptions should be emailed with a copy of the appraisal to: txhomebuyer@tdhca.state.tx.us.**

¹ Manufactured homes are allowed in both, Government and Conventional loan products, with the assumption it is titled as real property. Single and Double Wide Manufactured Homes are acceptable.² The five-year requirement does not apply to a duplex located in a qualified census tract.

2.3 Ineligible properties

Rental homes, cooperative housing; investment homes, recreational, vacation or “second homes”, motorhomes, campers and similar vehicles.

2.4 Principal Residence Requirement

The subject purchase property must be owner occupied and become their principal residence within 60 days of loan closing. Applicants may apply for the mortgage on the subject property while residing outside of Texas as long as they meet the requirement to occupy the property within 60 days of closing.

2.5 Usage of Residence in a Trade or Business

The land attached to a Residence will be considered a part of the Residence only if such land reasonably maintains the basic livability of the Residence and does not provide, other than incidentally, a source of income to the mortgagor. Except for a unit rented in a two-unit dwelling, where one unit is owner-occupied, the Applicant cannot use more than 15% of the Residence in a trade or business. The Lender will review the Applicant(s) tax returns to see if the Applicant(s) deducted any portion of the cost of the Residence as a home business expense and determine whether more than 15% of the Residence was used. Applicants providing childcare in the home are assumed to be using more than 15% of the residence for business purposes and, therefore, do not qualify for the Program.

2.6 Acquisition Cost

Each Residence financed by a Mortgage Loan under the Program must have an Acquisition Cost not exceeding the maximum Purchase Price limits applicable to the county in which the property is located. For current maximum Purchase Price figures, see the Fact Sheet on the Program Administrator's website at: <http://www.tdhca.state.tx.us/homeownership/fthb/docs/limits.pdf>.

2.7 Targeted Areas

A Targeted Area is defined as a census tract in which 70% or more of the families have incomes that are 80% or less of the statewide median income or an area on chronic economic distress. Homebuyers purchasing properties located in a Targeted Area do not have to be a First time homebuyer and purchase price and income limits are generally higher. To verify that a property is located within a Qualified Targeted Census Tract visit our website at:

https://thetexashomebuyerprogram.com/uploads/20HP004_TargetedAreas.pdf

Section 3 – Loan Eligibility and Underwriting

3.1 Loan types

FHA: Originated and guaranteed in accordance with FHA guidelines or any other acceptable FHA program as determined by the Department from time to time. FHA 203(k) s allowed.

VA: Originated and guaranteed in accordance with VA guidelines 1810 and 1810A or other acceptable VA program as determined by the Department from time to time.

USDA: Originated and guaranteed in accordance with USDA. TDHCA will conform to the max interest rate allowable by USDA: Current Fannie Mae yield for 90-day delivery (actual/actual) for 30-year fixed rate conventional loans, rounded up to the nearest one-quarter of 1percent.

FNMA HFA Preferred*: **Effective December 1, 2020 FNMA HFA Preferred Product Option is reinstated.** Fannie Mae's FHA Preferred product enables eligible state Housing Finance Agencies (HFAs) to deliver loans up to 97% loan-to-value (LTV) ratio with low mortgage insurance (MI) coverage requirements. HFA Preferred is ideal for borrowers with limited funds for down payment and closing costs and for those needing extra flexibilities on credit and income sources. It does not require a minimum contribution from the borrower's own funds for one-unit properties. FNMA HFA Preferred mortgage loans must be run through Fannie Mae's DU (*Approve Eligible*) [FNMA HFA Preferred Guidelines](#)

Effective December 1, 2020, the FNMA HFA Preferred Conventional option will be available through My Choice Texas Home only and limited to borrowers with incomes of 80% AMI or below. Refer to the Income and Purchase Limits chart for applicable income limits.

Per FNMA guidelines: Non-occupant cosigner income must be included in the 80% AMI limit.

**Important to note: Under no circumstance will Idaho HFA (master servicer) purchase a loan that has a new loan casefile ID for Desktop Underwriter (DU) dated on or after September 5, 2019, that does not meet the above income requirement, as these loans will be undeliverable to Fannie Mae. Any such loan will not be purchased by IHFA and remain the responsibility of the Participating Lender.*

Texas Mortgage Credit Certificate (MCC): When considering the Texas MCC as a Stand-alone (MCC only) option, combining with the lender's first mortgage, there are no restrictions on the mortgage financing with regard to loan type or rate. However only fixed-rate First mortgages qualify, with a loan term of 15 or 30 years. In addition, mortgages funded with a qualified mortgage bond are not eligible. See Section 4, below for additional details on the Texas Mortgage Credit Certificate Program guidelines.

3.2 FICO and DTI requirements

My First Texas Home / My Choice Texas Home / Texas Mortgage Credit Certificate:

- **Minimum Fico Score 620**
- **Maximum total Debt to Income (DTI) Ratio of 50.00%** will apply to all TDHCA My First Texas Home and My Choice Texas Home loan reservations with **AUS Approve Eligible Findings, beginning Sept 1, 2020.**
- **Manual Underwrite Approvals remain at 45%** maximum Debt to Income (DTI) Ratio.
- Must Follow Agency Guidelines.
- **Texas Mortgage Credit Certificate (Stand-alone):** When using the TX MCC as a stand-alone option (meaning not combining with a TDHCA loan program), there are **no FICO or DTI overlays**. Lender should follow the applicable loan product underwriting guidelines and any internal overlays.

3.3 Mortgage Loan Payments and Terms

All mortgage loans must be a 30-year loan, fully amortized with a fixed rate. All loans must be originated in accordance with agency guidelines. No loan level or discount pricing allowed.

15- and 30-year fixed rate mortgage terms are allowed on the stand-alone MCC option.

3.4 2nd Lien / Down Payment Assistance Loan

My First Texas Home / My Choice Texas Home – the “assisted” option(s) provide down-payment and closing cost assistance (DPA) to the borrower in the form of a deferred, repayable second lien. The assistance funds may be used to fund the borrower’s cash requirement to close, including the down payment, closing cost, pre-paid items and other related mortgage loan fees and expenses. Texas Homebuyer Program funds may also be used as a principle reduction with Department prior approval.

Terms of 2nd Lien (DPA loan):

- 0% interest
- No required monthly payments. Borrowers do have the flexibility to make voluntary payments to reduce the balance owed.
- Due upon sale, refinance, transfer or payoff of 1st mortgage.
- No cost (other than recording fees), interest, pre-payment penalties or finance charges related to the 2nd mortgage loan.

Payoff Requests should be emailed to: loan.servicing@tdhca.state.tx.us

Cash back to borrower

No portion of the DPA can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing; to the extent, the minimum borrower contribution has been satisfied. Any remaining funds should be applied as a principal reduction to the First mortgage loan.

2nd Lien Disclosure Requirements

TDHCA’s second lien meets the TRID partial exemption. The **Disclosure of 2nd Mortgage Loan Terms** was created (per 12 CFR 1026.18) to further clarify the terms of the 2nd mortgage to the borrower. This disclosure must be generated from the eHPortal with all other applicable program forms and is required on all mortgage loans using TDHCA “assisted” funds. No additional disclosures are required. Alternate Forms are not acceptable.

3.5 Desktop Underwriting

Loans originated under Fannie Mae HFA Preferred option are required to be processed through Desktop Underwriter (DU), using the HFA Preferred loan product only – Loan Product Advisor (LPA) is not allowed on HFA Preferred. TDHCA allows DU or LP for FHA loans. **TDHCA EIN: 74-2610542**

3.6 Assumption

A qualified Borrower meeting the income requirements in place at the time of the assumption may assume all First Mortgage Loans originated under the Program. Such Mortgage Loans must be continue to be insured or guaranteed by FHA, VA or USDA. Please note that conventional fixed rate mortgages are not assumable per Fannie Mae guidelines with limited exception.

- If an Assisted Mortgage Loan (TDHCA First mortgage with down payment assistance) is assumed, the related DPA Loan will be accelerated and become due and payable in full.
- Releases of Liability are not permitted.

3.7 Refinance

Temporary, construction or bridge financing with a term of 2 years or less may be taken out.

Refinances of loans originally issued with MCCs are allowed. Visit the TDHCA website for the Refinancing of MCC Loan Application: [Texas MCC Refinance Application](#)

Refinances of 1st lien loans trigger repayment of any Texas Homebuyer Program provided assistance and is due on or before closing. Payoff requests should be emailed to: loan.servicing@tdhca.state.tx.us

Re-subordination of existing Texas Homebuyer Program assistance is prohibited.

3.8 Prepayment

Each Mortgage Loan and DPA Loan will allow prepayment, in whole or in part, at any time, without penalty. Borrowers may make payment arrangements with TDHCA Loan Servicing: loan.servicing@tdhca.state.tx.us on a voluntary basis during the term of their loans.

3.9 Buy downs

Buy downs are subject to FHA guidelines and are limited to a 2-1 buy down. Buy downs are not permitted in the Fannie Mae HFA Preferred product.

No portion of the DPA can be paid to the borrower unless the borrower is being reimbursed for an overage of deposits for earnest money and/or items paid outside of closing; to the extent, the minimum borrower contribution has been satisfied. Any remaining funds should be applied as a principal reduction to the First mortgage loan.

Section 4 - The Texas Mortgage Credit Certificates Program (MCC)

4.1 What is a Texas Mortgage Credit Certificate?

An MCC is a non-refundable federal income tax credit designed to assist persons of low to moderate income to better afford home ownership. The MCC holder is eligible to claim a portion of the annual interest paid on the mortgage as a tax credit, during each year that they owe amounts on their mortgage loan and occupy the home as their Principal Residence. The portion or amount of the tax credit is equal to the **mortgage credit rate** on the MCC multiplied by the annual interest paid. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan. ***The MCC holder must have a tax liability to benefit from the annual credit in any given year.***

4.2 Texas MCC Tax Credit Rate

In an effort to maximize the amount of MCC funds available through each allocation, the TDHCA MCC is issued as a 30% or a 20% credit (see below). When using the 30% credit rate, the maximum annual tax credit allowed is \$2,000. When using the 20% tax credit rate, the \$2,000 maximum does not apply.

The TDHCA MCC will be issued based on the following tiered structure (**effective July 1, 2020**):

- Mortgages **up to** \$175,000 = 30% MCC Rate (\$2,000 max tax credit)
- Mortgages **above** \$175,000 = 20% MCC Rate (no max tax credit)

4.3 The Difference between a “Tax Credit” and a “Tax Deduction”

A “tax credit” entitles taxpayers to subtract the amount of the credit from their total federal income tax liability, receiving a dollar-for-dollar savings. A “tax deduction” is subtracted from the adjusted gross income before federal income taxes are computed. Therefore, with a deduction, only a percentage of the amount deducted is realized in savings.

4.4 MCCs and the Federal Income Tax Mortgage Interest Deduction

A taxpayer receiving an MCC reduces the portion of his/her normal deduction taken for interest paid on the mortgage loan by the amount of the tax credit. However, the homebuyer can deduct the portion of the annual mortgage interest payment in excess of the credit. Although the interest deduction is reduced, the holder of the MCC still pays considerably less in taxes.

The TDHCA MCC will be issued as a 30% or a 20% credit (based on loan amount). When using the 30% credit rate, the maximum annual tax credit allowed is \$2,000. When using the 20% tax credit rate, the \$2,000 maximum does not apply. See example below

Year 1 Example	Loan Amount			
	150,000		175,000	
MCC Credit Rate	30%	25%	30%	25%
Mortgage Interest Rate Amount	4.25%	4.25%	4.25%	4.25%
First Year Mortgage Interest	6,326	6,326	7,380	7,380
Calculated Tax Credit	1,898	1,582	2,214	1,845
Maximum Tax Credit Allowed	2,000	No Limit	2,000	No Limit
Eligible Tax Credit	1,898	1,582	2,000	1,845
Mortgage Interest Deduction	4,428	4,745	5,380	5,535

Annual Eligible Tax Credit, First 10 Years	Loan Amount			
	150,000		175,000	
MCC Credit Rate	30%	25%	30%	25%
Year 1	1,898	1,582	2,000	1,845
Year 2	1,865	1,554	2,000	1,813
Year 3	1,831	1,552	2,000	1,810
Year 4	1,795	1,549	2,000	1,808
Year 5	1,758	1,547	2,000	1,805
Year 6	1,719	1,545	2,000	1,802
Year 7	1,678	1,542	1,958	1,799
Year 8	1,636	1,540	1,908	1,797
Year 9	1,591	1,538	1,856	1,794
Year 10	1,545	1,535	1,803	1,791
First 10 Years	17,314	15,484	19,525	18,065

Credit may be claimed until loan maturity.

The example below (2) assumes this same taxpayer is married with two children and has an annual income of \$60,000.

EXAMPLE 2 Benefit Realized with an MCC

	With MCC	No MCC
Annual Income	\$60,000	\$60,000
Taxable Income	\$34,441	\$34,441
Tax from Table	\$4,434	\$4,434
Child Care Credit	\$2,000	\$2,000
MCC Credit	\$2,000	\$0
Total Tax Liability	\$434	\$2,434

The same taxpayer owes \$2,000 less with an MCC than without one.

The MCC may reduce the amount of federal income tax liability otherwise due to the federal government from the homebuyer; however, the benefit to the homebuyer in any one year cannot exceed the amount of federal taxes owed for that year, after other credits and deductions have been taken into account. In other words, the IRS will not make a refund to the homebuyer if the MCC amount is greater than the tax liability owed. Tax credit amounts not used in a given year may be carried forward into subsequent years. In addition, the amount paid for an MCC is not refundable.

4.5 How an MCC Holder Uses the MCC

The MCC holder may receive the MCC credit savings annually at the time they file their tax returns or on a pro rata basis monthly by filing a revised Form W-4 with his or her employer to adjust his or her federal income tax withholding. When revising Form W-4, the number of exemptions will increase, reducing the amount of taxes withheld and increasing the buyer's disposable net income by approximately \$166.67 per month ($\$2,000/12 = \166.67) when using the maximum \$2,000 tax credit allowed through the 20% tax credit rate..

When the MCC holder files his or her taxes each year, he or she **must** fill out [IRS Form 8396](#) (Mortgage Interest Credit) and attach a copy of his or her MCC with his or her filed taxes. If the taxpayer is filing electronically, he or she must complete the Mortgage Interest Credit section to receive the MCC credit. This is not intended to be a full explanation of the tax laws governing MCCs or an assurance that such information will guarantee compliance with the tax laws. The MCC holder should contact his or her tax advisor or their employer to help them with the necessary tax forms and, if they so choose, to properly adjust their tax withholding. Refer to [IRS Tax Information for Homeowners – Publication 530](#) for additional information.

4.6 When the MCC Credit Exceeds the Tax Liability

If the amount of the MCC credit exceeds the MCC holder's tax liability, reduced by any other personal credits for the tax year, the unused portion of the MCC credit can be carried forward to the next three tax years or until used, whichever comes first. The MCC holder is responsible for keeping track of the unused credit each year. The current year credit is applied first, and the oldest amount of unused credit applied next.

4.7 Recapture of MCC Tax Credit

All MCCs may, under certain circumstances, be subject to federal income tax recapture provisions. **At the time of MCC application**, a brochure regarding recapture will be provided to the Eligible Borrower with the **Notice to Buyers Disclosure**. The Lender will **additionally, provide** to the eligible borrower, **at loan closing**, information to assist in determining the possible applicability of such recapture provision.

Section 5 – Available Options

5.1 My First Texas Home

My First Texas Home is exclusive to First time homebuyers. The option provides a 30-year fixed interest rate mortgage loan and may include assistance in an amount up to 5% of the mortgage loan, to be used towards down payment and/or closing cost. The homebuyer must meet IRS Tax-Exempt Mortgage Revenue Bond income eligibility requirements, which include the income of a Non- Purchasing Spouse and anyone else who will have ownership interest in the property (sign the Deed of Trust). Several rate, assistance and combo options are available.

5.2 My Choice Texas Home

My Choice Texas Home provides homebuyer(s) with a 30-year fixed interest rate mortgage loan and down payment/closing cost assistance in an amount up to 5% of the mortgage loan. There is **no** First-time homebuyer requirement on the My Choice Texas Home option. For the purposes of income eligibility, the credit qualifying/1003 income used by the lender for loan qualifying is allowed.

5.3 Texas Mortgage Credit Certificate (Stand-alone)

The Texas Mortgage Credit Certificate may be combined with a Government or Conventional, 15- or 30-year fixed rate First Mortgage. TDHCA MCC's are combined with the TDHCA First mortgage and assistance, must meet the underwriting guidelines of the First mortgage.

As a stand-alone option, there are no credit overlays and lenders may underwrite, sell, and/or retain loans as they choose.

Section 6 - Available Funds and Rates

6.1 Rates / Offerings

Current interest rates are available as Rate Notices posted on eHousing's website: <https://www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs/> under "RATE / OFFERINGS" tab.

Rates are also available on The Texas Homebuyer Program website: <https://thetexashomebuyerprogram.com/rates>

Section 7 – Program Fees and Charges

7.1 Program Fees

My First Texas Home/Texas Mortgage Credit Certificate: The following fees apply to Bond and Combo loans originated and closed under this option:

- \$275 Compliance Review (payable to eHousing Plus)
- \$150 Loan Review Fee (deducted from the mortgage loan purchase price by Idaho HFA)
- \$85 Tax Service Fee – effective Nov. 1, 2018 (deducted from the mortgage loan purchase price by Idaho HFA)
- \$400 MCC Issuance Fee - for TDHCA First mortgage combined with TDHCA MCC (*with eHP loan reservation on and after April 1, 2020 – until further notice*).

My Choice Texas Home: The following fees apply to loans originated and closed under this option:

- \$275 Compliance Review (payable to eHousing Plus)
- \$150 Loan Review Fee (deducted from the mortgage loan purchase price by Idaho HFA)
- \$85 Tax Service Fee

Texas Mortgage Credit Certificate Stand-alone (no TDHCA First mortgage): The following fees apply to loans closed with a TDHCA MCC:

- \$275 Compliance Review (payable to eHousing Plus)
- \$400 MCC Issuance Fee (payable to eHousing Plus) (MCC reservations on or after April 1, 2020 until further notice)

7.2 Lender Compensation

Lenders will be compensated by Idaho HFA upon loan purchase for mortgage loans delivered under the TDHCA My First Texas Home and My Choice Texas Home. Lender compensation will be in the form of a Servicing Release Premium (SRP) equal to 2.75%.

7.3 Loan Origination / Discount Points / Closing Cost

Lenders may not charge origination or discount points on the My First Texas Home/My Choice Texas Home option(s). Lenders may collect all reasonable / customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state and local regulations.

For the Texas Mortgage Credit Certificate (MCC) stand-alone option: Lenders may collect all reasonable and customary fees and closing costs, provided all fees are fully disclosed in accordance with federal, state and local regulations.

Fees and Charges on the Closing Disclosure: All fees and charges must be properly listed on the Closing Disclosure.

7.4 Extension Cost

My First Texas Home/My Choice Texas Home: mortgage loans originated not purchased within the sixty (60) day purchase deadline will incur an extension fee that is applicable to the extension time necessary. The following cost will apply:

Rate Lock Extension Fee	
7 Days	0.0625%
15 Days	0.125%
22 Days	0.1875%
30 Days	0.25%

The extension fee (if applicable) will be netted out of the lender service release premium (SRP) upon loan purchase by Idaho Housing and Finance Association (master servicer).

Texas Homebuyer Program **does not require** a formal extension form to be submitted or approved. Rate lock extensions are extended automatically and subject to the cost adjustments, as indicated in the chart above.

Section 8 – How to Become a Participating Lender

8.1 Correspondent Lenders

To be accepted into My First Texas Home / My Choice Texas Home, qualified lenders must:

- be either
 - a Federal Housing Administration (“FHA”) approved;
 - an eligible lender in good standing for Veteran’s Administration (“VA”); or
 - an eligible lender in good standing for USDA / Rural Housing Service’s (“RHS”) guaranteed rural housing loan program;
 - a lender currently participating in the conventional home lending market for loans originated in accordance with Fannie Mae or Freddie Mac guidelines.
- agree to originate mortgage and assign mortgage and servicing to the Master Servicer
- originate, process, underwrite, close and fund originated loans in your own name
- execute and submit for approval the TDHCA Master Mortgage Origination Agreement and provide all documentation required under the agreement
- must be approved/active Seller/Servicer with programs Master Servicer, Idaho HFA

8.2 Texas MCC Lenders

To be accepted in the Texas Mortgage Credit Certificate (MCC) program, qualified lenders must:

- qualify as a lending institution as defined in the TDHCA Master MCC Program Participation
- execute and submit for approval the TDHCA Master MCC Program Participation Agreement
- Agreement pay a one-time lender participation fee of \$1,000 (payable to TDHCA)

Section 9 – eHousingPlus eHPortal / Loan Reservation

NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals, please email for fastest response: loan reservation changes or questions: services@ehousingplus.com, credentials and training: support@ehousingplus.com. Please allow for up to a 48-hour turnaround on any change requests.

Additional assistance: eHP Texas Hotline at (512) 539-0009

(888) 643-7974

Or by visiting [eHousingPlus](https://www.ehousingplus.com).

9.1 TDHCA page on eHousingPlus

<https://www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs/>

The screenshot shows the eHousingPlus website interface. At the top, there is a navigation menu with links for HOME, OUR SERVICES, ABOUT US, NEWS, CONTACT US, PROGRAMS, and CHAT. Below this is a dark blue header with the text "Texas Department of Housing & Community Affairs". Underneath, there is another navigation menu with links for HOME, AVAILABLE PROGRAMS BY STATE, TEXAS, and Texas Department of Housing & Community Affairs. The main content area features the TDHCA logo and a navigation menu with links for LOGIN, SUMMARY, RATE/OFFERINGS, GUIDE & FORMS, PARTICIPATING LENDERS, BLACKBOARD, PROGRAM FAQs, and TRAINING. At the bottom, there is a logo for eHPortal.

The eHPortal is an interactive, web-based application that Lenders use to reserve funds, check the status of loans in their pipeline, complete the underwriter certification, view compliance conditions, print loan confirmation and program related forms, and run reports. A username and password (available once training has been completed) is required to enter the eHPortal.

LENDER HOTLINE
call us at
512-539-0009

For Lenders needing:

- ✓ System Credentials and Training
- ✓ Assistance with an Existing Loan
- ✓ Assistance Reserving a New Loan
- ✓ Technical Assistance



USER ID

PASSWORD

SIGN IN

[RESET PASSWORD](#)

[REGISTER FOR USER ID](#)

Quick Tips

1. Check your program's timeline to make sure you are not reserving the loan too early.
2. Qualify your borrower prior to reserving the loan so that you lock the correct rate/option and meet the timelines, including reservation to underwriting certification.
3. Be aware many programs have specific reservation/lock times.

More information is available at <http://www.ehousingplus.com/available-programs>
 Select your Program. Click on the Rate/Offerings or GUIDELINES Tabs.

9.2 Lender Training

Lenders are required to participate in training in order to use TDHCA's homebuyer programs and to gain access to the EHPortal. Training is a 2-step process and involves program specific training and systems (eHPortal) training.

- Program Training - eHP University program training is offered 24/7. Follow directions provided within the **TRAINING** tab. Usernames and passwords are added to the email notice directory once weekly on Wednesdays.
- EHPortal System Training - Following eHP University training, First-time users of the eHousingPlus EHPortal are required to also participate in system training.

Texas Department of Housing & Community Affairs (TDHCA)

PROGRAM SUMMARY RATE/OFFERINGS GUIDE & FORMS PARTICIPATING LENDERS BLACKBOARD PROGRAM FAQs **TRAINING**

1. **eHP Lender Program Training**
 - Required for everyone participating in the program
 - offered 24/7
 - **CLICK HERE** to attend Program training (TMP 79 and/or MCC)
2. **eHP System Training***
 - **After** you complete the online Lender Program Training, information is provided as to what happens next.
 - **CLICK HERE** to register for system training

Should you have any questions on training, please contact JENNIFER@EHOUSING.CC

To read more about eHP Program Training, **CLICK HERE**.

** System Training is required at least once, so that users gain the knowledge necessary to originate and manage their loans on-line. eHP University provides additional opportunities to re-train and/or refresh your system knowledge. Recurring (experienced) system users do not need to attend system training.*

Lenders may request in-person / live training or a webinar training call from TDHCA directly. Contact TDHCA for additional information on other training options. **See Contacts, Page 7.**

9.3 eHPortal User Credentials

Lenders who currently have access to other eHousingPlus programs in the eHPortal will retain their current username and password. However, a form must be submitted so the compliance office can add the new program to your credentials. New

users must first attend system training and then request user credentials.

9.4 Qualify

Lenders qualify applicants for the program, according to agency guidelines and Texas Homebuyer Program overlays.

9.5 Disclose

Lenders have borrowers sign the Notice to Buyers prior to reserving a loan in the system and provide the borrower with a copy *Combined Income and Purchase Price Limits Table* and the *About Recapture Tax* brochure. No other upfront paperwork is required. All three forms are available at: <https://new-www.ehousingplus.com/available-programs/texas/texas-department-of-housing-community-affairs/> under the **GUIDE & FORMS** tab.

Section 10 – Reservation, Compliance and Closing Steps

NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please email for fastest response: support@ehousingplus.com or you may call the eHP Texas Hotline at (512) 539-0009. Additional assistance can be accessed by calling (888) 643-7974 or visiting [eHousingPlus](http://eHousingPlus.com).

10.1 Reserving Funds

When the Lender reserves a mortgage loan or MCC in the eHPortal, the Lender must have a mortgage loan application from a borrower, and the Lender must have made a preliminary determination that the borrower qualifies for the program(s). In addition, the borrower must have provided to the Lender the property sales contract/agreement or construction contract executed by the borrower and the seller or builder of the property.

Reservation locks are available on business days between 9:00 a.m. and 7:00 p.m. Central Time. All other system features are available 24/7.

- Login to the eHPortal.
- Select “Single Family Web Management”
- Select “Reserve a Loan” in the Management section
- Select the appropriate program from the list.
- Complete all screens
- If reserving under a **“Combo” option**, go back to the Main Menu and click on **“Additional Mortgage”** to add the MCC. Following this process will automatically reserve the MCC by duplicating the information used for the loan reservation and assign the MCC number.
- Print the Loan Confirmation for the file. Borrower may want a copy to confirm reservation of mortgage loan with or without DPA and MCC.
- No documentation required to be sent to TDHCA or eHousingPlus prior to loan closing.
- Lender processes and underwrites the loan following applicable loan product guidelines and any
- TDHCA/Servicer credit/DTI overlays.
- MCC Stand-alone reservations have a 90-day expiration.
- **Loans must be delivered and purchased** by Idaho HFA (master servicer) **within 60 days of loan reservation**. Extension options are available. **See Section 8.4 – Extension Request.**

10.2 Underwriter Certification

The Underwriter must complete the Underwriter Certification process in the eHPortal prior to loan closing. The lender cannot modify the loan once a loan has been “Underwriter Certified”. Any additional changes can be made by the eHousingPlus compliance staff or by TDHCA staff.

10.3 Closing and Funding of Down Payment Assistance

Following the Underwriter Certification, the Lender will access and generate all program related documents specific to the borrower directly from the eHPortal. An invoice can also be generated to confirm any TDHCA program related fees (compliance fee, MCC issuance fee- if applicable).

All program related forms must be signed at closing and will be required as part of the compliance file sent to eHousingPlus after loan closing via the eHP Digital Docs portal. Borrower, Co-Borrower, Spouse (including Non-Purchasing Spouse) must sign all

Program documents (unless specifically noted in program description).

Co-signers are only required to sign the Affidavit of Co-signer/Guarantor.

The Lender will advance the down payment assistance funds at loan closing. Lenders will be reimbursed the amount of the funds advanced when the Mortgage Loan is purchased by Idaho HFA.

10.4 Post-Closing

First mortgage and down payment assistance loans originated under My First Texas Home / My Choice Texas Home (with or without MCC):

- Upon closing, the Lender will deliver the closing package to Idaho HFA for purchase. Delivery and funding information for the mortgage loan (purchase file) may be found on the Idaho HFA/Lender Connect Seller Portal at www.lendertx.com.
- The closing package must be delivered to Idaho HFA, via electronic upload into Seller Portal, promptly after closing and must be purchased by Idaho HFA within 60 calendar days of loan reservation.
- Exceptions/ file deficiencies can be found on the Idaho HFA Seller Portal www.lendertx.com.
- Documentation requested to clear file deficiencies are uploaded directly into the portal.
- Compliance file must be approved by eHousingPlus before a loan can be purchased by Idaho HFA.
- If the loan is not eligible for purchase within the 60-day purchase period, the Lender may incur an extension cost based on the additional days for purchase. See Section 7.4 – Extension Request.
- In the event a loan was closed under the program but not eligible for purchase, the Lender must
- § notify TDHCA immediately for instructions on the 2nd lien release.

Compliance File for all programs:

See Section 16.2 Attachments (Pages 28-30) – eHousingPlus NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEF'S

The screenshot shows the Lender Connection login page. At the top left is the Texas Department of Housing and Community Affairs logo. The page title is "Texas Department of Housing and Community Affairs". On the right, there is a "LENDER CONNECTION" logo with a double-headed arrow. Below the header is a "Home" button. The main content area has a login form on the left and promotional text on the right. The login form includes fields for "User Name:" and "Password:" with a "Log In" button below them. A "Recover Password" link is located below the password field. The promotional text on the right says "We're bringing thousands of new customers right to your door." and lists benefits for participating lenders.

To log in to **Lender Connection** please enter your **User Name** and **Password** below, then click the **Log In** button.

User Name:

Password:

[Recover Password](#)

We're bringing thousands of new customers right to your door.

Access thousands of new customers in markets all across the state by becoming a participating lender in My First Texas Home. As a participating lender, you'll be eligible to offer qualified Texans low interest rate home loans, and down payment and closing cost assistance.

Participating lenders also receive the following helpful benefits:

- **Free advertising** – inclusion in My First Texas Home materials distributed statewide
- **Free homebuyer education** - [Texas Homebuyer U](#) helps your clients satisfy the homebuyer education requirement from anywhere, anytime!
- **Simple process** – streamlined approach with minimal paperwork
- **Community Reinvestment Act (CRA) eligibility** – in most cases, participation in this program is a CRA eligible activity
- **Marketing materials**

Section 11 – Modifications to Loan / MCC Reservation

NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please call the eHP Texas Hotline at (512) 539-0009. Additional assistance can be accessed by calling (888) 643-7974 or visiting [eHousingPlus](#).

11.1 Changes in Applicant Name(s)

Transfer of any reservation of funds from one eligible Applicant to another is not allowed. Changes to the Applicant name(s) can be made by the Lender prior to the completion of Underwriter Certification. Once the loan has been underwriter certified, request for the change must be sent (via phone or email) to eHousingPlus or TDHCA.

11.2 Changes in Current Income

The eligibility of the Applicant is based upon the Applicant's current income. Increases in income from sources already reported (i.e. salary increase) should be updated in the EHPortal. A change in income reported after the loan has been underwriter certified, must be sent (via phone or email) to eHousingPlus or TDHCA for update in the EHPortal.

11.3 Changes in Purchase Price

The eligibility of the Applicant is based upon the acquisition cost / purchase price of the property being purchased under the program(s). Changes in purchase price should be updated in the EHPortal. A change in purchase price reported after the loan has been underwriter certified must be sent (via phone or email) to eHousingPlus or TDHCA for update in the EHPortal.

11.4 Changes in Loan Amount

Any change to the mortgage loan amount that occurs after the loan reservation, but before loan closing, must be reported to eHousingPlus via email. eHousingPlus will revise the commitment with the new mortgage loan amount and notify the Lender when the revision is completed.

Any change to the mortgage loan amount at closing, not reflected in the eHousingPlus EHPortal, must reported to eHousingPlus immediately. Keep in mind that the down payment / closing cost assisted available through the program is based on the total loan amount. Changes to the First mortgage loan amount will result in a change to the 2nd loan amount.

11.5 Changes in Property Address

If a borrower has a pending reservation and changes the property, the Lender must obtain a new signed property sales agreement and notify eHousingPlus of the change. eHousingPlus will provide instructions on how to keep the current loan reservation with changing the property address.

Section 12 – Additional Provisions

NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please call the eHP Texas Hotline at (512) 539-0009. Additional assistance can be accessed by calling (888) 643-7974 or visiting [eHousingPlus](#).

12.1 Cancellation and Loan Reservation Expirations

The Lender is responsible for cancelling the loan reservation if the mortgage loan and /or MCC will not be delivered. Please note, should the Lender cancel a reservation, the Lender will be prohibited from making another reservation for that borrower for a period of 60 days unless otherwise authorized by TDHCA.

For MCC reservations expired or approaching expiration, the lender should contact TDHCA if additional time is needed to deliver the MCC compliance file.

2.2 Penalties for Applicant Misrepresentation

Penalties, may be imposed, on any Applicant making a material misstatement, misrepresentation or fraudulent act on an application or other document submitted to obtain a mortgage loan, assistance and/or mortgage credit certificate from TDHCA. Further, any person making a material misstatement or misrepresentation in any affidavit or certification made in connection with the application shall be subject to all applicable fines and penalties. See Applicant Affidavit for additional information.

12.3 Revocations of MCC

- Revocation of an MCC will occur when the residence for which the MCC was issued ceases to be the MCC holder's principal residence.
- Revocation will occur upon discovery by TDHCA or a participating Lender of any material misstatement, whether negligent or intentional, made in connection with the issuance of the MCC.
- Revocation will occur if the original (First) mortgage loan is refinanced, unless the borrower applies for a re-issued MCC after the refinancing has closed. For more information click on [Refinancing of MCC Loan Application \(PDF\)](#).

12.4 Reissued MCCs

TDHCA shall reissue an MCC, for certain refinance transactions, based on the following:

- **Property:** the refinance loan pertains to the same property to which the original MCC related, which is the Residence described on the original MCC.
- **Replacement of Entire MCC:** the new MCC replaces the original MCC in its entirety. No portion of the original MCC is being retained with respect to any portion of the outstanding balance of the original loan amount specified on the original MCC.
- **Loan Amount:** the refinanced loan amount does not exceed the outstanding balance of the original mortgage loan as of the date of the financing.
- **MCC Credit Rate:** the new MCC will be at the same credit rate as the original MCC.
- **No Increase in Tax Credit Amounts:** the MCC holder acknowledges that in the event the maturity of the refinanced loan is a date later than the maturity of the original loan, the new MCC will expire as of the original maturity date so that there shall be no increase in the tax credit amounts under the new MCC for any tax year over the amounts which would have been available under the original MCC.
- **Reaffirmation of the Original Obligations:** the MCC holder further reaffirms all of the representations,

obligations and agreements covered under the documents signed in connection with obtaining the original MCC and acknowledges that all such obligations and agreements shall continue in full force and effect in connection with the new MCC.

- The [Refinancing of MCC Loan Application \(PDF\)](#) must be submitted to TDHCA for reissuance of the original MCC.

12.5 Replacement MCCs

Request for replacement of MCC shall be made directly to TDHCA by emailing: txhomebuyer@tdhca.state.tx.us

Section 13 – MCC Record Keeping and Federal Report Filing

13.1 Lender Reports

The Lender is required by the IRS to file a report on or before January 31 for all of the MCCs issued during the previous calendar year. In early January, TDHCA will send the Lender the completed IRS Form 8329 with the MCCs issued the previous year. It is the Lender's responsibility to verify that the information on the form is correct and, if necessary, make any changes or additions and then submit the form to the IRS.

For six years after each Closing, the Lender must retain:

Name, mailing address and tax identification ("TIN") or social security number of the MCC holder.

- Name, mailing address, and TIN of the Issuer
- Date of issuance for each MCC, the certified amount of indebtedness and the credit rate of the MCC.

TDHCA may conduct audits of Lender records to ensure compliance with the recordkeeping provisions.

13.2 TDHCA Reports

TDHCA must make quarterly reports on IRS Form 8330, beginning with the quarter in which the election for the MCC program is made. The report must include:

- Name, address and TIN of the Issuer;
- Date of election;
- The sum of the products of the certified indebtedness amount (the mortgage loan amount or the initial principal balance) and the MCC credit rate for each MCC issued; and
- Name, address, and TIN of each MCC holder for whom an MCC was revoked.

TDHCA shall make an annual report to the IRS for each year beginning July 1 and ending June 30. The report will include:

- Number of MCCs issued by Income and Purchase Price; and
- Volume of MCCs issued by Income and Purchase Price.

In January following each year during which MCCs are issued, TDHCA will mail an IRS Form 8396, Mortgage Interest Credit, to each MCC holder of record as a reminder to properly declare the MCC tax credit for federal income tax purposes.

Section 14 – Additional Income Guidance

14.1 My First Texas Home / Texas Mortgage Credit Certificate Income Eligibility

TDHCA is relying on the Lenders and borrowers to provide correct information on income. This reliance is based upon the Lender certifications about reasonable investigation of the borrower and statements by the borrower that facts are correct.

Each Lender and Applicant provides information and signed certifications, which are specific about the information provided and its correctness. In the event of false statements or fraud, there are substantial penalties, which may be levied. Therefore, TDHCA encourages the Lenders and the Applicants to provide accurate information and assure that calculations are within the limits.

The [TDHCA My First Texas Home / Texas Mortgage Credit Certificate Income Eligibility Worksheet](#) is available to provide guidance on income calculations for Program Eligibility. This worksheet is NOT required to be submitted with the TDHCA Compliance File to eHousingPlus. If there are any questions, please contact TDHCA Texas Homeownership Staff.

14.2 My Choice Texas Home Income Eligibility

For the purposes of meeting the eligibility criteria, only the income of the borrower(s) will be considered. The income of a non-purchasing spouse (NPS) will not be included in the calculation. For example, only the income used to qualify the mortgagor for repayment of the mortgage loan (from the 1003 loan application and/or the applicable underwriting worksheet) will be compared against the program limits.

Section 15 – Forms / Affidavits / Attachments

NEW eHP Texas Hotline: Assistance with user credentials, reservation updates, program forms, deficiencies and compliance approvals please call the eHP Texas Hotline at (512) 539-0009. Additional assistance can be accessed by calling (888) 643-7974 or visiting [eHousingPlus](#).

15.1 Program Forms and Affidavits

For reference, all applicable Forms and Affidavits can be found on the eHousingPlus website. Auto-filled Program Forms and Affidavits are generated directly from the eHousingPlus eHPortal. When completing these documents, be sure they are legible and accurate. Changes to the Affidavits must be initialed by the Lender and the appropriate party.

Signatures under Power of Attorney are acceptable, provided they conform to agency/loan product guidelines, and are accompanied by a copy of the Power of Attorney in the Compliance File submitted to eHousingPlus.

The following is a list of applicable Forms, Affidavits, and other required documentation:

Compliance File Checklist

Required Forms and Documents	My First Texas Home Bond/Bond Eligible Loans, No MCC	My First Texas Home Combo Loans with MCC	My Choice Texas Home Taxable Loans, No MCC	My First Texas Home Bond Loan Unassisted	My First Texas Home Bond Loan Assisted w/DPA	Texas MCC Stand-Alone
Notice to Buyers	ü	ü	ü	ü	ü	ü
Applicant Affidavit (Tax-Exempt Bond) / My First Texas Home and Texas MCC	ü	ü	N/A	ü	ü	ü
Applicant Affidavit (TBA-Taxable) / My Choice Texas Home - includes Lender Certification	N/A	N/A	ü	N/A	N/A	N/A
Seller Affidavit	ü	ü	N/A	ü	ü	ü
Certificate of Lender	ü	ü	N/A	ü	ü	ü
Affidavit of Co-Signer (if applicable)	ü	ü	N/A	ü	ü	ü
Notice of Potential Recapture Tax	ü	ü	N/A	ü	ü	ü
3 Years Signed Tax Returns/Tax Transcripts	ü	ü	N/A	ü	ü	ü
Homebuyer Education Certificate of Completion	ü	ü	ü	ü	ü	ü
Disclosure of 2nd Mortgage Loan Terms	ü	ü	ü	N/A	ü	N/A
Real Estate Purchase Contract	ü	ü	ü	ü	ü	ü
Final Executed Loan Application (1003)	ü	ü	ü	ü	ü	ü
Copy of Final Closing Disclosure (CD)	ü	ü	ü	ü	ü	ü
TDHCA Closing Instructions to Title Company	ü	ü	ü	ü	ü	ü
PURCHASE FILE DOCUMENTS (refer to the IHFA Checklist for complete list of documents)						
Tax Exempt Rider to 1 st Lien Deed of Trust	ü	N/A	N/A	ü	ü	N/A
Legally Enforceable Obligation Letter	ü	ü	ü	N/A	ü	N/A
Subordinate 2 nd Note	ü	ü	ü	N/A	ü	N/A
Subordinate 2 nd Lien Deed of Trust	ü	ü	ü	N/A	ü	N/A

15.2 Attachments

NEW INSTRUCTIONS FOR THE DELIVERY OF COMPLIANCE FILES, FEES AND CORRECTED DEFI'S.

Effective December 10, 2018 Compliance Files and Corrections to previously submitted files with erroneous or missing required documents will be managed through the **NEW eHousingPlus Digital Docs Portal**. This NEW Portal provides lenders with all the tools necessary to deliver the required documents for the approval of the originated loan(s) in their respective affordable homebuyer programs. This Portal is a secure, easy to use and efficient way for lenders to deliver the Compliance File; Correct DEFI's and pay the required Compliance Review Fees via our new eHPay online fee approval, and related tools.

Who needs Access to eHP Digital Docs? Closers, Post-closers, Shippers, Defi/Exceptions and Accounting personnel.

Helpful Tips for Uploading the Compliance File

The site works best with the Google Chrome browser. All other browsers may encounter problems.

FIRST STEPS

- You will need a Username and Password to access **eHP DigitalDocs**
 - If you are already an existing Active User of the **eHPortal** Lender Portal, you will automatically be set up to use **eHP Digital Docs**. Your Username and Password will be the same, but you may be prompted to change the password if it does not meet security guidelines.
 - If you are NEW to any of the **eHousingPlus Portals**, you will need to request User Credentials at www.ehousingplus.com/user-credentials

Next, access the new eHP digital docs portal

- As a participating lender to various programs, you already know that our website at www.ehousingplus.com is where you access both Program Info and the Systems. Click on the PROGRAM Tab and select the desired Agency's available Program(s).
- There are two icons you will immediately see:
 - This is the existing Lender Origination Portal



- This is the NEW eHP Digital Docs Portal.

Now you are ready to delivery your compliance file...

The Compliance File should be a PDF file composed of all required documents on the Checklist.

- By clicking "NEW UPLOAD" on the Digital Docs Menu, you will be able to upload the file easily.
- Currently, there are three file types you will upload into the new DD Portal: Compliance Files, DEFI's, and/or pre-closing documents as required. Additional uploads after the Compliance File are identified as Defis.
- There is a **NOTES** Feature in case there is any pertinent information you want to add to the compliance documents.
- Once Submitted, the System will confirm that the document was uploaded successfully, or it will present an error.
- All Files Uploaded, can be seen immediately in **UPLOADEDDOCS**.
- All documents must be a PDF format and must not be locked or encrypted.
- Documents must be uploaded upright and in a clear legible format.

- Use the **Checklist** to make sure you are delivering all required documents.

...and submit the required compliance fee

- Compliance Review Fees may now be submitted separately from the Compliance File.
- The NEW **eHPay** is a secure, efficient method for lenders to pay the fees ON-LINE by enrolling in this FREE Program. Loans managed through **eHPay** are processed faster, without fee errors or other unnecessary delays. Accounting Staff can access eHP Digital Docs and process the compliance fees payment easily via eHPay.
- Not sure of the required fee for your loan? Use the **FIND MY FEE** feature under **PAYMENT CENTRAL** and get the instant answer.
- Compliance Files Uploaded are NOT ready for review until the Compliance Review Fee Payment has been received by eHP.
- **FILES PENDING PAYMENT** lists Compliance Files that have been uploaded successfully, but whose fee payment is still pending. Lenders can monitor this area to ensure their fees have been delivered in a timely manner.
- **UNIDENTIFIED PAYMENTS** are payments received from your company without the proper identification to apply it to the intended loan. Lenders can monitor this area to ensure that payments made are being properly identified with OUR LOAN NUMBER.
- **SHORT PAYMENTS** If an incomplete payment is submitted, it will be displayed indicating the amount paid and the correct fee amount.

Tips

- Sign up for **eHPay**. This is a secure solution for the payment of fees. Talk to one of our eHousingPlus Business Representatives about how you can sign up, and to answer any questions related to this new service
- Make sure that every payment made is properly identified with OUR LOAN NUMBER. This is
- A particular problem with Wires and ACH payments, as well as bundled payments. ACH/Wires do not properly identify loans in most cases and hold up the processing of your loans!
- If submitting a paper check, print the INVOICE/RECEIPT. You can submit the fee for one or several loans at one time by attaching this receipt to your check.

Not quite ready to upload your compliance files?

During this initial transition of delivering Compliance Files Digitally on our **NEW eHP Digital Docs** portal, eHousingPlus will continue to accept paper Compliance Files from those lenders that need a little extra time. If you are sending the paper files, please continue to ship them as you currently do to:

eHousingPlus

3050 Universal Boulevard, Suite 190
Weston, FL 33331

WE trust that you will soon be utilizing all the new features that have been developed to make the delivery of Compliance Files easier and less costly via our **NEW eHP Digital Docs** portal available for you, the participating lenders.

eHPay: eHousingPlus is fast forwarding complete implementation to digital payment ([eHPay](#)) in lieu of the current unprecedented events, Any Lender that is still sending paper checks, please contact Lorena Hernandez at: (954)217-9597 EXT. 264 or via email at Lorena.Hernandez@eHousingPlus.com.

Correcting Deficient Files

As of 12/10/2018 corrected loan deficiencies will no longer be accepted via email.

The **eHPortal** (Lender Origination Portal) has various tools that alert lenders when a Compliance File is delivered DEFICIENT. These multiple tools assist you, the lender, in easily correcting these deficiencies and allow your file to be Compliance Approved in a timely manner.

- System generated DEFI emails sent at time of review with corrective actions.
- Loan's **TIMELINE** Tab depicts pending deficiencies ANYTIME you log in and view your loan.
- **EXCEPTIONS/DEFICIENCY** Reports are available on the **REPORTS** Menu.

When you are ready to submit your corrected defi's or missing documents:

NEW: The **Corrected DEFI's** will now be submitted and UPLOADED via **eHP Digital Docs**, using the same easy method the Compliance File is delivered.

- Log in to eHP DIGITAL DOCS
- Search for your loan
- **NEW UPLOAD:** select your file(s), and if prompted select Corrected DEFI as 'Type'.
- The **NOTES** Feature is available to add any relevant information if needed.
- You're done!
- Defi's may be uploaded as a lender receives a document.
- Corrected Defi's may be view in eHP Digital Docs under, Uploaded Docs.

QUICK TIPS

- Save time by trying to consolidate corrections to your loan files.
- Working on DEFI's might be easier if grouped by loan & Program; typically, the same types of errors occur based on varying Program Criteria.
- Use the report available on the **eHPortal** (EXCEPTIONS/DEFICIENCIES) as a guide and deliver them easy using **eHP Digital Docs**.

