City and County of San Francisco
Mayor's Office of Housing
Mortgage Credit Certificate Program (MCC)
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Tel. (415) 701-5500
Fax (415) 701-5501

MCC No: _____

Name of Applicant _____

Social Security # _____

TRANSMITTAL FORM

DATE_____

LENDER NAME:_____

ADDRESS:_____

SUBMITTED BY: NAME_____ **TITLE**_____

SIGNATURE_____ **EMAIL ADDRESS** _____

TELEPHONE_____ **FAX**_____

A completed Transmittal Form Must Accompany Each Application

The following documents are enclosed as indicated by [X]:

PHASE I COMMITMENT

_____ Application Affidavit (MCC-1)

_____ Certificate of Recapture Notice (MCC-1a)

_____ Lender's Certification of Applicant Eligibility (MCC-2)

_____ Ratified Purchase Agreement

_____ Non-Refundable Application Fee $400 (payable to CCSF)

_____ Loan Application (FNMA 1003 & 1008)

_____ Income Verification Documentation (For self-employed applicant, submit a copy of Profit and Loss Statement)

_____ Complete set of Federal Income Tax Returns and W-2 Forms for the following year of _____ (Signed and Dated) or IRS Form 1722.

_____ Income Tax Affidavit (MCC-3)-if applicable (must use this form when apply MCC during Jan 1 – Feb. 28).

_____ Mortgage Credit Certificate Commitment (MCC-4)

PHASE II CLOSE OF ESCROW

_____ Assignment Letter (if needed)

_____ Seller Affidavit (MCC-5)-must sign at close of escrow

_____ Buyer Closing Affidavit (MCC-6)-must sign at close of escrow

_____ Funding Lender's Closing Certificate (MCC-7)

_____ Notice to Mortgagor of Maximum Recapture Tax and Method to Compute Recapture Tax on Sale of Home (MCC-8)

_____ Copy of HUD-1 Settlement Statement

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MCC No: _____

Name of Applicant_____

Social Security # _____

APPLICATION AFFIDAVIT (MCC-1)

NOTE: ALL BLANKS ON THIS FORM MUST BE COMPLETED
THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS AFFIDAVIT:
READ IT CAREFULLY BEFORE SIGNING

1. I (We) the undersigned, as part of my (our) application for a Mortgage Credit Certificate ("MCC") from the City and County of San Francisco Mayor's Office of Housing ("City"), issuer of such certificates under the City Mortgage Credit Certificate Program (the "Program"), and as a material inducement to the City to issue such certificate to the undersigned, in connection with the financing, with a mortgage loan (the "Mortgage Loan") from lender of the undersigned's choosing (the "Lender"), of the undersigned's purchase of a single-family home ("Residence"), being first duly sworn, state the following:

   I (We) certify that the following are applicants as mortgagors of the Residence (use an additional sheet if there are more than three co-mortgagors):

1. Applicant Name	3. Current Residence: Street, City, State, ZIP	4. Work Telephone	5. Will reside in residence? (y/n)
2. Social Security No.			
1.	3.	4.	5.
2.			
1.	3.	4.	5.
2.			
1.	3.	4.	5.
2.			

Name, Age and Relationship of all persons other than named Applicants who will occupy the Residence:

Name	***Age***	***Relationship to applicants***	***Dependant for tax purposes? (Y/N)***

2. The Residence being purchased is a single-family home located in the City and County of San Francisco at the following address:

_____ San Francisco, _____ Census Tract # _____
Address City Zip

3. I (We) certify that the Residence will be occupied and used as my (our) principal place of residence within sixty (60) days after the date the MCC is issued. I (We) certify that the Residence will not be used as an investment property, vacation home, or recreational home and that not more than 15% of the area of the Residence will be used in a trade or business. I (We) certify that I (We) will notify the City in writing if the residence ceases to be my (our) principal Residence.

4. I (we) certify that the residence will not be occupied by a person or persons other than the Applicants and their legal dependents for federal income tax purposes.

5. If the loan application is for a loan on a newly constructed home, I (we) certify that the Residence has not and will not be occupied prior to loan commitment.

6. If the Residence is newly constructed, I (we) certify that proceeds of the Mortgage Loan will not be used to replace an existing mortgage unless the existing mortgage is for: (a) a construction period loan of not greater than 24 months, or (b) a bridge loan or similar temporary initial financing of 24 months or less. If the Residence is a previously occupied existing home, I (we) certify that the proceeds of the Mortgage Loan will not be used to replace my (our) existing Mortgage. If the residence is a duplex, I (we) certify that it was first occupied at least (5) years prior to the date on which I (we) expect to close my (our) MCC connected mortgage.

7. I (we) understand that unless I (we) are purchasing a home in a targeted area, I (we) understand that I (we) am (are) not eligible for an MCC from the City, under this program, if I (we) individually or together had a present ownership interest in a principal residence within three years prior to _____ (date of this application affidavit was signed). I (We) also understand that I (we) cannot have an ownership interest in a principal residence between the date of application and closing. For this purpose, a principal residence includes a single-family residence, condominium, two unit property where the owner will occupy one unit (a duplex), share in a housing cooperative, and manufactured home or mobile home (as defined under federal and state law), or occupancy in a multifamily residence owned by me (us). For this purpose, present ownership interest means ownership by any means, whether outright or partial, including property subject to mortgage or other security interest. An ownership interest also means a fee simple ownership interest, a joint ownership interest by joint tenancy in common, a tenancy by the entirety, or a life estate interest. I (We) certify that I (we) have listed below all places of residence, whether owned or not, for a three-year period prior to _____ (date of this application affidavit was signed).

8. Previous Residences (Must show a full three (3) year history prior to application date)

Address of Residence	*Indicate whether residence was owned, rented or "other"**	Beginning /Ending Date of Residency	
		From:	To:

*All answers of "Other" must be fully explained; use additional paper if necessary.

Name, address and telephone number of the owner or landlord who can verify each residence listed above which was not owned by the applicant (use additional paper, if necessary).

Residence Address	Landlord Name	Landlord Address	Landlord Telephone

9. I (We) certify that I (we) am (are) required to and will submit true and complete copies of my (our) actual signed federal tax returns as filed for the preceding three (3) tax years or such other written verification that is acceptable to the MCC Program.

10. I (We) certify that the total purchase price of the residence and land as a completed residence, including all construction items, all commissions, all builder's fees, hook-up and tap-in fees, permits, architectural fees, all site improvements, discount points paid by the seller, work credit, subcontracted items, or construction loan interest, but excluding any closing costs and other permanent financing charges will be $_____ and will not exceed the purchase price limitation applicable to the Residence appearing in the following schedule: (Sales Price including all fees but excluding closing cost and other permanent finance cost)

	Non-Targeted Areas	Targeted Areas
Existing Single Family Unit	$664,509	$812,178
Newly Constructed Unit	$594,482	$726,589

11. I (we) certify that the Certified Indebtedness (first mortgage) amount is $_____.

12. I (We) further certify that no other agreement, either verbal or written is presently contemplated for the completion of this Residence unless the estimated cost of the completion and/or addition is included in the purchase price.

13. I (We) certify that no portion of the financing of the acquisition of the Residence is or will be provided from the proceeds of a qualified mortgage bond or a qualified veteran's mortgage bond. No person related to me (as defined in applicable federal or state laws and regulations) has or is expected to have an interest as a creditor in the Mortgage Loan being acquired for the Residence.

14. I (We) understand and agree that if an MCC is issued to me (us), it may not be transferred.

15. I (We) understand and agree that I (we) may seek financing from any Lender of my (our) choosing and that I (we) am (are) in no way prohibited from seeking financing from any potential lender, so long as the Lender executes and complies with the terms of the Lender Participation Agreement.

16. I (We) understand that I (we) am (are) not eligible for an MCC if my (our) gross annual household income (as defined in the MCC Operating Manual) for non-Targeted Area exceeds $121,933 (for 1 or 2 person households) or $140,223 (for 3 or more person households), and if I (we) live in a Targeted Area, if my (our) gross income exceeds $135,720 (1 or 2 person household) or $158,340 (3 or more person households).

17. I (We) certify that my (our) current gross annual household income as defined below including income of all persons intending to occupy the Residence who will be primarily or secondarily liable on the mortgage, is $_____. The number of persons to reside in my (our) household is: _____.

18. I (We) understand that the MCC, if issued, will entitle me (us) to an annual federal tax credit equal to Fifteen percent (15%) of the annual interest paid on the underlying mortgage loan. My (our) ability to take full advantage of the annual federal tax credit is directly related to my (our) annual tax liability.

19. I (We) understand that the decision to make a mortgage loan is completely within the discretion of the lender to whom I (we) apply for a loan. The City plays no role in the decision to make a mortgage loan nor the amount of that loan.

20. I (We) cannot close my (our) loan prior to receiving an MCC reservation and commitment. Furthermore, the certificate will be issued only after the loan closes and the City has received the necessary closing documents.

21. I (We) agree to pay a non-refundable application fee of $500, $400 payable to City and County of San Francisco, $100 to the Lender.

22. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement fraudulently or negligently made in this affidavit or in any other statement made by me (us) in connection with an application for an MCC may constitute a federal violation punishable by a fine and/or denial of my (our) application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued, which may be in addition to any criminal penalty imposed by law.

Date: _____

Signature of Applicant(s):

_____ _____ _____
Signature Signature Signature

Subscribed and sworn to before me this _____day of _____, 200____.

_____
Notary Public in and for the City and County of
San Francisco, State of California

My Commission Expires:_____

Notary Seal

INCOME DETERMINATION

The gross income of a mortgagor (or mortgagors) (as defined by Revenue Ruling 86-124) promulgated by the Internal Revenue Service is the mortgagor's annualized gross income. Annualized gross income is gross monthly income multiplied by 12. Gross monthly income is the sum of monthly gross pay: any additional income from overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, Veterans Administration (VA) compensation, net rental income, etc: and other income (such as alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trusts, and income received from business activities or investments). Information with respect to gross monthly income may be obtained from available loan documents executed during the 4-month period ending on the date of the closing of the mortgage, provided that any gross monthly income not included on the loan documents must be included in determining gross monthly income. The income to be taken into account in determining gross income is income of the mortgagor (or mortgagors) and any other person who is expected to both (1) live in the residence being financed and (2) to be secondarily liable on the mortgage. Income includes the income of both spouses.

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MCC No: _____

Name of Applicant_____

SS # _____

CERTIFICATE OF INITIAL RECEIPT OF RECAPTURE NOTICE (MCC 1a)

[To be provided to Mortgagor at time of initial contact with Lender]

The attached Recapture Notice provides information about a potential federal income tax liability you may incur if you purchase and later sell or transfer a residence financed by a mortgage loan with respect to which you have received a mortgage credit certificate.

Read the entire Recapture Notice carefully to familiarize yourself with the circumstances under which recapture liability may arise. As you do, note, among other things, that if you sell the residence more than nine years after the close of escrow, no recapture liability arises. Also, if you sell the residence during the first nine years after closing but your income does not increase more than 5% per year during that period, you will likely not incur recapture liability. Finally, in no case will recapture liability exceed 50% of your gain from the sale of the residence.

Please sign below to indicate that you have received your copy of the Recapture Notice.

_____ _____
Date Applicant

_____ _____
Date Applicant

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MCC No: _____

Name of Applicant_____

Social Security # _____

LENDER'S CERTIFICATION OF APPLICANT ELIGIBILITY (MCC-2)

Lender's Name: _____Address: _____

Lender's Telephone No.:_____ FAX_____

We are processing a mortgage loan application for the household described below. Based on our review, this household meets the eligibility requirements for MCC as set forth in the Program Manual. We have collected the appropriate MCC application fee from the Borrower. Please reserve an MCC for this household.

_____Name of Borrower (s)

_____Current Mailing Address

_____Address of Residence to be purchased

The residence being purchased is a:

_____Single-family detached house _____Condominium/Townhouse

$_____ $_____ $_____
Purchase Price Mortgage Amount Gross Annual Household Income

Census Tract No. _____ Residence in Target Area? ___ Yes ___ No

Type: ____Newly Constructed _____ Existing Unit

Status of Prior Homeownership:

_____Never before Owned a Residence _____ Last Date of Ownership: _____

APPLICANT INFORMATION (For Statistical Purposes Only)

Age of Primary Applicant _____

Marital Status _____ Married _____ Single

No. of wage-earners In Household _____

Household Size _____

Number of Bedroom _____

HEAD OF HOUSEHOLD ETHNICITY (Optional - Collected for Statistical Purposes Only)

_____ Female _____ White _____ Black _____ Hispanic
_____ Male _____ Asian / Pacific Islander _____ Other

Thank you for completing this important statistical section.

MCC-2

The Lender has obtained the Applicant's Application Affidavit, true, complete, signed copies of Applicant's federal tax returns for the three-year period prior to_____ (date of application) or an Income Tax Affidavit, whichever is appropriate. After reasonable investigation, the Lender hereby certifies that the Residence is a newly constructed/existing (circle appropriate response) single-family home located in the City and County of San Francisco and is reasonably expected to become the Applicant's principal residence within sixty (60) days after an MCC is issued.

Based upon reasonable investigation, the Lender has no reason to believe that either the Applicant or the Seller of the Residence has made any negligent, or fraudulent, material misstatements in connection with the Applicant's application for an MCC.

Date: _____

X_____ Email Address: _____
Signature Of Lender's Authorized Representative

Title:_____

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MCC No: _____

Name of Applicant_____

Social Security # _____

INCOME TAX AFFIDAVIT (MCC-3)

1. I (We) the undersigned, being first duly sworn, state the following:

(Complete Paragraph 2 only if you were not required by law to file Federal Income Tax returns for any year during the preceding three years. Disregard if inapplicable.)

2. _____ I (We) hereby certify that I (we) was (were) not required by law to file a Federal Income Tax Return for the following year(s)_____ for the reason(s) below:

Please supply documentation supporting the above explanation.

(Check Paragraph 3 only if the closing for the financing in connection with which you are seeking a Mortgage Credit Certificate ("MCC") will occur between January 1 and February 28 and you have not filed your Federal Income Tax return for the immediately preceding year. Disregard if in applicable)

3. _____ I (We) hereby certify that the closing in connection with which I (we) am (are) seeking an MCC is occurring between January 1 and February 28, and that I (we) have not yet filed our Federal Income Tax Return for the prior tax year. The income I (We) have for _____(prior tax year) was $_____and do not exceed the income limits for the MCC program (attached is(are) my (our) last paystub(s) or W-2 form(s).

4. _____ I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement fraudulently or negligently made in this affidavit or in any other statement made by me (us) in connection with an application for an MCC may constitute a federal violation punishable by a fine and/or denial of my (our) application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued, which may be in addition to any criminal penalty imposed by law.

Dated:_____ Signature of Applicant(s):_____

_____

Subscribed and sworn to before me this _____day of_____, 200 ___.

_____
Notary Public in and for the City and County of San Francisco, California

My Commission Expires:_____

Notary Seal

Affidavit must be accompanied with documented proof that the Applicant was a renter during the specified period, i.e. notarized letter from the landlord or manager, canceled checks, rent receipts. If the Applicant was a student, affidavit must be accompanied by (we need a copy of) the transcripts or diploma to support the status of the Applicant for that period of time. If an Applicant was out of the country, Affidavit must be accompanied by proof of entrance into the country.

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MCC No: _____

Name of Applicant_____

Social Security # _____

MCC COMMITMENT (MCC-4)

_____(Lender Name)

_____(Lender Address)

_____ _____
(Lender Telephone) (Lender Fax)

1. Upon completion of the review of the application for a Mortgage Credit Certificate ("MCC"), I hereby state, subject to the "Terms and Conditions" listed below; an MCC will be issued to:

   _____(Applicant Names)

   _____(Current Address)

TERMS AND CONDITIONS

2. An MCC will be issued for 15 percent (15%) of the annual interest paid upon the Certified Indebtedness Amount of $_____ _____ which consists of Financing from the above mentioned Lender.

3. The Certified Indebtedness Amount is to be used in connection with the acquisition of a _____new, never occupied or _____existing, previously occupied (check appropriate response) of single-family home located at:

   _____San Francisco____CA_____
   (Street Address of Residence to be purchased) City State Zip Code

   The purchase price of the Residence is $_____.

4. The City has been furnished with true, complete signed copies of the Applicant's Federal Income Tax Returns, or such other I.R.S. verification as is acceptable pursuant to the MCC Program requirements, indicating that Applicant took no deduction for taxes or interest for a principal residence for the three (3) years preceding application for an MCC.

5. This Commitment has been issued in reliance upon the Application Affidavit and Lender's Certification that the requirements necessary for issuance of a qualified Mortgage Credit Certificate have been met. If the City becomes aware of any change in the circumstances under which the Commitment was issued, or any material misstatement made in the application for an MCC, this Commitment shall be revoked. Further, if any such material misstatement shall be due to fraud, this Commitment or any MCC issued shall be automatically null and void without any need for further action on the part of the City.

6. The MCC will be issued upon the City's verification of the closing of aforesaid financing, receipt of the Lender's Closing Certification, and Seller Affidavit, but not before _____ (Date of commitment). This commitment will expire on _____. A thirty (30) day extension of this Commitment may be obtained by payment of $100 to the City.

By: _____ Date: _____
Authorized Representative, Mayor's Office of Housing
City and County of San Francisco

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MCC No: _____

Name of Applicant_____

Social Security # _____

SELLER AFFIDAVIT (MCC-5)

THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS AFFIDAVIT:
READ IT CAREFULLY BEFORE SIGNING

1. I (We), the undersigned, seller of a the home to an applicant for a Mortgage Credit Certificate and essential participant in the application for a Mortgage Credit Certificate ("MCC") to be issued by the City pursuant to the CDC's Mortgage Credit Certificate Program (the "Program"), being submitted by _____(the "Buyer"), in connection with the Buyer's purchase from the undersigned of a single-family home/duplex (circle appropriate response) (the "Residence"), being first duly sworn, hereby state the following:

2. I (We) certify that I (We) am (are) the Seller of the Residence.

   I (We) certify that the total amount paid to me (us) (or to anyone related to me (us), or acting on my(our) behalf), in connection with the purchase of the Residence and any other property being acquired contemporaneously with the Residence, including all money to be paid to me and the full value of the goods or services to be provided to me (us), is $ _____, (sales price), excluding all usual and reasonable settlement or financing costs, including title and transfer costs, title insurance, survey fees, credit reference fee, legal fees, appraisal expenses and "points" which are paid by the Buyer.

3. The Residence is located in the City and County of San Francisco, at the following address: _____.

Complete each of the following statements as applicable.
If a statement is not applicable, state "not applicable" in the blank therein.

4. I (We) certify that:

   a. The total amount of payments made to date to me (or to anyone related to me (us) or acting on my (our) behalf) for the purchase of the Residence by the Buyer is _____, (amount deposited in escrow).

   b. As of the date of the Affidavit, the Residence has not been completely constructed, and my estimate of the reasonable cost of the Residence is
   $_____ (for new construction).

5. I (We) have not entered into a contract or agreement, either expressed or implied, with the Buyer of the Residence to perform additional construction on the Residence or to transfer any additional property for additional cost, other than personal property contained in the Sales Agreement submitted with the Initial Reservation Request and made a part of this Affidavit.

6. The Residence is _____a single-family home defined as a Housing Unit (including a condominium unit) intended to be used for occupancy by one household.

7. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining the Buyer's eligibility for an MCC. I (We) acknowledge that a material misstatement fraudulently or negligently made in this affidavit or in any other statement made by me (us) in connection with an application for an MCC may constitute a federal violation punishable by a fine and/or denial of the Buyer's application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued, which may be in addition to any criminal penalty imposed by law.

Signature of Seller(s):

Subscribed and sworn to me before this _____day of_____, 200____

_____
Notary Public in and for the City and County of San Francisco, State of California

My Commission Expires: _____ Notary Seal

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MCC No: _____

Name of Applicant_____

Social Security # _____

BUYER CLOSING AFFIDAVIT (MCC-6)

THERE ARE IMPORTANT LEGAL CONSEQUENCES TO THIS AFFIDAVIT:
READ IT CAREFULLY BEFORE SIGNING

1. I (We) the undersigned, as part of my (our) application for a Mortgage Credit Certificate ("MCC") from the City and County of San Francisco City, issuer of such certificate under the City's Mortgage Credit Certificate Program (the "Program"), and as a material inducement to the City to issue an MCC to the undersigned in connection with the financing, with a mortgage loan (the "Mortgage Loan") from the lender of the undersigned's choosing (the "Lender) of the undersigned's purchase of a single-family home/duplex (the "Residence"), being first duly sworn, state the following:

2. I (We) executed the Application Affidavit as part of my (our) application for a Mortgage Credit Certificate on _____, 200____. (Date Application Affidavit was signed)

3. (Check and complete Section (a) or (b), whichever applies.)

   _____ (a) I (We) have reviewed the Application Affidavit and declare that there has been no change in the statements therein and said statements remain true and accurate.

   _____ (b) I (We) have reviewed the Application Affidavit and declare that the following material changes have occurred from the statements therein.

   _____

   _____

4. (Check the applicable statement) I (We) further state that I (We) ____have ____ have not had an ownership interest in a principal residence or occupied and owned a single-family home, a manufactured home (including mobile home) which is customarily used in a fixed location, a condominium, a two unit property where the owner will occupy one unit (a duplex), or a unit within a housing cooperative within the last three years.

5. I (We) acknowledge and understand that this Affidavit will be relied upon for purposes of determining my (our) eligibility for an MCC. I (We) acknowledge that a material misstatement fraudulently or negligently made in this affidavit or in any other statement made by me (us) in connection with an application for an MCC may constitute a federal violation punishable by a fine and/or denial of my (our) application for an MCC, or, if an MCC has been issued prior to discovery of the false statement, immediate cancellation of the MCC issued, which may be in addition to any criminal penalty imposed by law.

Signature of Applicant(s):_____

Subscribed and sworn to before me this ___ day of _____, 200_____

_____
Notary Public in and for the City and County of San Francisco State of California

My Commission Expires: _____ Notary Seal

Note: This form must be completed and signed by the applicant at closing. All blanks must be completed in order for the form to be valid.

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MCC No: _____

Name of Applicant_____

Social Security # _____

FUNDING LENDER'S CLOSING CERTIFICATE (MCC-7)

(This form must complete by the Funding Lender)

_____ ("Funding Lender") hereby states the following:

1. The Lender has accepted and reviewed the Mortgage Credit Certificate ("MCC") application for:

   _____(Names of Applicant)

   _____(Social Security Number)

   _____(Residence to be purchased)

2. The Acquisition Cost (purchase price) for the Residence: $_____

3. The Lender has provided financing (the "Mortgage Loan") in the amount of $_____. The Mortgage Loan closing occurred on _____(to be completed by the Lender or Title Company).

4. The Lender has received and examined true, complete signed copies of the Applicant's Federal Income Tax Returns for the three-year period prior to _____ (loan closing date) or such other verification as is acceptable pursuant to the MCC Program. Said tax returns or other verification have been submitted previously.

5. The Lender has obtained and examined the Seller's Affidavit. After reasonable investigation, the Lender hereby certifies that the total purchase price of the Residence acquired with the proceeds of the Mortgage Loan is in compliance with the MCC Program requirements.

6. The Applicant has had no present ownership interest in a principal residence at any time during the three (3) years prior to _____, (date of closing). However, if the Applicant is purchasing a home in a Targeted Area please indicate by checking this space _____ because the 3-year rule does not apply.

7. Statement (a) or (b) is true (check appropriate paragraph):

   _____ (a) Based upon reasonable investigation, the Lender is aware of no material change in the circumstances upon which it relied in executing the initial Lender Certification. All statements and certifications contained in the Initial Certification remain valid and true.

   _____ (b) The following material changes have occurred in the circumstances upon which the Lender relied in executing the initial Lender Certification:

   _____

   _____

   _____

8. The Lender hereby certifies that the above noted changes in circumstances do not affect the Applicant's eligibility for a MCC.

MCC-7

9. Based upon reasonable investigation, the Lender has no reason to believe that either the Applicant or the Seller of the Residence has made any negligent or fraudulent, material misstatements in connection with the Applicant's application for a MCC.

10. The Lender hereby certifies the following:

    a. The term of mortgage is _____ months.

    b. The mortgage interest rate is _____%, and is _____ fixed or _____ adjustable. (Check appropriate response)

    c. Type of mortgage is ____FHA, ____VA, or ____Conventional.

    d. The monthly PITI (without MCC) is $_____.

The Lender hereby agrees that it will immediately forward to the City all information which it or any of its successors may receive during the life of the mortgage loan which tends to indicate that the applicant may have made a misrepresentation in applying for an MCC, or that may affect the Applicant's Eligibility for an MCC. The Lender hereby acknowledges that its failure to comply with Program Requirements will result in revocation of its participation in the MCC Program and all other City Programs.

_____ _____
(Print Name of Authorized Lender Representative) (Title)

_____ _____
(Signature of Authorized Lender Representative) (Date)

_____(Lender's Address)

_____ _____ _____
Telephone # Fax # Email Address

City and County of San Francisco
Mayor's Office of Housing
Mortgage Credit Certificate Program
One S. Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Tel. (415) 701-5500
Fax. (415) 701-5501

MCC No: _____

Name of Applicant_____

Social Security # _____

RECAPTURE NOTICE AND COMPUTATION WORKSHEET (MCC-8)

(To be delivered to Mortgagor at close of escrow; for all loan closings)

Because you are receiving a mortgage credit certificate with your mortgage loan, you are receiving the benefit of a credit against your federal income taxes. If you sell or otherwise dispose of your home during the next nine years, this benefit may be "recaptured." The recapture is accomplished by an increase in your federal income tax for the year in which you sell your home. You may be subject to recapture even if you cease to claim the mortgage credit prior to the end of the nine-year period (for example, if you refinance the property). The recapture only applies, however, if you sell your home at a gain and if your income increases above specified levels. You may wish to consult a tax advisor or the local office or the Internal Revenue Service at the time you sell or otherwise dispose of your home to determine the amount, if any, of your actual recapture tax. (See Section 143(m) of the Internal Revenue Code generally.) The following information will assist you in determining the amount, if any, of "recapture tax":

1. Name of Mortgagor(s): _____

   _____

2. Date of Home Mortgage Closing: _____

3. Location of Home (address): _____

4. Principal amount of Home Mortgage on date of Mortgage Closing: $_____

5. Is the Home in an IRS Targeted Area? _____ Yes _____ No

A. ARE YOU SUBJECT TO RECAPTURE?

You will be subject to a special recapture tax for the tax year in which you sell or transfer your home only if you meet all four of the following conditions.

1. You sell or transfer the home on or before _____ (the date which is 9 years from the date of Mortgage Closing listed above), and

2. You sell or transfer the home at a gain (determined by the IRS form on gain from sale of a single-family residence, whether or not you decide to rollover the gain), and

3. The Home is not:

   a. Transferred as a result of your death,

   b. Transferred to your spouse or to your former spouse as a result of divorce and you have no gain or loss included in your income under Section 1041 of the Internal Revenue Code (in which case the spouse or former spouse is treated as if he or she had been the owner from the date of Mortgage Closing), or

   c. Replaced as your principal residence on the site of the home financed with your original subsidized mortgage loan within two years of its destruction by fire, storm, or other casualty; and

4. Your modified adjusted gross income for the taxable year in which you sell your home exceeds the following Adjusted Qualifying Income.

Your Home _____is not _____ is located in a Targeted Area. If it is in a Targeted Area, you may use the higher limits listed in Table IA below.

Your Modified Adjusted Gross Income means your "adjusted gross income" shown on your federal tax return for the taxable year in which you sell your home increased by any tax exempt bond interest income you receive or accrue in such taxable year that is excluded from your gross income (under Section 103 of the Internal Revenue Code) and decreased by the amount of any gain included in your gross income by reason of the sale of your home.

TABLE I: NON-TARGETED AREA

ADJUSTED QUALIFYING INCOME Number of Family Members Living in your Home at the Time of Sale:	2 or less* Median x 100%	3 or more* Median x 115%
Date that you sell your home:		
Less than 1 year after Mortgage Closing:	$121,933	$140,223
1 or more years, but less than 2 years after Mortgage Closing:	$128,030	$147,234
2 or more years, but less than 3 years after Mortgage Closing:	$134,431	$154,596
3 or more years, but less than 4 years after Mortgage Closing:	$141,153	$162,326
4 or more years, but less than 5 years after Mortgage Closing:	$148,210	$170,442
5 or more years, but less than 6 years after Mortgage Closing:	$155,621	$178,964
6 or more years, but less than 7 years after Mortgage Closing:	$163,402	$187,912
7 or more years, but less than 8 years after Mortgage Closing:	$171,572	$197,308
8 or more years, but less than 9 years after Mortgage Closing:	$180,151	$207,173

TABLE IA: TARGETED AREA

ADJUSTED QUALIFYING INCOME Number of Family Members Living in your Home at the Time of Sale:	2 or less* Median x 100%	3 or more* Median x 115%
Date that you sell your home:		
Less than 1 year after Mortgage Closing:	$135,720	$158,340
1 or more years, but less than 2 years after Mortgage Closing:	$142,506	$166,257
2 or more years, but less than 3 years after Mortgage Closing:	$149,631	$174,570
3 or more years, but less than 4 years after Mortgage Closing:	$157,113	$183,298
4 or more years, but less than 5 years after Mortgage Closing:	$164,969	$192,463
5 or more years, but less than 6 years after Mortgage Closing:	$173,217	$202,086
6 or more years, but less than 7 years after Mortgage Closing:	$181,878	$212,191
7 or more years, but less than 8 years after Mortgage Closing:	$190,972	$222,800
8 or more years, but less than 9 years after Mortgage Closing:	$200,520	$233,940

*Or high housing cost adjustment, if applicable. The entries in the first row are the highest qualifying incomes as of the date of loan closing. The entries in each subsequent row equal the entries in the immediately preceding row times 1.05.

B. HOW MUCH RECAPTURE TAX WOULD YOU OWE?

If you meet all four of the above conditions, then you will be subject to the recapture tax.

The maximum potential recapture tax that you may be required to pay as an addition to your federal income tax is $_____. This amount is 6.25% of the highest principal amount of your mortgage loan and is your federally subsidized amount with respect to the loan. The actual recapture tax, if any, can only be determined when you sell your home, and is the lesser of (I) 50% of your gain on the sale of the home, regardless of whether you have to include that gain in your income for federal income tax purposes, or (ii) your recapture amount, determined in Steps 1 and 2 below.

1. Calculation of Recapture Amount

Step A: Calculate the maximum potential recapture tax in the year of sale shown below:

TABLE II MAXIMUM POTENTIAL RECAPTURE TAX

Date of Sale or Transfer of Home (or Prepayment of Mortgage if Earlier)	Percentage of Original Mortgage	Dollar Amount Based Original Mortgage of $ _____
Before 1 year after Mortgage Closing:	1.25%	$
1 or more years, but less than 2 years after Mortgage Closing:	2.50%	$
2 or more years, but less than 3 years after Mortgage Closing:	3.75%	$
3 or more years, but less than 4 years after Mortgage Closing:	5.00%	$
4 or more years, but less than 5 years after Mortgage Closing:	6.25%	$
5 or more years, but less than 6 years after Mortgage Closing:	5.00%	$
6 or more years, but less than 7 years after Mortgage Closing:	3.75%	$
7 or more years, but less than 8 years after Mortgage Closing:	2.50%	$
8 or more years, but less than 9 years after Mortgage Closing:	1.25%	$

Example: If the home was sold between 1 and 2 years after Mortgage Closing, use 2.5% of original mortgage. Thus if original mortgage was $100,000, the maximum potential recapture tax would be $2,500 ($100,000 x 2.5%).

Step b: Possible Reduction

Determine whether your Modified Adjusted Gross Income, in the taxable year in which you sell the home, exceeds the Adjusted Qualifying Income shown in Table I or Table IA, as applicable, and if it does whether such excess is more or less than $5,000 above the Adjusted Qualifying Income shown in Table I or Table IA, as applicable.

Example: If you have a 2 person household and your Modified Adjusted Gross Income is $53,000, and the Adjusted Qualifying Income in Table I or Table IA, as applicable, for that year is $50,000, your "excess income" is $3,000:

Actual Household Income	$53,000
- Income Limit (From Table I or Table IA)	$50,000
Excess Income above Adjusted Qualifying Income	$3,000

You will be in one of three situations:

(I) Your Modified Adjusted Gross Income does not exceed the Adjusted Qualifying Income: You are not subject to any recapture tax at all.

(ii) Your Modified Adjusted Gross Income is greater than $5,000 above the Adjusted Qualifying Income: There is no reduction in the maximum potential recapture tax calculated in Step 1.

(iii) Your Modified Adjusted Gross Income is less than $5,000 above the Adjusted Qualifying Income: Your maximum potential recapture tax will be reduced pro rata, as shown below:

If your excess Modified Adjusted Gross Income is less than $5,000 above the Adjusted Qualifying Income, the revised maximum potential recapture tax would be:

$$\text{Revised Maximum Potential Recapture Tax} = \frac{\text{Excess Income (from Step 2)}}{\$5{,}000} \times \text{Maximum Potential Recapture Tax (from Table II)}$$

Example:

$$\frac{\text{Actual Income - Adjusted Qualifying Income}}{\$5{,}000} = \frac{\$3{,}000}{\$5{,}000} = 60\% \times \$2{,}500 \quad \text{Maximum Potential Recapture Tax (from Table II)}$$

= $1,500 Revised Maximum Potential Recapture Tax

Thus, the maximum potential recapture tax of $2,500 determined in Step 1 would be reduced to $1,500 due to the calculation in Step 2.

2. Gain on Sale of Home:

Finally, compare the revised maximum potential recapture tax (from Step 2) to one-half of your actual gain from the sale of the home. (Your "Gain" is generally defined by the IRS to be the resale price less (I) sale costs, (ii) your original purchase price, and (iii) your cost of capital improvements. This is true whether or not you rollover the gain.) Whichever is less is the amount of recapture tax liability

Example: Revised Maximum Potential Recapture Tax = $1,500

- Gain from Sale of Home

	Sale Price	$150,000
-	Closing Costs	$ 8,000
		$142,000
-	Basis in Home	140,000 ($130,000 initial price plus $10,000 cost of improvements)
	Gain	$ 2,000
	x ½	=$ 1,000

- Lesser of $1,500 and $1,000 is $1,000; so $1,000 is the recapture tax liability.

Other Factors Affecting the Recapture Tax

All references to the "sale" or "transfer" of the home include any change in your interest in the Home, whether by sale, exchange, gift or some other disposition.

If you give away your home (other than to your spouse or ex-spouse incident to divorce), you must determine your actual recapture tax as if you had sold your home for its fair market value.

If any person other than you or your spouse is also a mortgagor, each person's Recapture Tax will be determined separately in accordance with his or her interest in the home.

The Recapture Tax may also be somewhat reduced if you repay your loan in full (e.g., refinance) during the nine-year recapture period and you sell your home during this period under a special rule in Section 143(m)(4)(C)(ii) of the Internal Revenue Code.

Other special rules may apply in particular circumstances.

This Recapture Notice is provided by the City and County of San Francisco pursuant to Section 143(m)(7) of the Internal Revenue Code. Please acknowledge that you have received and have read this Recapture Notice by signing in the space(s) provided below.

CITY AND COUNTY OF SAN FRANCISCO, Issuer

ACKNOWLEDGED:

_____ _____

Mortgagor Date Mortgagor Date