

**CAPITAL AREA HOUSING FINANCE CORPORATION  
MORTGAGE CREDIT CERTIFICATE GUIDELINES**

A Mortgage Credit Certificate (MCC) entitles the Qualified Buyer to a federal income tax credit. A tax credit represents a reduction of 30% of actual federal income taxes due (up to \$2,000 per year). The Qualified Buyer may use the credit each year they continue to live in the home purchased in the program.

**Qualified Buyers**

Qualified buyers are first-time homebuyers who have not had an ownership interest in a principal residence at any time during the preceding three years ending on the date the MCC is issued unless (i) receiving a qualified home improvement or rehabilitation loan or (ii) buyer is a Qualified Veteran. Those acquiring property must occupy home within 60 days of loan closing.

**Income Limits (*subject to adjustment at any time*):**

|                   | <i>Families of 2 or fewer<br/>persons</i> | <i>Families of 3 or more<br/>persons</i> |
|-------------------|---|--|
| Bastrop County    | \$73,300                                  | \$84,295                                 |
| Blanco County     | \$64,311                                  | \$73,958                                 |
| Burnet County     | \$64,651                                  | \$74,349                                 |
| Caldwell County   | \$73,300                                  | \$84,295                                 |
| Fayette County    | \$64,800                                  | \$74,602                                 |
| Hays County       | \$73,300                                  | \$84,295                                 |
| Lee County        | \$63,120                                  | \$73,640                                 |
| Llano County      | \$60,960                                  | \$71,120                                 |
| Williamson County | \$73,300                                  | \$84,295                                 |

**Program Area**

Texas Counties of Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson.

**Qualified Property**

The home purchased in the program must be a one-to-four-family residence. If a 2-4 unit dwelling, the buyer must occupy one of the units as their principal residence and the home must be at least 5 years old. A home may be detached, one unit of a duplex, a townhouse or condominium unit. Manufactured housing qualifies if the unit has at least 400 square feet of living space, is more than 102 inches wide and is of a kind customarily used at a fixed location. Land may not exceed that necessary to maintain basic livability.

**Acquisition Cost Limitations**  
*(subject to adjustment at any time)*

| <b>One Unit</b> | <b>Two Units</b> | <b>Three Units</b> | <b>Four Units</b> |
|-----------------|------------------|--------------------|-------------------|
| \$258,690       | \$331,177        | \$400,275          | \$497,481         |

**Qualified Loans**

Loans must be for the acquisition of a new or existing single family home or the replacement of construction period loans or bridge loans of a temporary nature of no longer than 24 months. An MCC may be reissued to an existing MCC holder in the event such MCC holder refinances the loan on his/her Residence, under the circumstances set forth in the Administration Agreement. An MCC may not be issued in connection with any loan other than a mortgage loan with a fixed interest rate to maturity; an MCC may not be issued in connection with an adjustable rate mortgage. Participating lenders originate loans from their menu of loan options to Qualified Buyers.

**Targeted Areas**

As of the date hereof, there are no targeted areas within the Program Areas.

**Home Improvement Loans**

Home improvement loans of up to \$15,000 must substantially improve or protect the livability or energy efficiency of the home, such as new or renovated plumbing or wiring, renovation of the kitchen, or a new or improved heating or cooling system. Swimming pools, tennis courts, hot tubs or other recreational or entertainment facilities do not qualify.

**Qualified Rehabilitation**

Qualified rehabilitation loans are acquisition and rehabilitation or rehabilitation of a home for which the buyer is the first resident following rehabilitation. In order for a rehabilitation loan to qualify, (a) there must be a period of at least twenty (20) years between the date on which the structure was first used and the date on which the physical work of rehabilitation began; (b) fifty percent (50%) or more of the existing external walls of the structure are retained in place as external walls in the Rehabilitation process; (c) seventy-five percent (75%) or more of the existing external walls of the structure are retained in place as internal or external walls; (d) seventy-five percent (75%) or more of the existing internal structural framework of the structure is retained in place; and (e) the total expenditures for the Rehabilitation equals twenty-five percent (25%) or more of the Mortgagor's "adjusted basis" in the Residence.

|                                    |  |
|------------------------------------|--|
| <b>2008 Housing Act Volume Cap</b> | The Corporation has exchanged \$4,800,000 of its bond authority relating to private activity volume cap received under the Housing Assistance Tax Act of 2008, Division C of Pub. L. No. 110-289, enacted on July 30, 3008, to issue MCC's.  |
| <b>General Volume Cap</b>          | <p>The Corporation has exchanged \$4,800,00 of its bond authority relating to private activity volume cap received under §146 of the Code to issue MCC's.</p> <p>The amounts available for the issuance of MCC's relating to 2008 Housing Act Volume Cap shall be used <i>prior</i> to the use of the amounts available for the issuance of MCC's relating to the General Volume Cap; <i>provided, however</i>, nothing set forth in the Administration Agreement shall be construed to disallow an MCC to be funded from both 2008 Housing Act Volume Cap and General Volume Cap sources.</p> |
| <b>Program End Date</b>            | <p>April 29, 2010 with respect to the issuance of MCC's relating to the 2008 Housing Act Volume Cap.</p> <p>December 30, 2011 with respect to the issuance of MCC's relating to the General Volume Cap.</p>  |
| <b>Program State Date</b>          | April 29, 2009   |
| <b>Homebuyer Education</b>         | Homebuyer education is required. Additional information regarding this requirement is available on the website of the Administrator for the program.   |