

Ralph M. Perrey, Executive Director



MEMORANDUM

TO: All Originating Agents
FROM: Rhonda Ronnow, Director of Loan Operations
DATE: November 13, 2017
SUBJECT: Lender Notice Regarding MCC Program

The Mortgage Credit Certificate (MCC) program provides benefits to first-time homebuyers by increasing affordability through a federal tax credit. Unfortunately, the current House version of the Tax Reform proposal referenced in Lindsay Hall’s memo of November 8, will eliminate the Take Credit (MCC) Program, effective December 31, 2017. Although efforts will be made to pass some version of tax reform prior to year end, it is impossible to predict the impact the final version of tax reform will have on MCCs.

If the House version passes, we think it would mean:

- We would be able to issue MCCs for loans closed by December 31, 2017.
- We could not issue MCCs for loans closed after December 31, 2017.
- Borrowers with existing MCCs would still be able to use their MCC, however, any borrower who refinances their loan after December 31, 2017 would not be able to retain their MCC.

Because of the uncertainty, we recommend that you:

1. Not use MCC income for qualifying a borrower unless you know for certain the loan will close on or before December 31, 2017, and that THDA will issue the MCC.
2. Advise all borrowers who want an MCC that the program may be eliminated for any loans that do not close on or before December 31, 2017.
3. If you disclosed any MCC fees and the loan does not close on or before December 31, 2017, you will need to re-disclose on the loan.

Again, it is unclear at this time what the final tax reform proposal will say about the MCC program. To ensure all interested parties are aware of this proposed tax legislation, THDA will issue conditional MCC commitments with the inclusion of the language: “Proposed changes to federal law may prevent THDA from issuing this MCC”. We will continue to monitor the progress of this proposed legislation, communicate updates to procedures as necessary, and provide updates as this issue progresses.



Andrew Jackson Building Third Floor - 502 Deaderick St. - Nashville, TN 37243
THDA.org - (615) 815-2200 - Toll Free: 800-228-THDA

THDA is an equal opportunity, equal access, affirmative action employer.

